

HOUSE No. 1186

The Commonwealth of Massachusetts

PRESENTED BY:

David M. Nangle

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act strengthening HPC and CHIA market oversight.

PETITION OF:

NAME:

David M. Nangle

DISTRICT/ADDRESS:

17th Middlesex

HOUSE No. 1186

By Mr. Nangle of Lowell, a petition (accompanied by bill, House, No. 1186) of David M. Nangle relative to oversight of the market by the Health Policy Commission and the Center for Health Information and Analysis. Health Care Financing.

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-First General Court
(2019-2020)**

An Act strengthening HPC and CHIA market oversight.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Chapter 6D of the General Laws, as appearing in the 2014 Official Edition,
2 is hereby amended by striking section 13 in its entirety and replacing it with the following new
3 language: -

4 Section 13. (a) Every provider or provider organization shall, before making any material
5 change to its operations or governance structure, submit notice to the commission, the center and
6 the attorney general of such change, not fewer than 60 days before the date of the proposed
7 change. Material changes shall include, but not be limited to: a corporate merger, acquisition or
8 affiliation of a provider or provider organization and a carrier; mergers or acquisitions of
9 hospitals or hospital systems; acquisition of insolvent provider organizations; and mergers or
10 acquisitions of provider organizations which will result in a provider organization having a near-
11 majority of market share in a given service or region.

12 Within 30 days of receipt of a notice filed under the commission’s regulations, the
13 commission shall conduct a preliminary review to determine whether the material change is
14 likely to result in a significant impact on the commonwealth’s ability to meet the health care cost
15 growth benchmark, established in section 9, or on the competitive market. If the commission
16 finds that the material change is likely to have a significant impact on the commonwealth’s
17 ability to meet the health care cost growth benchmark, or on the competitive market, the
18 commission shall conduct a cost and market impact review under this section.

19 (b) In addition to the grounds for a cost and market impact review set forth in subsection
20 (a), if the commission finds, based on the center’s annual report, that the percentage change in
21 total health care expenditures exceeded the health care cost growth benchmark in the previous
22 calendar year, the commission shall conduct a cost and market impact review of any provider
23 organization identified by the center under section 16 of chapter 12C.

24 (c) The commission shall initiate a cost and market impact review by sending the
25 provider or provider organization notice of a cost and market impact review which shall explain
26 the basis for the review and the factors that the commission seeks to examine through the review.
27 The provider organization shall submit to the commission, within 21 days of the commission’s
28 notice, a written response to the notice, including, but not limited to, any information or
29 documents sought by the commission which are described in the commission’s notice.

30 (d) A cost and market impact review may examine factors relating to the provider or
31 provider organization’s business and its relative market position, including, but not limited to:

32 (i) the provider or provider organization’s size and market share within its primary
33 service areas by major service category, and within its dispersed service areas; (ii) the provider

34 or provider organization's prices for services, including its relative price compared to other
35 providers for the same services in the same market; (iii) the provider or provider organization's
36 health status adjusted total medical expense, including its health status adjusted total medical
37 expense compared to similar providers; (iv) the quality of the services it provides, including
38 patient experience; (v) provider cost and cost trends in comparison to total health care
39 expenditures statewide; (vi) the availability and accessibility of services similar to those
40 provided, or proposed to be provided, through the provider or provider organization within its
41 primary service areas and dispersed service areas; (vii) the provider or provider organization's
42 impact on competing options for the delivery of health care services within its primary service
43 areas and dispersed service areas including, if applicable, the impact on existing service
44 providers of a provider or provider organization's expansion, affiliation, merger or acquisition, to
45 enter a primary or dispersed service area in which it did not previously operate; (viii) the
46 methods used by the provider or provider organization to attract patient volume and to recruit or
47 acquire health care professionals or facilities; (ix) the methods used by the provider or provider
48 organization to direct patient care to the appropriate and lowest-cost setting within its system and
49 to eliminate unnecessary duplication of health care services within the system; (x) the role of the
50 provider or provider organization in serving at-risk, underserved and government payer patient
51 populations, including those with behavioral, substance use disorder and mental health
52 conditions, within its primary service areas and dispersed service areas; (xi) the role of the
53 provider or provider organization in providing low margin or negative margin services within its
54 primary service areas and dispersed service areas; (xii) consumer concerns, including but not
55 limited to, complaints or other allegations that the provider or provider organization has engaged

56 in any unfair method of competition or any unfair or deceptive act or practice; and (xiii) any
57 other factors that the commission determines to be in the public interest.

58 (e) The commission shall make factual findings and issue a preliminary report on the cost
59 and market impact review within 180 days. If the Commission finds in its review that the
60 provider organization's request: (i) has resulted or is likely to result in any unfair method of
61 competition;(ii) has resulted or is likely to result in any unfair or deceptive act or practice, (iii)
62 has resulted or is likely to result in increased health care costs that threaten the health care cost
63 growth benchmark; (iv) will substantially lessen competition, or otherwise violate antitrust laws;
64 (v) will not result in or produce increased efficiencies, higher quality of care and lower costs for
65 payers and patients; or (vi) there is no persuasive evidence that the proposed lower costs,
66 efficiencies, and improvements to quality can only be achieved through this transaction, the
67 Commission may deny the provider's request for a material change. At any time during its
68 review, the Commission may refer its findings, together with any supporting documents, data or
69 information to the attorney general for further review and action.

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71 (f) Within 30 days after issuance of a preliminary report, the provider or provider
72 organization may respond in writing to the findings in the report. The commission shall then
73 issue its final report. If the commission approves the transaction the commission shall forward its
74 decision to the attorney general, who shall make an independent legal determination as to
75 whether the transaction satisfies the requirements of state and federal antitrust law and any and
76 all guidance issued by the U.S. Department of Justice and the Federal Trade Commission.

77 (g) Any provider organization aggrieved by any such decision by the Commission to
78 deny a request for a material change may request an adjudicatory hearing pursuant to chapter
79 thirty A within twenty-one days of the Commission's decision. The Commission shall notify the
80 attorney general and the division of insurance upon receipt of such hearing request. Said hearing
81 shall be conducted within thirty days of the Commission's receipt of the hearing request. The
82 attorney general may intervene in a hearing under this subsection and may require the production
83 of additional information or testimony. The Commission shall issue a written decision within
84 thirty days of the conclusion of the hearing.

85 (h) A provider organization aggrieved by said written decision may, within twenty days
86 of said decision, file a petition for review in the supreme judicial court for Suffolk County.
87 Review by the supreme judicial court on the merits shall be limited to the record of the
88 proceedings before the commissioner and shall be based upon the standards set forth in
89 paragraph (7) of section fourteen of chapter thirty A.

90 (i) When the commission, under subsection (f), refers a report on a provider or provider
91 organization to the attorney general, the attorney general may: (i) conduct an investigation to
92 determine whether the provider or provider organization engaged in unfair methods of
93 competition or anti-competitive behavior in violation of chapter 93A or any other law; (ii) report
94 to the commission in writing the findings of the investigation and a conclusion as to whether the
95 provider or provider organization engaged in unfair methods of competition or anti-competitive
96 behavior in violation of chapter 93A or any other law; and (iii) if appropriate, take action under
97 chapter 93A or any other law to protect consumers in the health care market. The commission's
98 final report may be evidence in any such action.

99 (j) Nothing in this section shall limit the authority of the attorney general to protect
100 consumers in the health care market under any other law.

101 (k) The commission shall adopt regulations for conducting cost and market impact
102 reviews and for administering this section. These regulations shall include definitions of material
103 change and non-material change, primary service areas, dispersed service areas, dominant market
104 share, materially higher prices and materially higher health status adjusted total medical
105 expenses, and any other terms as necessary. All regulations promulgated by the commission shall
106 comply with chapter 30A.

107 (l) Nothing in this section shall limit the application of other laws or regulations that may
108 be applicable to a provider or provider organization, including laws and regulations governing
109 insurance.

110 SECTION 2. Section 8 of Chapter 6D of the General Laws, as appearing in the Official
111 Edition, is hereby amended by inserting after the last sentence in paragraph (b), the following
112 new language:

113 “Any provider or provider organization that has been identified by the center under
114 section 18 of chapter 12C as exceeding the health care cost growth benchmark for any given year
115 shall be prohibited by the commission from making any material change to its operations or
116 governance structure that would otherwise require notice to the commission pursuant to section
117 13 of this chapter. The commission may exclude a provider or provider organization from this
118 prohibition if the market share of the provider or provider organization is below a threshold as
119 determined by the commission, or if the provider or provider organization’s total medical
120 expenses or relative price are below the statewide median. The prohibition shall continue until

121 the center has determined that the provider or provider organization has lowered its relative price
122 and total medical expenses to a level at or below the cost growth benchmark.

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124 SECTION 3. Section 8 of Chapter 6D of the General Laws, as appearing in the Official
125 Edition, is hereby amended by inserting after paragraph (f), the following new language:

126 (g) As part of the annual public hearings established herein, the commission shall conduct
127 an annual review of the status of all the commission-approved material changes pursuant to
128 section 13 of this chapter, to determine whether the benefits providers have given as the reasons
129 for coming together, such as lower costs, better integration or improved quality, have been
130 realized. The commission shall collect written testimony from relevant parties and identify
131 additional witnesses for the public hearing. Witnesses shall provide testimony subject to
132 examination and cross examination by the commission, the executive director of the center and
133 attorney general at the public hearing in a manner and form to be determined by the commission.
134 Testimony may include, but not be limited to: (i) the impact of the material change on the
135 relative price and total medical expenses; (ii) the impact of the material change on insurer
136 reimbursement rates; (iii) the quality of the services provided; (iv) the impact of the material
137 change on consumer access to services; (v) the extent to which the material change resulted in
138 measurable increases in efficiencies, coordination of care or other benefits of integration; (vi) the
139 impact of the material change on competing options for the delivery of health care services
140 within its primary service areas and dispersed service areas including, if applicable, the impact
141 on existing service providers of a provider or provider organization's expansion, affiliation,

142 merger or acquisition, to enter a primary or dispersed service area in which it did not previously
143 operate; (vii) any other factors that the commission determines to be in the public interest.

144 The commission shall issue a report that details the findings of the public hearing,
145 including any and all oral and written testimony and shall include any actions taken by the
146 commission against any provider or provider organization. The report shall be posted on the
147 commission's website and shall be filed with the house of representatives and senate clerks, the
148 house and senate committees on ways and means, and the joint committee on health care
149 financing.

150 If the commission finds that an approved material change has failed to produce the stated
151 benefits, the commission may: (i) subject the provider or provider organization to enhanced
152 review, including but not limited to a new cost and market impact review, (ii) require the
153 provider or provider organization to complete a corrective action plan, or (iii) prohibit the
154 provider or provider organization from making any additional material changes to its operating
155 or governance structure for one year following a reevaluation and approval by the commission.

156 If the commission finds that an approved material change has failed to produce the stated
157 benefits and the provider or provider organization has exceeded the health care cost growth
158 benchmark, the commission shall notify the Center for Health Information and Analysis of the
159 extent by which the provider or provider organization has exceeded the health care cost growth
160 benchmark. The Center for Health Information and Analysis shall calculate an amount that
161 reflects the cost to the Commonwealth of that excess and that amount shall be used to either
162 reduce the Health Safety Net payments to that provider or provider organization or to increase
163 the payments by that provider or provider organization to the Health Safety Net, or a

164 combination of both to achieve the result. The Center for Health Information and Analysis shall
165 develop a method for collecting data from providers or provider organizations necessary to make
166 the calculations mandated by this section and the methodology used in determining the amount
167 by which the provider or provider organization's participation in Health Safety Net payments or
168 assessments will be affected.