HOUSE DOCKET, NO. 680 FILED ON: 1/27/2021

# HOUSE . . . . . No. 1255

## The Commonwealth of Massachusetts

PRESENTED BY:

***Josh S. Cutler***

*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 profit transparency and fairness.

PETITION OF:

| NAME: | DISTRICT/ADDRESS: | DATE ADDED: |
|---|---|---|
| *Josh S. Cutler* | *6th Plymouth* | *1/27/2021* |
| *Lindsay N. Sabadosa* | *1st Hampshire* | *2/22/2021* |
| *Kathleen R. LaNatra* | *12th Plymouth* | *2/26/2021* |
| *Diana DiZoglio* | *First Essex* | *2/26/2021* |
| *Patrick Joseph Kearney* | *4th Plymouth* | *2/26/2021* |
| *James K. Hawkins* | *2nd Bristol* | *2/26/2021* |
| *Peter Capano* | *11th Essex* | *2/26/2021* |
| *Susan L. Moran* | *Plymouth and Barnstable* | *2/26/2021* |
| *Antonio F. D. Cabral* | *13th Bristol* | *2/26/2021* |
| *Carol A. Doherty* | *3rd Bristol* | *2/26/2021* |
| *Michael D. Brady* | *Second Plymouth and Bristol* | *2/26/2021* |
| *Paul W. Mark* | *2nd Berkshire* | *3/10/2021* |
| *Elizabeth A. Malia* | *11th Suffolk* | *3/15/2021* |
| *Patrick M. O'Connor* | *Plymouth and Norfolk* | *3/15/2021* |
| *Harriette L. Chandler* | *First Worcester* | *4/8/2021* |
| *Tami L. Gouveia* | *14th Middlesex* | *4/19/2021* |
| *Erika Uyterhoeven* | *27th Middlesex* | *4/28/2021* |
| *Marc R. Pacheco* | *First Plymouth and Bristol* | *5/10/2021* |

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# HOUSE . . . . . No. 1255

By Mr. Cutler of Pembroke, a petition (accompanied by bill, House, No. 1255) of Josh S. Cutler and others relative to hospital profit transparency and fairness and the establishment of a Medicaid reimbursement enhancement fund. Health Care Financing.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. *1144* OF 2019-2020.]

## The Commonwealth of Massachusetts

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

An Act relative to hospital profit transparency and fairness.

*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. Definitions

As used in this section, the following words shall have the following meanings:-

Facility, a hospital licensed under Section 51, of Chapter 111 of the General Laws, the teaching hospital of the University of Massachusetts medical school, any licensed private or state-owned and state-operated general acute care hospital, an acute psychiatric hospital, an acute care specialty hospital, or any acute care unit within a state operated healthcare facility. This definition shall not include rehabilitation facilities or long-term care facilities.

Compensation, salary; bonus payments, whether based on performance or otherwise; deferred compensation; incentive payments; severance payments; loans to be repaid on terms,

including interest, less burdensome than market rate; value of use of facility-provided vehicles, housing or other perquisites not available to all employees; stock or stock options and any dividends or other incidents of the ownership thereof.

"Minimum facility compensation" the value of the annual compensation received by a full time employee of a facility earning minimum wage as set under G.L. c. 151 1, or if none, then the lowest-paid full time employee.

Section 2: If in any fiscal year a facility that accepts funds from the Commonwealth, and whose patient mix is less than 60% government payer, reports to the Center for Health Information and Analysis an annual operating margin, including amortization and depreciation, that exceeds 8%, that facility shall be subject to a civil penalty equal to the amount by which the annual operating margin exceeds 8%.

Section 3: If the Chief Executive Officer of a facility that accepts funds from the Commonwealth receives annual compensation greater than 100 times the minimum facility compensation, the facility shall be subject to a civil penalty equal to the amount by which the Chief Executive Officer's annual compensation exceeds 100 times the value of the minimum facility compensation.

Section 4. Each facility that accepts funds from the Commonwealth shall report annually to the Center for Health Information and Analysis all financial assets owned by the facility, including those held in financial institutions outside the United States or invested outside the United States. Unless prohibited by other law, the Center for Health Information and Analysis shall make this information public within 7 calendar days of receipt.

Section 5. There is hereby established on the books of the Commonwealth a fund to be known as the Medicaid Reimbursement Enhancement Fund. Any penalties collected as a result of violations of this act shall be deposited into this fund, and subject to appropriation, shall be used to improve Medicaid reimbursement to eligible hospitals.

Section 6: This act shall not be construed to impair any contract or agreement in effect as of July 1, 2021.

Section 7: The Health Policy Commission shall promulgate regulations governing the implementation, operation and enforcement of this act.

Section 8: Severability. The provisions of this act are severable, and if any clause, sentence, paragraph or section of this law or an application thereof shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder thereof but shall be confined in its operation to the clause, sentence, paragraph, section or application adjudged invalid and such clause, sentence, paragraph, section or application shall be reformed and construed so that it would be valid to the maximum extent permitted.

Section 9: The provisions of this act shall be effective commencing on July 1, 2021.