

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

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**The Commonwealth of Massachusetts**

PRESENTED BY:

**Geraldine Creedon**

*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 passage of the accompanying bill:

An Act For Strategic Investment in the Commonwealth's Chronically Distressed Hospitals Program.

PETITION OF:

NAME:

Geraldine Creedon

DISTRICT/ADDRESS:

11th Plymouth

# The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

## AN ACT FOR STRATEGIC INVESTMENT IN THE COMMONWEALTH'S CHRONICALLY DISTRESSED HOSPITALS 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 any general or special law to the contrary, there shall be established a program  
2 called the Strategic Investment in Chronically Distressed Hospital Program ("SICDSH"). The purpose of  
3 said SICDSH program shall be to provide annual additional funding from the Executive Office of Health  
4 and Human Services, MassHealth Office, to Disproportionate Share ("DSH") Hospitals, as defined by  
5 114.1 CMR 36.04 and M.G.L. 118G §1, located in economically distressed or tourist-based communities  
6 that consistently show net operating margin below the Massachusetts hospital industry median due to  
7 underfunding from MassHealth program reimbursement and losses on publicly funded behavioral  
8 health care programs. The criteria for a hospital's eligibility for the SICDSH program shall include  
9 consideration of such hospital's payer mix percentage and its operating margin based on annual hospital  
10 filings to the Commonwealth's Division of Health Care Finance and Policy (the "Division") for the  
11 preceding hospital fiscal year, adjusted to exclude any grants awarded from the Essential Community  
12 Provider Trust Fund. DSH hospitals that have a corporate affiliation with any managed care  
13 organization under contract with the Executive Office of Health and Human Services, Office of  
14 Masshealth ("Masshealth Office"), shall not be eligible to participate. The SICDSH program shall provide  
15 annual funding relief to eligible DSH hospitals based on an analysis and findings by the Division from a  
16 review of the eligibility criteria for relief. DSH hospitals may petition the Division to request a  
17 determination of eligibility for a payment through the SICDSH program. A determination of eligibility  
18 shall cause the MassHealth Office to upwardly adjust said hospital's MassHealth rates and inpatient  
19 psychiatric rates, as reimbursed either through the Masshealth Office or its single statewide contractor  
20 for managed behavioral health care services, to bring said eligible hospital's operating margin up to the  
21 industry median for all hospitals statewide, as determined by hospital cost reports on file with the  
22 Division for the prior fiscal year. Said review and adjustment shall be completed within 90 days of the  
23 close of the hospital fiscal year for each eligible hospital. Hospitals that receive funding from the SICDSH

24 program shall maintain records of amounts received from the program and of expenditures made from  
25 such funds, and shall make such records available for inspection upon request by the Division.

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