

By Mr. Brewer of Barre, petition of Stephen M. Brewer and another for legislation to continue health care cost containment measures under the universal health insurance program. Insurance.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Ninety-One.

AN ACT CONTINUING CERTAIN HEALTH CARE COST CONTAINMENT MEASURES.

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. It is hereby found and declared:

2 That, the cost of obtaining health care in the commonwealth
3 is significantly higher than in the rest of the nation.

4 That, the certainty that such cost will continue to escalate if
5 unregulated imposes a burden on the cost of doing business in
6 the commonwealth thereby constraining the competitive ability
7 of the commonwealth's businesses and having a negative
8 economic impact in the commonwealth.

9 Therefore, it is found to be in the public interest that the cost
10 containment provisions of the Health Security Act of 1988 should
11 not expire but should be continued for two years until such time
12 as a restructuring of the health care financing system may be
13 accomplished.

1 SECTION 2. Section 78 of chapter 6A of the General Laws,
2 as appearing in the 1988 Official Edition, is hereby amended in
3 the first sentence by striking out the words "and nineteen hundred
4 and ninety-one," and by inserting in place thereof the words: —
5 nineteen hundred and ninety-one, nineteen hundred and ninety-
6 two, and nineteen hundred and ninety-three.

1 SECTION 3. Chapter 6A of the General Laws is hereby
2 amended by inserting after section 82A the following two
3 sections: —

4 Section 82. For fiscal year nineteen hundred and ninety-two,
5 patient care costs for each hospital shall be determined in a
6 manner consistent with section eighty-one, exclusive of
7 paragraphs (b) and (c), and substituting “fiscal year nineteen
8 hundred and ninety-one” and “fiscal year nineteen hundred and
9 ninety-two”, respectively.

10 Fiscal year nineteen hundred and ninety-two approved revenues
11 of any hospital which received an adjustment pursuant to para-
12 graph (b) or (c) of section eighty or paragraph (b) or (c) of section
13 eighty-one and which was subject to a labor cost recovery
14 pursuant to section eighty-two shall be further adjusted to reflect
15 a labor cost recovery, if any. The labor cost recovery shall be
16 determined as follows: —

17 (a)(i) The fiscal year nineteen hundred and ninety-one actual
18 expenses for each of the six nonmanagement labor categories so
19 designated under schedule C.I.O. of Appendix D of hospital
20 agreement thirty shall be adjusted by subtracting the product of:
21 the sum of (i) the inflation adjustments associated with said
22 categories which were provided pursuant to paragraph (d) of
23 section eighty and paragraph (d) of section eighty-one and (ii) the
24 comparable inflation adjustments provided for fiscal year
25 nineteen hundred and ninety-one; multiplied by the percentage of
26 total gross patient service revenue attributable to purchasers and
27 third party payors who pay on the basis of charges and a hospital
28 service corporation: the results shall then be summed for all six
29 such categories.

30 (ii) The fiscal year nineteen hundred and eighty-eight actual
31 expenses for the sum of such six nonmanagement labor categories
32 shall be adjusted by adding eighty per cent of the net revenue
33 received from purchasers and third party payors who pay on the
34 basis of charges and a hospital service corporation due to
35 adjustments made pursuant to paragraphs (b) and (c) of section
36 eighty and paragraphs (b) and (c) of section eighty-one.

37 (iii) Subtract the amount calculated in subparagraph (i) from
38 the amount calculated in subparagraph (ii).

39 (iv) If the amount calculated in subparagraph (iii) is positive,
40 a labor cost recovery shall be applicable. The labor cost recovery
41 shall be the lesser of the amount in subparagraph (iii) or eighty
42 per cent of the net revenue received from purchasers and third

43 party payors who pay on the basis of charges and a hospital service
44 corporation due to adjustments made pursuant to paragraphs (b)
45 and (c) of section eighty and paragraphs (b) and (c) of section
46 eighty-one.

47 (v) Fiscal nineteen hundred and ninety-two approved
48 revenues shall be adjusted in such a manner as to ensure that the
49 projected payments of purchasers and third party payors who pay
50 on the basis of charges and a hospital service corporation are
51 reduced by the amount of the labor cost recovery, if any,
52 calculated pursuant to subparagraph (iv).

53 (b) The commission may waive any or all of the labor cost
54 recovery pursuant to paragraph (a) upon request for any hospital
55 which demonstrates that such recovery would inappropriately
56 penalize the hospital and its nonmanagement employees, because
57 the hospital's failure to expend sufficient amounts for nonmanage-
58 ment labor expenses to avoid said recovery is the result of staff
59 reductions necessary to accommodate a volume decline or of
60 inability to hire employees due to a shortage of available
61 personnel.

62 Section 82C. For fiscal year nineteen hundred and ninety-three,
63 patient care costs for each hospital shall be determined in a
64 manner consistent with section eight-one, exclusive of paragraphs
65 (b) and (c), and substituting "fiscal year nineteen hundred and
66 ninety-two," and "fiscal year nineteen hundred and ninety-three"
67 respectively.

68 Fiscal year nineteen hundred and ninety-three approved
69 revenues of any hospital which received an adjustment pursuant
70 to paragraph b) or (c) of section eighty or paragraph (b) or (c)
71 of section eighty-one and which was subject to a labor cost
72 recovery pursuant to section eighty-two shall be further adjusted
73 to reflect a labor cost recovery, if any. The labor cost recovery
74 shall be determined as follows: —

75 (a)(i) The fiscal year nineteen hundred and ninety-two actual
76 expenses for each of the six nonmanagement labor categories so
77 designated under schedule C.I.O. of Appendix D of hospital
78 agreement thirty shall be adjusted by subtracting the product of:
79 the sum of (i) the inflation adjustments associated with said
80 categories which were provided pursuant to paragraph (d) of
81 section eighty and paragraph (d) of section eighty-one and (ii) the

82 comparable inflation adjustments provided for fiscal year
83 nineteen hundred and ninety; multiplied by the percentage of total
84 gross patient service revenue attributable to purchasers and third
85 party payors who pay on the basis of charges and a hospital service
86 corporation; the results shall then be summed for all six such
87 categories.

88 (ii) the fiscal year nineteen hundred and eighty-nine actual
89 expenses for the sum of such six nonmanagement labor categories
90 shall be adjusted by adding eighty percent of the net revenue
91 received from purchasers and third party payors who pay on the
92 basis of charges and a hospital service corporation due to
93 adjustments made pursuant to paragraphs (b) and (c) of section
94 eighty and paragraphs (b) and (c) of section eighty-one.

95 (iii) Subtract the amount calculated in subparagraph (i) from
96 the amount calculated in subparagraph (ii).

97 (iv) If the amount calculated in subparagraph (iii) is positive,
98 a labor cost recovery shall be applicable. The labor cost recovery
99 shall be the lesser of the amount in subparagraph (iii) or eighty
100 per cent of the net revenue received from purchasers and third
101 party payors who pay on the basis of charges and a hospital service
102 corporation due to adjustments made pursuant to paragraphs (b)
103 and (c) of section eighty and paragraphs (b) and (c) of section
104 eighty-one.

105 (v) Fiscal nineteen hundred and ninety-three approved
106 revenues shall be adjusted in such a manner as to ensure that the
107 projected payments of purchasers and third party payors who pay
108 on the basis of charges and a hospital service corporation are
109 reduced by the amount of the labor cost recovery, if any,
110 calculated pursuant to subparagraph (iv).

111 (b) The commission may waive any or all of the labor cost
112 recovery pursuant to paragraph (a) upon request for any hospital
113 which demonstrates that such recovery would inappropriately
114 penalize the hospital and its nonmanagement employees because
115 the hospital's failure to expend sufficient amounts for nonmanage-
116 ment labor expenses to avoid said recovery is the result of staff
117 reductions necessary to accommodate a volume decline or of
118 inability to hire employees due to a shortage of available
119 personnel.

1 SECTION 4. Said Chapter 6A is hereby further amended in
2 section 83 by striking out the words “ninety-one” wherever they
3 appear and by reinserting in place thereof the words: — ninety-
4 three.

1 SECTION 5. Said section 83 of said chapter 6A is hereby
2 further amended by striking the words “eighty-two” wherever they
3 appear and by inserting in place thereof the words: — eighty-
4 two C.

1 SECTION 6. Section 84 of said chapter 6A is hereby further
2 amended by striking the first sentence and inserting in place
3 thereof the following sentence: — For fiscal years nineteen
4 hundred and eighty-eight to nineteen hundred and ninety-three,
5 approved nonmedicare gross inpatient service revenue shall be
6 calculated as follows:.

1 SECTION 7. Section 88 of said chapter 6A is hereby amended
2 by striking the first sentence and inserting in place thereof the
3 following sentence: — For fiscal years nineteen hundred and
4 eighty-eight, nineteen hundred and eighty-nine, nineteen hundred
5 and ninety, nineteen hundred and ninety-one, nineteen hundred
6 and ninety-two and nineteen hundred and ninety-three, the
7 interim rate of payment by a nonprofit hospital service corpo-
8 ration to acute hospitals under the successor agreement to hospital
9 agreement thirty shall be at the level of billed charges multiplied
10 by the ratio of: (a) one; to (b) the sum of one plus the uniform
11 differential.

1 SECTION 8. Section 99 of chapter 6A of the General Laws,
2 as inserted by section 20 of chapter 23 of the acts of 1988, is hereby
3 amended by striking the first paragraph and inserting in place
4 thereof the following paragraph: —

5 For fiscal years nineteen hundred and eighty-eight through
6 nineteen hundred and ninety-three, a comprehensive cancer center
7 may, at its option, elect to establish prospectively and
8 retrospectively, its approved gross patient service revenues, Blue
9 Cross rate of payment and compliance with approved gross
10 patient service revenues in the following manner:.

1 SECTION 9. Section 100 of chapter 6A of the General Laws,
2 as inserted by section 20 of chapter 23 of the acts of 1988, is hereby
3 amended by striking the third paragraph and inserting in place
4 thereof the following paragraph: —

5 Notwithstanding any contrary provision of law, for fiscal years
6 nineteen hundred and eighty-eight, nineteen hundred and eighty-
7 nine, nineteen hundred and ninety, nineteen hundred and ninety-
8 one, and nineteen hundred and ninety-two, an eye and ear hospital
9 may, at its option, elect to establish, prospectively and
10 retrospectively, its approved gross patient service revenue in the
11 following manner:.

1 SECTION 10. Said Section 81 of chapter 23 of the acts of 1988
2 is hereby amended by striking out the words “ninety-one” and
3 “ninety-two” when they appear and by inserting in place thereof
4 the words: — ninety-three and ninety-four, respectively.

