

HOUSE No. 6557

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES, December 26, 1989.

The committee on Ways and Means, to whom was referred the petition (accompanied by bill, House, No. 4099) of Joseph K. Mackey and another for legislation to provide for the preservation of essential community hospitals, reports recommending that the accompanying bill (House, No. 6557) ought to pass [Representative McDonough of Boston dissenting].

For the committee,

JOSEPH K. MACKEY.

The Commonwealth of Massachusetts

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

AN ACT PROVIDING FOR THE PRESERVATION OF ESSENTIAL COMMUNITY 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. Chapter 6A of the General Laws as appearing in
2 the 1988 Official Edition is hereby amended by adding after
3 Section 102, the following section:

4 Section 103.(A) Definitions. As used in this section, the
5 following words and terms, unless the context clearly requires
6 otherwise, have the following meanings:

7 "Hospital", an acute hospital licensed under section fifty-one
8 of chapter one hundred and eleven.

9 "Operating deficit", an excess of a hospital's operating and
10 capital costs over operating revenue for a given fiscal year.

11 "Qualifying hospitals", a hospital (i) which is the only not-for-
12 profit hospital within its city, town or municipality, (ii) which has
13 had an operating deficit in its most recent fiscal year, (iii) in which,
14 during the hospital's most recent fiscal year, over 55% of the
15 hospital's inpatient days or over 55% of the hospitals total
16 operating revenues were attributable to services rendered to
17 patients who were beneficiaries under the Medicare and Medicaid
18 programs and patients who qualified for uncompensated care, and
19 (iv) which has not been granted rate increases in connection with
20 an application to the acute hospital conversion board established
21 by section 101 of chapter 6A of the General Laws.

22 "Reasonable costs", the lesser of (i) the operating costs incurred
23 by a hospital in the hospital's most recent fiscal year plus capital
24 costs, or (ii) the operating costs incurred by a hospital during its
25 fiscal year 1988 adjusted by the percentage change determined in
26 reference to the hospital cost index used under the Blue Cross of
27 Massachusetts, Inc. Hospital Agreement HA-31 from the last
28 amount determined for 1988 in reference to this index and as

29 subsequently determined and projected through every budget year
30 in reference to this index, plus capital costs.

31 (B) The Rate Setting Commission shall promulgate regulations
32 for the determination of rates effective on and after October 1,
33 1989 (July 1, 1990 for those hospitals with a June 30 fiscal year),
34 which shall ensure that, notwithstanding any other provision of
35 law to the contrary, each qualifying hospital receives as permanent
36 relief payments during each fiscal year which are equal to the
37 hospital's reasonable costs. Such regulations shall further provide
38 that where a qualifying hospital has established its charges at a
39 level so that its projected nonmedicare gross inpatient service
40 revenue is less than its approved nonmedicare gross inpatient
41 service revenue, the amount of this difference shall be applied first
42 as a reduction of the relief available under this chapter.

43 (C) The relief provided for under this section shall remain
44 available and shall be provided to each qualifying hospital until
45 the expiration of the acute hospital rate methodology established
46 under chapter 23 of the acts of 1988.

1 SECTION 2. Within sixty days of the effective date of this act,
2 the Rate Setting Commission shall promulgate the regulations
3 required by paragraph (B) of section 103 of chapter 6A of the
4 General Laws, as inserted by this act.

1 SECTION 3. The relief provided for under this section 103 of
2 chapter 6A shall result in no additional costs to the Medicaid
3 program established under Title XIX of the Social Security Act.

