SENATE DOCKET, NO. 499   FILED ON: 1/14/2019

SENATE . . . . No. 694

The Commonwealth of Massachusetts

PRESENTED BY:

Edward J. Kennedy

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 to assist community hospitals.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Edward J. Kennedy	*First Middlesex*

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SENATE . . . . No. 694

By Mr. Kennedy, a petition (accompanied by bill, Senate, No. 694) of Edward J. Kennedy for legislation to assist community hospitals. Health Care Financing.

The Commonwealth of Massachusetts

In the One Hundred and Ninety-First General Court
(2019-2020)

An Act to assist community hospitals.

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

1 SECTION 1. Chapter 6D of the General Laws, as appearing in the 2014 Official Edition,
2 is hereby amended by adding after section 5, the following new language: -

3 Section 5A: Assistance to Community Hospitals

4 Section 5A (a) The commission, in consultation with the center for health information
5 and analysis shall consider measures to address price variation among hospitals and develop
6 recommendations to provide relief for community hospitals that aligns with the cost containment
7 efforts set forth in Chapter 224 of the Acts of 2014 and meets the criteria established by the
8 Special Commission on Provider Price Variation.

9 (b) In developing the recommendations, the commission shall, at a minimum, consider
10 the following measures (i) reimbursing hospitals at no more than the 80th percentile of the state
11 wide commercial relative price and no less than the 20th percentile of the statewide commercial
12 relative price; (ii) establishing three hospital reimbursement tiers such that in one of the tiers

13 hospital commercial rates may not increase in the future rate year above the carrier-specific
14 weighted average rate for the current year, another tier limits hospital rate increases to no more
15 than 1 per cent above the carrier-specific weighted average rate for the current year, and the third
16 tier the hospital weighted average rate of change would not be limited; (iii) developing a target
17 hospital rate distribution that establishes a baseline relative price and a maximum relative price,
18 based on a carrier-specific relative price distribution.

19 (c) In developing the recommendations to address provider price variation and provide
20 assistance to community hospitals, the commission shall consider the following (i) alternative
21 payment methodologies in place between a hospital and carrier; (ii) the volume and mix of
22 services provided; (iii) a hospital's patient population and payer mix; (iv) hospital inpatient and
23 outpatient rates as compared to the commercial relative price levels and how to avoid cost
24 shifting; (vi) whether the hospital is part of a healthcare system that had an overall positive
25 operating margin in the prior year as determined by the Centers for Health Information and
26 Analysis or had an aggregate hospital payment of greater than 90 per cent of the carrier's
27 commercial relative price; (viii) the impact of reimbursement rate increases to physicians and
28 other providers affiliated with or employed by acute care hospitals and (ix) any other information
29 deemed necessary by the commission.

30 (d) Any proposal recommended by the commission shall not result in a net increase in
31 premiums and shall align with the cost containment efforts set forth in Chapter 224 of the Acts of
32 2014 and meets the criteria established by the Special Commission on Provider Price Variation.

33 (e) The commission shall submit its proposed process to the clerks of the senate and
34 house of representatives, the joint committee on health care financing and the senate and house
35 committees on ways and means no later than January 1, 2020.

36 The joint committee on health care financing may, not later than 30 days after the
37 submission of the proposed definitions with the clerks of the senate and house of representatives,
38 the joint committee on health care financing and the senate and house committees on ways and
39 means, hold a public hearing on the proposed definitions. The joint committee may report its
40 findings to the general court, together with drafts of legislation necessary to implement those
41 findings. In the report, the joint committee may include its recommendation on whether to affirm
42 or modify the proposed process. The joint committee shall issue any findings not later than 20
43 days after the public hearing and shall provide a copy of the findings and any proposed
44 legislation to the board. If the general court does not enact legislation with respect to the
45 recommendations within 65 days after the council has submitted its proposed process to the joint
46 committee, the proposed process shall take effect.