

By Ms. Murray, a petition (accompanied by bill, Senate, No. 456) of Therese Murray for legislation relative to chronic disease and rehabilitation hospitals. Health Care.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Ninety-Four

AN ACT RELATIVE TO SPECIALTY HOSPITALS.

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. Expansion of Role of Hospital Payment System
2 Advisory Commission to Consider Payment Issues Affecting Non-
3 Acute Hospitals.

4 (a) General Rule.—Section eight of chapter six B of the
5 General Laws, as appearing in the 1992 Official Edition, is
6 amended:—

7 (1) in the third line, by striking “seven” and inserting “eight”;

8 (2) in the sixth line, by inserting “one of whom shall have
9 knowledge and experience in issues affecting chronic disease and
10 rehabilitation hospitals;” after “financial management;”;

11 (3) in the forty-first line, by inserting “and chronic disease and
12 rehabilitation hospitals pursuant to chapter 6C” after “section two”;

13 (4) in the forty-seventh line, by striking “providers,” and insert-
14 ing “providers and”;

15 (5) in the forty-eighth line, by striking “and specialty
16 hospitals”;

17 (6) in the fifty-ninth line, by striking the period at the end and
18 inserting a semi-colon; and

19 (7) by inserting after clause (iv) thereof the following new
20 clause:—

21 “(v) to consider the role of chronic disease and rehabilitation
22 hospitals in the commonwealth’s health care delivery system, and
23 to annually evaluate rates, timing and adequacy of payment to

24 such hospitals by the Division of Medical Assistance in order to
25 ensure that such rates do not jeopardize access to necessary hospi-
26 tal services.”.

27 (b) Conforming Amendment. — Section one of said chapter
28 six B, as so appearing, is amended by inserting after the definition
29 of “Charge” in lines seventeen through twenty the following new
30 matter: “ ‘Chronic disease and rehabilitation hospital’, a hospital
31 exempt from medicare’s prospective payment system under
32 authority of 42 U.S.C. 1395ww(d)(1)(B)(ii) or (iv), with a major-
33 ity of beds licensed by the commonwealth to provide chronic dis-
34 ease and rehabilitation hospital services.”.

1 SECTION 2. Establishing General Principles of Reimburse-
2 ment and Utilization Review Criteria for Chronic Disease and
3 Rehabilitation Hospitals.

4 (a) General Rule. — The General Laws are hereby amended by
5 inserting after chapter 6B the following new chapter: —

6 CHAPTER 6C.

7 NON-ACUTE HOSPITAL FINANCE.

8 “6C:1. Definitions.

9 “Section 1. As used in this chapter, the following words shall,
10 unless the context clearly requires otherwise, have the following
11 meanings: —

12 ‘Actual costs’, all direct and indirect costs incurred by a
13 chronic disease or rehabilitation hospital in providing medically
14 necessary care and treatment to its patients, determined in accord-
15 dance with generally accepted accounting principles.

16 ‘Acute hospital’, a hospital licensed under section fifty-one of
17 chapter one hundred and eleven and the teaching hospital of the
18 University of Massachusetts Medical School which contains a
19 majority of medical-surgical, pediatric, obstetric, and maternity
20 beds, as defined by the Department of Public Health.

21 ‘Charge’, the uniform price for each specific service within a
22 revenue center of a non-acute hospital.

23 ‘Chronic disease and rehabilitation hospital’, a hospital ex-
24 cluded from Medicare’s prospective payment system by authority
25 of 42 U.S.C. 1395ww(d)(1)(B)(ii) or (iv), with a majority of beds

26 licensed by the commonwealth's Department of Public Health to
27 provide chronic disease or rehabilitation hospital services.

28 'Commission', the Rate Setting Commission established under
29 section thirty-two of chapter six A.

30 'Disproportionate share hospital', any non-acute hospital desig-
31 nated disproportionate share in accordance with regulations pub-
32 lished by the commission that were in effect on January 1, 1993.

33 'Division', the Division of Medical Assistance.

34 'Fiscal year', the twelve-month period with reference to which
35 a hospital keeps its accounts and which ends in the calendar year
36 by which it is identified.

37 'Non-acute hospital', a hospital that is not an acute hospital.
38 Such term may, but does not necessarily, include any hospital
39 excluded from medicare's prospective payment system.

40 'Patient', a person receiving health care services from a non-
41 acute hospital.

42 'Publicly-aided patient', a person who receives hospital care
43 and services for which a governmental unit is liable, in whole or
44 in part, under a statutory program of public assistance.

45 'Purchaser', a natural person responsible for payment for health
46 care services rendered by a hospital.

47 'State institution', a hospital, sanatorium, infirmary, clinic and
48 other such facility owned, operated, or administered by the com-
49 monwealth, which furnishes general health supplies, care or reha-
50 bilitative services and accommodations.

51 'Third party payer', an entity including, but not limited to, pro-
52 grams established under Title XVIII and Title XIX of the Federal
53 Social Security Act, other governmental payers, insurance compa-
54 nies, health maintenance organizations and nonprofit hospital
55 service corporations; provided, however, that 'third party payer'
56 shall not include a purchaser responsible for payment, either to the
57 purchaser or to the hospital, for health care services rendered by a
58 hospital.

59 "6C:2. Payment Reform Provisions.

60 "Section 2. (a) Neither the division nor the commission shall
61 establish rates of payment for chronic disease or rehabilitation
62 hospitals based in whole or in part on a patient-centered rate
63 methodology.

64 “(b) Rates of payment to chronic disease or rehabilita-
65 tion hospitals shall only be considered consistent with
66 42 USC 1396a(a)(13)(A) (insofar as such provision requires that
67 State plans for medical assistance take into account the situation
68 of hospitals which serve a disproportionate share of low-income
69 individuals) if such rates are subject to an adjustment for dispro-
70 portionate share hospitals that reflects the higher costs of treating
71 a large share of publicly-assisted individuals. Such adjustment
72 shall be distributed pursuant to regulations issued by the
73 Commission that were in effect on January first, nineteen
74 hundred and ninety-three from a pool equal in amount to at least
75 one-half of one percent of the limit established pursuant to
76 42 U.S.C. 1396r-4(f)(1)(A)(ii). Payments to any hospital that is
77 not a state institution shall not be reduced, delayed, or otherwise
78 limited to meet the requirements of this subsection. Notwith-
79 standing the first sentence of this subsection, disproportionate
80 share adjustment payments provided to a chronic disease or reha-
81 bilitation hospital pursuant to this paragraph shall in all cases be
82 consistent with the provisions of 42 U.S.C. 1396r-4(g)(1)(A).

83 “6C:3. Level of Care Criteria to Apply in Chronic Disease and
84 Rehabilitation Hospitals.

85 “Section 3. (a) If, as of the date of the enactment of this Act —
86 “(1) every chronic disease and rehabilitation hospital located in
87 the commonwealth is not delegated authority to make level-of-
88 care determinations for patients in such hospitals; or

89 “(2) payment for patients in such hospitals determined by the
90 division or its agent to be at an administratively necessary day
91 level of care is limited to a specific number of days (or is other-
92 wise limited); level-of-care criteria to be applied in such hospitals
93 by the division or its agent shall not be more restrictive than the
94 criteria enumerated at 105 CMR 130.000 as in existence on
95 January first, nineteen hundred and ninety three

96 “(b) Within sixty days after the date on which the report
97 required by section 4005(b)(2)(A) of the Omnibus Budget Recon-
98 ciliation Act of 1990 (Public Law 101-508) is actually delivered
99 to the Committees referred to in such section, the division may
100 begin consultations with the Massachusetts Hospital Association
101 to modify level-of-care criteria imposed in chronic disease or
102 rehabilitation hospitals. In conducting such consultations, the divi-

103 sion shall take into account the recommendations or observa-
104 tions made (1) in such report and (2) by the Prospective Pay-
105 ment Assessment Commission in accordance with sec-
106 tion 4005(b)(2)(B) of such Act.

107 “(c) If the division elects to modify the level-of-care criteria
108 applicable to patients in chronic disease and rehabilitation hospi-
109 tals in accordance with the authority granted under subsection (b),
110 the division shall first report to the Committee on Ways and
111 Means and the Joint Committee on Health Care —

112 “(1) the results of the consultative process described in such
113 subsection;

114 “(2) a description of the proposed criteria; and

115 “(3) an analysis of whether such criteria are more or less
116 restrictive than the criteria in effect on November first, nineteen
117 hundred and ninety three.

118 Any modifications to such criteria shall not become effective
119 until at least 60 days after the date on which such report is filed
120 with such committees.

121 “6C:4. Unlicensed Persons; Control Over Practice of
122 Medicine.

123 “Section 4. Nothing in this chapter shall be construed to autho-
124 rize any person not licensed to practice medicine to exercise
125 supervision or control over the practice of medicine or the manner
126 in which medical services are provided, except to extent specifi-
127 cally provided in section three.

128 “6C:5. Appeals by Hospitals..

129 “Section 5. A hospital aggrieved by any action or failure to
130 act by the commission or the division under this chapter may file
131 an appeal pursuant to the provisions of section forty-two of
132 chapter six A.

133 “6C:6. Exclusivity of Chapter.

134 “Section 6. Except as provided in the amendments made by
135 chapter two hundred and seventy of the Acts of nineteen hundred
136 and eighty-eight, this chapter shall constitute the sole basis for
137 purposes of —

138 “(a) determining rates of payment to chronic disease and reha-
139 bilitation hospitals; and

140 “(b) establishing criteria relating to level of care to be applied
141 to patients in chronic disease and rehabilitation hospitals.

142 The provisions of this chapter shall supersede any provision of
143 law to the contrary.”.

144 (b) Conforming Amendments. —

145 (1) Section forty-two of chapter six A of the General Laws, as
146 appearing in the 1992 Official Edition, is amended by inserting
147 “or the division” after the words “the commission” each place
148 they appear.

149 (2) Section eighty-seven of chapter one hundred and fifty of the
150 Acts of nineteen hundred and ninety is hereby repealed.

151 (c) Effective Date. — The amendments made by this section
152 shall be effective on July first, nineteen hundred and ninety-four.

