

**SENATE . . . . . No. 632**

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The Commonwealth of Massachusetts

PRESENTED BY:

*John F. Keenan*

*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 relative to hospital closures and health planning.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	
<i>John F. Keenan</i>	<i>Norfolk and Plymouth</i>	
<i>James B. Eldridge</i>	<i>Middlesex and Worcester</i>	
<i>Bruce E. Tarr</i>	<i>First Essex and Middlesex</i>	
<i>Thomas M. McGee</i>	<i>Third Essex</i>	<i>1/25/2017</i>

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By Mr. Keenan, a petition (accompanied by bill, Senate, No. 632) of John F. Keenan, James B. Eldridge, Bruce E. Tarr and Thomas M. McGee for legislation relative to hospital closures and health planning. Health Care Financing.

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[SIMILAR MATTER FILED IN PREVIOUS SESSION  
SEE SENATE, NO. 598 OF 2015-2016.]

The Commonwealth of Massachusetts

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

An Act relative to hospital closures and health planning.

*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 16T of Chapter 6A of the General Laws, as appearing in the 2014  
2 Official Edition, is hereby amended by striking subsection (a) and inserting in place thereof the  
3 following:-

4 (a) There shall be a health planning council within the executive office of health and  
5 human services whose purpose shall be to develop and periodically update a state health plan as  
6 described in this section. The council shall consist of the secretary of health and human services  
7 or a designee who shall serve as chair, the commissioner of public health or a designee, the  
8 director of the office of Medicaid or a designee, the commissioner of mental health or a designee,  
9 the secretary of elder affairs or a designee, the executive director of the center for health  
10 information and analysis or a designee, the executive director of the health policy commission or

11 a designee and 3 members appointed by the governor, 1 of whom shall be a health economist; 1  
12 of whom shall have experience in health policy and planning and 1 of whom shall have  
13 experience in health care market planning and service line analysis.

14 The council shall assemble an advisory committee of not more than 13 members who  
15 shall reflect a broad distribution of diverse perspectives on the health care system, including  
16 health care providers and provider organizations, community health centers, academic  
17 institutions, health care workforce development expertise, third-party payers, both public and  
18 private, consumer representatives and labor organizations representing health care workers. The  
19 advisory committee shall review drafts and provide recommendations to the council for the  
20 development and each periodic update of the plan.

21 The council chair shall establish processes to ensure public access to the most current  
22 version of the state health plan, and to allow interested persons to submit testimony toward the  
23 development and updating of the plan, which process shall include public hearings in  
24 geographically diverse areas, and a website to allow members of the public to submit comments  
25 electronically and review comments submitted by others.

26 The state health plan shall identify needs of the commonwealth in health care services,  
27 providers, programs and facilities; the resources available to meet those needs; and the priorities  
28 for addressing those needs. To assess and report on such needs, the council shall establish not  
29 fewer than fifteen health planning regions to reflect variance in the service needs and resource  
30 capacities across the different geographies of the Commonwealth. The assessments, findings and  
31 recommendations of the council shall be presented according to said planning regions, taking

32 into consideration each region’s chronic disease data, health outcomes data, population  
33 characteristics, transportation resources and travel considerations of each region.

34 SECTION 2. Said section 16T, as so appearing, is hereby further amended in subsection  
35 (b), by inserting after the words “primary care resources” in line 55 the following:-

36 “; community-based health care resources”

37 SECTION 3. Said section 16T, as so appearing, is hereby further amended in subsection  
38 (b), by striking the first sentence of the third paragraph, in lines 63 through 68, and inserting in  
39 place thereof the following:-

40 “The plan shall also make recommendations for the appropriate supply and distribution of  
41 resources, programs, capacities, technologies and services identified in the second paragraph of  
42 this subsection on a state-wide and regional basis, based on an assessment of regional needs and  
43 resource capacity for the subsequent 5 years and options for implementing such  
44 recommendations, to include the identification of shortages and excesses in each region and  
45 recommended statutory or regulatory mechanisms to incentivize a rebalancing of said shortage  
46 and excess resources.”

47 SECTION 4. Said section 16T, as so appearing, is hereby further amended in subsection  
48 (c), by inserting after the word “need” in line 83 the following:-

49 “pursuant to section 25C of chapter 111 and for making assessments and determinations  
50 on the impact of service discontinuations and closures pursuant to section 51G of chapter 111”

51 SECTION 5. Said section 16T, as so appearing, is hereby further amended by inserting at  
52 the end thereof the following new subsection:-

53 (g) The secretary of human services shall work in conjunction with the agencies and  
54 organizations having membership on the council, as defined in the first paragraph of subsection  
55 (a), to establish agreements and mechanisms for appropriate sharing of data between agencies as  
56 required for the council to fulfill its responsibilities, provided that no such agreement or  
57 mechanism shall conflict with state and federal laws and rules for medical privacy.

58 SECTION 6. Section 13 of Chapter 6D of the General Laws, as appearing in the 2014  
59 Official Edition, is hereby amended by inserting at the end thereof the following new  
60 subsection:-

61 (l) Notice from the department of public health of a proposed hospital closure or  
62 discontinuation of an essential health service pursuant to section 51G of chapter 111, shall  
63 constitute a material change notice by the relevant provider or provider organization, and the  
64 commission shall conduct a review of the impact of the material change pursuant to this section.  
65 The commission shall report the findings of a review conducted pursuant to this subsection,  
66 including any preliminary findings, to the commissioner of public health. The executive director  
67 of the commission and the commissioner of public health shall enter into a mutual agreement to  
68 share documentation provided by the hospital relative to the proposed closure or discontinuation,  
69 in order to reduce duplicative reporting requirements by the hospital.

70 SECTION 7. Section 8 of Chapter 12C of the General Laws, as appearing in the 2014  
71 official edition, is hereby amended in subsection (c) by striking the last sentence of the second  
72 paragraph, in lines 55 through 60, and inserting in place thereof the following:-

73 “The center shall also identify hospitals that the center considers to be in financial  
74 distress, including any hospitals at risk of closing or discontinuing essential health services, as

75 defined by the department of public health under section 51G of chapter 111, as a result of  
76 financial distress, and shall report a list of such at-risk hospitals, which shall not be subject to  
77 disclosure under chapter 66, to the secretary of health and human services, the commissioner of  
78 public health, and the executive director of the health policy commission no less frequently than  
79 once every 120 days.”

80 And is hereby further amended by inserting after the word “subsection.” in line 63 the  
81 following:-

82 “Compliance with said reporting requirements shall also be considered a condition of  
83 licensure pursuant to section 51 of chapter 111.”

84 SECTION 8. Section 11 of Chapter 12C of the General Laws, as so appearing, is hereby  
85 amended by striking the section in its entirety and inserting in place thereof the following:-

86 Section 11. The center shall ensure the timely reporting of information required under  
87 sections 8, 9 and 10. The center shall notify public and private healthcare payers, including third-  
88 party administrators, providers and provider organizations of any applicable reporting deadlines  
89 and shall promulgate regulations to establish administrative sanctions against private health care  
90 payers, third-party administrators, providers, and provider organizations, including, but not  
91 limited to, administrative fines, for any violations of sections 8, 9 and 10. Amounts collected  
92 under this section shall be deposited in the Healthcare Payment Reform Fund, established under  
93 section 100 of 194 of the acts of 2011.

94 The center or its designated representative may petition the superior court seeking  
95 injunctive relief to enforce the provisions of sections 8, 9, and 10. If the superior court upon  
96 summary hearing determines that an entity subject to the requirements of this chapter has,

97 without justifiable cause, refused to furnish information required by sections 8, 9, and 10 or any  
98 regulation promulgated by the center thereunder, it shall issue an order directing the payer, third-  
99 party administrator, provider, or provider organization to furnish the information within 5  
100 business days; and any failure to obey any such order may be penalized by the court as contempt  
101 thereof.

102 The center may refer delinquent entities to the executive office of health and human  
103 services and the department of public health, with recommendations that the executive office of  
104 health and human services or the department of public health impose any penalty authorized  
105 under chapters 111 and 118E of the General Laws or other applicable regulations.

106 SECTION 9. Section 51 of Chapter 111, as appearing in the 2014 Official Edition, is  
107 hereby amended by inserting after the second paragraph the following new paragraph:-

108 “Each hospital licensee shall comply with the uniform reporting requirements to the  
109 center for health information and analysis, as established pursuant to chapter 12C.

110 SECTION 10. Section 51G of Chapter 111 of the General Laws, as appearing in the  
111 2014 Official Edition, is hereby amended by striking subsection (4) and inserting in place thereof  
112 the following subsection:-

113 (4) (a) Any hospital shall give notice to the department 90 days prior to the  
114 discontinuance of any essential health service provided therein. The department shall by  
115 regulation define “essential health service” for the purposes of this section, and may establish  
116 distinct definitions for each health planning region as defined pursuant to section 16T of chapter  
117 6A. The hospital proposing the discontinuance shall provide, with their initial notice to the  
118 department, evidence of having given public notice and notice to municipal officials and of

119 having allowed reasonable opportunity for official and for public comment from each  
120 municipality to which it provides the service as a health care resource, as determined pursuant to  
121 section 16T of chapter 6A of the General Laws. Any information given without meeting the  
122 requirements of this paragraph shall not constitute notice to the department for the purpose of  
123 establishing the earliest date on which the hospital discontinue the essential health service. The  
124 department shall forward any notice received under this section to the Secretary of Labor and  
125 Workforce Development and to the Health Policy Commission.

126 (b) Any hospital shall give notice to the department 120 days prior the closure of the  
127 hospital. The hospital undergoing the closure shall provide, with their initial notice to the  
128 department, evidence of having given public notice and notice to municipal officials and of  
129 having allowed reasonable opportunity for official and for public comment from each  
130 municipality to which it provides the service as a health care resource, as determined pursuant to  
131 section 16T of chapter 6A of the General Laws. Any information given without meeting the  
132 requirements of this paragraph shall not constitute notice to the department for the purpose of  
133 establishing the earliest date on which the hospital may close. The department shall forward any  
134 notice received under this section to the secretary of labor and workforce development and to the  
135 Health Policy Commission.

136 (c) The department shall, in the event that a hospital intends to close or proposes to  
137 discontinue an essential health service or services, determine whether any closed or discontinued  
138 services are necessary for preserving access and health status in the hospital's service area,  
139 require hospitals to submit a plan for assuring access to such necessary services following the  
140 hospital's closure or discontinuation of the service, and assure continuing access to such services  
141 in the event that the department determines that their closure will significantly reduce access to



142 necessary services. If the hospital's plan for assuring continued access to a necessary service  
143 relies upon the availability of similar services at another hospital or health facility with which it  
144 does not share common ownership, the department shall require the hospital to submit with said  
145 plan a statement from each other hospital or health facility listed in the plan, affirming their  
146 capacity to provide continued access as described in the plan. The department shall conduct a  
147 public hearing prior to a determination on the closure of said essential services or of the hospital.

148 (d) The department, in conducting any assessment and prior to making any determination  
149 pursuant to paragraph (c), shall refer to the state health plan and regional considerations  
150 established pursuant to section 16T of chapter 6A, and shall also request and consider  
151 information presented by the Health Policy Commission pursuant to section 13 of chapter 6D.

152 (e) If a hospital closes or discontinues an essential health service without a plan approved  
153 by the department pursuant to paragraphs (a) and (b) of this section, that hospital shall not be  
154 eligible to have an application approved pursuant to section 25C for a period of two years from  
155 the date the service is discontinued, or until the essential health service is restored, or until such  
156 time as the department is satisfied that a plan is in place that, at the time of the discontinuance,  
157 would have met the requirements of paragraph (b). If the closed hospital or the hospital  
158 discontinuing the essential health service is part of a network of hospitals under common  
159 ownership, the same restrictions shall apply against each hospital owned, managed, or controlled  
160 by the hospital network. The commissioner may waive a restriction established pursuant to this  
161 subsection, if the application of such restriction causes an imminent hazard to the public health.

162 (f) If a hospital executes a plan to close or to discontinue an essential health service, said  
163 plan not having been approved by the department pursuant to paragraphs (a) and (b) of this

164 section, that hospital shall not be eligible to receive funding under sections 2PPP or 2GGGG of  
165 Chapter 29, or under section 2G of Chapter 111, for a period of two years from the date the  
166 service is discontinued, or until the essential health service is restored, or until such time as the  
167 department is satisfied that a plan is in place that, at the time of the discontinuance, would have  
168 met the requirements of paragraph (b). If the closed hospital or the hospital discontinuing the  
169 essential health service is part of a network of hospitals under common ownership, the same  
170 restrictions shall apply against each hospital owned, managed, or controlled by the hospital  
171 network. The commissioner may waive a restriction established pursuant to this subsection, if  
172 the application of such restriction causes an imminent hazard to the public health.

173 (g) No original license shall be granted to establish or maintain an acute-care hospital, as  
174 defined by section 25B, unless the applicant submits a plan, to be approved by the department,  
175 for the provision of community benefits, including the identification and provision of essential  
176 health services. In approving the plan, the department may take into account the applicant's  
177 existing commitment to primary and preventive health care services and community  
178 contributions as well as the primary and preventive health care services and community  
179 contributions of the predecessor hospital. The department may waive this requirement, in whole  
180 or in part, at the request of the applicant which has provided or at the time the application is  
181 filed, is providing, substantial primary and preventive health care services and community  
182 contributions in its service area.

183 SECTION 11. Section 56 of Chapter 111 of the General Laws, as appearing in the 2014  
184 Official Edition, is hereby amended by inserting after the second sentence the following new  
185 sentence:-

186           Whoever, being licensed under section 51, discontinues an essential health service or  
187 closes a hospital under said license and in violation of section 51G shall, for a first offense, be  
188 punished by a fine of not more than \$150,000 and for a subsequent offense by a fine of not more  
189 than \$300,000 or by imprisonment for not more than two years or both. Any licensee under  
190 section 51 that closes a hospital under said license and in violation of section 51G shall be  
191 punished by a fine of not more than \$500,000 or by imprisonment for not more than two years or  
192 both, provided that if a closed hospital is part of a network of hospitals under common ownership  
193 the penalties herein described shall be levied against the authority, entity or corporation having  
194 control of the hospital network.