

**HOUSE . . . . . No. 1124**

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**The Commonwealth of Massachusetts**

PRESENTED BY:

*James Arciero*

*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 strengthen the PIP process.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>James Arciero</i>	<i>2nd Middlesex</i>	<i>1/15/2019</i>

**HOUSE . . . . . No. 1124**

By Mr. Arciero of Westford, a petition (accompanied by bill, House, No. 1124) of James Arciero relative to health care performance improvement plans. Health Care Financing.

[SIMILAR MATTER FILED IN PREVIOUS SESSION  
SEE HOUSE, NO. 591 OF 2017-2018.]

**The Commonwealth of Massachusetts**

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In the One Hundred and Ninety-First General Court  
(2019-2020)  
\_\_\_\_\_

An Act to strengthen the PIP process.

*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 6D of the General Laws, as appearing in the 2014 Official Edition,  
2 is hereby amended by striking section 10 in its entirety and replacing it with the following new  
3 language: -

4 Section 10. Section 10. (a) For the purposes of this section, "health care entity" shall  
5 mean a clinic, hospital, ambulatory surgical center, physician organization, accountable care  
6 organization or payer; provided, however, that physician contracting units with a patient panel of  
7 15,000 or fewer, or which represents providers who collectively receive less than \$25,000,000 in  
8 annual net patient service revenue from carriers shall be exempt.

9 (b) The commission shall provide notice to all health care entities that have been  
10 identified by the center under section 18 of chapter 12C as exceeding the health care cost growth

11 benchmark for any given year. Such notice shall state that the center may analyze the cost  
12 growth of individual health care entities and, beginning in calendar year 2016, the commission  
13 may require certain actions, as established in this section, from health care entities so identified.

14 (c) For calendar year 2015, if the commission finds, based on the center's annual report,  
15 the commission's annual cost trend hearings or any other pertinent information, that the average  
16 percentage change in cumulative total health care expenditures from 2013 to 2014 exceeded the  
17 average health care cost growth benchmark from 2013 to 2014, and in order to support the state's  
18 efforts to meet future health care cost growth benchmarks, as established in section 9, the  
19 commission shall establish procedures to assist health care entities to improve efficiency and  
20 reduce cost growth by requiring certain health care entities to file and implement a performance  
21 improvement plan.

22 Beginning in calendar year 2016, if the commission finds, based on the center's annual  
23 report, the commission's annual cost trend hearings or any other pertinent information, that the  
24 percentage change in total health care expenditures exceeded the health care cost growth  
25 benchmark in the previous calendar year, and in order to support the state's efforts to meet future  
26 health care cost growth benchmarks, as established in said section 9, the commission shall  
27 establish procedures to assist health care entities to improve efficiency and reduce cost growth by  
28 requiring certain health care entities to file and implement a performance improvement plan.

29 (d) In addition to the notice provided under subsection (b), the commission may require  
30 any health care entity that is identified by the center under section 16 of chapter 12C as  
31 exceeding the health care cost growth benchmark established under section 9, any provider  
32 whose relative price exceeds 1.3, or any provider who has a total medical expense in excess of

33 the statewide average physician group health status adjusted total medical expense to file a  
34 performance improvement plan with the commission. The commission shall provide written  
35 notice to such health care entity or provider that they are required to file a performance  
36 improvement plan. Within 45 days of receipt of such written notice, the health care entity shall  
37 either:

38 (1) file a performance improvement plan with the commission; or

39 (2) file an application with the commission to waive or extend the requirement to file a  
40 performance improvement plan.

41 (e) The health care entity may file any documentation or supporting evidence with the  
42 commission to support the health care entity's application to waive or extend the requirement to  
43 file a performance improvement plan. The commission shall require the health care entity to  
44 submit any other relevant information it deems necessary in considering the waiver or extension  
45 application; provided, however, that such information shall be made public at the discretion of  
46 the commission.

47 (f) The commission may waive or delay the requirement for a health care entity to file a  
48 performance improvement plan in response to a waiver or extension request filed under  
49 subsection (b) in light of all information received from the health care entity, based on a  
50 consideration of the following factors:

51 (1) the costs, price and utilization trends of the health care entity over time, and any  
52 demonstrated improvement to reduce health status total medical expenses;

53 (2) any ongoing strategies or investments that the health care entity is implementing to  
54 improve future long-term efficiency and reduce cost growth;

55 (3) whether the factors that led to increased costs for the health care entity can reasonably  
56 be considered to be unanticipated and outside of the control of the entity. Such factors may  
57 include, but shall not be limited to, age and other health status adjusted factors and other cost  
58 inputs such as pharmaceutical expenses and medical device expenses;

59 (4) the overall financial condition of the health care entity;

60 (5) a significant difference between the growth rate of potential gross state product and  
61 the growth rate of actual gross state product, as determined under section 7H 1/2 of chapter 29;  
62 and

63 (6) any other factors the commission considers relevant.

64 (h) If the commission declines to waive or extend the requirement for the health care  
65 entity to file a performance improvement plan, the commission shall provide written notice to the  
66 health care entity that its application for a waiver or extension was denied and the health care  
67 entity shall file a performance improvement plan.

68 (i) A health care entity shall file a performance improvement plan: (1) within 45 days of  
69 receipt of a notice under subsection (c); (2) if the health care entity has requested a waiver or  
70 extension, within 45 days of receipt of a notice that such waiver or extension has been denied; or  
71 (3) if the health care entity is granted an extension, on the date given on such extension. The  
72 performance improvement plan shall be generated by the health care entity and shall identify the  
73 causes of the entity's cost growth and shall include, but not be limited to, specific strategies,

74 adjustments and action steps the entity proposes to implement to improve cost performance and  
75 meeting the goal of reducing the health care entity's relative price below 1.3 and closer to the  
76 statewide average relative price. The proposed performance improvement plan shall include  
77 specific identifiable and measurable expected outcomes and a timetable for implementation. The  
78 timetable for a performance improvement plan shall not exceed 18 months.

79 (j) The commission shall approve any performance improvement plan that it determines  
80 is reasonably likely to address the underlying cause of the entity's cost growth and has a  
81 reasonable expectation for successful implementation.

82 (k) If the board determines that the performance improvement plan is unacceptable or  
83 incomplete, the commission may provide consultation on the criteria that have not been met and  
84 may allow an additional time period, up to 30 calendar days, for resubmission; provided,  
85 however, that all aspects of the performance improvement plan shall be proposed by the health  
86 care entity and the commission shall not require specific elements for approval.

87 (l) Upon approval of the proposed performance improvement plan, the commission shall  
88 notify the health care entity to begin immediate implementation of the performance improvement  
89 plan. Public notice shall be provided by the commission on its website, identifying that the health  
90 care entity is implementing a performance improvement plan. All health care entities  
91 implementing an approved performance improvement plan shall be subject to additional  
92 reporting requirements and compliance monitoring, as determined by the commission. The  
93 commission shall aid the health care entity in the successful implementation of the performance  
94 improvement plan.

95 (m) All health care entities shall, in good faith, work to implement the performance  
96 improvement plan. At any point during the implementation of the performance improvement  
97 plan the health care entity may file amendments to the performance improvement plan, subject to  
98 approval of the commission.

99 (n) At the conclusion of the timetable established in the performance improvement plan,  
100 the health care entity shall report to the commission regarding the outcome of the performance  
101 improvement plan. If the performance improvement plan was found to be unsuccessful, the  
102 commission shall either: (i) extend the implementation timetable of the existing performance  
103 improvement plan; (ii) approve amendments to the performance improvement plan as proposed  
104 by the health care entity; (iii) require the health care entity to submit a new performance  
105 improvement plan under subsection (c) or (iv) waive or delay the requirement to file any  
106 additional performance improvement plans.

107 (o) Upon the successful completion of the performance improvement plan, the identity of  
108 the health care entity shall be removed from the commission's website.

109 (p) The commission may submit a recommendation for proposed legislation to the joint  
110 committee on health care financing if the commission determines that further legislative  
111 authority is needed to achieve the health care quality and spending sustainability objectives of  
112 this act, assist health care entities with the implementation of performance improvement plans or  
113 otherwise ensure compliance with the provisions of this section.

114 (q) If the commission determines that a health care entity has: (i) willfully neglected to  
115 file a performance improvement plan with the commission within 45 days as required under  
116 subsection (d); (ii) failed to file an acceptable performance improvement plan in good faith with

117 the commission; (iii) failed to implement the performance improvement plan in good faith; or  
118 (iv) knowingly failed to provide information required by this section to the commission or that  
119 knowingly falsifies the same, the commission may assess a civil penalty to the health care entity  
120 of not more than \$500,000. The commission shall seek to promote compliance with this section  
121 and shall only impose a civil penalty as a last resort.

122 (r) The commission shall promulgate regulations necessary to implement this section;  
123 provided, however, that notice of any proposed regulations shall be filed with the joint  
124 committee on state administration and regulatory oversight and the joint committee on health  
125 care financing at least 180 days before adoption. or third-party administrators shall be excluded  
126 from this definition.