

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

<u>Bill Number:</u>	House, No. 767
<u>Title:</u>	AN ACT CLARIFYING THE RATE SETTING PROCESS FOR HOME HEALTH AND HOME CARE SERVICES
<u>Sponsor:</u>	Representative Carmine Lawrence Gentile (Sudbury)
<u>Hearing Date:</u>	July 1, 2025
<u>Reporting Deadline:</u>	August 30, 2025
<u>Prior History:</u>	2023-24 (H1195/S755): H1195 reported favorably and referred to House Ways and Means, accompanied by S755. No further action taken. 2021-22: (H737/S774): S774 reported favorably and referred to Senate Ways and Means, accompanied by H737. No further action.
<u>Similar Matters:</u>	S870 (Jehlen – Identical, Health Care Financing)

Current Law:

M.G.L. Chapter 19A § 4 outlines the powers of the Secretary of the Department of Elder Affairs with regards to the needs of elderly persons and the adult handicapped, including the planning, development and implementation of the home care program.

M.G.L. Chapter 111 § 5K requires “home health agencies”, as defined, to appropriately licensed by the Department of Public Health (DPH). Entities are prohibited from operating as a home health agency and from using the term “home health” to describe services without a home health agency license issued by DPH. Home health agencies certified for participation in either Medicare or Medicaid are deemed to meet the requirements for initial licensure by DPH. Within this section:

- The term “Home health agency” is defined as “an entity or organization that provides home health services; provided, however, that “home health agency” shall not include an entity operated by either the federal government or the commonwealth providing home health services.”
- The term “Home health services” is defined as “skilled nursing services or other therapeutic services provided in a patient's home with supervision by a physician or registered nurse.”

Chapter 118E of the General Laws pertains to the state Medicaid program (MassHealth).

M.G.L. Chapter 118E, § 13C directs 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. Paragraph two directs EOHHS to set rates for nursing homes and rest homes annually on or before October 1 using as a base year the reported costs if the calendar year not more than 4 years prior to the current rate year, adjusted for reasonableness. EOHHS is further directed to establish rates utilizing such methods and standards, as outlined in this paragraph, necessary to ensure reimbursement for those costs which must be incurred by efficiently and economically operated facilities and providers.

M.G.L. Chapter 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.

101 CMR 350 establishes rates of payment for home health services described in 130 CMR 403 that are provided by eligible providers to publicly aided individuals.

130 CMR 403 sets forth the regulatory obligations of home health agencies participating in MassHealth.

Summary:

SECTION 1 of the proposed legislation adds a new paragraph to section 13D of chapter 118E that establishes in statute a rate setting process for home health agencies and continuous skilled nursing agencies and directs EOHHS to set rates for home health agencies and continuous skilled nursing agencies at least biennially as follows:

- utilizing as base year costs reported calendar year not more than 4 years prior to the current rate year, adjusted for “reasonableness” and” any new regulatory costs imposed” since the base year;
- considering “all costs which must be incurred by efficiently and economically operated providers;
- including an allowance for reasonable “administrative expenses” and “profit factor”, using a cost analysis that shall include, but not be limited to, the following: costs of similar services provided in other care settings; use of national or regional indices to measure increases or decreases in reasonable costs incurred since the base year; the revision of existing historical cost bases, where applicable, to reflect changing norms or models of efficient service delivery; and other means to encourage the cost-efficient delivery of services.

The Secretary of EOHHS is directed to file a report with the House and Senate Committees on Ways & Means detailing how home health and continuous skilled nursing rates under this section were analyzed and revised, including a comparison of compare “inflationary considerations” when new rates are established by the designated rate setting agency. In determining the methodology for setting rates, the Secretary shall consult with stakeholders impacted by the rates.

SECTION 2 of the proposed legislation inserts a new section 4E into chapter 19A, directing the Executive Office of Aging & Independence (EOAI), to consider changes to the minimum wage or employer payroll tax obligations as governmental mandates that affect the costs of providing homemaker and personal care homemaker services to elderly clients when establishing rates for social service programs. EOAI shall also consider and analyze rates of payment and wages associated with providing similar services in both the public and private settings. EOAI is directed to calculate operating costs by considering costs of health insurance; employee benefits and training; payroll taxes; technology costs; administrative allocation, and staff salaries using the latest available national or regional indices and benchmarked to the latest available Bureau of Labor Statistics median wage data.

The Secretary of EOAI is directed to file a report with the House and Senate Committees on Ways and Means detailing how home health rates under this section were analyzed and revised, including a comparison of compare “inflationary considerations” when new rates are established by the designated rate setting agency. In determining the methodology for setting rates, the Secretary shall consult with stakeholders impacted by the rates.