

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

<u>Bill Number:</u>	House, No. 1381
<u>Title:</u>	AN ACT RELATIVE TO STABILIZING THE COMMONWEALTH'S NURSING FACILITIES
<u>Sponsor:</u>	Representative John J. Lawn (Watertown)
<u>Hearing Date:</u>	July 1, 2025
<u>Reporting Deadline:</u>	August 30, 2025
<u>Prior History:</u>	2023-24 (H1218): A refile of H1218 from the 2023-2024 legislative session. Referred to the Joint Committee on Health Care Financing. Public hearing on June 13, 2023. Accompanied H39299, a new draft of H0616, H0627, H0648, S0364, S0378, S0379, and S0384, which was reported favorable as amended by the Joint Committee on Elder Affairs and referred to Health Care Financing on June 15, 2023. H3929 reported by Health Care Financing Ought to Pass, accompanied by H1166, H1216, H1218, S0736, S0739, S0780, and S0791, on October 30, 2023, and referred to House Ways & Means. Recommended Ought to Pass with an amendment substituting a new draft, H4178, read second, read third, engrossed as amended, see H4178 [Roll Call No. 69, 158 to 0] on November 15, 2023. H4193 read in Senate and referred to Senate Ways & Means on November 11, 2023. Recommended Ought to Pass with an amendment substituting a new draft, S2889, and accompanied by S2527 and S2604 on July 22, 2024. Read second, amended and reprinted as S2900, read third, and engrossed [Roll Call No. 223, 39 to 0] on July 25, 2024. House NON-concurred in the Senate amendment and a Committee of Conference appointed, in concurrence (Stanley-Peisch-Kane), Senate insists on its amendment and a Committee of Conference appointed (Rodrigues-Jehlen-O'Connor) on July 29, 2024. Report of Committee of Conference reported by H5033, rules suspended, Conference report accepted in the House, and Senate, and H5033 enacted and laid before the Governor on August 29, 2024. Signed by the Governor on September 6, 2024, see Chapter 197 of the Acts of 2024.
<u>Similar Matters:</u>	S839 (Brady)

Current Law:

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. Ch. 118E § 9 establishes the Massachusetts Medicaid program and outlines its basic eligibility criteria.

M.G.L. Ch. 118E § 9A authorizes DMA to implement a combined Medicaid program and Children's Health Insurance Program (CHIP), known as MassHealth, in accordance with the terms and conditions of a demonstration project approved by the Secretary pursuant to section 1115(a) of the Social Security Act, 42 U.S.C. Section 1315(a) or any other federal waiver or demonstration authority and lists beneficiary categories for whom MassHealth may provide medical benefits.

M.G.L. Ch. 118E § 12 authorizes the DMA to establish methods, policies, procedures, standards and criteria, except medical standards and criteria, as may be necessary for the proper and efficient operation of MassHealth

programs. DMA is further authorized to enter into contracts and negotiate reimbursement rates with providers of care and manufacturers of medical services, equipment and supplies, subject to review by the executive office for administration and finance.

M.G.L. Ch. 118E § 13C directs the Executive Office of Health and Human Services [EOHHS], or an agency designated by EOHHS, to establish MassHealth payment rates and the rates paid by governmental units for health care services and social service programs. Payment rates must be i) “adequate to meet the costs incurred by efficiently and economically operated facilities providing care and services in conformity with applicable state and federal laws and regulations and quality and safety standards” and ii) within the financial capacity of the Commonwealth.

M.G.L. Ch. 118E § 13D directs EOHHS, or an agency designated by EOHHS, to perform its rate making functions, after conducting a public hearing on proposed rates, at least annually for institutional providers and at least biennially for non-institutional providers.

M.G.L. Ch. 188E § 83, inserted by section 22 of chapter of Chapter 197 of the Acts of 2024, “*An Act to improve quality and oversight of long term care*” (H5033), requires MassHealth to set the skilled nursing facilities rate base year to no more than 2 years prior to the current rate year for the Medicaid rate determination purposes. The first year this will be effective will be 2025, which will be based on 2023 data.

101 CMR 206 establishes rates of payment set by EOHHS for services rendered to publicly aided and industrial accident residents by nursing facilities, including residents in a residential care unit of a nursing facility.

Summary:

The proposed legislation amends Chapter 118E by inserting the following 5 new Sections:

SECTION 79 directs EOHHS to annually account for inflationary costs when setting nursing home rates by adjusting rates for allowable resident care base year costs to the rate year using the annual unadjusted Skilled Nursing Facility Market Basket Update as established by the Centers for Medicare and Medicaid in the Medicare Skilled Nursing Facility prospective payment system rule.

SECTION 80 directs EOHHS, when setting Medicaid nursing home rates (within context of recognizing labor and resident care costs), to use base year costs for rate determination, not more than two years prior to the current annual rate.

SECTION 81 directs EOHHS, when setting nursing home rates, to set the so-called Nursing Cost Per Diem at the statewide average plus 10%.

SECTION 82 directs EOHHS, when setting nursing home rates for facilities at which Medicaid residents “represent 75 percent or greater of all resident care days”, to include in a minimum 5% rate adjustment.

SECTION 83 directs EOHHS, when setting nursing home rates, to set the rate for construction projects receiving DPH approval under the Determination of Need program that are connection with, but not limited to, conversion of rooms with three or more residents to one- and two-bedded rooms, at a rate no less than the capital payment using the capital standard payment calculation methodology in effect on September 30, 2019 under 101 CMR 206.05.