HOUSE DOCKET, NO. 356 FILED ON: 1/10/2013

HOUSE . . . . . No. 1003

The Commonwealth of Massachusetts

PRESENTED BY:

Carlo Basile

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 control health care costs for individuals and small business in the Commonwealth.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Carlo Basile	*1st Suffolk*

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HOUSE . . . . . No. 1003

By Mr. Basile of Boston, a petition (accompanied by bill, House, No. 1003) of Carlo Basile relative to mandated health benefit legislation. Health Care Financing.

The Commonwealth of Massachusetts

In the Year Two Thousand Thirteen

An Act to control health care costs for individuals and small business in the Commonwealth.

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. It shall be the policy of the general court to impose a moratorium on all new mandated health benefit legislation until the later of July 31, 2016, or until the rate of increase in the Consumer Price Index (CPI) for medical care services as reported by the United States Bureau of Labor Statistics remains at zero or below zero for two consecutive years.

SECTION 2. Section 38C of Chapter 3 of the General Laws is hereby amended by striking subsection (b) and inserting in its place thereof, the following new section:-

(b) Joint committees of the general court and the house and senate committees on ways and means shall not report favorably any bill or petition relative to mandated health benefits that shall not have first received a review and evaluation conducted by the center for health information and analysis pursuant to this section. Joint committees of the general court and the house and senate committees on ways and means shall refer all mandated health benefits bills or petitions to an accompanied study order pending a final report by the center for health information and analysis pursuant to this section.

SECTION 3. Subsection (a) of section 38C of chapter 3 of the General Laws, is hereby amended by deleting the first paragraph in its entirety and inserting in place thereof the following:

Section 38C. (a) For the purposes of this section, a mandated health benefit proposal is one that mandates health insurance coverage for specific health services, specific diseases or certain providers of health care services or that affects the operations of health insurers in the

21 administration of health insurance coverage as part of a policy or policies of group life and
22 accidental death and dismemberment insurance covering persons in the service of the
23 commonwealth, and group general or blanket insurance providing hospital, surgical, medical,
24 dental, and other health insurance benefits covering persons in the service of the commonwealth,
25 and their dependents organized under chapter 32A , individual or group health insurance policies
26 offered by an insurer licensed or otherwise authorized to transact accident or health insurance
27 organized under chapter 175 , a nonprofit hospital service corporation organized under chapter
28 176A, a nonprofit medical service corporation organized under chapter 176B , a health
29 maintenance organization organized under chapter 176G , or an organization entering into a
30 preferred provider arrangement under chapter 176I , any health plan issued, renewed, or
31 delivered within or without the commonwealth to a natural person who is a resident of the
32 commonwealth, including a certificate issued to an eligible natural person which evidences
33 coverage under a policy or contract issued to a trust or association for said natural person and his
34 dependent, including said person's spouse organized under chapter 176M 21

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36 SECTION 4. Subsection (d)(1) of section 38C of chapter 3 of the General Laws, is
37 hereby amended by deleting the paragraph in its entirety and inserting in place thereof the
38 following:

39 (1) the financial impact of mandating the benefit, including the extent to which the
40 proposed insurance coverage would increase or decrease the cost of the treatment or service over
41 the next 5 years, the extent to which the proposed coverage might increase the appropriate or
42 inappropriate use of the treatment or service over the next 5 years, the extent to which the
43 mandated treatment or service might serve as an alternative for more expensive or less expensive
44 treatment or service, the extent to which the insurance coverage may affect the number and types
45 of providers of the mandated treatment or service over the next 5 years, the effects of mandating
46 the benefit on the cost of health care, particularly the premium, administrative expenses and
47 indirect costs of municipalities, large employers, small employers, employees and nongroup
48 purchasers, the potential benefits and savings to municipalities, large employers, small
49 employers, employees and nongroup purchasers, the effect of the proposed mandate on cost
50 shifting between private and public payors of health care coverage, the cost to health care
51 consumers of not mandating the benefit in terms of out of pocket costs for treatment or delayed
52 treatment, the impact on the state budget, given the requirement under the federal Patient
53 Protection and Affordable Care Act for the state to defray the cost of benefit mandates passed
54 after December 31, 2011, and the effect on the overall cost of the health care delivery system in
55 the commonwealth.

56 SECTION 5. Chapter 12C of the General Laws is hereby amended by inserting the
57 following new section:

58 Section 24 - Review and evaluation of regulatory changes on health insurance

59 Section 24 (a) For the purposes of this section, a mandated health benefit is a statutory or
60 regulatory requirement that mandates health insurance coverage for specific health services,
61 specific diseases or certain providers of health care services as part of a policy or policies of
62 group life and accidental death and dismemberment insurance covering persons in the service of
63 the commonwealth, and group general or blanket insurance providing hospital, surgical, medical,
64 dental, and other health insurance benefits covering persons in the service of the commonwealth,
65 and their dependents organized under chapter 32A , individual or group health insurance policies
66 offered by an insurer licensed or otherwise authorized to transact accident or health insurance
67 organized under chapter 175 , a nonprofit hospital service corporation organized under chapter
68 176A , a nonprofit medical service corporation organized under chapter 176B , a health
69 maintenance organization organized under chapter 176G , or an organization entering into a
70 preferred provider arrangement under chapter 176I , any health plan issued, renewed, or
71 delivered within or without the commonwealth to a natural person who is a resident of the
72 commonwealth, including a certificate issued to an eligible natural person which evidences
73 coverage under a policy or contract issued to a trust or association for said natural person and his
74 dependent, including said person's spouse organized under chapter 176M.

75 (b) Joint committees of the general court and the house and senate committees on ways
76 and means when reporting favorably on mandated health benefits bills referred to them shall
77 include a review and evaluation conducted by the center for health information and analysis
78 pursuant to this section.

79 (c) Upon request of a joint standing committee of the general court having jurisdiction or
80 the committee on ways and means of either branch, the center for health information and analysis
81 shall conduct a review and evaluation of the mandated health benefit proposal, in consultation
82 with other relevant state agencies, and shall report to the committee within 90 days of the
83 request. If the center for health information and analysis fails to report to the appropriate
84 committee within 45 days, said committee may report favorably on the mandated health benefit
85 bill without including a review and evaluation from the division.

86 (d) Any state agency or any board created by statute, including but not limited to the
87 Board of the Commonwealth Connector, the Department of Health, the Division of Medical
88 Assistance or the Division of Insurance that proposes to add a mandated health benefit by rule,
89 bulletin or other guidance must request that a review and evaluation of that proposed mandated
90 health benefit be conducted by the center for health information and analysis pursuant to this
91 section. The report on the mandated health benefit by the center for health information and
92 analysis must be received by the agency or board and available to the public at least 30 days
93 prior to any public hearing on the proposal. If the center for health information and analysis fails
94 to report to the agency or board within 45 days of the request, said agency or board may proceed

95 with a public hearing on the mandated health benefit proposal without including a review and
96 evaluation from the center.

97 (e) Any party or organization on whose behalf the mandated health benefit was proposed
98 shall provide the center for health information and analysis with any cost or utilization data that
99 they have. All interested parties supporting or opposing the proposal shall provide the center for
100 health information and analysis with any information relevant to the center's review. The center
101 shall enter into interagency agreements as necessary with the division of medical assistance, the
102 group insurance commission, the department of public health, the division of insurance, and
103 other state agencies holding utilization and cost data relevant to the center 's review under this
104 section. Such interagency agreements shall ensure that the data shared under the agreements is
105 used solely in connection with the center 's review under this section, and that the confidentiality
106 of any personal data is protected. The center for health information and analysis may also request
107 data from insurers licensed or otherwise authorized to transact accident or health insurance under
108 chapter 175 , nonprofit hospital service corporations organized under chapter 176A , nonprofit
109 medical service corporations organized under chapter 176B , health maintenance organizations
110 organized under chapter 176G , and their industry organizations to complete its analyses. The
111 center for health information and analysis may contract with an actuary, or economist as
112 necessary to complete its analysis.

113 The report shall include, at a minimum and to the extent that information is available, the
114 following: (1) the financial impact of mandating the benefit, including the extent to which the
115 proposed insurance coverage would increase or decrease the cost of the treatment or service over
116 the next 5 years, the extent to which the proposed coverage might increase the appropriate or
117 inappropriate use of the treatment or service over the next 5 years, the extent to which the
118 mandated treatment or service might serve as an alternative for more expensive or less expensive
119 treatment or service, the extent to which the insurance coverage may affect the number and types
120 of providers of the mandated treatment or service over the next 5 years, the effects of mandating
121 the benefit on the cost of health care, particularly the premium, administrative expenses and
122 indirect costs of municipalities, large employers, small employers, employees and nongroup
123 purchasers, the potential benefits and savings to municipalities, large employers, small
124 employers, employees and nongroup purchasers, the effect of the proposed mandate on cost
125 shifting between private and public payors of health care coverage, the cost to health care
126 consumers of not mandating the benefit in terms of out of pocket costs for treatment or delayed
127 treatment, the impact on the state budget, given the requirement under the federal Patient
128 Protection and Affordable Care Act for the state to defray the cost of benefit mandates passed
129 after December 31, 2011, and the effect on the overall cost of the health care delivery system in
130 the commonwealth; (2) the medical efficacy of mandating the benefit, including the impact of
131 the benefit to the quality of patient care and the health status of the population and the results of
132 any research demonstrating the medical efficacy of the treatment or service compared to
133 alternative treatments or services or not providing the treatment or service; and (3) if the

134 proposal seeks to mandate coverage of an additional class of practitioners, the results of any
135 professionally acceptable research demonstrating the medical results achieved by the additional
136 class of practitioners relative to those already covered and the methods of the appropriate
137 professional organization that assures clinical proficiency.