

HOUSE No. 1067

The Commonwealth of Massachusetts

In the Year Two Thousand Nine

An Act For Strategic Investment 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 Notwithstanding any general or special law to the contrary, there shall be established a
2 program called the Strategic Investment in Chronically Distressed Hospital Program
3 (“SICDSH”). The purpose of said SICDSH program shall be to provide annual additional
4 funding from the Executive Office of Health and Human Services, MassHealth Office, to
5 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. The criteria for a hospital’s eligibility for the SICDSH program shall include
10 consideration of such hospital’s payer mix percentage and its operating margin based on annual
11 hospital filings to the Commonwealth’s Division of Health Care Finance and Policy (the
12 “Division”) for the preceding hospital fiscal year, adjusted to exclude any grants awarded from
13 the Essential Community Provider Trust Fund. DSH hospitals that have a corporate affiliation
14 with any managed care organization under contract with the Executive Office of Health and

15 Human Services, Office of Masshealth (“Masshealth Office”), shall not be eligible to participate.
16 The SICDSH program shall provide annual funding relief to eligible DSH hospitals based on an
17 analysis and findings by the Division from a review of the eligibility criteria for relief. DSH
18 hospitals may petition the Division to request a determination of eligibility for a payment
19 through the SICDSH program. A determination of eligibility shall cause the MassHealth Office
20 to upwardly adjust said hospital’s MassHealth rates and inpatient psychiatric rates, as reimbursed
21 either through the Masshealth Office or its single statewide contractor for managed behavioral
22 health care services, to bring said eligible hospital’s operating margin up to the industry median
23 for all hospitals statewide, as determined by hospital cost reports on file with the Division for the
24 prior fiscal year. Said review and adjustment shall be completed within 90 days of the close of
25 the hospital fiscal year for each eligible hospital. Hospitals that receive funding from the
26 SICDSH program shall maintain records of amounts received from the program and of
27 expenditures made from such funds, and shall make such records available for inspection upon
28 request by the Division.