SENATE DOCKET, NO. 1590 FILED ON: 1/20/2017

SENATE . . . . . No. 650

The Commonwealth of Massachusetts

PRESENTED BY:

Joan B. Lovely

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act relative to review of provider material changes.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	
Joan B. Lovely	*Second Essex*	
Bruce E. Tarr	*First Essex and Middlesex*	*2/21/2017*

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SENATE . . . . . No. 650

By Ms. Lovely, a petition (accompanied by bill, Senate, No. 650) of Joan B. Lovely and Bruce E. Tarr for legislation relative to review of provider material changes. Health Care Financing.

The Commonwealth of Massachusetts

In the One Hundred and Ninetieth General Court
(2017-2018)

An Act relative to review of provider material changes.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. Section 8 of Chapter 6D of the General Laws, as appearing in the Official Edition, is hereby amended by inserting after paragraph (f), the following language:

(g) As part of the annual public hearings established herein, the commission shall conduct an annual review of the status of all of the commission-approved material changes pursuant to section 13 of this chapter, to determine whether the benefits providers have given as the reasons for coming together, such as lower costs, better integration or improved quality, have been realized. The commission shall collect written testimony from relevant parties and identify additional witnesses for the public hearing. Witnesses shall provide testimony subject to examination and cross examination by the commission, the executive director of the center and attorney general at the public hearing in a manner and form to be determined by the commission. Testimony may include, but not be limited to: (i) the impact of the material change on the relative price and total medical expenses; (ii) the impact of the material change on insurer reimbursement rates; (iii) the quality of the services provided; (iv) the impact of the material

change on consumer access to services; (v) the extent to which the material change resulted in measurable increases in efficiencies, coordination of care or other benefits of integration; (vi) the impact of the material change on competing options for the delivery of health care services within its primary service areas and dispersed service areas including, if applicable, the impact on existing service providers of a provider or provider organization's expansion, affiliation, merger or acquisition, to enter a primary or dispersed service area in which it did not previously operate; (vii) any other factors that the commission determines to be in the public interest.

The commission shall issue a report that details the findings of the public hearing, including any and all oral and written testimony and shall include any actions taken by the commission against any provider or provider organization. The report shall be posted on the commission's website and shall be filed with the house of representatives and senate clerks, the house and senate committees on ways and means, and the joint committee on health care financing.

If the commission finds that an approved material change has failed to produce the stated benefits, the commission may: (i) subject the provider or provider organization to enhanced review, including but not limited to a new cost and market impact review, (ii) require the provider or provider organization to complete a corrective action plan, or (iii) prohibit the provider or provider organization from making any additional material changes to its operating or governance structure for one year following a reevaluation and approval by the commission.

If the commission finds that an approved material change has failed to produce the stated benefits and the provider or provider organization has exceeded the health care cost growth benchmark, the commission shall notify the Center for Health Information and Analysis of the

extent by which the provider or provider organization has exceeded the health care cost growth benchmark. The Center for Health Information and Analysis shall calculate an amount that reflects the cost to the Commonwealth of that excess and that amount shall be used to either reduce the Health Safety Net payments to that provider or provider organization or to increase the payments by that provider or provider organization to the Health Safety Net, or a combination of both to achieve the result. The Center for Health Information and Analysis shall develop a method for collecting data from providers or provider organizations necessary to make the calculations mandated by this section and the methodology used in determining the amount by which the provider or provider organization's participation in Health Safety Net payments or assessments will be affected.