

By Mr. Fitzgerald of Boston, petition of Kevin W. Fitzgerald and Kevin G. Honan relative to health care services for children. Health Care.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Ninety.

AN ACT RELATING TO HEALTH CARE SERVICES FOR CHILDREN.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Section 31 of Chapter 6A of the General Laws
2 is hereby amended by striking out, in line 1, the words "one
3 hundred and two" and inserting in place thereof the words "one
4 hundred and three", and by inserting between the definitions of
5 the term "Hospital agreement" and the term "Medicaid costs" the
6 following new definition":

7 "Large pediatric disproportionate share acute hospital", any
8 acute hospital licensed under section fifty-one of chapter one
9 hundred and eleven of the General Laws, with a minimum of 250
10 beds, of which a minimum of seventy-five percent of the beds are
11 licensed as pediatric beds and where a minimum of twenty-five
12 percent of the gross patient service revenue is attributable to
13 patients eligible for Title XIX, local and state government sub-
14 sidy and free care and bad debts.

1 SECTION 2. Section 32B of Chapter 6A of the General Laws
2 is hereby amended by inserting after the word "hospitals" which
3 ends in line 2 the following: — , other than large pediatric
4 disproportionate share acute hospitals,.

1 SECTION 3. Section 32B of Chapter 6A of the General Laws
2 is further amended by inserting after subsection (e) the follow-
3 ing new subsection: —

4 (f) Retroactive to October 1, 1988, the Rate Setting Commis-
5 sion shall take into account the special circumstances of a large

6 pediatric disproportionate share acute hospital by establishing
7 rates of payment equal to the actual cost of providing services to
8 Title XIX patients. All such payments shall be considered dispro-
9 portionate share payments as defined by the Social Security Act,
10 as amended.

1 SECTION 4. Section 78 of Chapter 6A of the General Laws
2 is hereby amended by inserting after the word "thirty-one", in line
3 2, the following: —, a large pediatric disproportionate share acute
4 hospital, as defined in section thirty-one,.

1 SECTION 5. Section 78 of Chapter 6A of the General Laws
2 is further amended by inserting after the second paragraph the
3 following paragraph: —

4 Retroactive to October 1, 1988, any large pediatric dispro-
5 portionate share acute hospital may, at its option, elect to be
6 exempt from sections seventy-nine to eight-eight, inclusive, and
7 establish its approved gross patient service revenues, its Blue Cross
8 rate of payment, and compliance with approved gross patient
9 service revenue in accordance with section one hundred and three.

1 SECTION 6. Chapter 6A of the General Laws is hereby
2 amended by adding the following section: —

3 Section 103. Notwithstanding any contrary provision of law,
4 retroactive to October 1, 1988, any large pediatric dispro-
5 portionate share acute hospital may elect to establish its approved
6 gross patient service revenue, Blue Cross rate of payment, and
7 compliance with approved gross patient service revenue in the
8 following manner: —

9 (a) Patient care costs, which shall equal actual inpatient and
10 outpatient operating and capital costs, shall be multiplied by the
11 proportion of charges attributable to those purchasers and third-
12 party payors who pay on the basis of charges and to a hospital
13 service corporation, excluding those charges associated with
14 uncompensated care and services rendered to Title XIX recipients.
15 Said product shall be known as private sector patient care costs.

16 (b) Private sector patient care costs as calculated pursuant to
17 paragraph (a) shall be multiplied by one plus the uniform

18 statewide uncompensated care allowance (the hospital's own cost
19 of uncompensated care shall be used upon dissolution of the state-
20 wide pool). The resulting product shall be termed the private
21 sector liability.

22 (c) The private sector liability as calculated in paragraph (b)
23 shall be divided by: (i) the proportion of charges attributable to
24 purchasers and third-party payors who pay on the basis of
25 charges, excluding those charges associated with uncompensated
26 care, multiplied by one hundred and seven and one-half percent;
27 plus (ii) the proportion of charges attributable to a hospital service
28 corporation. The result of this division shall be known as the Blue
29 Cross basis of payment and shall determine rates of payment from
30 a hospital service corporation.

31 (d) The Blue Cross basis of payment as calculated in accord-
32 ance with paragraph (c) shall be further multiplied by one hundred
33 and seven and one-half percent and the resulting product shall
34 be termed approved gross patient service revenue. Approved gross
35 patient service revenue shall reflect the dollar amount of any
36 excess or deficit revenues earned in the prior fiscal year. The result-
37 ing approved gross patient service revenue shall be the basis of
38 payment for all purchasers and third party payors who pay on
39 the basis of charges.

1 SECTION 7. Notwithstanding the provisions of section
2 eighty-one of chapter twenty-three of the Acts of 1988, after Octo-
3 ber one, nineteen hundred and ninety-one a large pediatric dis-
4 proportionate share acute hospital may continue to elect to estab-
5 lish its approved gross patient service revenue, Blue Cross rate
6 of payment, and compliance with approved gross patient service
7 revenue in accordance with section one hundred and three of
8 chapter six A of the General Laws.

