

SENATE No.

The Commonwealth of Massachusetts

PRESENTED BY:

Stephen J. Buoniconti

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.

PETITION OF:

NAME:

Stephen J. Buoniconti

DISTRICT/ADDRESS:

Hampden

The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

AN ACT RELATIVE TO STRATEGIC INVESTMENT IN THE COMMONWEALTH'S CHRONICALLY DISTRESSED HOSPITALS.

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 two programs, as follows. The first program shall be called the Strategic Investment in
3 Chronically Distressed Hospital Program (“SICDSH”), and the second program shall be called the
4 Community Hospital In-Patient Pyschiatric Relief Program(“CHIPP”). The purpose of said SICDSH
5 program shall be to provide annual additional funding to Disproportionate Share (“DSH”) Hospitals, as
6 defined by 114.1 CMR 36.04 and M.G.L. 118G §1, located in economically distressed or tourist-based
7 communities that consistently show net operating margin below the Massachusetts hospital industry
8 median due to underfunding from MassHealth program reimbursement and losses on publicly funded
9 behavioral health care programs. The criteria for a hospital’s eligibility for the SICDSH program shall
10 include consideration of such hospital’s payer mix percentage, its operating margin based on annual
11 hospital filings to the Commonwealth’s Division of Health Care Finance and Policy (the “Division”) for the
12 preceding hospital fiscal year, adjusted to exclude any grants awarded; provided further, for the purpose
13 of this program, DSH hospitals that have a corporate affiliation with any managed care organization

14 under contract with the Executive Office of Health and Human Services, Office of Masshealth
15 (“Masshealth Office”), shall not be eligible to participate. The SICDSH program shall provide annual
16 funding relief to eligible DSH hospitals based on an analysis and findings by the Division from a review of
17 the eligibility criteria for relief. DSH hospitals may petition the Division to request a determination of
18 eligibility for payment from the SICDSH fund. A determination of eligibility shall cause the MassHealth
19 Office to upwardly adjust said hospital’s MassHealth rates and inpatient psychiatric rates, as reimbursed
20 either through the Masshealth Office or its single statewide contractor for managed behavioral health
21 care services, to bring said eligible hospital’s operating margin up to the industry median for all
22 hospitals statewide, as determined by hospital cost reports on file with the Division for the prior fiscal
23 year. Said review and adjustment shall be completed within 90 days of the close of the hospital fiscal
24 year for each eligible hospital. Hospitals that receive funding from the SICDSH program shall maintain
25 records of amounts received from the program and of expenditures made from such funds, and shall
26 make such records available for inspection upon request by the Division.