

**HOUSE . . . . . No. 609**

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**The Commonwealth of Massachusetts**

PRESENTED BY:

***Kevin G. Honan***

*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 improve health care cost accountability.**

PETITION OF:

| NAME:                    | DISTRICT/ADDRESS:    | DATE ADDED:      |
|--------------------------|----------------------|------------------|
| <i>Kevin G. Honan</i>    | <i>17th Suffolk</i>  | <i>1/18/2017</i> |
| <i>Carole A. Fiola</i>   | <i>6th Bristol</i>   |                  |
| <i>Louis L. Kafka</i>    | <i>8th Norfolk</i>   |                  |
| <i>William C. Galvin</i> | <i>6th Norfolk</i>   |                  |
| <i>Daniel Cullinane</i>  | <i>12th Suffolk</i>  |                  |
| <i>Claire D. Cronin</i>  | <i>11th Plymouth</i> |                  |

**HOUSE . . . . . No. 609**

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By Mr. Honan of Boston, a petition (accompanied by bill, House, No. 609) of Kevin G. Honan and others relative to health care cost accountability. Health Care Financing.

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**The Commonwealth of Massachusetts**

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**In the One Hundred and Ninetieth General Court  
(2017-2018)**  
\_\_\_\_\_

An Act to improve health care cost accountability.

*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. Section 1 of Chapter 224 6D of the Acts of 2012 is amended by adding the  
2 following

3

4 “Weighted Average Payer Rate” or “WAPR”, a measure by which a sum of the inpatient  
5 revenue per discharge and outpatient revenue per visit is separately calculated for Commercial,  
6 Medicare, and Medicaid. A weighted average of the three resulting values is derived, with the  
7 Net Patient Service Revenue - based payer mix of the three payers serving as weights.

8 SECTION 2. Section 8(a) of Chapter 224 6D of the Acts of 2012 is amended by striking  
9 out Section 8(a) and adding the following

10 (a) Not later than October 1 of every year, the commission shall hold public hearings  
11 based on the report submitted by the center for health information and analysis under section 16  
12 of chapter 12C comparing the growth in total health care expenditures to the health care growth

13 benchmark for the previous calendar year. The hearings shall examine health care provider,  
14 provider organization, and private and public health care payer costs, prices, weighted average  
15 payer rates, and cost trends, with particular attention to factors that contribute to cost growth  
16 within the commonwealth's health care system.

17 SECTION 3. Section 8(e) of Chapter 224 6D of the Acts of 2012 is amended by striking  
18 out Section 8(e)(i) and adding the following

19 (i) in the case of providers and provider organizations, testimony concerning payment  
20 systems, care delivery models, payer mix, cost structures, administrative and labor costs, capital  
21 and technology cost, adequacy of public payer reimbursement levels, reserve levels, utilization  
22 trends, relative price, weighted average payer rate, quality improvement and care-coordination  
23 strategies, investments in health information technology, the relation of private payer  
24 reimbursement levels to public payer reimbursements for similar services, efforts to improve the  
25 efficiency of the delivery system, efforts to reduce the inappropriate or duplicative use of  
26 technology and the impact of price transparency on prices

27 SECTION 4. Section 13(d) of Chapter 224 6D of the Acts of 2012 is amended by striking  
28 out Section 10(d)(v) and adding the following

29 (v) provider cost and cost trends including the weighted average payer rate in comparison  
30 to total health care expenditures statewide

31 SECTION 5. Section 13(d) of Chapter 224 6D of the Acts of 2012 is amended by striking  
32 out Section 13(d)(xii) and adding the following

33 (xii) the weighted average payer rate paid to each acute hospital and physician  
34 organization; (xiii) any other factors that the commission determines to be in the public interest.

35 SECTION 6. Section 1 of Chapter 224 12C of the Acts of 2012 is amended by inserting  
36 the following

37 “Weighted Average Payer Rate” or “WAPR”, a measure by which a sum of the inpatient  
38 revenue per discharge and outpatient revenue per visit is separately calculated for Commercial,  
39 Medicare, and Medicaid. A weighted average of the three resulting values is derived, with the  
40 Net Patient Service Revenue- based payer mix of the three payers serving as weights.

41 SECTION 7. Section 10(b) of Chapter 224 12C of the Acts of 2012 is amended by  
42 inserting following section

43 (12) the weighted average payer rate paid to each acute care hospital and physician  
44 organization

45 SECTION 8. Section 16(a) of Chapter 224 12C of the Acts of 2012 is amended by adding  
46 the following after the words “patient centered medical homes.”

47 (6) the weighted average payer rate paid to each acute care hospital, and physician  
48 organization, respectively