

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

<u>Bill Number:</u>	House, No. 1354
<u>Title:</u>	AN ACT TO ADDRESS THE FINANCIAL SUSTAINABILITY OF THE HEALTH SAFETY NET
<u>Sponsor:</u>	Representative Daniel Cahill (Lynn)
<u>Hearing Date:</u>	July 15, 2025
<u>Reporting Deadline:</u>	September 13, 2025
<u>Prior History:</u>	2023-24 (H1217/S811): A refile of similar legislation, H1217 & S0811, from the 2023-2024 legislative session. Referred to the Joint Committee on Health Care Financing. Public hearing on October 17, 2023. Accompanied a study order on May 9, 2024, see H4634. No further action taken. 2021-22 (H1286/S819): A refile of H1286 & S0819 from the 2021-2022 legislative session. Referred to the Joint Committee on Health Care Financing. Public hearing held on June 29, 2021. H1286 accompanied a study order on October 13, 2022, see H5102. No further action taken. S0819 accompanied a study order on March 31, 2022, see S2800. No further action taken.
<u>Similar Matters:</u>	S917 (Velis – Identical, Health Care Financing)

Current Law:

M.G.L. Ch. 29 § 2000 establishes the Commonwealth Care Trust Fund. Funds are used to provide subsidized health insurance on options on the Commonwealth Health Insurance Connector and can be transferred to the Health Safety Net Trust Fund.

M.G.L. Ch. 118E § 1 designates the Executive Office of Health and Human Services [EOHHS] as the single state agency responsible for the administration of any programs of medical assistance and medical benefits established pursuant to Chapter 118E. The Secretary of EOHHS is authorized to take actions, through the division of medical assistance [DMA] and the secretary of aging and independence, as appropriate, in this capacity, in accordance with section 2 of Chapter 118E.

M.G.L. Chapter 118E § 8A defines certain terms as understood within the context of sections 13C to 13K, inclusive, and sections 64 to 70, inclusive, of chapter 118E.

M.G.L. Ch. 118E §§ 64 through 70, inclusive, governs administration of the Health Safety Net Trust Fund, administered by EOHHS.

M.G.L. Ch. 149 §189 directs the department of unemployment assistance to collect an Employer Medical Assistance Contribution [EMAC]. The EMAC requires employers to pay a contribution defined by multiplying wages of the employer paid its employees by the contribution rate of 0.51 percent for all employers who employ 5 or more employees. The purpose of EMAC is to support the provision of subsidized health care services funded by the Commonwealth Care Trust Fund, Funds collected under the EMAC are deposited into the Commonwealth Care Trust Fund, with not less than \$30,000,000 transferred annually to the Health Safety Net Trust Fund.

Summary:

SECTION 1 of the proposed legislation amends section 2000 of Chapter 29 to directly tie the annual total amount of funds collected from EMAC, deposited in the Commonwealth Care Trust Fund, and then transferred

to the Health Safety Net Trust Fund to the statutory minimum amount established in subsection (b) of section 189 of chapter 149, as amended in SECTION 2 of the proposed legislation.

SECTION 2 of the proposed legislation amends subsection (b) of section 189 of chapter 149 by increasing minimum annual total amount of funds collected from EMAC and deposited in the Commonwealth Care Trust Fund from \$30,000,000 to \$60,000,000.

SECTION 3 of the proposed legislation amends section 64 of chapter 118E by inserting the following new definition related to the establishment of the new Supplemental MCO Assessment pursuant to section 68A of chapter 118E, inserted by SECTION 6 of the proposed legislation:

- “Supplemental surcharge amount” as “an amount equal to 50 per cent 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.”

SECTIONS 4 & 5 of the proposed legislation amend subsection (b) of section 66 of Chapter 118E by making technical changes related to the establishment of the new Supplemental MCO Assessment pursuant to section 68A of chapter 118E, inserted by SECTION 6 of the proposed legislation.

SECTION 6 of the proposed legislation inserts into Chapter 118E a new section, Section 68A, establishing a “Supplemental MCO Assessment”. The proposal section directs EOHHS to annually project the total amount required to pay Health Safety Net claims from acute hospitals and community health centers, identify any estimated shortfall to cover such claims, and impose a supplemental assessment upon managed care organizations, excluding Medicaid managed care organizations, to generate an amount equal to 50% of the total estimated shortfall.

SECTION 7 of the proposed legislation amends subsection (b) of section 69 of chapter 118E to require EOHHS to allocate 50% of any annual shortfall in projected Health Safety Net funds “in a manner that reflects each hospital's proportional financial requirement for reimbursements.”