

MAINE STATE LEGISLATURE

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117th MAINE LEGISLATURE

FIRST SPECIAL SESSION-1995

Legislative Document

No. 1590

H.P. 1151

House of Representatives, November 28, 1995

An Act to Correct an Error in the Hospital Assessment Program.

Reference to the Committee on Appropriations and Financial Affairs suggested and ordered printed.

A handwritten signature in black ink that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative KERR of Old Orchard Beach. (GOVERNOR'S BILL)
Cosponsored by Representatives: DiPIETRO of South Portland, MORRISON of Bangor,
POULIOT of Lewiston, TOWNSEND of Portland, Senator: BERUBE of Androscoggin.

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

2
4 **Sec. 1. 36 MRSA §2801-A, sub-§1**, as amended by PL 1995, c. 368, Pt. W, §9, is further amended to read:

6 **1. Initial assessment.** For hospital payment years as defined in Title 22, section 382 that end in state fiscal year 8 1991-92 and thereafter, each hospital licensed under Title 22, chapter 405, excluding state hospitals, must be assessed 6% of 10 the hospital's final gross patient service revenue limit as established by the ~~Maine Health Care Finance Commission or, on or after January 1, 1996, by the~~ Department of Human Services. 12

14 The joint standing committee of the Legislature having jurisdiction over taxation matters shall evaluate annually the 16 method used to levy the Medicaid hospital assessment.

18 **Sec. 2. 36 MRSA §2801-A, sub-§§2 and 3**, as enacted by PL 1991, c. 591, Pt. Q, §8, are amended to read:

20 **2. Notice.** Each hospital must be notified in writing by 22 the Bureau of Taxation of the estimated annual assessment based on the hospital's gross patient service revenue limit in effect 24 on July 1, 1991, and at the beginning of each hospital's payment year thereafter considering subsequent modifications. The notice 26 must be provided to each hospital as soon as practicable after it is provided to the Bureau of Taxation by the ~~Maine Health Care Finance Commission~~ Department of Human Services. 28

30 **3. Future assessments.** Subsequent payment year assessments must be based on the proposed gross patient service revenue limit 32 established by the ~~Maine Health Care Finance Commission~~ Department of Human Services with adjustment for modifications. 34 If the ~~commission~~ department makes an interim adjustment under Title 22, section 398, subsection 2, no change in the assessment 36 may be made until the final assessment is determined.

38 **Sec. 3. 36 MRSA §2801-A, sub-§4**, as corrected by RR 1991, c. 1, §56, is amended to read:

40 **4. Basis of assessments; reporting.** The Bureau of Taxation 42 shall base each hospital's final assessment on the final decision and order of the ~~Maine Health Care Finance Commission~~ Department of Human Services 44 issued after the close of a payment year to determine compensation by a hospital with its revenue limits and 46 the final obligations of its payors according to Title 22, section 396-I. The ~~commission~~ department shall promptly report 48 its final decision to the Bureau of Taxation. Upon notice, the Bureau of Taxation shall promptly report to the affected hospital 50 the ~~Maine Health Care Finance Commission's~~ department's final

2 decision and order as it affects the final assessment of the
hospital under this section for the payment year involved.

4 If the estimated assessment paid exceeds the actual liability, a
6 refund must be authorized by the Bureau of Taxation in the amount
of the excess payment. The refund must be paid from the Medical
Care - Payments to Providers Special Revenue Account.

8 If the estimated assessment paid is less than the actual
10 liability, the underpayment must be assessed and payment to the
Bureau of Taxation is due within 30 days of notice.

12 **Sec. 4. PL 1995, c. 368, Pt. W, §10, sub-§3** is amended to read:

14 3. In all proceedings conducted by the Maine Health Care
16 Finance Commission or the Department of Human Services under
subsection 1 or subsection 2, revenue limits, settlements, and
18 payment obligations must be determined in accordance with the
rules, methods, and practices of the Maine Health Care Finance
20 Commission in effect on June 30, 1995, as modified by all
additional or amended rules adopted by the commission as a result
22 of rulemaking proceedings commenced prior to June 30, 1995, ~~or
commenced to adopt a permanent rule with respect to any emergency
24 rule, or commenced to clarify that revenue limits may be reduced
on application of a hospital to reflect the actual amount charged
26 by a hospital when that amount is less than the otherwise
applicable limit.~~

28 **Sec. 5. PL 1995, c. 368, Pt. RR, §5** is repealed.

30 **Sec. 6. Joint authority to modify rules concerning gross patient
32 service revenue limits.** The Department of Human Services and the
Maine Health Care Finance Commission have joint authority to
34 modify rules concerning gross patient service revenue limits of
the Maine Health Care Finance Commission in effect on June 30,
36 1995, as modified by all additional or amended rules adopted by
the Maine Health Care Finance Commission. After January 1, 1996,
38 the Department of Human Services has sole authority to modify
rules of the Maine Health Care Finance Commission in effect on
40 December 31, 1995 concerning gross patient service revenue
limits. The Department of Human Services may draft emergency
42 rules that apply retroactively to July 1, 1995 concerning all
aspects of gross patient service revenue limits for assessment
44 purposes.

46 **Sec. 7. Rules to determine gross patient service revenue limits.** The
Department of Human Services may adopt rules that apply
48 retroactively to July 1, 1995 to determine gross patient service
revenue limits for the time period beginning on hospital

2 payment years, as defined in Title 22, section 382, that end in
state fiscal year 1991-92 and ending on the hospital partial
4 payment year that ends on June 30, 1995. These rules must give
the Department of Human Services the option of establishing the
6 gross patient service revenue limit either through the rules
adopted by the Maine Health Care Finance Commission or using the
actual amount charged by a hospital.

8
Sec. 8. Retroactivity. Sections 4, 6 and 7 of this Act apply
10 retroactively to July 1, 1995.

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14 **STATEMENT OF FACT**

The purpose of this bill is to correct an inadvertant error
16 in Public Law 1995, chapter 368, which prohibited the Department
of Human Services from adopting rules implementing changes in the
18 hospital assessment program. It allows the department to
establish new rules. In recognition of the transfer of
20 responsibilities from the Maine Health Care Finance Commission to
the Department of Human Services, references to the former are
22 replaced by references to the latter. Because it is no longer
necessary, it repeals a provision in Public Law 1995, chapter
24 368, which required the department to uniformly reduce
assessments by January 1, 1996 in the event a waiver from the
26 Federal Government was not obtained.