

SUMMARY OF NO. 21-08

This proposed law would impose financial penalties on certain hospitals and create a fund to expand Medicaid reimbursement and maintain certain essential health services.

The proposed law would impose a civil penalty on hospitals that receive public funding, including licensed acute care hospitals and the teaching hospital at the University of Massachusetts Medical School, if the hospital's annual operating margin is greater than eight percent in any fiscal year. The amount of the penalty would equal the amount by which the operating margin exceeds eight percent.

The proposed law would direct such penalties into a new fund from which, subject to appropriation, expenditures would be made to improve Medicaid reimbursement to certain covered hospitals and maintain essential services, as determined by the Department of Public Health, at acute care hospitals.

The proposed law would take effect on July 1, 2024 and would not interfere with any contract or agreement in effect as of July 1, 2024. The Massachusetts Department of Public Health would issue regulations to implement the proposed law. The proposed law states that, if any of its parts were declared invalid, the other parts would stay in effect.