SENATE No. 783

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 to ensure transparency for high-cost hospitals.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	
John F. Keenan	Norfolk and Plymouth	
James J. O'Day	14th Worcester	2/25/2021
Lindsay N. Sabadosa	1st Hampshire	2/26/2021
Jack Patrick Lewis	7th Middlesex	2/26/2021
Michael O. Moore	Second Worcester	3/2/2021
Joanne M. Comerford	Hampshire, Franklin and Worcester	3/3/2021
Patrick M. O'Connor	Plymouth and Norfolk	3/11/2021
Anne M. Gobi	Worcester, Hampden, Hampshire and Middlesex	3/11/2021
Walter F. Timilty	Norfolk, Bristol and Plymouth	3/17/2021
Brian W. Murray	10th Worcester	5/8/2021
Kay Khan	11th Middlesex	6/1/2021

SENATE No. 783

By Mr. Keenan, a petition (accompanied by bill, Senate, No. 783) of John F. Keenan, James J. O'Day, Lindsay N. Sabadosa, Jack Patrick Lewis and other members of the General Court for legislation to ensure transparency for high-cost hospitals. Health Care Financing.

The Commonwealth of Alassachusetts

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

An Act to ensure transparency for high-cost hospitals.

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 12C of the General Laws, as appearing in the 2018 Official
- 2 Edition, is hereby amended by inserting after section 8 the following new section:-
- 3 8A. Reporting of Hospital Cost and Contribution to Total Medical Expense
- 4 (a) For the purposes of this section, market segment shall be defined as the commercial be health insurance market, the state Medicaid program, and the Medicare program.
- 6 (b) In any fiscal year, the center shall calculate and report each individually licensed
- 7 acute care hospital's contribution to growth in total medical expense by market segment, in
- 8 accordance with the following parameters: (1) The center shall include in the calculation of each
- 9 acute care hospital's contribution to total medical expense both inpatient and outpatient hospital
- services. (2) The center shall include information on each acute care hospital's contribution to
- growth in total medical expense in the center's report to the health policy commission under
- section 16 of this chapter. (3) The center shall identify the ten acute care hospitals that had the

largest contribution to growth in total medical expense in the commercial market. (4) The center shall begin reporting the growth in contribution to total medical expense of acute care hospitals beginning in 2023.

- (c) In any fiscal year, the center shall calculate and report each individually licensed acute care hospital's case-mix-adjusted discharge cost and revenue, according to the following parameters: (1) The center shall utilize data collected by hospitals pursuant to the requirements of section 3 of this act. (2) The center shall identify the hospital's operating margins by market segment. (3) The center may consult with any entity that has published an efficiency standard and any published research from health economic literature. (4) The center shall begin reporting the case-mix adjusted discharge cost and revenue of acute care hospitals beginning in 2023.
- (d) The center shall, as necessary and appropriate, promulgate regulations or amendments to its existing regulations to modify data collection requirements for the implementation of this section.
- SECTION 2. Chapter 6D of the General Laws, as appearing in the 2018 Official Edition, is hereby amended by inserting after Section 19 the following section:-
 - 20. Hearing on Hospital Contribution to Total Medical Expense
- (a) The commission, in consultation with the center for health information and analysis, may hold a public hearing for each of the 10 acute care hospitals identified by the center under section 8A of chapter 12C as having the largest contribution to total medical expense in the commercial market. The commission shall take into account the payer mix, historic pricing, cost structure, and populations served by the acute care hospital in determining the need for a hearing. The hearing shall be conducted according to the following parameters: (1) The acute care

hospital shall submit testimony on its overall financial condition to explain the hospital's contribution to growth in total medical expense. The acute care hospital shall also submit testimony on efforts the hospital is making to advance health care cost containment and health care quality improvement. (2) The commission, in consultation with the center, shall review such testimony and issue a final report on the results of the hearing, which may include recommendations for improvements to health care cost containment and quality improvement within the acute care hospital.

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SECTION 3. Notwithstanding any special or general law to the contrary, the center for health information and analysis shall promulgate regulations on or before July 1, 2022 to establish a uniform methodology for calculating and reporting inpatient and outpatient costs, including direct and indirect costs, for all hospitals under sections 8 and 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 each individually licensed hospital to report cost and cost trends information in a uniform manner, including cost and revenue information sufficient to support the identification of key health care cost drivers, and operating margins for all commercial business and for all state and federal government business. Such information shall not be consolidated across multiple reporting entities. The center shall, before adopting regulations under this section, consult with the group insurance commission, Centers for Medicare and Medicaid Services, office of the attorney general, health policy commission, executive office of health and human services, and representatives from the Massachusetts Hospital Association, Massachusetts Medical Society, Massachusetts Association of Health Plans, Blue Cross and Blue Shield of Massachusetts, Massachusetts Health Information Management Association and the Massachusetts Health Data Consortium.