

SENATE No.

The Commonwealth of Massachusetts

PRESENTED BY:
Bruce E. Tarr

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 relative to parity in assessments by the health care safety net fund.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Bruce E. Tarr	First Essex and Middlesex

The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

AN ACT RELATIVE TO PARITY IN ASSESSMENTS BY THE HEALTH CARE SAFETY NET FUND.

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. Section 34 of Chapter 118G of the General Laws is hereby amended by striking it
2 in its entirety and replacing it with the following:-

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4 “Section 34. Definitions applicable to Secs. 34 to 39”

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6 "Acute hospital", the teaching hospital of the University of Massachusetts medical school and
7 any hospital licensed under section 51 of chapter 111 and which contains a majority of medical-
8 surgical, pediatric, obstetric and maternity beds, as defined by the department of public health.

9 "Allowable reimbursement", payment to acute hospitals and community health centers for
10 health services provided to uninsured or underinsured patients of the commonwealth under
11 section 39 and any further regulations promulgated by the health safety net office.

12 "Ambulatory surgical center", a distinct entity that operates exclusively for the purpose of
13 providing surgical services to patients not requiring hospitalization and meets the requirements
14 of the federal Health Care Financing Administration for participation in the Medicare program.

15 "Ambulatory surgical center services", notwithstanding any provision of general or special law
16 or regulation to the contrary, shall be defined as services described for purposes of the Medicare
17 program under 42 U.S.C. 1395k(a)(2)(F)(I). These services include both facility services and
18 surgical and other related medical procedures.

19 "Bad debt", an account receivable based on services furnished to a patient which: (i) is regarded
20 as uncollectible, following reasonable collection efforts consistent with regulations of the office,
21 which regulations shall allow third party payers to negotiate with hospitals to collect the bad
22 debts of its enrollees; (ii) is charged as a credit loss; (iii) is not the obligation of a governmental
23 unit or the federal government or any agency thereof; and (iv) is not a reimbursable health care
24 service.

25 "Community health center", a health center operating in conformance with the requirements of
26 Section 330 of United States Public Law 95-626, including all community health centers which
27 file cost reports as requested by the division of health care finance and policy.

28 "Critical access services", those health services which are generally provided only by acute
29 hospitals, as further defined in regulations promulgated by the division.

30 "Director", the director of the health safety net office.

31 "DRG", a patient classification scheme known as diagnosis related grouping, which provides a
32 means of relating the type of patients a hospital treats, such as its case mix, to the cost incurred
33 by the hospital.

34 "Emergency bad debt", bad debt resulting from emergency services provided by an acute
35 hospital to an uninsured or underinsured patient or other individual who has an emergency
36 medical condition that is regarded as uncollectible, following reasonable collection efforts
37 consistent with regulations of the office.

38 "Emergency medical condition", a medical condition, whether physical or mental, manifesting
39 itself by symptoms of sufficient severity, including severe pain, that the absence of prompt
40 medical attention could reasonably be expected by a prudent layperson who possesses an average
41 knowledge of health and medicine to result in placing the health of the person or another person
42 in serious jeopardy, serious impairment to body function or serious dysfunction of any body
43 organ or part or, with respect to a pregnant woman, as further defined in section 1867(e)(1)(B) of
44 the Social Security Act, 42 U.S.C. 1295dd(e)(1)(B).

45 "Emergency services", medically necessary health care services provided to an individual with
46 an emergency medical condition.

47 "Financial requirements", a hospital's requirement for revenue which shall include, but not be
48 limited to, reasonable operating, capital and working capital costs, the reasonable costs of
49 depreciation of plant and equipment and the reasonable costs associated with changes in medical
50 practice and technology.

51 "Fund", the Health Safety Net Trust Fund established under section 36.

52 "Fund fiscal year", the 12-month period starting in October and ending in September.

53 "Gross patient service revenue", the total dollar amount of a hospital's charges for services
54 rendered in a fiscal year.

55 "Health services", medically necessary inpatient and outpatient services as mandated under
56 Title XIX of the federal Social Security Act. Health services shall not include: (1) nonmedical
57 services, such as social, educational and vocational services; (2) cosmetic surgery; (3) canceled
58 or missed appointments; (4) telephone conversations and consultations; (5) court testimony; (6)
59 research or the provision of experimental or unproven procedures including, but not limited to,
60 treatment related to sex-reassignment surgery and pre-surgery hormone therapy; and (7) the
61 provision of whole blood, but the administrative and processing costs associated with the
62 provision of blood and its derivatives shall be payable.

63 "Laboratory," shall be defined for these purposes as a laboratory that is licensed by the
64 department of public health and pursuant to M.G.L. c. 111D section 1(1) that is not operated by a
65 community health center.

66 "Office", the health safety net office established under section 35.

67 "Payments subject to surcharge", notwithstanding any provision of general or special law or
68 regulation to the contrary, shall be defined as all amounts paid, directly or indirectly, by
69 surcharge payors to acute hospitals for health care services, to ambulatory surgical centers for
70 ambulatory surgical center services, to specialty health care providers for specialty health care
71 services, and to laboratories as defined in this section; and provided, however, that "payments
72 subject to surcharge" shall not include: (i) payments, settlements and property or casualty

73 insurance policies; (ii) payments made on behalf of Medicaid recipients, Medicare beneficiaries
74 or persons enrolled in policies issued under chapter 176K or similar policies issued on a group
75 basis; and provided further, that “payments subject to surcharge” may exclude amounts
76 established by regulations promulgated by the division for which the costs and efficiency of
77 billing a surcharge payor or enforcing collection of the surcharge from a surcharge payor would
78 not be cost effective.

79 "Pediatric hospital", an acute care hospital which limits services primarily to children and which
80 qualifies as exempt from the Medicare Prospective Payment system regulations.

81 "Pediatric specialty unit", a pediatric unit of an acute care hospital in which the ratio of licensed
82 pediatric beds to total licensed hospital beds as of July 1, 1994 exceeded 0.20. In calculating that
83 ratio, licensed pediatric beds shall include the total of all pediatric service beds, and the total of
84 all licensed hospital beds shall include the total of all licensed acute care hospital beds, consistent
85 with Medicare's acute care hospital reimbursement methodology as put forth in the Provider
86 Reimbursement Manual Part 1, Section 2405.3G.

87 "Private sector charges", gross patient service revenue attributable to all patients less gross
88 patient service revenue attributable to Titles XVIII and XIX, other public-aided patients,
89 reimbursable health services and bad debt.

90 "Reimbursable health services", health services provided to uninsured and underinsured patients
91 who are determined to be financially unable to pay for their care, in whole or part, under
92 applicable regulations of the office; provided that the health services are emergency, urgent and
93 critical access services provided by acute hospitals or services provided by community health

94 centers; and provided further, that such services shall not be eligible for reimbursement by any
95 other public or private third-party payer.

96 "Resident", a person living in the commonwealth, as defined by the office by regulation;
97 provided, however, that such regulation shall not define as a resident a person who moved into
98 the commonwealth for the sole purpose of securing health insurance under this chapter.
99 Confinement of a person in a nursing home, hospital or other medical institution shall not in and
100 of itself, suffice to qualify such person as a resident.

101 "Specialty health care provider", shall be defined as any entity including a physician practice
102 providing outpatient services typically provided in a hospital setting, including but not limited to:
103 (1) an entity providing anesthesia, conscious sedation and/or diagnostic injection services
104 (including endoscopy services and excluding dental facilities); (ii) an entity employing major
105 medical, diagnostic and/or therapeutic equipment, including but not limited to equipment defined
106 as new technology or as providing an innovative service, pursuant to chapter 111, section 25B
107 and excluding x-ray equipment; and (iii) which is not a hospital, ambulatory surgical center or
108 community health center. The department shall promulgate regulations with respect to the
109 classification of specialty health care providers.

110 "Surcharge payor", notwithstanding any provision of general or special law or regulation to the
111 contrary, shall be defined as an individual or entity that pays for or arranges for the purchase of
112 health care services provided by acute hospitals, ambulatory surgical center services provided by
113 ambulatory surgical centers, specialty health care services provided by specialty health care
114 providers, and laboratory services provided by laboratories, as defined in this section; provided,
115 however, that the term "surcharge payor" shall not include Title XVIII and Title XIX programs

116 and their beneficiaries or recipients, other governmental programs of public assistance and their
117 beneficiaries or recipients and the workers' compensation program established by chapter 152.

118 "Underinsured patient", a patient whose health insurance plan or self-insurance health plan does
119 not pay, in whole or in part, for health services that are eligible for reimbursement from the
120 health safety net trust fund, provided that such patient meets income eligibility standards set by
121 the office.

122 "Uninsured patient", a patient who is a resident of the commonwealth, who is not covered by a
123 health insurance plan or a self-insurance health plan and who is not eligible for a medical
124 assistance program.

125

126 SECTION 2. Section 35 of Chapter 118G of the General Laws is hereby amended by inserting
127 after the phrase "acute hospitals" the following:- " , ambulatory surgical centers, specialty health
128 care providers, laboratories,".

129

130 SECTION 3. Section 36 of Chapter 118G of the General Laws is hereby amended by inserting
131 after the phrase "all amounts paid by acute hospitals" the following:- " , ambulatory surgical
132 centers, specialty health care providers, laboratories,".

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134 SECTION 4. Section 37 of Chapter 118G of the General Laws is hereby amended by adding the
135 following subsection prior to subsection (a):-

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137 “(a) Ambulatory surgical centers, specialty health care providers, and laboratories,
138 notwithstanding any provision of general or special law or regulation to the contrary, shall be
139 liable to the health care safety net trust fund in the same manner as acute care hospitals. The
140 division of health care finance and policy, in consultation with the office of Medicaid, shall
141 establish through implementing regulations the mechanism by which the liability of said
142 providers is to be assessed, paid, monitored, and enforced.”

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144 SECTION 5. The General Laws are hereby amended, after each appearance of the term “acute
145 hospital”, by inserting the following phrase:- “and ambulatory surgical center, specialty health
146 care provider, and laboratory”.

147

148 SECTION 6. The General Laws are hereby amended, after each appearance of the term
149 “ambulatory surgical center”, by inserting the following phrase:- “, specialty health care
150 provider, and laboratory”.