



General Assembly

**Substitute Bill No. 896**

January Session, 2019



***AN ACT ESTABLISHING RATIONAL HOSPITAL PRICING.***

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

1 Section 1. (NEW) (*Effective from passage*) For purposes of this section,  
2 (1) "all-payer hospital payment system" means a system in which  
3 third-party payers, including, but not limited to, Medicare, Medicaid  
4 and private insurers, pay the same rate for services, and (2) "hospital  
5 prospective payment system" means a system in which Medicare pays  
6 all hospitals a flat rate for services based on diagnostic groups and  
7 other factors while other third-party payers may be charged more for  
8 the same services. Notwithstanding section 17b-239 of the general  
9 statutes, the Commissioner of Social Services shall seek approval from  
10 the Centers for Medicare and Medicaid Services not later than  
11 September 1, 2019, for a Medicare waiver exempting hospitals in the  
12 state from the hospital prospective payment system and allowing such  
13 hospitals to be reimbursed for services under an all-payer hospital  
14 payment system. The commissioner, to the extent permitted under  
15 federal law, shall develop a waiver proposal that includes (A) a  
16 hospital revenue cap, (B) incentives for hospitals to partner with other  
17 health care entities to lower the cost of care, and (C) financial  
18 incentives to reduce hospital readmissions and preventable health  
19 issues.

This act shall take effect as follows and shall amend the following sections:

|           |                     |             |
|-----------|---------------------|-------------|
| Section 1 | <i>from passage</i> | New section |
|-----------|---------------------|-------------|

**Statement of Legislative Commissioners:**

In section 1, "prospective payment system" was changed to "hospital prospective payment system" for consistency with the defined term.

**HS**      *Joint Favorable Subst. -LCO*