SENATE DOCKET, NO. 1126 FILED ON: 1/15/2025

SENATE . . . . . No. 917

The Commonwealth of Massachusetts

PRESENTED BY:

John C. Velis

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 the financial sustainability of the Health Safety Net.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
John C. Velis	*Hampden and Hampshire*

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SENATE . . . . . No. 917

By Mr. Velis, a petition (accompanied by bill, Senate, No. 917) of John C. Velis for legislation to address the financial sustainability of the Health Safety Net. Health Care Financing.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE SENATE, NO. *811* OF 2023-2024.]

The Commonwealth of Massachusetts

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

An Act to address the financial sustainability of the Health Safety Net.

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. Section 2OOO of Chapter 29 of the general laws is hereby amended by striking the third sentence in the second paragraph in its entirety and inserting in place thereof the following:- Money from the fund shall be transferred to the Health Safety Net Trust Fund, or any successor fund, as necessary to provide payments to acute hospitals and community health centers for reimbursable health services. No less than the amounts in subsection (b) of section 189 of chapter 149 of the general laws shall be annually transferred to the Health Safety Net Trust Fund.

SECTION 2. Section 189 of chapter 149 of the general laws is here by amended in subsection (b) by striking “$30,000,000” and replacing with “$60,000,000”.

SECTION 3. Section 64 of Chapter 118E of the General Laws, as appearing in the 2022 Official Edition, is hereby amended by inserting after the definition of “Resident” the following new definition:-

"Supplemental shortfall assessment", an amount equal to 50 percent of the annual revenue shortfall in the Health Safety Net Trust fund as determined by the executive office pursuant to subsection (a) of section 68A.

SECTION 4. Section 66 of Chapter 118E of the General Laws, as so appearing, is hereby amended in subsection (b) by striking out clause (i) and inserting in place thereof the following:- “all amounts paid by hospitals and managed care organizations under sections 67, 68 and 68A;”.

SECTION 5. Section 66 of Chapter 118E of the General Laws, as so appearing, is hereby further amended in subsection (b) by inserting after the words “money transferred”, the following:- “by the executive office in accordance with section 68A of this chapter,”.

SECTION 6. Chapter 118E of the General Laws, as so appearing, is hereby amended by adding the following new section:-

Section 68A. Supplemental MCO Assessment to Fund Shortfall

(a) No later than April 1 of the year preceding the start of the fund fiscal year, the executive office shall estimate the projected total reimbursable health services provided by acute hospitals and community health centers and emergency bad debt costs, the total funding available and any projected shortfall after adjusting for reimbursement payments to hospitals and community health centers. If a shortfall in revenue is estimated to exist in any fund fiscal year to cover projected costs for reimbursement of health services, the executive office shall allocate 50

percent of that shortfall amount to managed care organizations subject to an assessment in section 68 of Chapter 118E and that are not Medicaid managed care organizations.

(b) The executive office shall allocate the supplemental shortfall assessment in a manner consistent with the methods promulgated by the executive office to determine the managed care liability defined in section 68, with the exception that the supplemental shortfall assessment shall only be assessed to managed care organizations that are not Medicaid managed care organizations.

(c) The supplemental shortfall assessment shall be paid to the Health Safety Net Trust Fund, established in section 66, by managed care organizations subject to the assessment on a monthly basis and shall be assessed on all managed care organization services subject to assessment. The executive office shall finalize the supplemental surcharge amount for each fund fiscal year using best available data no later than 60 days after the fund fiscal year end.

(d) The secretary of health and human services shall implement the supplemental shortfall assessment described in this section and shall promulgate regulations necessary to support implementation of said assessment. In promulgating such regulations, the secretary of health and human services shall, at a minimum: (i) establish set assessment rates for the supplemental shortfall assessment; (ii) establish any necessary reporting requirements for managed care organizations; (iii) establish an appropriate mechanism for enforcing each managed care organization's supplemental shortfall assessment liability to the Health Safety Net Trust Fund, established in section 66, if a managed care organization rendering managed care organization services subject to assessment does not make a scheduled payment to the Health Safety Net Trust Fund; (iv) specify an appropriate mechanism for determination and payment of

a managed care organization’s supplemental shortfall assessment liability to the Health Safety Net Trust Fund; (v) identify the managed care organization services subject to the supplemental shortfall assessment; (vi) specify an appropriate mechanism for the determination of a managed care organization’s liability in cases of merger or transfer of ownership; and (vii) specify an appropriate mechanism by which any amounts paid by a managed care organization in excess of its supplemental shortfall assessment may be refunded or otherwise credited to the managed care organization.

SECTION 7. Section 69 of Chapter 118E of the General Laws, as so appearing, is hereby amended in subsection (b) by striking out the second sentence and inserting in place thereof the following:- “If a shortfall in revenue exists in any fund fiscal year to cover projected costs for reimbursement of health services, the office shall allocate 50 percent of that shortfall in a manner that reflects each hospital's proportional financial requirement for reimbursements from the fund, including, but not limited to, the establishment of a graduated reimbursement system and under any additional regulations promulgated by the office.”