

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

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 Massachusetts

**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
5 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
10 services. (2) The center shall include information on each acute care hospital’s contribution to
11 growth in total medical expense in the center’s report to the health policy commission under
12 section 16 of this chapter. (3) The center shall identify the ten acute care hospitals that had the

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

16 (c) In any fiscal year, the center shall calculate and report each individually licensed
17 acute care hospital's case-mix-adjusted discharge cost and revenue, according to the following
18 parameters: (1) The center shall utilize data collected by hospitals pursuant to the requirements
19 of section 3 of this act. (2) The center shall identify the hospital's operating margins by market
20 segment. (3) The center may consult with any entity that has published an efficiency standard
21 and any published research from health economic literature. (4) The center shall begin reporting
22 the case-mix adjusted discharge cost and revenue of acute care hospitals beginning in 2023.

23 (d) The center shall, as necessary and appropriate, promulgate regulations or amendments
24 to its existing regulations to modify data collection requirements for the implementation of this
25 section.

26 SECTION 2. Chapter 6D of the General Laws, as appearing in the 2018 Official Edition,
27 is hereby amended by inserting after Section 19 the following section:-

28 20. Hearing on Hospital Contribution to Total Medical Expense

29 (a) The commission, in consultation with the center for health information and analysis,
30 may hold a public hearing for each of the 10 acute care hospitals identified by the center under
31 section 8A of chapter 12C as having the largest contribution to total medical expense in the
32 commercial market. The commission shall take into account the payer mix, historic pricing, cost
33 structure, and populations served by the acute care hospital in determining the need for a hearing.
34 The hearing shall be conducted according to the following parameters: (1) The acute care

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

42 SECTION 3. Notwithstanding any special or general law to the contrary, the center for
43 health information and analysis shall promulgate regulations on or before July 1, 2022 to
44 establish a uniform methodology for calculating and reporting inpatient and outpatient costs,
45 including direct and indirect costs, for all hospitals under sections 8 and 8A of chapter 12C of the
46 General Laws. The center shall, as necessary and appropriate, promulgate regulations or
47 amendments to its existing regulations to require each individually licensed hospital to report
48 cost and cost trends information in a uniform manner, including cost and revenue information
49 sufficient to support the identification of key health care cost drivers, and operating margins for
50 all commercial business and for all state and federal government business. Such information
51 shall not be consolidated across multiple reporting entities. The center shall, before adopting
52 regulations under this section, consult with the group insurance commission, Centers for
53 Medicare and Medicaid Services, office of the attorney general, health policy commission,
54 executive office of health and human services, and representatives from the Massachusetts
55 Hospital Association, Massachusetts Medical Society, Massachusetts Association of Health
56 Plans, Blue Cross and Blue Shield of Massachusetts, Massachusetts Health Information
57 Management Association and the Massachusetts Health Data Consortium.