

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied  
(searchable text may contain some errors and/or omissions)

COK  
R. of S.

L.D. 817

(Filing No. H-514 )

2  
4  
6  
8  
10  
12  
14  
16  
18  
20  
22  
24  
26  
28  
30  
32  
34  
36  
38  
40  
42  
44  
46  
48  
50

STATE OF MAINE  
HOUSE OF REPRESENTATIVES  
116TH LEGISLATURE  
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 602, L.D. 817, Bill, "An Act to Encourage Fair Medicare Payments to Hospitals and to Promote Management Improvements and Planning by Hospitals and for Related Purposes"

Amend the bill by striking out the title and substituting the following:

**'An Act to Encourage Fair Medicare Payments to Hospitals and to Extend the Implementation Date for Certain Outpatient Revenue Limits'**

Further amend the bill by striking out everything after the enacting clause and before the statement of fact and inserting in its place the following:

**'Sec. 1. 22 MRSA §396, sub-§3, ¶B,** as repealed and replaced by PL 1991, c. 786, §1, is amended to read:

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~~ 1995, 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.

**COMMITTEE AMENDMENT**

R. of S.

COMMITTEE AMENDMENT "A" to H.P. 602, L.D. 817

2  
4  
6  
8  
10  
12  
14  
16  
18  
20  
22  
24  
26  
28  
30  
32  
34  
36  
38  
40  
42  
44  
46  
48  
50

(3) For payment years beginning or deemed to begin between September 30, 1992 and September 30, 1994 1995, 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).

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

Sec. 2. 22 MRSA §396-F, sub-§3, as amended by PL 1991, c. 830, §7, is repealed and the following enacted in its place:

3. Differentials. The commission shall provide for revenue deductions that reflect differentials established and approved pursuant to section 396-G. In calculating revenue deductions to reflect differentials under the Medicare program, the commission shall exclude from its determination the following amounts:

A. Any amounts that the commission finds have been paid by the Medicare program for the following activities, to the extent that the activities have been approved under section 396-R, unless any costs of the activities have been added to a hospital's financial requirements:

(1) The expansion of a family practice residency program after June 30, 1992; and

(2) The provision of spaces in a residency program in internal medicine, pediatrics or obstetrics and gynecology, in any given year, for the number of first-year residents that is greater than the number of first-year residents in that program at the same hospital prior to June 30, 1992; and

B. Any amounts that the commission finds have reasonably been expended by a hospital in a reasonable appeal of a reimbursement decision made by the Medicare program. In order to allow hospitals to recover the full amount expended to secure increases or avoid decreases in Medicare reimbursement by pursuing appeals, the commission shall exclude from revenue deduction calculations for each payment year a total amount of Medicare payments equal to the total reasonably expended by the hospital on successful appeals in the most recent year for which data is available. In determining this adjustment, the commission shall take into account the amount of attorney's fees included in the hospital's base year budget. For purposes of this

R. of S.

COMMITTEE AMENDMENT "A" to H.P. 602, L.D. 817

paragraph, "appeal" refers to any process of review of a Medicare reimbursement decision, formal or informal, conducted by a fiscal intermediary, government office, administrative agency or review board or by a court of law.

**Sec. 3. Report.** By January 1, 1996, the Maine Health Care Finance Commission shall submit a report to the joint standing committee of the Legislature having jurisdiction over human resources matters regarding the impact of section 2 of this Act. For the period being studied, the report must include at least the following:

1. The total number of Medicare payment appeals filed by the hospitals;

2. The number of successful Medicare payment appeals filed by hospitals;

3. The costs associated with Medicare payment appeals, the amount of the adjustments made by the commission under section 2 of this Act and the amounts of adjustment refused by the commission under section 2 because the commission determined that those costs were included in the hospitals' base year budgets; and

4. The estimated amount of additional Medicare funds paid to hospitals as a result of the appeals.

**FISCAL NOTE**

The Department of Human Services may experience increased future costs related to Medicaid's share of the expense of additional litigation that results in positive adjustments to hospitals' financial requirements. The department may also realize minor savings depending on the outcome of an appeal involving denied Medicare payments. The amounts of the potential savings and costs can not be determined.

The additional costs to include these differentials in the determination of hospitals' financial requirements and to report on the impact can be absorbed by the Maine Health Care Finance Commission utilizing existing budgeted resources.'

**STATEMENT OF FACT**

This amendment replaces the original bill. It deletes sections relating to research and demonstration projects and amends the section relating to Medicare appeals to allow

R. of S.

COMMITTEE AMENDMENT "A" to H.P. 602, L.D. 817

2 adjustment only for a successful appeal and only if the cost of  
the appeal was not previously considered in a hospital's base  
4 year budget. The amendment also requires the Maine Health Care  
Finance Commission to report to the Legislature regarding the  
Medicare appeals.

6

The amendment also adds a fiscal note to the bill.

8

Reported by the Committee on Human Resources  
Reproduced and distributed under the direction of the Clerk of the  
House  
6/1/93

(Filing No. H-514)