

MAINE STATE LEGISLATURE

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1737

AN ACT TO LIMIT FUTURE INCREASES IN THE COST OF HOSPITAL CARE IN MAINE Sen. Najarian

HSE-ENACT.
SEN-ENACT.
GOV-SIGNED
PL 83, c. 579

SUMMARY: The new draft of LD 1353 included many provisions of the original bill, including concepts such as the Commission, prospective reimbursement and equity among payors. It also dropped some controversial elements, such as the regional development funds.

The 5 members of the Health Care Finance Commission are to be conversant with the organization, delivery and financing of health care, and at least 4 of them must be consumers with no current affiliation with a provider or payor. One member must have experience as a hospital official or trustee.

Each hospital will have an overall revenue limit, established for that hospital and apportioned among its payors by the Commission. If the hospital keeps its expenses below its revenue limits, it may keep 50% of its savings; the other 50% is added to the hospital's available resources. The limits for each succeeding year are based on the prior year's approved budget, so there are not penalties for efficiency.

The bill details the formula for arriving at the hospital's revenue limits, which is to be worked out specifically by the Commission, with recommendations from the professional, hospital, and payor advisory committees. The base year, i.e., the fiscal year prior to the first fiscal year which begins after October 1, 1984, is adjusted by various elements, including inflation, changes in the patient volume and case mix, productivity, working capital, new facilities and equipment, and regulatory requirements. The financial resources available to the hospital, plus revenue deductions, result in the gross patient service revenue limit, which is then apportioned among the payors. Any differentials in charges to payors must be based on substantiable reasons, e.g., timely payment.

A major modification from the earlier bill was in the establishment of a statewide limit on Certificate of Need projects. In the first 2 years of the system, the limit is 1% of financial requirements; after that time, the limit will be established through rules of the Commission. The Department of Human Services can approve only those CCN projects which can be supported from the account.

The Commission must also approve all new hospital reorganizations, and 5-year plans of hospitals which reorganize prior to the effective date of the Act, in order to scrutinize the financial resources of affiliated interests and how they will apply to the hospital's financial requirements.

Finally, hospitals will continue to report uniform financial and patient service data, which, subject to confidentiality provisions, will be available for research studies.