

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

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**The Commonwealth of Massachusetts**

PRESENTED BY:

*Patricia A. Duffy*

*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 address health care costs through the cost benchmark and rate review processes.

PETITION OF:

NAME:	DISTRICT/ADDRESS:	DATE ADDED:
<i>Patricia A. Duffy</i>	<i>5th Hampden</i>	<i>1/14/2025</i>

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

[Pin Slip]

**The Commonwealth of Massachusetts**

**In the One Hundred and Ninety-Fourth General Court  
(2025-2026)**

An Act to address health care costs through the cost benchmark and rate review processes.

*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 so appearing, is hereby amended by  
2 inserting after subsection (b) of section 10 the following subsection:-

3 (c) The commission may require a performance improvement plan to be filed with the  
4 commission for a health care entity that is identified by the center under section 18 of chapter  
5 12C.

6 SECTION 2. Chapter 6D of the General Laws, as so appearing, is hereby amended by  
7 striking out subsection (q) of section 10 and inserting in place thereof the following subsection:-

8 (q) If the commission determines that a health care entity has: (i) willfully neglected to  
9 file a performance improvement plan with the commission within 45 days as required under  
10 subsection (d); (ii) failed to file an acceptable performance improvement plan in good faith with  
11 the commission; (iii) failed to implement the performance improvement plan in good faith; or  
12 (iv) knowingly failed to provide or falsified information required by this section to the  
13 commission, the commission may: (A) assess a civil penalty to the health care entity of not more

14 than \$500,000 for a first violation, not more than \$750,000 for a second violation and not more  
15 than the amount of spending attributable to the health care entity that is in excess of the health  
16 care cost growth benchmark for a third or subsequent violation; provided, however, that a civil  
17 penalty assessed pursuant to one of the above clauses shall be a first offense if a previously  
18 assessed penalty was assessed pursuant to a different clause; (B) stay consideration of any  
19 material change notice submitted under section 13 of this chapter by the health care entity or any  
20 affiliates until the commission determines that the health care entity is in compliance with this  
21 section; and (C) notify the department of public health that the health care entity, if applying for  
22 a notice of determination of need, is not in compliance with this section. A civil penalty assessed  
23 under this subsection shall be deposited into the Healthcare Payment Reform Fund established  
24 under section 100 of chapter 194 of the acts of 2011. Except as otherwise expressly authorized  
25 under this section, the commission shall seek to promote compliance with this section and shall  
26 only impose a civil penalty as a last resort.

27 SECTION 3. Chapter 12C of the General Laws, as so appearing, is hereby amended by  
28 striking out section 18 and inserting in place thereof the following section:-

29 Section 18. (a) For the purposes of this section, "health care entity" shall mean a clinic,  
30 hospital, ambulatory surgical center, physician organization, carrier or an accountable  
31 care organization required to register under section 11.

32 (b) The center shall perform ongoing analysis of data it receives under this chapter to  
33 identify any health care entity whose:

34 (1) contribution to health care spending levels and growth, including but not limited to,  
35 spending levels and growth as measured by health status adjusted total medical expense, is

36 considered excessive and who threaten the ability of the state to meet the health care cost growth  
37 benchmark established by the health policy commission under section 9 of chapter 6D; provided,  
38 that the center shall identify cohorts for similar health care entities and establish differential  
39 standards for excessive growth rates, based on a health care entity's baseline spending, pricing  
40 levels and payer mix; or

41 (2) data is not submitted to the center in a proper, timely or complete manner.

42 (c) The center shall confidentially provide a list of the health care entities to the health  
43 policy commission such that the commission may pursue further action under section 10 of  
44 chapter 6D. Confidential referrals under this section shall not preclude the center from  
45 using its authority to assess penalties for noncompliance under section 11.

46 SECTION 4. The fifth paragraph of section 4 of chapter 176B of the General Laws, as so  
47 appearing, is hereby amended by striking out the first sentence and inserting in place thereof the  
48 following sentences:- Under such a group medical service agreement, subscription certificates  
49 and the rates charged by the corporation to the subscribers shall be filed with the commissioner  
50 within thirty days after their effective date. The commissioner shall approve, modify or  
51 disapprove any proposed changes to rates; provided, however, that the commissioner shall only  
52 modify or disapprove any proposed changes to rates that are excessive, inadequate or unfairly  
53 discriminatory; provided, further, that group plan contracts issued and rates charged by a  
54 nonprofit medical service corporation to its subscribers providing supplemental coverage to  
55 medicare shall be subject to the provisions of chapter one hundred and seventy-six K if the  
56 subscribers, and not their employer, employers or representatives, are billed directly for such  
57 contracts. No classification of risk may be established on the basis of age.

58           SECTION 5. The first paragraph of section 16 of chapter 176G of the General Laws, as  
59 so appearing, is hereby amended by inserting after the second sentence the following sentence:-  
60 The commissioner shall approve, modify or disapprove rates; provided, however, that the  
61 commissioner shall only modify or disapprove rates that are excessive, inadequate or  
62 unreasonable in relation to the benefits charged.

63           SECTION 6. Subsection (c) of section 6 of chapter 176J of the General Laws, as so  
64 appearing, is hereby amended by striking out the second sentence and inserting in place thereof  
65 the following sentence:- The commissioner shall approve, modify or disapprove any proposed  
66 changes to base rates; provided, however, that the commissioner shall only modify or disapprove  
67 any proposed changes to base rates that are excessive, inadequate or unreasonable in relation to  
68 the benefits charged.

69           SECTION 7. The first paragraph of subsection (d) of section 7 of chapter 176K of the  
70 General Laws, as so appearing, is hereby amended by striking out the second sentence and  
71 inserting in place thereof the following sentence:- The commissioner shall approve, modify or  
72 disapprove the proposed rates; provided, however, that the commissioner shall only modify or  
73 disapprove any proposed rates that are excessive, inadequate or unreasonable in relation to the  
74 benefits charged.