SENATE DOCKET, NO. 1773 FILED ON: 1/21/2011

SENATE . . . . . No. 509

The Commonwealth of Massachusetts

PRESENTED BY:

John Hart, Jr.

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 ensure providers receive reimbursement for inflationary cost increases..

PETITION OF:

NAME:	DISTRICT/ADDRESS:
John Hart, Jr.	

SENATE DOCKET, NO. 1773 FILED ON: 1/21/2011

SENATE . . . . . No. 509

By Mr. Hart, a petition (accompanied by bill, Senate, No. 509) of John Hart, Jr. for legislation to ensure provider reimbursement for inflationary cost increases. Health Care Financing.

The Commonwealth of Massachusetts

In the Year Two Thousand Eleven

An Act to ensure providers receive reimbursement for inflationary cost increases..

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 118G of the General Laws, as appearing in the 2000 Official Edition, is hereby amended by adding after section 24, the following new section:-

Section 25. Notwithstanding the provisions of any general law or special law or any rule or regulation to the contrary including any other section of this chapter 118G or of chapter 118E of the General Laws, the commissioner shall, in establishing rates of payment, whether by regulation or by contractual arrangement, for nursing homes and rest homes as defined under section seventy-one of chapter one hundred and eleven, for acute hospitals and non-acute hospitals as defined under section one hereof and for home health care as defined as a plan of care, ordered by a physician, and delivered by an agency that is a provider certified under Title XVIII and Title XIX, and meeting the Medicare conditions of participation for home health agencies in Massachusetts, appoint a committee to develop and recommend a methodology for establishing cost adjustment factors to project for the effect of inflation for every year after a base year period. The committee shall consist of five independent consultants who are not

otherwise employed by the commonwealth with experience in the field of health care economics. At least one member of the committee shall be designated by the Massachusetts Extended Care Federation, at least one member of the committee shall be designated by the Massachusetts Hospital Association and at least one member shall be designated by the Massachusetts Home and Health Care Association.

The methodology for developing the cost adjustment factors shall be applied to the appropriate portion of reimbursable costs of nursing homes, rest homes, hospitals and home health care so that the cost of said institutions subject to inflation are adequately reimbursed. The methodology for developing the cost adjustment factors shall include but not be limited to the appropriate external price indicators and shall also include but not be limited to the data from major or collective bargaining agreements as reported quarterly by the federal department of labor, bureau of labor statistics for supervisory and nonsupervisory personnel. Thirty days prior to the commencement of a rate period affecting nursing homes, rest homes, hospitals and home health care as the case may be, the committee shall provide to the commissioner its recommendation as to the methodology to be used to determine the cost adjustment factors for said rate period. The committee shall monitor the actual price movements of the external price indicators used in the methodology and based on such actual price movements and shall recommend to the commissioner the cost adjustment factors for each year after any base year period. The commissioner shall consider the recommendations of the committee when directing the division of health care finance and policy to make such adjustments to the rates set for nursing homes, rest homes, hospitals and home health care forthwith as provided for herein. Such adjustments, once approved by the commissioner, shall be automatic notwithstanding any caps or ceilings on administrative and general costs or other operating costs imposed by the

division of health care finance and policy, or imposed by the division of medical assistance under any regulation or under any contractual arrangement. Any contract entered into by the division of medical assistance affecting rates set for nursing homes and rest homes and hospitals shall be automatically adjusted to reflect adjustments made by the commissioner to the cost adjustment factors. This section shall apply to the rates established for nursing homes, rest homes, acute hospitals, non-acute hospitals and home health care, pursuant to any waiver of otherwise applicable federal requirements which the division of health care finance and policy or the division of medical assistance has obtained or may obtain from the secretary of health and human services for the purpose of implementing any type of managed care service delivery system.