HOUSE DOCKET, NO. 2719 FILED ON: 1/16/2015

HOUSE . . . . . No. 978

The Commonwealth of Massachusetts

PRESENTED BY:

Mark J. Cusack

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 expanding the distressed hospital fund to the moral obligation bond program.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Mark J. Cusack	*5th Norfolk*

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HOUSE . . . . . No. 978

By Mr. Cusack of Braintree, a petition (accompanied by bill, House, No. 978) of Mark J. Cusack relative to expanding the Distressed Hospital Fund to the moral obligation bond program. Health Care Financing.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. *1016* OF 2013-2014.]

The Commonwealth of Massachusetts

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

An Act expanding the distressed hospital fund to the moral obligation bond 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 the provisions of any general or special law or regulation to the
2 contrary:

3 A. Section 2-10 of Appendix to Chapter 69 of the General Laws is hereby amended
4 by inserting the following subsection after subsection (g):

5 "(h) For the benefit of nonprofit community hospitals, the authority shall establish a
6 special funds to be known as the Community Hospital Short-Term Loan Fund and, to the extent
7 so created, shall be funded from the Distressed Hospital Fund established under section 29 of
8 chapter 224 of the acts of 2012 as follows: an amount equal to fifty percent of the required
9 maximum debt service reserve fund amount on any nonprofit community hospital bonds then to

10 be issued shall be paid into in the Community Hospital Short-Term Loan Fund up to a maximum
11 amount of ten million dollars."

12 B. Paragraph (g)(11) of Section 2-10 of Appendix to Chapter 69 of the General
13 Laws, as added by section 21 of chapter 9 of the acts of 2011, is hereby amended by deleting it in
14 its entirety and inserting the following:

15 "Notwithstanding any general or special law to the contrary, in the event that a nonprofit
16 community hospital fails to reimburse the commonwealth for any transfer made by the
17 commonwealth to the authority to replenish the Community Hospital and Community Health
18 Center Capital Reserve Fund under paragraph 3 within 6 months after any such transfer and as
19 otherwise provided under the terms of the agreement among the nonprofit community hospital,
20 the authority and the commonwealth authorized under paragraph 7, the nonprofit community
21 hospital may access the Community Hospital Short-Term Loan Fund to reimburse the
22 commonwealth to cover all or portion of the amount the nonprofit community hospital has failed
23 to pay the commonwealth, provided that the nonprofit community hospital replenishes the
24 Community Hospital Short-Term Loan Fund in-full within 12 months of accessing such funds.
25 In the event that the nonprofit community hospital does not replenish such funds, the secretary of
26 administration and finance may, in the secretary's sole discretion, direct the comptroller to
27 withhold any funds in the comptroller's custody that are due or payable to the nonprofit
28 community hospital to cover all or a portion of the amount the nonprofit community hospital has
29 failed to pay the commonwealth to reimburse the commonwealth for any such transfers.

30 In the event that a nonprofit community health center fails to reimburse the
31 commonwealth for any transfers made by the commonwealth to the authority to replenish the

32 Community Hospital and Community Health Center Capital Reserve Fund under paragraph 3
33 within 6 months after any such transfer and as otherwise provided under the terms of the
34 agreement among the nonprofit community health center, the authority and the commonwealth
35 authorized under paragraph 7, the secretary of administration and finance may, in the secretary's
36 sole discretion, direct the comptroller to withhold any funds in the comptroller's custody that are
37 due or payable to the nonprofit community health center to cover all or a portion of the amount
38 the nonprofit community health center has failed to pay to the commonwealth to reimburse the
39 commonwealth for any such transfers.

40 All contracts issued by the group insurance commission, the commonwealth health
41 insurance connector authority and MassHealth to a third party for the purposes of providing
42 health care insurance paid for by the commonwealth shall provide that, at the direction of the
43 secretary of administration and finance, the third party shall withhold payments to a nonprofit
44 community hospital or nonprofit community health center which fails to reimburse the
45 commonwealth under the agreement authorized under paragraph 7 and shall transfer the withheld
46 amount to the commonwealth. Any such withheld and transferred amounts shall be considered to
47 have been paid to the nonprofit community hospital or nonprofit community health center for all
48 other purposes of law, and the nonprofit community hospital or nonprofit community health
49 center shall be considered to have reimbursed the commonwealth in an amount equal to such
50 withheld and transferred funds for purposes of the agreement authorized under said paragraph 7.