

**SENATE . . . . . No.**

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**The Commonwealth of Massachusetts**

PRESENTED BY:

**John A. Hart, Jr.**

*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 Ensuring Providers Receive Reimbursement for Inflationary Cost Increases.**

PETITION OF:

NAME:

John A. Hart, Jr.

DISTRICT/ADDRESS:

First Suffolk

[SIMILAR MATTER FILED IN PREVIOUS SESSION  
SEE SENATE, NO. S00404 OF 2007-2008.]

**The Commonwealth of Massachusetts**

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**In the Year Two Thousand and Nine**

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AN ACT ENSURING PROVIDERS RECEIVE REIMBURSEMENT FOR INFLATIONARY COST INCREASES.

*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 118G of the General Laws, as appearing in the 2000 Official Edition, is  
2 hereby amended by adding after section 24, the following new section:-

3 Section 25. Notwithstanding the provisions of any general law or special law or any rule  
4 or regulation to the contrary including any other section of this chapter 118G or of chapter 118E  
5 of the General Laws, the commissioner shall, in establishing rates of payment, whether by  
6 regulation or by contractual arrangement, for nursing homes and rest homes as defined under  
7 section seventy-one of chapter one hundred and eleven, for acute hospitals and non-acute  
8 hospitals as defined under section one hereof and for home health care as defined as a plan of  
9 care, ordered by a physician, and delivered by an agency that is a provider certified under Title  
10 XVIII and Title XIX, and meeting the Medicare conditions of participation for home health  
11 agencies in Massachusetts, appoint a committee to develop and recommend a methodology for

12 establishing cost adjustment factors to project for the effect of inflation for every year after a  
13 base year period. The committee shall consist of five independent consultants who are not  
14 otherwise employed by the commonwealth with experience in the field of health care economics.  
15 At least one member of the committee shall be designated by the Massachusetts Extended Care  
16 Federation, at least one member of the committee shall be designated by the Massachusetts  
17 Hospital Association and at least one member shall be designated by the Massachusetts Home  
18 and Health Care Association.

19 every year after a base year period. The committee shall consist of five independent consultants  
20 who are not otherwise employed by the commonwealth with experience in the field of health  
21 care economics. The Massachusetts Extended Care Federation shall designate at least one  
22 member of the committee, the Massachusetts Hospital Association shall designate at least one  
23 member of the committee and the Massachusetts Home and Health Care Association shall  
24 designate at least one member.

25 The methodology for developing the cost adjustment factors shall be applied to the appropriate  
26 portion of reimbursable costs of nursing homes, rest homes, hospitals and home health care so  
27 that the cost of said institutions subject to inflation are adequately reimbursed. The methodology  
28 for developing the cost adjustment factors shall include but not be limited to the appropriate  
29 external price indicators and shall also include but not be limited to the data from major or  
30 collective bargaining agreements as reported quarterly by the federal department of labor, bureau  
31 of labor statistics for supervisory and nonsupervisory personnel.

32 Thirty days prior to the commencement of a rate period affecting nursing homes, rest homes,  
33 hospitals and home health care as the case may be, the committee shall provide to the  
34 commissioner its recommendation as to the methodology to be used to determine the cost

35 adjustment factors for said rate period. The committee shall monitor the actual price movements  
36 of the external price indicators used in the methodology and based on such actual price  
37 movements and shall recommend to the commissioner the cost adjustment factors for each year  
38 after any base year period. The commissioner shall consider the recommendations of the  
39 committee when directing the division of health care finance and policy to make such  
40 adjustments to the rates set for nursing homes, rest homes, hospitals and home health care  
41 forthwith as provided for herein. Such adjustments, once approved by the commissioner, shall be  
42 automatic notwithstanding any caps or ceilings on administrative and general costs or other  
43 operating costs imposed by the division of health care finance and policy, or imposed by the  
44 division of medical assistance under any regulation or under any contractual arrangement. Any  
45 contract entered into by the division of medical assistance affecting rates set for nursing homes  
46 and rest homes and hospitals shall be automatically adjusted to reflect adjustments made by the  
47 commissioner to the cost adjustment factors.

48 This section shall apply to the rates established for nursing homes, rest homes, acute hospitals,  
49 non-acute hospitals and home health care, pursuant to any waiver of otherwise applicable federal  
50 requirements which the division of health care finance and policy or the division of medical  
51 assistance has obtained or may obtain from the secretary of health and human services for the  
52 purpose of implementing any type of managed care service delivery system.