

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)

DATE: 6/22/95

(Filing No. H-588)

Reproduced and distributed under the direction of the Clerk of the House.

STATE OF MAINE
HOUSE OF REPRESENTATIVES
117TH LEGISLATURE
FIRST REGULAR SESSION

HOUSE AMENDMENT "A" to COMMITTEE AMENDMENT "B" to H.P. 910, L.D. 1286, Bill, "An Act Altering the Method of Computing the Hospital Tax"

Amend the amendment by striking out everything after the title and before the statement of fact and inserting in its place the following:

'Amend the bill by striking out everything after the enacting clause and before the emergency clause and inserting in its place the following:

'Sec. 1. 22 MRSA §391, sub-§1, as amended by PL 1993, c. 410, Pt. UUU, §1, is further amended to read:

1. Assessments. Every hospital subject to regulation under this chapter is subject to an assessment of not more than .15% of its gross patient service revenues. Notwithstanding any other provision of law, the commission shall reduce the assessment to hospitals by \$159,077 in fiscal year 1993-94 and by \$276,106 in fiscal year 1994-95. The assessment may not exceed \$1,406,200 in fiscal year 1995-96 and \$231,213 in fiscal year 1996-97. For the period of October 1, 1983, to June 30, 1984, each hospital shall pay an assessment equal to 75% of the total annual dues and fees for which it was liable to a voluntary budget review organization during its most recent fiscal year which that ended prior to July 1, 1983. Each hospital shall pay this assessment in 3 equal installments, with payments due on or before November 1, 1983,

January 1, 1984, and April 1, 1984. Thereafter, the commission shall determine the assessments annually prior to July 1st and shall assess each hospital for its pro rata share. Each hospital shall pay the assessment charged to it on a quarterly basis, with payments due on or before July 1st, October 1st, January 1st and April 1st of each year, except that the entire assessment for fiscal year 1996-97 is due on or before July 1, 1996.

Sec. 2. 22 MRSA §3174-O is enacted to read:

§3174-O. Establish rules

The department shall establish rules recognizing the Medicaid hospital assessment as a reimbursable cost to providers participating in the State's medical assistance program.

Sec. 3. 36 MRSA §2801-A, sub-§9, as enacted by PL 1991, c. 591, Pt. Q, §8, is amended to read:

9. Application. The assessment liability in this section is effective for hospital payment years ending during or after the state fiscal year 1991-92. Collections commence October 5, 1991 or the 5th day of the first month following at least 15 days' notice to a hospital of its liability under this section, whichever is earlier. Lump sum payments are required within 30 days of notice from the Bureau of Taxation for payment years for which the defined payment dates have passed.

The liability of a hospital subject to this chapter ceases with regard to payment years and pro rata monthly payment dates associated with time periods beginning on or after a period for which federal reimbursement for disproportionate share hospital payments are eliminated. Payment years for which the tax liability ceases prior to the final pro rata monthly payment date must be finally settled based on an actual liability amount pro rated by the number of monthly payment dates in the payment year prior to the cessation of liability.

Sec. 4. 36 MRSA §2801-A, sub-§10 is enacted to read:

10. Repeal. This section is repealed June 30, 1997.

Sec. 5. Waiver request for rural and financially distressed hospitals.

The Department of Human Services shall apply to the Federal Government for any waiver authorized by 42 Code of Federal Regulations, Chapter IV that minimizes the variance between an individual hospital's assessment and its disproportionate share hospital payment. The waiver application must include, but is not limited to, provisions for rural hospitals, financially distressed hospitals and border hospitals

2 that are financially distressed due to lack of competitiveness
3 and must target those facilities that are the most severely
4 affected in a manner that does not result in an individual
5 hospital receiving a disproportionate share hospital payment that
6 exceeds the hospital's assessment liability. The Commissioner of
7 Human Services shall report to the joint standing committee of
8 the Legislature having jurisdiction over appropriations and
9 financial affairs by the 15th of each month until the status of
10 the waiver or waivers is determined. The reports must detail the
11 specific steps taken thus far in the application process and must
12 provide a summary report of future actions under consideration by
13 the department to secure approval in compliance with this Act.

14 **Sec. 6. Uniform reduction of hospital assessment.** Notwithstanding
15 the Maine Revised Statutes, Title 36, section 2801-A, if the
16 waivers specified in this Act are not approved by January 1,
17 1996, then the State Tax Assessor shall, upon recommendation of
18 the Commissioner of Human Services, uniformly reduce the
19 assessment on hospitals within the limits of the funding
20 identified in this Act in a manner consistent with federal law,
21 rules and regulations.

22 **Sec. 7. Notice of federal fund reductions.** The Department of Human
23 Services shall notify the joint standing committee of the
24 Legislature having jurisdiction over appropriations and financial
25 affairs immediately of any reduction in federal funds affecting
26 hospitals, including, but not limited to, federal law changes,
27 rule changes, conversion to another reimbursement methodology,
28 including block grants, or any other action that may affect
29 federal reimbursement for this program.

30 **Sec. 8. Elimination of regulatory functions; successor to Maine
31 Health Care Finance Commission.** Notwithstanding the Maine Revised
32 Statutes, Title 22, chapter 107 or any provision of law to the
33 contrary, beginning July 1, 1995, the Maine Health Care Finance
34 Commission may not enforce the provisions of Title 22, chapter
35 107, except that the commission shall continue its data
36 collection and data and financial analysis functions, including
37 the collection of financial data until June 30, 1996.

38
39 Beginning July 1, 1995, the Department of Human Services
40 shall establish gross patient service limits for the sole purpose
41 of calculating the hospital assessment required by Title 22,
42 section 391 and the tax required by Title 36, chapter 369.

43
44 Beginning July 1, 1995, the Department of Human Services
45 shall calculate and settle any open unresolved or otherwise
46 incomplete proceedings related to the tax imposed by Title 36,
47 section 2801-A, subsections 1 to 4.

Sec. 9. Review and report; elimination of regulatory functions. The Executive Director of the Maine Health Care Finance Commission and the Commissioner of Human Services shall review the laws and rules governing the commission as of June 30, 1995 and report their findings and recommendations, including any necessary legislation, to eliminate the regulatory functions and accomplish the purposes of this Act to the Second Regular Session of the 117th Legislature by December 1, 1995.

Sec. 10. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Act.

	1995-96	1996-97
16 HUMAN SERVICES, DEPARTMENT OF		
18 Medical Care - Payments to Providers		
20 All Other	\$9,142,420	\$9,791,074
22 Provides funds for the state		
24 share of the amount required		
26 in order to recognize the		
hospital tax as a Medicare		
allowable cost.		
28 Medical Care - Payments to Providers		
30 All Other	10,643,445	11,356,555
32 Provides funds for hospital		
34 Medicaid costs.		
36 Medical Care - Payments to Providers		
38 All Other		(133,015)
40 Deappropriates funds due to a		
42 reduction in the hospital		
44 assessment levied to fund the		
Maine Health Care Finance		
46 Commission in fiscal year		
1996-97.		
DEPARTMENT OF HUMAN SERVICES		
48 TOTAL	<u>\$19,785,865</u>	<u>\$21,014,614</u>

Sec. 11. Allocation. The following funds are allocated from the Federal Expenditure Fund to carry out the purposes of this Act.

	1995-96	1996-97
HUMAN SERVICES, DEPARTMENT OF		
Medical Care - Payments to Providers		
All Other	\$15,778,992	\$16,902,148
Provides funds for the federal share of the amount required in order to recognize the hospital tax as a Medicare allowable cost.		
Medical Care - Payments to Providers		
All Other		(229,619)
Deallocates funds due to a reduction in the hospital assessment levied to fund the Maine Health Care Finance Commission in fiscal year 1996-97.		
DEPARTMENT OF HUMAN SERVICES		
TOTAL	<u>\$15,778,992</u>	<u>\$16,672,529</u>

Sec. 12. Allocation. The following funds are allocated from Other Special Revenue to carry out the purposes of this Act.

	1995-96	1996-97
MAINE HEALTH CARE FINANCE COMMISSION		
Health Care Finance Commission		
Positions - Other Count	(-12.0)	(-30.0)
Personal Services	(\$537,507)	(\$1,491,885)
All Other	(81,918)	(296,657)
Capital Expenditures	(5,880)	(24,626)
TOTAL	<u>(625,305)</u>	<u>(1,813,168)</u>

Deallocates funds due to the

2 elimination of the regulatory
3 functions of the Maine Health
4 Care Finance Commission,
5 effective July 1, 1995 and
6 the elimination of its
7 remaining functions effective
8 June 30, 1996, including the
9 elimination of 12 positions
10 July 1, 1995, one Legal
11 Secretary position, one
12 Counsel position, one Deputy
13 Director MHCFC position, one
14 Health Care Financial Analyst
15 position, one Research Data
16 Division Director position,
17 one Clerk Steno III position,
18 one Administrative Secretary
19 position, one Counsel
20 position, one Senior Health
21 Care Financial Analyst
22 position, one Senior Counsel
23 position, one Health Care
24 Financial Analyst position
25 and one Legal Secretary
26 position; and the elimination
27 of the 18 remaining positions
28 effective June 30, 1996.

29 **Management Support Fund**

30 All Other (235,000) (235,000)
31
32 Deallocates funds due to the
33 elimination of the regulatory
34 functions of the Maine Health
35 Care Finance Commission,
36 effective July 1, 1995.

37
38 **MAINE HEALTH CARE FINANCE**
39 **COMMISSION**
40 **TOTAL**

(\$860,305) (\$2,048,168)'

41
42 Further amend the bill by inserting at the end before the
43 statement of fact the following:

44
45 **FISCAL NOTE**

46
47
48 **1995-96** **1996-97**
49
50 **APPROPRIATIONS/ALLOCATIONS**

2 General Fund \$19,785,865 \$21,014,614
 Other Funds 14,918,687 14,624,361

4

6 **REVENUES**

8 Other Funds \$14,918,687 \$14,624,361

10

12 The net General Fund cost of this bill is \$19,785,865 in
fiscal year 1995-96 and \$21,014,614 in fiscal year 1996-97.

14

16 This bill provides the Department of Human Services with
General Fund appropriations of \$9,142,420 and \$9,791,074 and
Federal Expenditure Fund allocations of \$15,778,992 and
\$16,902,148 in fiscal years 1995-96 and 1996-97, respectively, to
18 recognize the hospital assessment as a Medicare allowable cost.
It also provides General Fund appropriations of \$10,643,445 and
20 \$11,356,555 in fiscal years 1995-96 and 1996-97, respectively, to
assist the most severely impacted hospitals if the federal
22 waivers are approved or to be used to uniformly reduce the
hospital assessment if the waivers are not approved. It also
24 provides a General Fund deappropriation of \$133,015 and a Federal
Expenditure Fund deallocation of \$229,619 in fiscal year 1996-97
26 representing funds no longer needed due to the reduction in the
hospital assessment levied to fund the Maine Health Care Finance
28 Commission.

30

32 Eliminating the regulatory functions of the Maine Health
Care Finance Commission effective July 1, 1995 and eliminating
the remaining functions by June 30, 1996 will decrease Other
Special Revenue generated by an assessment on hospitals by
34 \$860,305 in fiscal year 1995-96 and \$2,048,168 in fiscal year
1996-97. This bill provides those Other Special Revenue
36 deallocations.

38

40 Repealing the tax effective June 30, 1997 will result in the
need for future General Fund appropriations estimated to be in
excess of \$117,000,000 in fiscal year 1997-98 and \$126,000,000 in
42 fiscal year 1998-99 to replace the Other Special Revenue that
will be lost, assuming disproportionate share hospital payments
are eliminated as well. The exact amounts can not be determined
44 at this time.

46

48 The additional costs to calculate a basis for the hospital
assessment beginning in July 1, 1995 can be absorbed by the
Department of Human Services utilizing existing budgeted
resources.

50

2 The Governor's proposed current services budget includes
3 changes that may affect this bill's impact on the Medical Care -
4 Payments to Providers program. This estimate of the fiscal
5 impact may need to be adjusted based on final legislative actions
6 on the current services budget.' '


8 **STATEMENT OF FACT**

10 This amendment replaces Committee Amendment "B". It repeals
11 the 6% hospital assessment July 1, 1997 or sooner if federal
12 reimbursement for disproportionate share hospital payments is
13 eliminated. It requires the Department of Human Services to
14 adopt rules to make the hospital assessment a Medicare allowable
15 cost and provides funding for that purpose.

16 It further directs the Department of Human Services to seek
17 a number of waivers to assist the most severely affected
18 hospitals and provides funds to be used to support the additional
19 costs if the waivers are approved or, if the waivers are not
20 approved by January 1, 1996, those funds would be used to provide
21 a uniform reduction in the hospital assessment.

24 The amendment also eliminates the regulatory function of the
25 Maine Health Care Finance Commission effective July 1, 1995 and
26 eliminates the remaining clinical and financial data collection
27 functions by June 30, 1996.

28 It also adds appropriation and allocation sections and a
30 fiscal note.

32
34 SPONSORED BY: 
35 (Representative OTT)

36 TOWN: York
38