

MAINE STATE LEGISLATURE

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116th MAINE LEGISLATURE

SECOND REGULAR SESSION-1993

Legislative Document

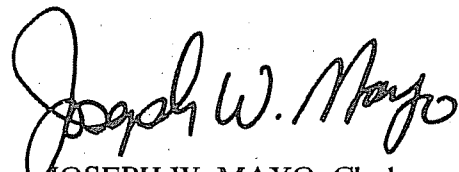
No. 1585

H.P. 1188

House of Representatives, December 29, 1993

An Act to Clarify Certain Provisions of Maine's Hospital Payment System.

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 26. Received by the Clerk of the House on December 27, 1993. Referred to the Committee on Human Resources and 1200 ordered printed pursuant to Joint Rule 14.


JOSEPH W. MAYO, Clerk

Presented by Representative TREAT of Gardiner.

Cosponsored by Representative: RYDELL of Brunswick, Senator: PARADIS of Aroostook.

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

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4 **Sec. 1. 22 MRSA §396-D, sub-§1-A**, as enacted by PL 1989, c. 588, Pt. A, §11, is amended to read:

6 **1-A. Variable adjustment factor.** In determining payment
8 year financial requirements, the commission shall include an
10 adjustment based upon a factor, fixed by the commission between
12 ~~0.5% and 2.0%~~, which shall be added to the percentage adjustment
14 for inflation determined pursuant to subsection 1. This factor
16 shall reflect the following:

18 A. Changes in technology not covered by certificate of need
20 projects, including changes in drugs and supplies;

22 B. Changes in medical practice;

24 C. Increased severity of illness not accounted for by the
26 case mix system and the aging of the population; and

28 D. Other changes specified by the commission that are
30 expected to affect a substantial number of Maine hospitals.

32 **Sec. 2. 22 MRSA §396-F, sub-§3**, as repealed and replaced by PL
34 1993, c. 458, §2, is amended to read:

36 **3. Differentials.** The commission shall provide for revenue
38 deductions that reflect differentials established and approved
40 pursuant to section 396-G, except that prompt payment
42 differentials approved pursuant to section 396-G, subsection 2,
44 paragraph B do not qualify for revenue deductions. In
46 calculating revenue deductions to reflect differentials under the
48 Medicare program, the commission shall exclude from its
50 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

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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 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.

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STATEMENT OF FACT

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This bill deletes the lower and upper limits of the variable adjustment factor used by the Maine Health Care Finance Commission in setting the revenue limits of hospitals. The bill also clarifies that prompt payment differentials do not qualify for revenue deductions in the calculation of revenue limits for individual hospitals determined by the Maine Health Care Finance Commission.

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This document has not yet been reviewed to determine the need for cross-reference, stylistic and other technical amendments to conform existing law to current drafting standards.