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Initiative Petition Information Sheet

Title of Petition: **An Act to Limit Excessive Hospital Operating Margins and CEO Compensation Through Greater Financial Transparency**

Petition Number: 13-33

Proponents' Contact

Name: Stephanie Sanchez

Residential Address:

Phone: 781-830-5752

Email:

Business Address:

Phone:

Proponents' Attorney

Name: Roger Dowd

Address:

Phone: 508-620-0926

Email:

Optional:

Will the proponents propose a summary by the Monday, 5 days after the petition-filing deadline?

___Yes _ No

Will the proponents submit a memo of law by the Friday 9 days after the petition-filing deadline?

___Yes X No

Please note that the above information will be made available to the public and particularly to possible opponents of certification. The Proponent and Proponents' Attorney (if any) will receive copies of any materials submitted by the public regarding certification.

(to be filled in by Attorney General's Office staff)

AGO Staff Person Receiving Petition: PS

Date: 8/7/13

An Act to Limit Excessive Hospital Operating Margins and CEO Compensation Through Greater Financial Transparency

Be it enacted by the People, and by their authority, as follows:

Section 1. Definitions –

”Facility”, a hospital licensed under Section 51, of Chapter 111 of the General Laws, the teaching hospital of the University of Massachusetts medical school, any licensed private or state-owned and state-operated general acute care hospital, an acute psychiatric hospital, an acute care specialty hospital, or any acute care unit within a state operated healthcare facility. This definition shall not include rehabilitation facilities or long-term care facilities.

“Compensation”, salary; bonus payments, whether based on performance or otherwise; deferred compensation; incentive payments; severance payments; loans to be repaid on terms, including interest, less burdensome than market rate; value of use of facility-provided vehicles, housing or other perquisites not available to all employees; stock or stock options and any dividends or other incidents of the ownership thereof.

"Minimum facility compensation" the value of the annual compensation received by a full time employee of a facility earning minimum wage as set under G.L. c. 151 § 1, or if none, then the lowest-paid full time employee.

Section 2: If in any fiscal year a facility that accepts funds from the Commonwealth, and whose patient mix is less than 60% government payer, reports to the Center for Health Information and Analysis an annual operating margin, including amortization and depreciation, that exceeds 8%, that facility shall be subject to a civil penalty equal to the amount by which the annual operating margin exceeds 8%.

Section 3: If the Chief Executive Officer of a facility that accepts funds from the Commonwealth receives annual compensation greater than 100 times the minimum facility compensation, the facility shall be subject to a civil penalty equal to the amount by which the Chief Executive Officer's annual compensation exceeds 100 times the value of the minimum facility compensation.

Section 4. Each facility that accepts funds from the Commonwealth shall report annually to the Center for Health Information and Analysis all financial assets owned by the facility, including those held in financial institutions outside the United States or invested outside the United States. Unless prohibited by other law, the Center for Health Information and Analysis shall make this information public within 7 calendar days of receipt.

Section 5. There is hereby established on the books of the Commonwealth a fund to be known as the Medicaid Reimbursement Enhancement Fund. Any penalties collected as a result of violations of this act shall be deposited into this fund, and subject to appropriation, shall be used to improve Medicaid reimbursement to eligible hospitals.

Section 6: This act shall not be construed to impair any contract or agreement in effect as of July 1, 2015.

Section 7: The Health Policy Commission shall promulgate regulations governing the implementation, operation and enforcement of this act.

Section 8: Severability. The provisions of this act are severable, and if any clause, sentence, paragraph or section of this law or an application thereof shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder thereof but shall be confined in its operation to the clause, sentence, paragraph, section or application adjudged invalid and such clause, sentence, paragraph, section or application shall be reformed and construed so that it would be valid to the maximum extent permitted.

Section 9: The provisions of this act shall be effective commencing on July 1, 2015.

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Julie Betts Pinkham
Eileen F Norton
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Shannon M. Sherman
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