

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1594 Session of
1989

INTRODUCED BY DORR, MORRIS, GEIST, RITTER, NOYE, HALUSKA,
D. W. SNYDER, ROBINSON, SEMMEL, MRKONIC, NAHILL, McVERRY,
SCHULER, WILSON, BURD, DISTLER, TRELLO, BELFANTI, JACKSON,
TELEK, SAURMAN, BARLEY, JOHNSON, MAIALE, HOWLETT, LANGTRY,
ALLEN, FOX, E. Z. TAYLOR, HAGARTY, BUNT, LASHINGER, TIGUE,
WESTON AND CIVERA, MAY 31, 1989

REFERRED TO COMMITTEE ON HEALTH AND WELFARE, MAY 31, 1989

AN ACT

1 Establishing a hospital financial pool to finance charity care
2 provided by licensed acute care hospitals; providing for a
3 nonprofit corporation to make certain recommendations; and
4 providing for limited hospital reimbursements.

5 The General Assembly of the Commonwealth of Pennsylvania
6 hereby enacts as follows:

7 Section 1. Short title.

8 This act shall be known and may be cited as the Hospital
9 Charity Care Financing Act.

10 Section 2. Legislative findings and intent.

11 (a) Findings.--The General Assembly finds that some
12 hospitals are providing a disproportionate share of charity care
13 to low-income, uninsured Pennsylvanians.

14 (b) Intent.--The intent of this act is to provide for a
15 pooling of funds to finance charity care provided by hospitals
16 which will insure continued access to needed inpatient care by
17 low-income, uninsured Pennsylvanians and permit hospitals

1 providing charity care to compete fairly in the health care
2 marketplace.

3 Section 3. Definitions.

4 The following words and phrases when used in this act shall
5 have the meanings given to them in this section unless the
6 context clearly indicates otherwise:

7 "Charity care." The provision of uncompensated inpatient
8 care, provided in a licensed acute care hospital, which will
9 comply with the definition for "charity care" set forth in
10 regulations of the Health Care Cost Containment Council.

11 "Council." The Charity Care Council established under this
12 act.

13 "Department." The Department of Revenue of the Commonwealth.

14 "Medically indigent." The status of a person who has limited
15 or no health insurance benefits, who is ineligible for medical
16 assistance under the act of June 13, 1967 (P.L.31, No.21), known
17 as the Public Welfare Code, who receives charity care in a
18 licensed acute care hospital as defined under the regulations of
19 the Health Care Cost Containment Council.

20 Section 4. Charity Care Council.

21 (a) Establishment.--There is hereby established a nonprofit
22 Pennsylvania corporation, named the Charity Care Council, whose
23 function is:

24 (1) To establish geographic regions throughout this
25 Commonwealth for the financing and distribution of funds for
26 charity care to hospitals.

27 (2) To provide guidelines for the collection and
28 investment of funds from all hospitals in each geographic
29 region.

30 (3) To provide guidelines for the distribution of funds

1 to finance a portion of the costs of charity care provided by
2 acute care hospitals in each geographic region.

3 (4) To provide guidelines for determining criteria for
4 establishing medical indigency.

5 (5) To make annual recommendations to the General
6 Assembly on the level of funding required for charity care.

7 (b) Board.--The Board of Directors of the council shall be
8 composed of:

9 (1) One medical school representative appointed by the
10 Hospital Association of Pennsylvania.

11 (2) Two teaching acute care hospital representatives
12 appointed by the Hospital Association of Pennsylvania.

13 (3) One urban nonteaching acute care hospital
14 representative appointed by the Hospital Association of
15 Pennsylvania.

16 (4) Two suburban acute care hospital representatives
17 appointed by the Hospital Association of Pennsylvania.

18 (5) Two rural hospital representatives appointed by the
19 Hospital Association of Pennsylvania.

20 (6) One specialty acute care hospital representative
21 appointed by the Hospital Association of Pennsylvania.

22 (7) Two members of the House of Representatives, one
23 appointed by the Majority Leader and one appointed by the
24 Minority Leader.

25 (8) Two members of the Senate, one appointed by the
26 Majority Leader and one appointed by the Minority Leader.

27 (9) Two appointees of the Governor, one to be a consumer
28 and one to be a member of the Medical Assistance Advisory
29 Committee.

30 (c) Organization deadline.--Within 90 days of the effective

1 date of this act, the Hospital Association of Pennsylvania, the
2 Majority and Minority Leaders of the House and Senate and the
3 Governor shall make their appointments to the board, and the
4 Governor shall call a meeting of the board for organizational
5 purposes.

6 (d) Creation of regional councils.--The council may
7 establish regional councils composed of hospital and consumer
8 representatives in each charity care region.

9 (e) Funding recommendations.--On or before March 1 of each
10 year, the council shall submit recommendations to the Governor
11 and the General Assembly for the level of funding required for
12 charity care provided by acute care hospitals in each region.

13 Section 5. Charity care pool.

14 (a) Annual hearings of General Assembly.--The Health and
15 Welfare Committee of the House of Representatives and the Public
16 Health and Welfare Committee of the Senate shall hold annual
17 joint public hearings in each region to review the council's
18 recommendations for the level of funding required for charity
19 care.

20 (b) Imposition of surcharge.--A charity care surcharge is
21 hereby imposed on acute care hospitals in a region to finance
22 the charity care in accordance with all of the following
23 provisions:

24 (1) The surcharge shall be based on the number of
25 dollars per licensed bed necessary to fund the amount of
26 charity care approved by the General Assembly.

27 (2) The charity care financed shall be reimbursement for
28 care provided in the preceding calendar year by the licensed
29 acute care hospital.

30 (3) The surcharge imposed shall be collected by the

department from the effected hospitals on or before July 1 of any year in which the surcharge shall be imposed.

(4) Payment for charity care shall be made on or before December 1 of such year.

(5) Charity care financed by the Charity Care Pool shall not be reported as charity care.

(6) No surcharge shall be imposed on a hospital that establishes that it has provided a level of charity care in excess of the regional average during the most recent fiscal year.

(7) No nonprofit acute care hospital shall receive reimbursement for charity care from the Charity Care Pool in an amount that exceeds the actual cost of providing care.

(c) Departmental responsibilities.--The department shall be responsible for the following:

(1) Collection and distribution of the hospital surcharge for the Charity Care Pool.

(2) Development of an application form based on the guidelines recommended by the Council for hospitals to use to determine eligibility of patients to be considered as charity care for the purposes of financing under this act.

(3) Development of forms for hospitals to apply for charity care financing.

Section 6. Sunset.

This act shall expire on July 1, 1995, unless reenacted by the General Assembly.

Section 7. Effective date.

This act shall take effect January 1, 1990.