

SENATE No.

The Commonwealth of Massachusetts

PRESENTED BY:

Michael W. Morrissey

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 strategic investment in the Commonwealth's chronically distressed hospitals program.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Michael W. Morrissey	Norfolk and Plymouth
Stephen J. Buoniconti	Hampden
Robert A. O'Leary	Cape and Islands

The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

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