

MAINE STATE LEGISLATURE

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
115TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1535, L.D. 2168, Bill, "An Act to Clarify and Make Technical Changes in the Hospital Care Financing System"

Amend the bill by striking out all of section 1 and inserting in its place the following:

Sec. 1. 22 MRSA §396, sub-§3, ¶B, as amended by PL 1991, c. 485, §5, is repealed and the following enacted in its place:

B. Outpatient service revenue limits must be established as follows.

(1) For payment years beginning or deemed to begin on or after October 1, 1994, the commission shall regulate outpatient services by setting the rate per unit of service or per classification, exclusive of the capital-related revenues subject to the component established under paragraph C.

(2) For payment years beginning or deemed to begin before October 1, 1992, the commission shall establish revenue limits for outpatient services using methods consistent with those used in setting gross patient service revenue limits for payment years beginning prior to October 1, 1990, except that the capital-related revenues subject to the component established under paragraph C must be excluded.

(3) For payment years beginning or deemed to begin between September 30, 1992 and September 30, 1994, the commission may establish a method of regulating outpatient service revenue that is consistent with subparagraph (1). Until a method consistent with subparagraph (1) takes effect, the commission shall use a method consistent with subparagraph (2).

2 Nothing in this paragraph prohibits the commission from
4 refining or modifying the method of adjusting for outpatient
6 volume.'

6 Further amend the bill by striking out all of sections 3 and
4 and inserting in their place the following:

8
10 'Sec. 3. 22 MRSA §396-L, sub-§4, ¶¶H and I, as enacted by PL
1989, c. 919. §13 and affected by §18, are amended to read:

12 H. A hospital participating in the rate per case payment
14 system or ~~a--hospital-capitalized--affiliate~~ an affiliated
16 interest of a hospital participating in the rate per case
18 payment system may engage in a hospital restructuring
without commission approval unless the restructuring
involves any of the following:

20 (1) ~~The hospital-restructuring-involves-the~~ transfer
22 of an existing hospital patient care service, ~~--or--the~~
24 ~~undertaking-by--an--affiliated--interest--of--a--hospital~~
~~patient-care-service-that-is-not-an-outpatient-service;~~
or

26 (2) ~~The hospital-restructuring-involves-a-transfer-or~~
28 ~~pledge-of-assets-that-is-not-exempt-from-approval-under~~
30 ~~paragraph-F,~~ undertaking by an affiliated interest of a
hospital patient care service that is not an outpatient
service; or

32 (3) A transfer of assets or a pledge of assets or
credit that is not exempt from approval under paragraph
F.

34
36 As a condition to the transfer of any hospital assets under
38 this paragraph, and without regard to whether prior approval
40 is necessary, the commission shall require that provision be
42 made for a fair return on the hospital's investment. In
cases of transfers where when prior commission approval is
not required, the hospital shall file a notice setting forth
the nature of the transfer and documentation of the
provision of a fair return to the hospital.

44 In cases where when a hospital previously participating in
46 the rate per case payment system seeks entry into the total
48 revenue system, the commission has the authority to review
50 those hospital restructurings carried out pursuant to this
paragraph that have not been reviewed and approved
previously by the commission. As a consequence of that
review, the commission may attach conditions to the transfer

2 of the hospital to the total revenue system that it
determines consistent with the interest of the people of the
4 State. These conditions may include a condition requiring
divestiture of affiliated interests created in accordance
6 with this paragraph, or reinclusion of services provided by
those affiliated interests into the hospital corporation.

8 Nothing in this paragraph exempts from the requirement of
10 commission approval any merger that results in any transfer,
undertaking or pledge described in subparagraphs (1) to (3).

12 I. No less than 10 21 days prior to the effective date of
14 any hospital restructuring that is exempt from approval
under paragraph H, each affected hospital shall file with
16 the commission a notice including a description of the
contemplated restructuring, the date on which it is expected
18 to occur and other information the commission may reasonably
require about the characteristics and expected effects of
20 the restructuring. No more than 30 days after each
restructuring described in a notice under this subsection
22 occurs, each affected hospital shall file with the
commission a report of the date on which the restructuring
24 took place, any differences between the restructuring that
occurred and the description furnished in the notice and any
26 corrections or amendments of the other information in the
notice that ~~is~~ are necessary to reflect the results of the
restructuring that actually took place.

28 Sec. 4. 22 MRSA §396-L, sub-§8 is enacted to read:

30 8. Corporate purposes of holding company. The corporate
32 purposes of parent entities of hospitals are subject to the
34 following provisions.

36 A. No later than January 1, 1994, the corporate purposes of
any parent entity of a hospital, as set forth in its
38 articles of incorporation, must contain a statement that
ensures that the primary purposes of the parent entity are
40 to support the provision of health services by the hospital
or hospitals controlled by the parent entity. The primary
42 purposes may also include the support of other health care
facilities and direct providers of health care serving the
44 same communities as the hospitals controlled by the parent
entity.

46 B. The commission may, upon application, grant a waiver or
modification of the requirements of this subsection if the
48 applicant shows that compliance would be impracticable and
that a waiver is not inconsistent with the purposes of this
50 section and the purposes set forth in section 381. A

2 corporation may deviate from the requirements of this
3 subsection, without commission approval, to the extent
4 necessary to remain in compliance with federal law governing
5 exemption from income taxes.'

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7
8 **STATEMENT OF FACT**

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10 This amendment modifies and further clarifies the statutory
11 changes made in the original bill.

12

Reported by the Committee on Human Resources
Reproduced and distributed under the direction of the Clerk of the
House
3/16/92 (Filing No. H-1122)