HOUSE DOCKET, NO. 3369 FILED ON: 1/18/2013

HOUSE . . . . . No. 1037

The Commonwealth of Massachusetts

PRESENTED BY:

Brian R. Mannal

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 making strategic investments in the Commonwealth's chronically distressed hospitals program.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Brian R. Mannal	*2nd Barnstable*
Timothy R. Madden	*Barnstable, Dukes and Nantucket*

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By Mr. Mannal of Barnstable, a petition (accompanied by bill, House, No. 1037) of Brian R. Mannal and Timothy R. Madden for legislation to establish a strategic investment in chronically distressed hospital program. Health Care Financing.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. *333* OF 2011-2012.]

The Commonwealth of Massachusetts

In the Year Two Thousand Thirteen

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:

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

The criteria for a hospital's eligibility for the SICDSH program shall include consideration of such hospital's payer mix percentage and its operating margin based on annual hospital filings to the Commonwealth's Division of Health Care Finance and Policy (the "Division") for the preceding hospital Fiscal Year, adjusted to exclude any grants awarded from the Essential Community Provider Trust Fund. DSH hospitals that have a corporate affiliation with any managed care organization under contract with the Executive Office of Health and 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.