

An Act to Limit Excessive Hospital Operating Margins and Maintain Essential Health Services

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. There is hereby established on the books of the Commonwealth a fund to be known 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 by the State Legislature shall be used to improve Medicaid reimbursement to eligible hospitals and where applicable keep open services proposed for closure that are deemed essential services by the Department of Public Health.

Section 4: This act shall not be construed to impair any contract or agreement in effect as of July 1, 2024.

Section 5: The Department of Public Health shall promulgate regulations governing the implementation, operation, and enforcement of this act.

Section 6: 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 7: The provisions of this act shall be effective commencing on July 1, 2024.

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