

HOUSE No. 971

The Commonwealth of Massachusetts

PRESENTED BY:

Tackey Chan

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 reducing payment disparities among healthcare providers.

PETITION OF:

NAME:

Tackey Chan

DISTRICT/ADDRESS:

2nd Norfolk

HOUSE No. 971

By Mr. Chan of Quincy, a petition (accompanied by bill, House, No. 971) of Tackey Chan for legislation to promote uniform costs charged by health care providers. Health Care Financing.

The Commonwealth of Massachusetts

In the One Hundred and Eighty-Ninth General Court
(2015-2016)

An Act reducing payment disparities among healthcare providers.

Whereas, The deferred operation of this act would tend to defeat its purpose, which is to reduce payment disparities among healthcare providers, therefore it is hereby declared to be an emergency law, therefore, it is hereby declared to be an emergency law, necessary for the immediate preservation of the public convenience.

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. Chapter 118E of the general laws in amended by adding the following
2 section:

3 Section 78. MassHealth shall not contract with any managed care organization, as
4 defined in section 64, that reimburses any participating providers at rates that are 15% above the
5 managed care organization’s median network relative price, as published in the annual report on
6 relative prices, so called by the center for health information and analysis established under
7 chapter 12C.

8 SECTION 2. Chapter 176O of the general laws is hereby amended by adding the
9 following section:-

10 Section 28. A contract or agreement for payment, including fee for service, alternative
11 payment arrangements, incentive payment, bonus payment or supplemental payments, between
12 an acute care hospital licensed under chapter 111 and a carrier as defined by section 1 of chapter
13 176O for medical, diagnostic or therapeutic services shall conform to the following
14 requirements:

15 (a) A carrier's provider network relative prices for network hospitals as calculated by
16 the center for health information and analysis shall not exceed 1.25, as defined by the health
17 policy commission, unless an exception applies under subsection (e) of this section.

18 (b) If the commissioner finds a carrier in violation of this section, he shall direct the
19 carrier to immediately adjust the provider's rate of payment such as to come into compliance
20 with this section.

21 (c) A hospital that participates in a carrier's provider network or any health benefit
22 plan shall not refuse to participate in the carrier's provider network due to the carrier's
23 compliance with this section.

24 (d) For every 10% of the hospital's state-funded public payer mix based on gross
25 patient service revenue including, Medicaid, Connector and health care safety net, so-called,
26 hospitals may exceed such threshold by 0.025, but shall not exceed their original relative price.

27 (e) The division shall promulgate rules and regulations as necessary to monitor and
28 ensure compliance with this section and shall coordinate any such rules and regulations with the
29 health policy commission.

30 (f) The division shall annually issue recommendations regarding the threshold and its
31 application, or modification to the Legislature.

32 SECTION 3. Contracts between hospitals and carriers entered into or renewed prior to
33 the effective date of this act shall come into compliance with the terms of this act no later than
34 October 1, 2015.