



General Assembly

February Session, 2008

Raised Bill No. 560

LCO No. 2408

02408_____HS_

Referred to Committee on Human Services

Introduced by:
(HS)

AN ACT CONCERNING FAIR AND ADEQUATE HOSPITAL REIMBURSEMENT.

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

1 Section 1. (NEW) (*Effective July 1, 2008*) (1) On and after July 1, 2008,
2 the Commissioner of Social Services shall increase the fee-for-service
3 Medicaid reimbursement rates for hospital services to one hundred per
4 cent of cost. The rates of reimbursement to be paid to hospitals shall be
5 annually increased to remain at the levels set forth in this section.

6 (2) On and after July 1, 2008, the Commissioner of Social Services
7 shall require each contract with a managed care plan entered into
8 pursuant to section 17b-266 of the general statutes to require each
9 managed care plan to increase reimbursement to hospitals to the levels
10 specified in subdivision (1) of this section, and shall provide to each
11 managed care plan sufficient funding to cover such reimbursement.

12 Sec. 2. Section 17b-239 of the 2008 supplement to the general statutes
13 is repealed and the following is substituted in lieu thereof (*Effective July*
14 *1, 2008*):

15 (a) The rate to be paid by the state to hospitals receiving
16 appropriations granted by the General Assembly and to freestanding
17 chronic disease hospitals, providing services to persons aided or cared
18 for by the state for routine services furnished to state patients, shall be
19 based upon reasonable cost to such hospital, or the charge to the
20 general public for ward services or the lowest charge for semiprivate
21 services if the hospital has no ward facilities, imposed by such
22 hospital, whichever is lowest, except to the extent, if any, that the
23 commissioner determines that a greater amount is appropriate in the
24 case of hospitals serving a disproportionate share of indigent patients.
25 Such rate shall be promulgated annually by the Commissioner of
26 Social Services. Nothing contained in this section shall authorize a
27 payment by the state for such services to any such hospital in excess of
28 the charges made by such hospital for comparable services to the
29 general public. Notwithstanding the provisions of this section, for the
30 rate period beginning July 1, 2000, rates paid to freestanding chronic
31 disease hospitals and freestanding psychiatric hospitals shall be
32 increased by three per cent. For the rate period beginning July 1, 2001,
33 a freestanding chronic disease hospital or freestanding psychiatric
34 hospital shall receive a rate that is two and one-half per cent more than
35 the rate it received in the prior fiscal year and such rate shall remain
36 effective until December 31, 2002. Effective January 1, 2003, a
37 freestanding chronic disease hospital or freestanding psychiatric
38 hospital shall receive a rate that is two per cent more than the rate it
39 received in the prior fiscal year. Notwithstanding the provisions of this
40 subsection, for the period commencing July 1, 2001, and ending June
41 30, 2003, the commissioner may pay an additional total of no more
42 than three hundred thousand dollars annually for services provided to
43 long-term ventilator patients. For purposes of this subsection, "long-
44 term ventilator patient" means any patient at a freestanding chronic
45 disease hospital on a ventilator for a total of sixty days or more in any
46 consecutive twelve-month period. Effective July 1, 2007, each
47 freestanding chronic disease hospital shall receive a rate that is four
48 per cent more than the rate it received in the prior fiscal year. Effective

49 July 1, 2008, each freestanding chronic disease hospital shall receive a
50 rate that is equal to one hundred per cent of the hospital's actual cost of
51 providing such services.

52 (b) Effective October 1, 1991, the rate to be paid by the state for the
53 cost of special services rendered by such hospitals shall be established
54 annually by the commissioner for each such hospital based on the
55 reasonable cost to each hospital of such services furnished to state
56 patients. Nothing contained herein shall authorize a payment by the
57 state for such services to any such hospital in excess of the charges
58 made by such hospital for comparable services to the general public.

59 (c) The term "reasonable cost" as used in this section means the cost
60 of care furnished such patients by an efficient and economically
61 operated facility, computed in accordance with accepted principles of
62 hospital cost reimbursement. The commissioner may adjust the rate of
63 payment established under the provisions of this section for the year
64 during which services are furnished to reflect fluctuations in hospital
65 costs. Such adjustment may be made prospectively to cover anticipated
66 fluctuations or may be made retroactive to any date subsequent to the
67 date of the initial rate determination for such year or in such other
68 manner as may be determined by the commissioner. In determining
69 "reasonable cost" the commissioner may give due consideration to
70 allowances for fully or partially unpaid bills, reasonable costs
71 mandated by collective bargaining agreements with certified collective
72 bargaining agents or other agreements between the employer and
73 employees, provided "employees" shall not include persons employed
74 as managers or chief administrators, requirements for working capital
75 and cost of development of new services, including additions to and
76 replacement of facilities and equipment. The commissioner shall not
77 give consideration to amounts paid by the facilities to employees as
78 salary, or to attorneys or consultants as fees, where the responsibility
79 of the employees, attorneys or consultants is to persuade or seek to
80 persuade the other employees of the facility to support or oppose
81 unionization. Nothing in this subsection shall prohibit the

82 commissioner from considering amounts paid for legal counsel related
83 to the negotiation of collective bargaining agreements, the settlement
84 of grievances or normal administration of labor relations.

85 (d) [The] (1) For rate periods commencing prior to July 1, 2008, the
86 state shall also pay to such hospitals for each outpatient clinic and
87 emergency room visit a reasonable rate to be established annually for
88 such rate periods by the commissioner for each hospital, such rate to
89 be determined by the reasonable cost of such services. The emergency
90 room visit rates in effect June 30, 1991, shall remain in effect through
91 June 30, 1993, except those which would have been decreased effective
92 July 1, 1991, or July 1, 1992, shall be decreased. Nothing contained
93 herein shall authorize a payment by the state for such services to any
94 hospital in excess of the charges made by such hospital for comparable
95 services to the general public. For those outpatient hospital services
96 paid on the basis of a ratio of cost to charges, the ratios in effect June
97 30, 1991, shall be reduced effective July 1, 1991, by the most recent
98 annual increase in the consumer price index for medical care. For those
99 outpatient hospital services paid on the basis of a ratio of cost to
100 charges, the ratios computed to be effective July 1, 1994, shall be
101 reduced by the most recent annual increase in the consumer price
102 index for medical care. The emergency room visit rates in effect June
103 30, 1994, shall remain in effect through December 31, 1994. The
104 Commissioner of Social Services shall establish a fee schedule for
105 outpatient hospital services to be effective on and after January 1, 1995.
106 Except with respect to the rate periods beginning July 1, 1999, and July
107 1, 2000, such fee schedule shall be adjusted annually beginning July 1,
108 1996, to reflect necessary increases in the cost of services.
109 Notwithstanding the provisions of this subsection, the fee schedule for
110 the rate period beginning July 1, 2000, shall be increased by ten and
111 one-half per cent, effective June 1, 2001. Notwithstanding the
112 provisions of this subsection, outpatient rates in effect as of June 30,
113 2003, shall remain in effect through June 30, 2005. Effective July 1, 2006,
114 subject to available appropriations, the commissioner shall increase
115 outpatient service fees for services that may include clinic, emergency

116 room, magnetic resonance imaging, and computerized axial
117 tomography. Not later than October 1, 2006, the commissioner shall
118 submit a report, in accordance with section 11-4a, to the joint standing
119 committees of the General Assembly having cognizance of matters
120 relating to public health, human services and appropriations and the
121 budgets of state agencies, identifying such fee increases and the
122 associated cost increase estimates. (2) For rate periods commencing on
123 and after July 1, 2008, rates paid for outpatient clinic services and
124 emergency room visits shall be equal to one hundred per cent of the
125 hospital's actual cost of providing such services.

126 (e) The commissioner shall adopt regulations, in accordance with
127 the provisions of chapter 54, establishing criteria for defining
128 emergency and nonemergency visits to hospital emergency rooms. All
129 nonemergency visits to hospital emergency rooms shall be paid at the
130 hospital's outpatient clinic services rate. Nothing contained in this
131 subsection or the regulations adopted hereunder shall authorize a
132 payment by the state for such services to any hospital in excess of the
133 charges made by such hospital for comparable services to the general
134 public.

135 (f) On and after October 1, 1984, the state shall pay to an acute care
136 general hospital for the inpatient care of a patient who no longer
137 requires acute care a rate determined by the following schedule: For
138 the first seven days following certification that the patient no longer
139 requires acute care the state shall pay the hospital at a rate of fifty per
140 cent of the hospital's actual cost; for the second seven-day period
141 following certification that the patient no longer requires acute care the
142 state shall pay seventy-five per cent of the hospital's actual cost; for the
143 third seven-day period following certification that the patient no
144 longer requires acute care and for any period of time thereafter, the
145 state shall pay the hospital at a rate of one hundred per cent of the
146 hospital's actual cost. On and after July 1, 1995, no payment shall be
147 made by the state to an acute care general hospital for the inpatient
148 care of a patient who no longer requires acute care and is eligible for

149 Medicare unless the hospital does not obtain reimbursement from
150 Medicare for that stay.

151 (g) Effective June 1, 2001, the commissioner shall establish inpatient
152 hospital rates in accordance with the method specified in regulations
153 adopted pursuant to this section and applied for the rate period
154 beginning October 1, 2000, except that the commissioner shall update
155 each hospital's target amount per discharge to the actual allowable cost
156 per discharge based upon the 1999 cost report filing multiplied by
157 sixty-two and one-half per cent if such amount is higher than the target
158 amount per discharge for the rate period beginning October 1, 2000, as
159 adjusted for the ten per cent incentive identified in Section 4005 of
160 Public Law 101-508. If a hospital's rate is increased pursuant to this
161 subsection, the hospital shall not receive the ten per cent incentive
162 identified in Section 4005 of Public Law 101-508. For rate periods
163 beginning October 1, 2001, through September 30, 2006, the
164 commissioner shall not apply an annual adjustment factor to the target
165 amount per discharge. Effective April 1, 2005, the revised target
166 amount per discharge for each hospital with a target amount per
167 discharge less than three thousand seven hundred fifty dollars shall be
168 three thousand seven hundred fifty dollars. Effective October 1, 2007,
169 the commissioner, in consultation with the Secretary of the Office of
170 Policy and Management, shall establish, within available
171 appropriations, an increased target amount per discharge of not less
172 than four thousand two hundred fifty dollars for each hospital with a
173 target amount per discharge less than four thousand two hundred fifty
174 dollars for the rate period ending September 30, 2007, and the
175 commissioner may apply an annual adjustment factor to the target
176 amount per discharge for hospitals that are not increased as a result of
177 this adjustment. Not later than October 1, 2008, the commissioner shall
178 submit a report to the joint standing committees of the General
179 Assembly having cognizance of matters relating to public health,
180 human services and appropriations and the budgets of state agencies
181 identifying any increased target amount per discharge established or
182 annual adjustment factor applied on or after October 1, 2006, and the

183 associated cost increase estimates related to such actions. Effective
184 October 1, 2008, the commissioner shall establish inpatient hospital
185 rates equal to one hundred per cent of the hospital's actual cost of
186 providing such services.

187 (h) Effective October 1, 2008, the commissioner shall establish per
188 diem inpatient hospital rates for admissions to a Medicare certified
189 psychiatric distinct part unit in a general acute care hospital.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2008</i>	New section
Sec. 2	<i>July 1, 2008</i>	17b-239

Statement of Purpose:

To establish fair reimbursement rates for hospital services provided under the Medicaid and State-Administered General Assistance programs.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]