HOUSE DOCKET, NO. 2464 FILED ON: 1/15/2015

HOUSE . . . . . No. 992

The Commonwealth of Massachusetts

PRESENTED BY:

Thomas A. Golden, 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 control costs of health care - mandate review.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
Thomas A. Golden, Jr.	*16th Middlesex*	*1/15/2015*
David M. Nangle	*17th Middlesex*	*9/9/2019*

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HOUSE . . . . . No. 992

By Mr. Golden of Lowell, a petition (accompanied by bill, House, No. 992) of Thomas A. Golden, Jr., and David M. Nangle for legislation to reduce the cost of coverage for small businesses by instituting reforms to the mandated health benefits. Health Care Financing.

The Commonwealth of Massachusetts

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

An Act to control costs of health care - mandate review.

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

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

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

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

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

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

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

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

(d) Any state agency or any board created by statute, including but not limited to the Board of the Commonwealth Connector, the Department of Health, the Division of Medical Assistance or the Division of Insurance that proposes to add a mandated health benefit by rule, bulletin or other guidance must request that a review and evaluation of that proposed mandated health benefit be conducted by the center for health information and analysis pursuant to this section. The report on the mandated health benefit by the center for health information and analysis must be received by the agency or board and available to the public at least 30 days prior to any public hearing on the proposal. If the center for health information and analysis fails to report to the agency or board within 45 days of the request, said agency or board may proceed with a public hearing on the mandated health benefit proposal without including a review and evaluation from the center.

(e) Any party or organization on whose behalf the mandated health benefit was proposed shall provide the center for health information and analysis with any cost or utilization data that they have. All interested parties supporting or opposing the proposal shall provide the center for health information and analysis with any information relevant to the center's review. The center shall enter into interagency agreements as necessary with the division of medical assistance, the

group insurance commission, the department of public health, the division of insurance, and other state agencies holding utilization and cost data relevant to the center 's review under this section. Such interagency agreements shall ensure that the data shared under the agreements is used solely in connection with the center 's review under this section, and that the confidentiality of any personal data is protected. The center for health information and analysis may also request data from insurers licensed or otherwise authorized to transact accident or health insurance under chapter 175 , nonprofit hospital service corporations organized under chapter 176A , nonprofit medical service corporations organized under chapter 176B , health maintenance organizations organized under chapter 176G , and their industry organizations to complete its analyses. The center for health information and analysis may contract with an actuary, or economist as necessary to complete its analysis.

The report shall include, at a minimum and to the extent that information is available, the following: (1) the financial impact of mandating the benefit, including the extent to which the proposed insurance coverage would increase or decrease the cost of the treatment or service over the next 5 years, the extent to which the proposed coverage might increase the appropriate or inappropriate use of the treatment or service over the next 5 years, the extent to which the mandated treatment or service might serve as an alternative for more expensive or less expensive treatment or service, the extent to which the insurance coverage may affect the number and types of providers of the mandated treatment or service over the next 5 years, the effects of mandating the benefit on the cost of health care, particularly the premium, administrative expenses and indirect costs of municipalities, large employers, small employers, employees and nongroup purchasers, the potential benefits and savings to municipalities, large employers, small employers, employees and nongroup purchasers, the effect of the proposed mandate on cost

shifting between private and public payors of health care coverage, the cost to health care consumers of not mandating the benefit in terms of out of pocket costs for treatment or delayed treatment, the impact on the state budget, given the requirement under the federal Patient Protection and Affordable Care Act for the state to defray the cost of benefit mandates passed after December 31, 2011, and the effect on the overall cost of the health care delivery system in the commonwealth; (2) the medical efficacy of mandating the benefit, including the impact of the benefit to the quality of patient care and the health status of the population and the results of any research demonstrating the medical efficacy of the treatment or service compared to alternative treatments or services or not providing the treatment or service; and (3) if the proposal seeks to mandate coverage of an additional class of practitioners, the results of any professionally acceptable research demonstrating the medical results achieved by the additional class of practitioners relative to those already covered and the methods of the appropriate professional organization that assures clinical proficiency.