

MAINE STATE LEGISLATURE

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L.D. 1018

(Filing No. S-317)

STATE OF MAINE
SENATE
114TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to S.P. 382, L.D. 1018, Bill, "An Act to Provide a Special Adjustment for Hospitals Having Unusually Low Financial Requirements per Case"

Amend the bill in section 1 in paragraph A by striking out all of subparagraph (2) and inserting in its place the following:

'(2) "Financial requirements per case" means the inpatient portion of a hospital's final 3rd-year financial requirements, exclusive of capital allowances, hospital-based physician remuneration, base-year subsidies, and medical education costs, divided by the hospital's case-mix adjusted admissions for that year.'

Further amend the bill in section 1 in paragraph A by inserting at the end the following:

'(4) "Base-year subsidies" means that part of financial requirements resulting from the addition to base-year financial requirements, by commission rule, of elements designed to compensate hospitals for losses associated with operations, the costs of which are not otherwise included in financial requirements.'

Further amend the bill in section 1 in paragraph B in the second line (page 2, line 20 in L.D.) by striking out the following: "80%" and inserting in its place the following: '83%'

Further amend the bill in section 1 in paragraph C by striking out all of subparagraph (1) and inserting in its place the following:

'(1) An amount calculated by first subtracting the hospital's financial requirements per case from 83% of the median financial requirements per case for hospitals of comparable size; multiplying that difference by the sum of the hospital's case-mix

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1 adjusted admissions and outpatient equivalent
3 admissions for the payment year commencing in the
5 3rd-payment year cycle; and adjusting that product for
7 inflation between the payment year commencing in the
9 3rd-payment year cycle and the payment year for which
11 the adjustment is requested; or'

13 Further amend the bill in section 1 in paragraph D in the
15 3rd line (page 2, line 46 in L.D.) by inserting after the
17 following: "the commission finds" the following: 'that relief is
19 necessary to avoid significant harm to the hospital's ability to
21 provide services to the community, and'

23 Further amend the bill in section 1 in paragraph D in the
25 4th line (page 2, line 47 in L.D.) by inserting after the
27 following: "the public interest" the following: 'and whether it
29 is necessary to avoid significant harm.'

31 Further amend the bill in section 1 in paragraph D by
33 inserting a new subparagraph (1) as follows:

35 '(1) The reasonableness of the rate at which the
37 hospital's expenses have increased since the 4th
39 payment year.'

41 Further amend the bill in section 1 by renumbering the
43 subparagraphs to read consecutively.

45 Further amend the bill in section 1 at the end after
47 paragraph E by inserting the following:

49 'F. This subsection is repealed October 1, 1991.'

51 Further amend the bill by inserting after section 2 and
before the emergency clause the following:

'Sec. 3. Findings. The Legislature finds the following.

1. Certain hospitals have financial requirements per case
well below those of other hospitals of comparable size.

2. Some of the hospitals having relatively low financial
requirements per case have, over a period of several years,
experienced expense increases that have caused total costs to
exceed substantially their total financial requirements as
determined by the Maine Health Care Finance Commission.

3. The financial difficulties arising from the facts stated
above may, for a few hospitals, be severe enough and sufficiently
justified to require relief more rapid than that which will be
afforded by phasing in a "standard component" of financial
requirements over a 5-year period.

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4. To allow a hospital to increase its financial requirements per case more rapidly than the annual amount of the contemplated standard component adjustment, a special adjustment should be provided.'

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STATEMENT OF FACT

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This amendment makes a number of technical changes to clarify the manner in which financial requirements per case, and the adjustment based on them, will be calculated. It also provides for larger adjustments by increasing the upper limit from 80% to 83% of the median for hospitals of comparable size. This amendment also adds legislative findings in support of this extraordinary adjustment. It also ensures that the bill will only authorize necessary relief based on a historical problem, rather than a sudden increase in costs arising after the 4th-payment year and potentially influenced by the availability of relief.

Reported by Senator Gauvreau for the Committee on Human Resources. Reproduced and Distributed Pursuant to Senate Rule 12.
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