

HOUSE No. 602

The Commonwealth of Massachusetts

PRESENTED BY:

Josh S. Cutler

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 relative to hospital profit transparency and fairness.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
<i>Josh S. Cutler</i>	<i>6th Plymouth</i>
<i>Brian M. Ashe</i>	<i>2nd Hampden</i>
<i>Bruce J. Ayers</i>	<i>1st Norfolk</i>
<i>Thomas J. Calter</i>	<i>12th Plymouth</i>
<i>Kate D. Campanale</i>	<i>17th Worcester</i>
<i>Linda Dean Campbell</i>	<i>15th Essex</i>
<i>James M. Cantwell</i>	<i>4th Plymouth</i>
<i>Gerard Cassidy</i>	<i>9th Plymouth</i>
<i>Tackey Chan</i>	<i>2nd Norfolk</i>
<i>Mike Connolly</i>	<i>26th Middlesex</i>
<i>Edward F. Coppinger</i>	<i>10th Suffolk</i>
<i>Daniel Cullinane</i>	<i>12th Suffolk</i>
<i>Mark J. Cusack</i>	<i>5th Norfolk</i>
<i>Marjorie C. Decker</i>	<i>25th Middlesex</i>
<i>Diana DiZoglio</i>	<i>14th Essex</i>
<i>Daniel M. Donahue</i>	<i>16th Worcester</i>
<i>Michelle M. DuBois</i>	<i>10th Plymouth</i>
<i>James J. Dwyer</i>	<i>30th Middlesex</i>

<i>Denise C. Garlick</i>	<i>13th Norfolk</i>
<i>Colleen M. Garry</i>	<i>36th Middlesex</i>
<i>Kenneth I. Gordon</i>	<i>21st Middlesex</i>
<i>Danielle W. Gregoire</i>	<i>4th Middlesex</i>
<i>Stephan Hay</i>	<i>3rd Worcester</i>
<i>Natalie Higgins</i>	<i>4th Worcester</i>
<i>Patricia D. Jehlen</i>	<i>Second Middlesex</i>
<i>Louis L. Kafka</i>	<i>8th Norfolk</i>
<i>Mary S. Keefe</i>	<i>15th Worcester</i>
<i>John J. Lawn, Jr.</i>	<i>10th Middlesex</i>
<i>Jack Lewis</i>	<i>7th Middlesex</i>
<i>Paul W. Mark</i>	<i>2nd Berkshire</i>
<i>Michael O. Moore</i>	<i>Second Worcester</i>
<i>David M. Nangle</i>	<i>17th Middlesex</i>
<i>Harold P. Naughton, Jr.</i>	<i>12th Worcester</i>
<i>Patrick M. O'Connor</i>	<i>Plymouth and Norfolk</i>
<i>James J. O'Day</i>	<i>14th Worcester</i>
<i>Denise Provost</i>	<i>27th Middlesex</i>
<i>Angelo J. Puppolo, Jr.</i>	<i>12th Hampden</i>
<i>David M. Rogers</i>	<i>24th Middlesex</i>
<i>John H. Rogers</i>	<i>12th Norfolk</i>
<i>Thomas M. Stanley</i>	<i>9th Middlesex</i>
<i>Walter F. Timilty</i>	<i>Norfolk, Bristol and Plymouth</i>
<i>Steven Ultrino</i>	<i>33rd Middlesex</i>
<i>Chris Walsh</i>	<i>6th Middlesex</i>

HOUSE No. 602

By Mr. Cutler of Duxbury, a petition (accompanied by bill, House, No. 602) of Josh S. Cutler and others relative to hospital profit transparency and fairness and the establishment of a Medicaid reimbursement enhancement fund. Health Care Financing.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. 979 OF 2015-2016.]

The Commonwealth of Massachusetts

**In the One Hundred and Ninetieth General Court
(2017-2018)**

An Act relative to hospital profit transparency and fairness.

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. Definitions

2 As used in this section, the following words shall have the following
3 meanings:-

4 Facility, a hospital licensed under Section 51, of Chapter 111 of the General Laws, the
5 teaching hospital of the University of Massachusetts medical school, any licensed private or
6 state-owned and state-operated general acute care hospital, an acute psychiatric hospital, an acute
7 care specialty hospital, or any acute care unit within a state operated healthcare facility. This
8 definition shall not include rehabilitation facilities or long-term care facilities.

9 Compensation, salary; bonus payments, whether based on performance or otherwise;
10 deferred compensation; incentive payments; severance payments; loans to be repaid on terms,
11 including interest, less burdensome than market rate; value of use of facility-provided vehicles,
12 housing or other perquisites not available to all employees; stock or stock options and any
13 dividends or other incidents of the ownership thereof.

14 "Minimum facility compensation" the value of the annual compensation received by a
15 full time employee of a facility earning minimum wage as set under G.L. c. 151 1, or if none,
16 then the lowest-paid full time employee.

17 Section 2: If in any fiscal year a facility that accepts funds from the Commonwealth, and
18 whose patient mix is less than 60% government payer, reports to the Center for Health
19 Information and Analysis an annual operating margin, including amortization and depreciation,
20 that exceeds 8%, that facility shall be subject to a civil penalty equal to the amount by which the
21 annual operating margin exceeds 8%.

22 Section 3: If the Chief Executive Officer of a facility that accepts funds from the
23 Commonwealth receives annual compensation greater than 100 times the minimum facility
24 compensation, the facility shall be subject to a civil penalty equal to the amount by which the
25 Chief Executive Officer's annual compensation exceeds 100 times the value of the minimum
26 facility compensation.

27 Section 4. Each facility that accepts funds from the Commonwealth shall report annually
28 to the Center for Health Information and Analysis all financial assets owned by the facility,
29 including those held in financial institutions outside the United States or invested outside the

30 United States. Unless prohibited by other law, the Center for Health Information and Analysis
31 shall make this information public within 7 calendar days of receipt.

32 Section 5. There is hereby established on the books of the Commonwealth a fund to be
33 known as the Medicaid Reimbursement Enhancement Fund. Any penalties collected as a result
34 of violations of this act shall be deposited into this fund, and subject to appropriation, shall be
35 used to improve Medicaid reimbursement to eligible hospitals.

36 Section 6: This act shall not be construed to impair any contract or agreement in effect as
37 of July 1, 2015.

38 Section 7: The Health Policy Commission shall promulgate regulations governing the
39 implementation, operation and enforcement of this act.

40 Section 8: Severability. The provisions of this act are severable, and if any clause,
41 sentence, paragraph or section of this law or an application thereof shall be adjudged by any
42 court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate
43 the remainder thereof but shall be confined in its operation to the clause, sentence, paragraph,
44 section or application adjudged invalid and such clause, sentence, paragraph, section or
45 application shall be reformed and construed so that it would be valid to the maximum extent
46 permitted.

47 Section 9: The provisions of this act shall be effective commencing on July 1, 2015.