



General Assembly

January Session, 2003

Committee Bill No. 683

LCO No. 4286

Referred to Committee on Human Services

Introduced by:
(HS)

**AN ACT CONCERNING PAYMENT RATES TO HOSPITALS SERVING
A DISPROPORTIONATE SHARE OF INDIGENT PATIENTS.**

Be it enacted by the Senate and House of Representatives in General
Assembly convened:

1 Section 1. Section 19a-659 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective July 1, 2003*):

3 As used in this section, sections [19a-659,] 19a-661, 19a-662, 19a-669
4 to 19a-672, inclusive, 19a-676, 19a-677 and 19a-679:

5 (1) "Office" means the Office of Health Care Access;

6 (2) "Hospital" means a hospital included within the definition of
7 health care facilities or institutions under section 19a-630 and licensed
8 as a short-term general hospital by the Department of Public Health
9 and including John Dempsey Hospital of The University of
10 Connecticut Health Center;

11 (3) "Fiscal year" means the hospital fiscal year;

12 (4) "Base year" means the fiscal year prior to the fiscal year for which
13 a budget is being determined;

14 (5) "Affiliate" means a person, entity or organization controlling,
15 controlled by, or under common control with another person, entity or
16 organization;

17 (6) "Uncompensated care including emergency assistance to
18 families" means the actual cost in the year prior to the base year of
19 care: (A) [written] Written off as bad debts on which all collection
20 activity by the hospital and its agents have ceased, which have not
21 been recovered through the Medicare program, and for which
22 recovery through the Medicare program is not expected, or (B)
23 provided free under a free care policy approved by the office including
24 emergency assistance to families authorized by the Department of
25 Social Services and not otherwise funded, with the total of the care
26 provided free multiplied by a factor of two;

27 (7) "Medical assistance" means medical assistance provided under
28 the general assistance program, the state-administered general
29 assistance program or the Medicaid program;

30 (8) "CHAMPUS" means TriCare or the federal Civilian Health and
31 Medical Program of the Uniformed Services, 10 USC 1071 et seq.;

32 (9) "Medicare shortfall" means the Medicare underpayment for the
33 year prior to the base year divided by the proportion of total charges
34 excluding Medicare, medical assistance, CHAMPUS, and
35 uncompensated care including emergency assistance to families and
36 contractual and other allowances for the year prior to the base year;

37 (10) "Medical assistance shortfall" means the medical assistance
38 underpayment for the year prior to the base year divided by the
39 proportion of total charges excluding Medicare, medical assistance,
40 CHAMPUS, and uncompensated care including emergency assistance
41 to families and contractual and other allowances for the year prior to
42 the base year;

43 (11) "CHAMPUS shortfall" means the CHAMPUS underpayment

44 for the year prior to the base year divided by the proportion of total
45 charges excluding Medicare, medical assistance, CHAMPUS, and
46 uncompensated care including emergency assistance to families and
47 contractual and other allowances for the year prior to the base year;

48 (12) "Primary payer" means the payer responsible for the highest
49 percentage of the charges on the case;

50 (13) "Case mix index" means a hospital's case mix index calculated
51 using the medical record abstract and billing data submitted by the
52 hospital to the office. The case mix index shall be calculated by
53 dividing the total case mix adjusted discharges for the hospital by the
54 actual number of discharges for the hospital for the fiscal year. The
55 total case mix adjusted discharges shall be calculated by multiplying
56 the number of discharges in each diagnosis-related group by the
57 Medicare weights in effect for the same diagnosis-related group in
58 effect for the fiscal year and adding the resultant procedures across all
59 diagnosis-related groups;

60 (14) "Contractual allowances" means, for the period October 1, 1992,
61 to March 30, 1994, inclusive, the amount of discounts provided to
62 nongovernmental payers pursuant to subsections (d) and (e) of section
63 19a-646, for the period beginning April 1, 1994, the amount of
64 discounts provided to nongovernmental payers pursuant to
65 subsections (c), (d) and (e) of section 19a-646 and on and after July 1,
66 2002, any amount of discounts provided to nongovernmental payers
67 pursuant to a written agreement;

68 (15) "Medicare underpayment" means the difference between the
69 actual net revenue of a hospital times the ratio of Medicare charges to
70 total charges and the amount received by the hospital from the federal
71 government for Medicare patients for the year prior to the base year;

72 (16) "Medical assistance underpayment" means the difference
73 between the actual net revenue of a hospital times the ratio of medical
74 assistance charges to total charges and the amount received by the

75 hospital from the Department of Social Services for the year prior to
76 the base year;

77 (17) "CHAMPUS underpayment" means the difference between the
78 actual net revenue of a hospital times the ratio of CHAMPUS charges
79 to total charges and the amount received by the hospital from
80 CHAMPUS for the year prior to the base year;

81 (18) "Other allowances" means the amount of any difference
82 between charges for employee self-insurance and related expenses
83 determined using the hospital's overall relationship of costs to charges;

84 (19) "Gross revenue" means the total charges for all patient care
85 services;

86 (20) "Net revenue" means total gross revenue less contractual
87 allowance, the difference between government charges and
88 government payments, uncompensated care, and other allowances;
89 plus, for purposes of compliance, net payments from the
90 uncompensated care pool in existence prior to April 1, 1994, and
91 payments from the Department of Social Services;

92 (21) "Emergency assistance to families" means assistance to families
93 with children under the age of twenty-one who do not have the
94 resources to independently provide the assistance needed to avoid the
95 destitution of the child and which is authorized by the Department of
96 Social Services pursuant to section 17b-107 and is not otherwise
97 funded;

98 (22) "Hospital bed fund offset" means five per cent of the total fair
99 market value, including principal and earnings, of hospital bed funds,
100 as defined in section 19a-509b, as calculated on the last day of the base
101 year.

102 Sec. 2. Section 19a-671 of the general statutes is repealed and the
103 following is substituted in lieu thereof (*Effective July 1, 2003*):

104 The Commissioner of Social Services is authorized to determine the
105 amount of payments pursuant to sections 19a-670 to 19a-672, inclusive,
106 for each hospital. The commissioner's determination shall be based on
107 the advice of the office and the application of the calculation in this
108 section. For each hospital, the Office of Health Care Access shall
109 calculate the amount of payments to be made pursuant to sections 19a-
110 670 to 19a-672, inclusive, as follows:

111 (1) For the period April 1, 1994, to June 30, 1994, inclusive, and for
112 the period July 1, 1994, to September 30, 1994, inclusive, the office shall
113 calculate and advise the Commissioner of Social Services of the
114 amount of payments to be made to each hospital as follows:

115 (A) Determine the amount of pool payments for the hospital,
116 including grants approved pursuant to section 19a-168k, in the
117 previously authorized budget authorization for the fiscal year
118 commencing October 1, 1993.

119 (B) Calculate the sum of the result of subparagraph (A) of this
120 subdivision for all hospitals.

121 (C) Divide the result of subparagraph (A) of this subdivision by the
122 result of subparagraph (B) of this subdivision.

123 (D) From the anticipated appropriation to the medical assistance
124 disproportionate share-emergency assistance account made pursuant
125 to sections 3-114i and 12-263a to 12-263e, inclusive, subdivisions (2)
126 and (29) of subsection (a) of section 12-407, subdivision (1) of section
127 12-408, section 12-408a, subdivision (5) of section 12-412, subdivision
128 (1) of section 12-414 and sections 19a-646, 19a-659, as amended by this
129 act, 19a-661, 19a-662, 19a-667 to 19a-673, inclusive, 19a-676, 19a-677
130 and 19a-679 for the quarter subtract the amount of any additional
131 medical assistance payments made to hospitals pursuant to any
132 resolution of or court order entered in any civil action pending on
133 April 1, 1994, in the United States District Court for the district of
134 Connecticut, and also subtract the amount of any emergency assistance

135 to families payments projected by the office to be made to hospitals in
136 the quarter.

137 (E) The disproportionate share payment shall be the result of
138 subparagraph (D) of this subdivision multiplied by the result of
139 subparagraph (C) of this subdivision.

140 (2) For the fiscal year commencing October 1, 1994, and subsequent
141 fiscal years, the interim payment shall be calculated as follows for each
142 hospital:

143 (A) For each hospital determine the amount of the medical
144 assistance underpayment determined pursuant to section 19a-659, as
145 amended by this act, plus the actual amount of uncompensated care
146 including emergency assistance to families determined pursuant to
147 section 19a-659, as amended by this act, multiplied by a factor of two,
148 less any amount of uncompensated care determined by the
149 Department of Social Services to be due to a failure of the hospital to
150 enroll patients for emergency assistance to families, plus the amount of
151 any grants authorized pursuant to the authority of section 19a-168k.

152 (B) Calculate the sum of the result of subparagraph (A) of this
153 subdivision for all hospitals.

154 (C) Divide the result of subparagraph (A) of this subdivision by the
155 result of subparagraph (B) of this subdivision.

156 (D) From the anticipated appropriation made to the medical
157 assistance disproportionate share-emergency assistance account
158 pursuant to sections 3-114i and 12-263a to 12-263e, inclusive,
159 subdivisions (2) and (29) of subsection (a) of section 12-407,
160 subdivision (1) of section 12-408, section 12-408a, subdivision (5) of
161 section 12-412, subdivision (1) of section 12-414 and sections 19a-646,
162 19a-659, as amended by this act, 19a-661, 19a-662, 19a-667 to 19a-673,
163 inclusive, 19a-676, 19a-677 and 19a-679 for the fiscal year, subtract the
164 amount of any additional medical assistance payments made to

165 hospitals pursuant to any resolution of or court order entered in any
166 civil action pending on April 1, 1994, in the United States District
167 Court for the district of Connecticut, and also subtract any emergency
168 assistance to families payments projected by the office to be made to
169 the hospitals for the year.

170 (E) The disproportionate share payment shall be the result of
171 subparagraph (D) of this subdivision multiplied by the result of
172 subparagraph (C) of this subdivision less the hospital bed fund offset,
173 for all hospitals whose annual hospital bed fund offset is greater than
174 five hundred thousand dollars.

175 (F) For hospitals with hospital bed fund offsets of not more than five
176 hundred thousand dollars, add to the disproportionate share payment
177 determined in subparagraph (E) of this subdivision, the results of
178 subparagraph (C) of this subdivision multiplied by the sum of the
179 hospital bed fund offsets for hospitals whose annual hospital bed fund
180 offset is greater than five hundred thousand dollars.

181 Sec. 3. Subsection (a) of section 19a-670 of the general statutes is
182 repealed and the following is substituted in lieu thereof (*Effective July*
183 *1, 2003*):

184 (a) Within available appropriations, the Department of Social
185 Services may make semimonthly payments to short-term general
186 hospitals in an amount calculated pursuant to section 19a-671, as
187 amended by this act, provided the total amount of payments made to
188 individual hospitals and to hospitals in the aggregate shall maximize
189 the amount qualifying for federal matching payments under the
190 medical assistance program and the emergency assistance to families
191 program as determined by the Department of Social Services in
192 consultation with the Office of Policy and Management. No payments
193 shall be made to any hospital exempt from taxation under chapter
194 211a. The payments shall be medical assistance disproportionate share
195 payments, including grants provided pursuant to section 19a-168k, to
196 the extent allowable under federal law. In addition, payments may be

197 made for authorized emergency assistance to needy families with
 198 dependent children in accordance with Title IV-A of the Social Security
 199 Act to the extent allowable under federal law. The payments shall not
 200 be part of the routine medical assistance inpatient hospital rate
 201 determined pursuant to section 17b-239. Payments shall be made on an
 202 interim basis during each year and a final settlement shall be
 203 calculated pursuant to section 19a-671, as amended by this act, by the
 204 office for each hospital after the year end based on audited data for the
 205 hospitals. The Commissioner of Social Services may withhold payment
 206 to a hospital which is in arrears in remitting its obligations to the state.
 207 The commissioner shall withhold payment to any hospital which the
 208 Attorney General determines has failed to adequately comply with the
 209 requirements provided in sections 19a-509, 19a-509a, 19a-649 and 19a-
 210 673 until such hospital has reestablished compliance to the satisfaction
 211 of the Attorney General, and is notified of such reestablished
 212 compliance by the office of the Attorney General. Payments withheld
 213 due to noncompliance may be collectible upon determination of
 214 reestablished compliance by the Attorney General. If the Attorney
 215 General determines that the withheld payments are not to be collected
 216 by a hospital after compliance is reestablished, the withheld payments
 217 shall be added to the disproportionate share hospital payment
 218 appropriation as determined in subparagraph (D) of subdivision (2) of
 219 section 19a-671, as amended by this act.

This act shall take effect as follows:	
Section 1	<i>July 1, 2003</i>
Sec. 2	<i>July 1, 2003</i>
Sec. 3	<i>July 1, 2003</i>

HS *Joint Favorable*