HOUSE DOCKET, NO. 2494 FILED ON: 2/17/2021

HOUSE . . . . . No. 1232

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 relative to transparency of hospital margins & ensuring hospital efficiency.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
Mark J. Cusack	*5th Norfolk*	*2/17/2021*

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HOUSE . . . . . No. 1232

By Mr. Cusack of Braintree, a petition (accompanied by bill, House, No. 1232) of Mark J. Cusack relative to the public reporting of hospital margins. Financial Services.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. *942* OF 2019-2020.]

The Commonwealth of Massachusetts

In the One Hundred and Ninety-Second General Court
(2021-2022)

An Act relative to transparency of hospital margins & ensuring hospital efficiency.

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. Chapter 12C of the General Laws is hereby amended by inserting after section 8 the following new section:

8A. Reporting of Hospital Margins

(a)If in any fiscal year, an Acute Hospital, as defined in this chapter, reports to the center an operating margin that exceeds 5 percent, the center shall hold a public hearing within 60 days. The Acute Hospital shall submit testimony on its overall financial condition and the continued need to sustain an operating margin that exceeds 5 percent. The Acute Hospital shall also submit testimony on efforts the Acute Hospital is making to advance health care cost containment and health care quality improvement; and whether, and in what proportion to the total operating margin, the Acute Hospital will dedicate any funds to reducing health care costs. The center

shall review such testimony and issue a final report on the results of the hearing. In implementing the requirements of this Section, the center shall utilize data collected by hospitals pursuant to the requirements of Section 2 of this act.

(b) The center for health information and analysis shall examine hospital efficiency for all hospitals under section 8 of chapter 12C of the General Laws by annually publishing the margins for hospitals for commercial, Medicare and Medicaid lines of business and utilizing data submitted as part of the Registered Provider Organization process to report on the underlying cost structure for hospitals.

(c) Academic medical centers shall report to the center for health information analysis and the health policy commission information on the portion of revenues and expenses that are devoted to teaching and research. The center shall annually issue a report on the case-mix of hospitals and the relationship of case-mix to commercial reimbursements.

SECTION 2. Notwithstanding any special or general law to the contrary, the center for health and information and analysis, in consultation with the division of insurance, shall promulgate regulations on or before July 1, 2021 to establish a uniform methodology for calculating and reporting inpatient and outpatient costs, including direct and indirect costs, for all hospitals under section 8 (8A) of chapter 12C of the General Laws. The center shall, as necessary and appropriate, promulgate regulations or amendments to its existing regulations to require hospitals to report cost and cost trend information in a uniform manner including, but not limited to, uniform methodologies for reporting the cost and cost trend for categories of direct labor, debt service, depreciation, advertising and marketing, bad debt, stop-loss insurance, malpractice insurance, health information technology, medical management, development, fundraising,

research, academic costs, charitable contributions, and operating margins for all commercial business and for all state and federal government business, including but not limited to Medicaid, Medicare, insurance through the group insurance commission and federal Civilian Health and Medical Program of the Uniformed Services. The center shall, before adopting regulations under this section, consult with the group insurance commission, the Centers for Medicare and Medicaid Services, the attorney general, and representatives from the Massachusetts Hospital Association, the Massachusetts Medical Society, the Massachusetts Association of Health Plans, the Blue Cross and Blue Shield of Massachusetts, the Massachusetts Health Information Management Association, and the Massachusetts Health Data Consortium.