

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

<b><u>Bill Number:</u></b>	House, No. 1397
<b><u>Title:</u></b>	AN ACT ADDRESSING UNFAIR BUSINESS PRACTICES IN HEALTH CARE
<b><u>Sponsor:</u></b>	Representative James J. O’Day (West Boylston)
<b><u>Hearing Date:</u></b>	June 2, 2025
<b><u>Reporting Deadline:</u></b>	August 1, 2025
<b><u>Prior History:</u></b>	New Bill
<b><u>Similar Matters:</u></b>	S854 (Cyr – 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. Section 1 includes the following definition:

- “Private equity company”, any company that collects capital investments from individuals or entities and purchases, as a parent company or through another entity that the company completely or partially owns or controls, a direct or indirect ownership share of a provider, provider organization or management services organization; provided, however, that “private equity company” shall not include venture capital firms exclusively funding startups or other early-stage businesses.

**M.G.L. Chapter 26, §§ 1, 6** establish the Division of Insurance (DOI) and the position of commissioner of insurance within the division.

**M.G.L. Ch. 26 § 7A, as amended by chapter 343 of the acts of 2024, “An Act enhancing the market review process [H5159]”,** establishes the health care access bureau to oversee and regulate small group and individual health insurance markets and health plans, and to provide information to consumers about health insurance coverage and access to affordable products.

**Chapter 93A of the General Laws, titled “Regulation of Business Practices for Consumers Protection, prohibits unfair methods of competition and unfair or deceptive acts or practices in the conduct of trade or commerce”, governs the regulation of business practices for consumer protection, including investigations and actions by the Office of the Attorney General (AGO) to prevent unfair methods of competition or anti-competitive behavior.**

**Chapter 111 of the General Laws** directs the department of public health to establish, maintain, and enforce certain offices, programs, and authorities pertaining to the general health and welfare of the Commonwealth.

**M.G.L. Chapter 175 § 108** governs individual accident and sickness health insurance policies, including the conditions under which the commissioner of insurance may approve or disapprove “of such form of policy if the benefits provided therein are unreasonable in relation to the premium charged, or if it contains any provision which is unjust, unfair, inequitable, misleading or deceptive, or which encourages misrepresentation as to such policy.”

**M.G.L. Chapter 175 § 110** governs group accident and sickness health insurance policies.

**Chapter 176A of the General Laws** governs individual or group hospital service plans issued by a non-profit hospital service corporation [Blue Cross].

**Chapter 176B of the General Laws** governs the standards needed to establish, maintain and operate a non-profit medical service corporation [Blue Shield].

**Chapter 176G of the General Laws** individual or group health maintenance contract issued by a Health Maintenance Organization (HMO).

**Chapter 176I of the General Laws** governs nongroup or group preferred provider plans [PPO] and authorizes the commissioner of insurance to promulgate regulations concerning such plans, including the conditions under which the commissioner of insurance may approve or disapprove of plans filed with the division.

**Chapter 176J of the General Laws** governs the merged individual and small group insurance market.

**Summary:**

**SECTION 1** of the proposed legislation inserts into Chapter 111 a new section 255, consisting of the following 2 subsections:

- **Subsection (a)** prohibits an out-of-network “provider of health care services” that is both licensed by DPH and also owned by a “private equity company” from seeking payment in excess of 200% of a “payer’s average contracted reimbursement rate” if the provider has “refused to negotiate in good faith” to provide services under a contract.
- **Subsection (b)** deems a violation of this section to be an unfair or deceptive act or practice under chapter 93A.