

Joint Committee on Health Care Financing 2025-2026 (194th) Bill Summary

<u>Bill Number:</u>	House, No. 1387
<u>Title:</u>	AN ACT TO INCREASE REIMBURSEMENT FOR LOW HISTORIC RELATIVE PRICE HOSPITALS
<u>Sponsor:</u>	Representative Christopher M. Markey (Dartmouth)
<u>Hearing Date:</u>	July 15, 2025
<u>Reporting Deadline:</u>	September 13, 2025
<u>Prior History:</u>	New Bill
<u>Similar Matters:</u>	N/A

Current Law:

M.G.L. Ch. 6D § 1, as amended by chapter 343 of the acts of 2024, “*An Act enhancing the market review process [H5159]*”, defines certain terms as they are to be understood within the context of Chapter 6D, which governs the operations and activities of the Health Policy Commission (HPC), an independent agency within the Executive Office of Administration and Finance to set health care cost growth goals, enhance provider organization transparency, monitor and review marketplace changes, and establish a health care cost growth benchmark for the average growth in total health care expenditures.

M.G.L. Ch. 12C § 1, as amended by chapter 343 of the acts of 2024, “*An Act enhancing the market review process [H5159]*”, defines certain terms as understood within the context of Chapter 12C, which governs the operations and activities of the Center for Health Information and Analysis (CHIA), an independent agency tasked with collecting and analyzing health care data and publishing annual reports on health care costs, cost trends, market power, and quality data in support of the annual health care cost trends hearings conducted by the HPC.

M.G.L. Ch. 12C § 8, as amended by chapter 343 of the acts of 2024, “*An Act enhancing the market review process [H5159]*”, governs data reporting requirements for institutional providers and their parent organizations and any other affiliated entities including significant equity investors, health care real estate investment trusts and management services organizations, non-institutional providers and provider organizations.

M.G.L. Ch. 12C § 9, as amended by chapter 343 of the acts of 2024, “*An Act enhancing the market review process [H5159]*”, governs data reporting requirements for registered provider organizations.

M.G.L. Ch. 12C § 10 governs data reporting requirements for private and public health care payers and third party administrators of information necessary to analyze trends in health insurance costs and utilization.

M.G.L. Ch. 12C §11, as amended by chapter 343 of the acts of 2024, “*An Act enhancing the market review process [H5159]*”, directs the Center for Health Information and Analysis to ensure the timely reporting of data and of information required under sections 8, 9, 10 and 10A of chapter 12C.

M.G.L. Chapter 12C § 16, as amended by chapter 343 of the acts of 2024, “*An Act enhancing the market review process [H5159]*”, requires CHIA to publish an annual report on health care cost trends based on data

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collected from health care providers, provider organizations, private and public health care payers, pharmaceutical manufacturing companies and pharmacy benefit managers under sections 8 through 10A of chapter 12C, market power reviews as required under section 13 of chapter 6D, and quality data collected under section 15 of chapter 12C.

Summary: SECTION 1 of the proposed legislation inserts into Chapter 6D a new 4A directing the HPC to establish a rate equity target for the equitable reimbursement by payers to independent community hospitals with an average statewide relative price across all carriers during a 5-year period of less than 0.90. The HPC rate equity target is set as follows:

- For Benchmark Cycle 2026 to 2029, carriers must ensure in-network payment rates to such hospitals that are no less than 15% of their average in-network acute hospital relative price.
- For Benchmark Cycle 2029 to 2032, the average annual reimbursement rate increase from a carrier to such hospitals shall be not less than 2% above the applicable health care cost growth benchmark.
- For Benchmark Cycle 2032 to 2035, the average annual reimbursement rate increase from a carrier to such hospitals shall be not less than 1% above the applicable health care cost growth benchmark.
- For Benchmark Cycle 2035 to 2038, and in each benchmark cycle beyond, the average annual reimbursement rate increase from a carrier to such hospitals shall be not less than the applicable health care cost growth benchmark.