

**HOUSE . . . . . No. 1063**

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**The Commonwealth of Massachusetts**

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**In the Year Two Thousand Nine**  
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An Act making strategic Investments in the commonwealth’s chronically distressed hospitals program..

*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. Notwithstanding any General or Special law to the contrary, there shall be  
2 established a program called the Strategic Investment in Chronically Distressed Hospital  
3 Program (“SICDSH”). The purpose of said SICDSH program shall be to provide annual  
4 additional funding from the Executive Office of Health and Human Services, MassHealth Office,  
5 to Disproportionate Share (“DSH”) Hospitals, as defined by 114.1 CMR 36.04 and M.G.L. 118G  
6 §1, located in economically distressed or tourist-based communities that consistently show net  
7 operating margin below the Massachusetts hospital industry median due to underfunding from  
8 MassHealth program reimbursement and losses on publicly funded behavioral health care  
9 programs.

10           The criteria for a hospital’s eligibility for the SICDSH program shall include  
11 consideration of such hospital’s payer mix percentage and its operating margin based on annual  
12 hospital filings to the Commonwealth’s Division of Health Care Finance and Policy (the  
13 “Division”) for the preceding hospital Fiscal Year, adjusted to exclude any grants awarded from

14 the Essential Community Provider Trust Fund. DSH hospitals that have a corporate affiliation  
15 with any managed care organization under contract with the Executive Office of Health and  
16 Human Services, Office of MassHealth (“MassHealth Office”), shall not be eligible to  
17 participate. The SICDSH program shall provide annual funding relief to eligible DSH hospitals  
18 based on an analysis and findings by the Division from a review of the eligibility criteria for  
19 relief. DSH hospitals may petition the Division to request a determination of eligibility for a  
20 payment through the SICDSH program.

21 A determination of eligibility shall cause the MassHealth Office to upwardly adjust said  
22 hospital’s MassHealth rates and inpatient psychiatric rates, as reimbursed either through the  
23 MassHealth Office or its single statewide contractor for managed behavioral health care services,  
24 to bring said eligible hospital’s operating margin up to the industry median for all hospitals  
25 statewide, as determined by hospital cost reports on file with the Division for the prior Fiscal  
26 Year. Said review and adjustment shall be completed within 90 days of the close of the hospital  
27 Fiscal Year for each eligible hospital. Hospitals that receive funding from the SICDSH program  
28 shall maintain records of amounts received from the program and of expenditures made from  
29 such funds, and shall make such records available for inspection upon request by the Division.