

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

<u>Bill Number:</u>	House, No. 1376
<u>Title:</u>	AN ACT RELATIVE TO THE OPERATING BUDGETS OF HEALTH CARE OVERSIGHT AGENCIES
<u>Sponsor:</u>	Representative Hannah Kane (Shrewsbury)
<u>Hearing Date:</u>	June 2, 2025
<u>Reporting Deadline:</u>	August 1, 2025
<u>Prior History:</u>	2023-24 (H1209): 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.*
<u>Similar Matters:</u>	S864 (Finegold – Identical, Health Care Financing)

Current Law:

Chapter 6D of the General Laws establishes the Health Policy Commission [HPC] as 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 § 6 governs assessments levied upon acute hospitals, ambulatory surgical centers, non-hospital provider organizations, pharmaceutical manufacturing companies and pharmacy benefit managers to cover the estimated operational expenses of the HPC. The assessed amount for acute hospitals, ambulatory surgical centers and non-hospital provider organizations is not less than 30 per cent nor more than 40 per cent of the amount appropriated by the general court for the expenses of the commission. To the maximum extent permissible under federal law, non-hospital provider organizations are assessed not less than 3 per cent nor more than 8 per cent of the total assessed amount for acute hospitals, ambulatory surgical centers and non-hospital provider organizations. The assessed amount for pharmaceutical manufacturing companies and pharmacy benefit managers is not less than 5 per cent nor more than 10 per cent of the amount appropriated by the general court for the expenses of the commission.

M.G.L. Ch. 6D § 9 directs the HPC board to establish a health care cost growth benchmark for the average growth in total health care expenditures. The benchmark shall be the growth rate of potential gross state product minus 0.5%.

Chapter 12C of the General Laws establishes CHIA as an independent agency tasked with collecting and analyzing health care data and publish 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 § 1 defines certain terms as they are to be understood within the context of Chapter 12C, which governs the operation and activities of the CHIA.

M.G.L. Ch. 12C §7 governs assessments levied upon acute hospitals, ambulatory surgical centers, non-hospital provider organizations, pharmaceutical manufacturing companies and pharmacy benefit managers to cover the estimated operational expenses of CHIA. The assessed amount for acute hospitals, ambulatory surgical centers and non-hospital provider organizations is not less than 30 per cent nor more than 40 per cent of the amount appropriated by the general court for the expenses of the center. To the maximum extent permissible under federal law, non-hospital provider organizations are assessed not less than 3 per cent nor more than 8 per cent of the total assessed amount for acute hospitals, ambulatory surgical centers and non-hospital provider organizations. The assessed amount for pharmaceutical manufacturing companies and pharmacy benefit managers is not less than 5 per cent nor more than 10 per cent of the amount appropriated by the general court for the expenses of the center.

M.G.L. Ch. 118E § 64 defines certain terms as they are to be understood within the context of sections 64 through 69, inclusive, of Chapter 118E including, but not limited to, the following terms: “allowable reimbursement”; “assessed charges”; “Medicaid managed care organization”, “managed care organization”; and “Total managed care organization services assessment amount”

M.G.L. Ch. 118E § 68 establishes a system for assessing managed care organizations (MCOs) to fund the Health Safety Net Trust Fund. It requires MCOs to pay a monthly assessment based on the type and volume of services they provide, with specific categories and rates set by the Secretary of Health and Human Services.

101 CMR 614 governs the Health Safety Net assessments, payments and funding available for payments to acute hospitals and community health centers.

957 CMR 3.00 governs payment to CHIA from acute hospitals, ambulatory surgical centers (ASC) and surcharge payors subject to the assessment levied pursuant to section 7 of Chapter 12C. CHIA calculates an assessment percentage for every hospital and ASC by dividing each entity's individual gross patient service revenue (GPSR) for the most recent fiscal year with complete data by the total of all GPSR reported by all hospitals and ASCs. GPSR is the total dollar amount a hospital or ASC charges for services provided in a fiscal year. A surcharge payor is subject to assessment if their payments were at least \$1 million during the last 12-month period for which complete data was received by CHIA. Assessment liabilities are calculated as follows:

- Hospital and ASC liability: product of the assessment percentage in 957 CMR 3:03(2); and half of CHIA’s expenses
- Surcharge payor liability: surcharge payer assessment percentage defined in 957 CMR 3.04(4); and half of CHIA’s expenses.

958 CMR 2.00 governs payment to HPC from acute hospitals, ambulatory surgical centers and surcharge payors subject to the assessment levied pursuant to section 6 of Chapter 6D.

Summary:

This legislation amends section 6 of chapter 6D and section 7 of chapter 12C by capping the annual growth of the assessments levied for the operations of the HPC and CHIA to not more than the growth rate of the health care cost growth benchmark approved by the HPC.

Notes:

New draft of H1209 (2023-24 legislative session) excluded majority of proposed legislation.

Detailed legislative history:

Similar to H1209 & S746 from the 2023-2024 legislative session. H1209 & S746 referred to the Joint Committee on Health Care Financing. Public hearing on June 20, 2023. Accompanied a new draft (H4620) on May 2, 2024. Summary Prepared by the House Staff of the Joint Committee on Health Care Financing

H4620 reported favorably on May 2, 2024, and referred to House Ways and Means. Reported favorably by House Ways and Means with a new draft (H4620) on May 15, 2024. Received third reading by House Bills in the Third Reading on May 16, 2024. Passed to be engrossed on May 16, 2024. Published as amended (H4643) on May 16, 2024. Read and referred to Senate Ways and Means on May 20, 2024. Reported favorably by Senate Ways and Means with a new draft (S2871) on July 15, 2024. Reprinted as amended (S2881) on July 18, 2024. Third reading on July 18, 2024. Passed to be engrossed on July 18, 2024. House non-concurred with the Senate amendment on July 22, 2024. Conference committee appointed on July 22, 2024. Reported from conference committee on December 30, 2024, to the House. Conference committee report accepted by the House on December 30, 2024. Conference committee report accepted by the Senate on December 30, 2024. Enacted and laid before the Governor on December 30, 2024. Signed by the Governor on January 8, 2025 (Chapter 343 of the Acts of 2024).*