

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

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

Section 1. Definitions —

"Facility", an Acute care hospital licensed under Section 51, of Chapter 111 of the General Laws, the teaching hospital of the University of Massachusetts medical school, which contains a majority of medical-surgical, pediatric, obstetric and maternity beds, as defined by the Department of Public Health.

Section 2: If in any fiscal year a facility that accepts funds from the Commonwealth reports to the Center for Health Information and Analysis an annual operating margin as defined by the Center for Health Information and Analysis 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. 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 4. 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 and where applicable keep open services proposed for closure by Acute Care Hospitals that are deemed essential services by the Department of Public Health.

Section 5: A Chief Executive Officer of a facility as defined herein shall be prohibited from serving on the Board of Directors or receiving compensation from any company that develops, manufactures, or sells medical services or products including but not limited to medical devices and pharmaceuticals.

Section 6: This act shall not be construed to impair any contract or agreement in effect as of July 1, 2024.

Section 7: The Massachusetts Department of Public Health 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, 2024.

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