

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

Bill Number: House, No. 1372

Title: AN ACT TO IMPROVE HEALTH CARE COST ACCOUNTABILITY

Sponsor: Representative Kevin G. Honan (Brighton)

Hearing Date: June 2, 2025

Reporting Deadline: August 1, 2025

Prior History: 2023-24 (H1203): Accompanied a new draft of multiple matters (H4620), reported favorably and referred to House Ways and Means; Passed to be engrossed and published as amended (H4643); Read and referred to Senate Ways and Means; Reported favorably by Senate Ways and Means with a new draft (S2871); Reprinted as amended (S2881); Conference committee (H5159) reported to the House. Conference committee report accepted, enacted; Signed by the Governor on January 8, 2025, see Chapter 343 of the Acts of 2024.*

2021-22 (H1275): Accompanied H4248, a new draft of multiple matters; reported Ought to Pass and referred to House Ways & Means; Recommended ought to pass with an amendment, and referred to the House Committee on Steering, Policy & Scheduling; see: H4253; H4253 read third, amended, engrossed and published; see: H4262; Read in the Senate and referred to Senate Ways & Means; No further action taken.**

Similar Matters: S905 (Rush – Identical, Health Care Financing)

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. 6D § 8, as amended by chapter 343 of the acts of 2024, “*An Act enhancing the market review process [H5159]*”, directs the HPC to hold annual public hearings, based on the report submitted by the Center for Health Information and Analysis (CHIA) pursuant to section 16 of chapter 12C. The hearing examines the costs, prices and cost trends of health care providers,

provider organizations, private and public health care payers, pharmaceutical manufacturing companies and pharmacy benefit managers and any relevant impact of significant equity investors, health care real estate investment trusts, management services organizations costs, prices, and cost trends, with particular attention to factors that contribute to cost growth within the commonwealth's health care system and trends in annual primary care and behavioral health expenditures. The HPC shall identify witnesses for the hearing, who shall give testimony under oath and be subject to examination and cross examination. Witnesses are required to provide testimony on specific subjects, including testimony concerning costs, payment systems, and relative prices. The HPC compiles an annual report concerning spending trends and underlying factors, along with any recommendations for strategies to increase the efficiency of the health care system, based on the commission's analysis of information provided at the hearings by witnesses, providers, provider organizations and payers, registration data collected pursuant to section 11, data collected or analyzed by the center pursuant to sections 8 to 10A, inclusive, of chapter 12C and any other available information that the commission considers necessary. The report shall be submitted to the house and senate committees on ways and means and the joint committee on health care financing and shall be published and available to the public not later than December 31 of each year.

M.G.L. Ch. 6D § 13 requires providers and provider organizations to provide the HPC, CHIA and the AGO with advance notice of any impending material change, which includes any of the following: a corporate merger or affiliation with, or acquisition of, a provider or provider organization and a carrier, hospital, or hospital system; an acquisition of an insolvent provider organization; a merger or acquisition resulting in a provider organization having a near-majority of market share in a given service or region. Section 13 also directs the HPC to determine whether a material change may affect the competitive market or significantly impede the Commonwealth's ability to meet the health care cost growth benchmark, in which case HPC may conduct a Cost and Market Impact Review (CMIR).

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 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 § 10A inserted by chapter 342 of the acts of 2024, “An relative to pharmaceutical access, costs and transparency [S3012]”, governs data reporting requirements for pharmacy benefit managers.

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 CHIA 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 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 amends section 1 of Chapter 6D by inserting the following new definition:

- “Weighted Average Payer Rate” or “WAPR”, a measure by which a sum of the inpatient revenue per discharge and outpatient revenue per visit is separately calculated for Commercial, Medicare, and Medicaid. A weighted average of the three resulting values is derived, with the Net Patient Service Revenue - based payer mix of the three payers serving as weights.

SECTION 2 of the proposed legislation amends subsection (a) of section 8 of chapter 6D, as originally appearing in Chapter 224 of the Acts of 2012, to expand the scope of HPC’s annual health care cost trends hearing to include an examination WAPR data.

SECTION 3 of the proposed legislation amends subsection (e) of section 8 of chapter 6D, as originally appearing in Chapter 224 of the Acts of 2012, to require providers and provider organizations offering witness testimony at the HPC’s annual health care cost trends hearing to include WAPR data in their testimony.

SECTION 4 of the proposed legislation amends subsection (d) of section 13 of chapter 6D, as originally appearing in Chapter 224 of the Acts of 2012, by requiring the HPC to specifically include data on WAPR in comparison to statewide total health care expenditures when examining a provider’s or provider organization’s costs and cost trends data submitted during a CMIR.

SECTION 5 of the proposed legislation amends subsection (d) of section 13 of chapter 6D, as originally appearing in Chapter 224 of the Acts of 2012, by requiring the HPC to specifically include data on the WAPR paid to each acute hospital and physician organization when examining a provider’s or provider organization’s costs and cost trends data submitted during a CMIR.

SECTION 6 of the proposed legislation amends section 1 of Chapter 12C by inserting the following new definition:

- “Weighted Average Payer Rate” (WAPR), a measure by which a sum of the inpatient revenue per discharge and outpatient revenue per visit is separately calculated for Commercial, Medicare, and Medicaid. A weighted average of the three resulting values is derived, with the Net Patient Service Revenue - based payer mix of the three payers serving as weights.

SECTION 7 of the proposed legislation amends subsection (d) of section 10 of chapter 12C, as originally appearing in Chapter 224 of the Acts of 2012, by requiring the public and private health care payers utilizing alternative payment contracts to submitted to CHIA the WAPR paid to each acute hospital and physician organization.

SECTION 8 of the proposed legislation amends subsection (a) of section 16 of chapter 12C, as originally appearing in Chapter 224 of the Acts of 2012, by requiring CHIA’s annual cost trends report to incorporate data on the WAPR paid to each acute hospital and physician organization.

Notes:

Detailed legislative history:

2023-24: Refile of H1203 & S0802 from the 2023-2024 legislative session; Referred to the Joint Committee on Health Care Financing. Public hearing on September 12, 2023. Accompanied H4620, new draft of multiple matters, reported Ought to Pass on May 2, 2024 and referred to House Ways & Means. Recommended ought to pass with an amendment, substituting therefor a bill with the same title, on May 15, 2024 and referred to the House Committee on Steering, Policy & Scheduling with the amendment pending; see: H4643. Reported, rules suspended, read second, adopted as amended and ordered to a third reading on May 15, 2024. Read third, amended, and Passed to be Engrossed - 152 YEAS to 1 NAYS (See YEA and NAY, No. 107) and published as amended on May 16, 2024; see: H4643. Read in the Senate and referred to Senate Ways & Means on May 20, 2024. Recommended ought to pass with an amendment striking out all after the enacting clause and inserting in place thereof the text of S2871 on July 15, 2024. Read second, amended, read third, and Passed to be Engrossed - 38 YEAS to 2 NAYS (See Roll Call, No. 214). House NON-concurred in the Senate amendment and Committee of conference appointed - (Lawn-F. Moran-Kane) on July 22, 2024. Senate insists on its amendment and Committee of conference appointed (Friedman-Cronin-Tarr), in concurrence, on July 24, 2024. Reported from the committee on conference, conference report accepted, in concurrence, and Enacted on December 30, 2024, see: H5159. Signed by the Governor on January 8, 2025, see: Chapter 343 of the Acts of 2024.*

2021-22: Refile of H1275 & S0812 from the 2021-2022 legislative session. Referred to the Joint Committee on Health Care Financing. Public hearing on June 29, 2021. Accompanied H4248, a new draft of H1247; H1253; H1259; H1260; H1262; H1275; H1282; H1285; H1294; S0778; and S0812; reported Ought to Pass on November 15, 2021 and referred to House Ways & Means. Recommended ought to pass with an amendment, substituting therefor a bill with the same title, on November 15, 2021 and referred to the House Committee on Steering, Policy & Scheduling with the amendment pending; see: H4253. Reported that the matter be placed in the Orders of the Day for a second reading with the amendment pending, rules suspended, read second, adopted as

amended and ordered to a third reading on November 15, 2021. H4253 read third, amended, engrossed and published as amended on November 17, 2021; see: H4262. Read in the Senate and referred to Senate Ways & Means on January 6, 2022. No further action taken.**