SENATE DOCKET, NO. 9 FILED ON: 1/9/2013

SENATE . . . . . No. 546

The Commonwealth of Massachusetts

PRESENTED BY:

Michael O. Moore

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 passage of the accompanying:

An Act relative to transparency in hospital margins.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Michael O. Moore	*Second Worcester*

SENATE DOCKET, NO. 9 FILED ON: 1/9/2013

SENATE . . . . . No. 546

By Mr. Michael O. Moore, a petition (accompanied by bill, Senate, No. 546) of Michael O. Moore for legislation relative to transparency in hospital margins. Health Care Financing.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE
SENATE
, NO. *525* OF 2011-2012.]

The Commonwealth of Massachusetts

An Act relative to transparency in hospital margins.

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. Chapter 12C of the General Laws is hereby amended by inserting after section 8 the following new section:

8A. Reporting of Hospital Margins

If in any fiscal year, an Acute Hospital, as defined in this chapter, reports to the center an operating margin that exceeds 6 percent, the division shall hold a public hearing within 60 days. The Acute Hospital shall submit testimony on its overall financial condition and the continued need to sustain an operating margin that exceeds 6 percent. The Acute Hospital shall also submit testimony on efforts the Acute Hospital is making to advance health care cost containment and health care quality improvement; and whether, and in what proportion to the total operating margin, the Acute Hospital will dedicate any funds to reducing health care costs. The center shall review such testimony and issue a final report on the results of the hearing. In implementing the requirements of this Section, the center shall utilize data collected by hospitals pursuant to the requirements of Section 2 of this act.

SECTION 2. Notwithstanding any special or general law to the contrary, center for health and information and analysis, in consultation with the division of insurance, shall promulgate regulations on or before July 1, 2013 to establish uniform methodology for calculating and reporting inpatient and outpatient costs, including direct and indirect costs, for all hospitals under section 8 of chapter 12C of the General Laws. The center shall, as necessary and appropriate,

19 promulgate regulations or amendments to its existing regulations to require hospitals to report
20 cost and cost trend information in a uniform manner including, but not limited to, uniform
21 methodologies for reporting the cost and cost trend for categories of direct labor, debt service,
22 depreciation, advertising and marketing, bad debt, stop-loss insurance, malpractice insurance,
23 health information technology, medical management, development, fundraising, research,
24 academic costs, charitable contributions, and operating margins for all commercial business and
25 for all state and federal government business, including but not limited to Medicaid, Medicare,
26 insurance through the group insurance commission and federal Civilian Health and Medical
27 Program of the Uniformed Services. The center shall, before adopting regulations under this
28 section, consult with the group insurance commission, the Centers for Medicare and Medicaid
29 Services, the attorney general and representatives from the Massachusetts Hospital Association,
30 the Massachusetts Medical Society, the Massachusetts Association of Health Plans, the Blue
31 Cross and Blue Shield of Massachusetts, the Massachusetts Health Information Management
32 Association the Massachusetts Health Data Consortium.