

# MAINE STATE LEGISLATURE

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# 116th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1993

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Legislative Document

No. 1036

S.P. 339

In Senate, March 25, 1993

**An Act to Correct Volume Deficiencies in Hospital Base-year Budgets  
Administered by the Maine Health Care Finance Commission.**

(EMERGENCY)

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Reference to the Committee on Human Resources suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN  
Secretary of the Senate

Presented by Senator BERUBE of Androscoggin.  
Cosponsored by Senator: HANDY of Androscoggin.

Emergency preamble. Whereas, Acts of the Legislature do not  
2 become effective until 90 days after adjournment unless enacted  
as emergencies; and

4  
Whereas, the Maine Health Care Finance Commission has an  
6 interest in the expeditious resolution of issues before it since  
subsequent payment years are based on the results of prior  
8 payment years; and

10  
Whereas, this bill relates to at least one matter pending  
before the Maine Health Care Finance Commission in which the  
12 commission is unable to close a hospital payment year in a timely  
manner without resolution of the issues addressed in this  
14 legislation; and

16  
Whereas, the Legislature desires to keep down the costs of  
medical care to the citizens of this State and to regulate  
18 hospital revenues in order to control increases in hospital  
expenditures; and

20  
Whereas, these pending issues, if not addressed, will lead  
22 to additional expenditures by hospitals and the commission in  
costly litigation; and

24  
Whereas, in the judgment of the Legislature, these facts  
26 create an emergency within the meaning of the Constitution of  
Maine and require the following legislation as immediately  
28 necessary for the preservation of the public peace, health and  
safety; now, therefore,

30  
**Be it enacted by the People of the State of Maine as follows:**

32  
**Sec. 1. 22 MRSA §396-D, sub-§9-D is enacted to read:**

34  
**9-D. Base-year volume adjustment.** In determining financial  
36 requirements for the 6th payment year, or any subsequent payment  
year, the commission shall make a base-year volume adjustment for  
38 the base-year volume statistic as follows.

40  
**A. The base from which the adjustment for changes in volume  
and case mix in any payment year is made must be the actual  
42 admissions in the base year for those hospitals that:**

44  
**(1) For any 3 or more successive payment years have  
experienced negative inpatient volume adjustments; and**

46  
**(2) Have been denied relief by the commission under  
48 subsection 9-A solely on one or both of the following  
grounds:**

2                   (a) That the commission lacks authority to adjust  
3                   the base-year volume statistic under subsection  
4                   9-A; or

5                   (b) That the hospital's base-year financial  
6                   requirements equalled or exceeded its actual  
7                   audited Medicare allowable costs, adjusted to  
8                   conform to the definition of base-year financial  
9                   requirements established in accordance with  
10                   section 396-A.

11                   B. An adjustment to the base-year admissions statistic  
12                   under this subsection is effective for the later of:

13                   (1) The payment year for which relief under subsection  
14                   9-A was requested and denied; or

15                   (2) The 6th payment year and subsequent payment years.

16                   C. A hospital entitled to an adjustment under this  
17                   subsection may not be denied an adjustment notwithstanding  
18                   the application of any other commission rule. The  
19                   commission shall identify all hospitals eligible for relief  
20                   under this subsection and provide the relief specified in  
21                   this subsection without need for a hospital's application  
22                   for relief.

23                   Emergency clause. In view of the emergency cited in the  
24                   preamble, this Act takes effect when approved.

25  
26  
27                   **STATEMENT OF FACT**

28                   The Maine Health Care Finance Commission annually adjusts  
29                   the financial requirements to which a hospital is entitled based  
30                   on a comparison of current hospital volume and volume budgeted  
31                   for the base year. The Maine Health Care Finance Commission has  
32                   taken the position that it is not authorized to adjust a  
33                   hospital's base-year volume statistic under the Maine Revised  
34                   Statutes, Title 22, section 396-D, subsection 9-A unless a very  
35                   specific set of circumstances exists. This bill provides the  
36                   Maine Health Care Finance Commission with the authority to  
37                   rectify that situation in those cases when it is unable to do so  
38                   under Title 22, section 396-D, subsection 9-A by allowing the  
39                   substitution of actual hospital volume in the base year for  
40                   estimated base-year volume.  
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