

**HOUSE . . . . . No. 978**

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The Commonwealth of Massachusetts

PRESENTED BY:

*Mark J. Cusack*

*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 expanding the distressed hospital fund to the moral obligation bond program.

PETITION OF:

NAME:

*Mark J. Cusack*

DISTRICT/ADDRESS:

*5th Norfolk*

**HOUSE . . . . . No. 978**

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By Mr. Cusack of Braintree, a petition (accompanied by bill, House, No. 978) of Mark J. Cusack relative to expanding the distressed hospital fund to the moral obligation bond program. Health Care Financing.

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[SIMILAR MATTER FILED IN PREVIOUS SESSION  
SEE HOUSE, NO. 1016 OF 2013-2014.]

The Commonwealth of Massachusetts

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**In the One Hundred and Eighty-Ninth General Court  
(2015-2016)**  
—————

An Act expanding the distressed hospital fund to the moral obligation bond program.

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

1 Notwithstanding the provisions of any general or special law or regulation to the  
2 contrary:

3 A. Section 2-10 of Appendix to Chapter 69 of the General Laws is hereby amended  
4 by inserting the following subsection after subsection (g):

5 “(h) For the benefit of nonprofit community hospitals, the authority shall establish a  
6 special funds to be known as the Community Hospital Short-Term Loan Fund and, to the extent  
7 so created, shall be funded from the Distressed Hospital Fund established under section 29 of  
8 chapter 224 of the acts of 2012 as follows: an amount equal to fifty percent of the required  
9 maximum debt service reserve fund amount on any nonprofit community hospital bonds then to

10 be issued shall be paid into in the Community Hospital Short-Term Loan Fund up to a maximum  
11 amount of ten million dollars.”

12 B. Paragraph (g)(11) of Section 2-10 of Appendix to Chapter 69 of the General  
13 Laws, as added by section 21 of chapter 9 of the acts of 2011, is hereby amended by deleting it in  
14 its entirety and inserting the following:

15 “Notwithstanding any general or special law to the contrary, in the event that a nonprofit  
16 community hospital fails to reimburse the commonwealth for any transfer made by the  
17 commonwealth to the authority to replenish the Community Hospital and Community Health  
18 Center Capital Reserve Fund under paragraph 3 within 6 months after any such transfer and as  
19 otherwise provided under the terms of the agreement among the nonprofit community hospital,  
20 the authority and the commonwealth authorized under paragraph 7, the nonprofit community  
21 hospital may access the Community Hospital Short-Term Loan Fund to reimburse the  
22 commonwealth to cover all or portion of the amount the nonprofit community hospital has failed  
23 to pay the commonwealth, provided that the nonprofit community hospital replenishes the  
24 Community Hospital Short-Term Loan Fund in-full within 12 months of accessing such funds.  
25 In the event that the nonprofit community hospital does not replenish such funds, the secretary of  
26 administration and finance may, in the secretary’s sole discretion, direct the comptroller to  
27 withhold any funds in the comptroller’s custody that are due or payable to the nonprofit  
28 community hospital to cover all or a portion of the amount the nonprofit community hospital has  
29 failed to pay the commonwealth to reimburse the commonwealth for any such transfers.

30 In the event that a nonprofit community health center fails to reimburse the  
31 commonwealth for any transfers made by the commonwealth to the authority to replenish the

32 Community Hospital and Community Health Center Capital Reserve Fund under paragraph 3  
33 within 6 months after any such transfer and as otherwise provided under the terms of the  
34 agreement among the nonprofit community health center, the authority and the commonwealth  
35 authorized under paragraph 7, the secretary of administration and finance may, in the secretary's  
36 sole discretion, direct the comptroller to withhold any funds in the comptroller's custody that are  
37 due or payable to the nonprofit community health center to cover all or a portion of the amount  
38 the nonprofit community health center has failed to pay to the commonwealth to reimburse the  
39 commonwealth for any such transfers.

40 All contracts issued by the group insurance commission, the commonwealth health  
41 insurance connector authority and MassHealth to a third party for the purposes of providing  
42 health care insurance paid for by the commonwealth shall provide that, at the direction of the  
43 secretary of administration and finance, the third party shall withhold payments to a nonprofit  
44 community hospital or nonprofit community health center which fails to reimburse the  
45 commonwealth under the agreement authorized under paragraph 7 and shall transfer the withheld  
46 amount to the commonwealth. Any such withheld and transferred amounts shall be considered to  
47 have been paid to the nonprofit community hospital or nonprofit community health center for all  
48 other purposes of law, and the nonprofit community hospital or nonprofit community health  
49 center shall be considered to have reimbursed the commonwealth in an amount equal to such  
50 withheld and transferred funds for purposes of the agreement authorized under said paragraph 7.