# 101 CMR: EXECUTIVE OFFICE OF HEALTH AND HUMAN SERVICES

## 101 CMR 701.00: COMMUNITY HOSPITAL REINVESTMENT TRUST FUND PAYMENTS AND FUNDING

Section


### 701.01: General Provisions

(1) Scope and Purpose. 101 CMR 701.00 governs the Community Hospital Reinvestment Trust Fund payments and funding, including payments to eligible acute care hospitals and payments from the Center. 101 CMR 701.00 does not govern other payments to acute care hospitals, including payments pursuant to contracts under the Acute Care Hospital Request for Applications.

(2) Administrative Bulletins. EOHHS may issue administrative bulletins to clarify its policy on and understanding of substantive provisions of 101 CMR 701.00.

### 701.02: General Definitions

As used in 101 CMR 701.00, terms will have the meanings set forth in 101 CMR 701.02, except where the context clearly indicates otherwise.

Acute Care Hospital. A hospital licensed under M.G.L. c. 111, § 51 that contains a majority of medical-surgical, pediatric, obstetric, and maternity beds, as defined by the Department of Public Health.

Center. The Center for Health Information and Analysis established under M.G.L. c. 12C.

EOHHS. The Executive Office of Health and Human Services established under M.G.L. c. 6A.

Gross Patient Service Revenue (GPSR). The total dollar amount of a hospital's charges for the provision of patient care rendered in a hospital rate year.

Hospital Cost Report. The Hospital Statement of Costs, Revenues, and Statistics reported to the Center pursuant to 957 CMR 9.00: *Hospital Financial Data Reporting Requirements.*

Hospital Rate Year. The time period of 12 months beginning on October 1 of any calendar year and ending on September 30 of the following calendar year.

State Fiscal Year. The time period of 12 months beginning on July 1 of any calendar year and ending on June 30 of the following calendar year.

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Statewide Relative Price (SRP). A metric calculated by the Center pursuant to M.G.L. c. 29, § 2TTTT and M.G.L. c. 12C, § 10. The SRP measures the total payments, including non-claims, made to acute care hospitals by health plans, expressed in the aggregate relative to a statewide average within a given insurance category.

Trust Fund. The Community Hospital Reinvestment Trust Fund established under M.G.L. c. 29, §2TTTT, effective October 1, 2016, to provide annual financial support to eligible acute care hospitals, as specified in 101 CMR 701.00. The Secretary of EOHHS, as trustee, will administer the fund and will make expenditures from the fund consistent with M.G.L. c. 29, §2TTTT.

701.03: Sources and Uses of Fund

(1) General. The Trust Fund may include money from public and private sources, including gifts, grants and donations, interest earned on such money, any other money authorized by the general court and specifically designated to be credited to the fund (including, but not limited to, transfers from the Center), and any funds provided from other sources.

(2) Transfers from the Center.
(a) State Fiscal Year 2017: Subject to appropriation, and not later than June 30, 2017, the Center will transfer $5,000,000 to the Trust Fund.
(b) State Fiscal Years 2018-2021: Subject to appropriation, and not later than June 30 of each year, beginning with State Fiscal Year 2018 through State Fiscal Year 2021, the Center will annually transfer $10,000,000 to the Trust Fund.

(3) Payment to Acute Care Hospitals. In each state fiscal year in which funding is available in the Trust Fund, such funding shall be used to provide payments to eligible acute care hospitals, pursuant to 101 CMR 701.04.

701.04: General Payment Provisions

(1) Payment Eligibility. To be eligible to receive payment from the Trust Fund, an acute care hospital must be:
(a) licensed under M.G.L. c. 111, § 51, as defined by the Department of Public Health; and
(b) a hospital with SRP below 120% of the median SRP, as determined by the Center.

(2) Payment Conditions.
(a) As a condition of receiving payments from the Trust Fund, EOHHS may require an eligible acute care hospital to provide an attestation, in a format prescribed by EOHHS, agreeing to an independent financial and operational audit to recommend steps to increase sustainability and efficiency of the acute care hospital.
(b) EOHHS may also require that eligible acute care hospitals utilize payments received from the Trust Fund to conduct the independent financial and operational audit described in 101 CMR 701.04(2)(a) and/or to advance steps recommended in the audit for improving or continuing health care services that benefit the uninsured, underinsured, and MassHealth populations.

(c) EOHHS may, via administrative bulletin or other written issuance, establish rules governing various conditions of payment, including, but not limited to, attestations, reporting requirements, compliance with payment conditions, penalties for noncompliance, and recovery.

(3) Timing of Payments. EOHHS will direct payments to eligible acute care hospitals from the Trust Fund each state fiscal year in which funding is available in the Trust Fund, and may make such payments in installments.

(4) Payment Methodology.

(a) Data Source.

1. Determination of GPSR. GPSR is determined using Hospital Cost Reports submitted to the Center pursuant to 957 CMR 9.00: *Hospital Financial Data Reporting Requirements*.

2. Determination of SRP. SRP is determined using data submitted to the Center pursuant to 957 CMR 2.00: *Payer Data Reporting*.

(b) Calculation of Median SRP. The Center will calculate annually a median SRP and identify acute care hospitals with SRP below 120% of the median SRP.

(c) Payment Allocation.

1. EOHHS will allocate payments to eligible acute care hospitals based on:

a. the proportion of each eligible acute care hospital's GPSR to the combined GPSR of all eligible acute care hospitals; and

b. The distance of each eligible acute care hospital's SRP from 120 % of the median SRP such that eligible Acute Care Hospitals with SRP that fall further below 120 % of the median SRP receive proportionally greater payments.

2. Calculation of payments for eligible acute care hospitals.

a. Calculate a hospital-specific GPSR weight, which is equal to 100 % plus the hospital's percent of the combined GPSR of all eligible hospitals, using the following formula:

$[\text{Hospital}_n \text{ GPSR weight} = 100\% + (\text{Hospital}_n \text{ GPSR} / \Sigma \text{ All hospitals GPSR})]$

b. Calculate a hospital-specific SRP weight, which is equal to the difference between the hospital's SRP and 120 % of the median SRP, divided by the hospital's SRP, using the following formula:

$[\text{Hospital}_n \text{ SRP weight} = (120\% \text{ of the median SRP} - \text{Hospital}_n \text{ SRP}) / \text{Hospital}_n \text{ SRP}]$

Example: A hospital-specific SRP weight of 1.0 corresponds to a hospital with an SRP that is 60 % of the median SRP; that is:

[(120 % of the median SRP) - (60% of the median SRP)] / (60% of the median SRP) = 1.0

3. For each hospital, a total weight is calculated by multiplying the hospital-specific

GPSR weight calculated in 101 CMR 701.04(4)(c)2.a. by the hospital-specific SRP weight calculated in 101 CMR 701.04(4)(c)2.b., according to the following formula:

[Total weight for $Hospital_n$ = $Hospital_n$ GPSR weight * $Hospital_n$ SRP weight]

4. For each hospital, a normalized total weight is calculated by dividing the hospital-specific total weight described in 101 CMR 701.04(4)(c)3. by the combined total weight of all eligible acute care hospitals according to the following formula:

[Normalized total weight for $Hospital_n$ = $Hospital_n$ total weight / Σ Total weight of all hospitals]

5. The potential payment for each hospital is calculated by multiplying the total funding available from the Trust Fund in a state fiscal year by the hospital's normalized total weight calculated in 101 CMR 701.04(4)(c)4., according to the following formula:

[Potential Payment for $Hospital_n$ = Total funding available from the Trust Fund in a state fiscal year * $Hospital_n$ normalized total weight]

701.05: Filing and Reporting Requirements

(1) General Provisions.

(a) Accurate Data. All reports, schedules, additional information, books, and records that are filed or made available to EOHHS must be certified under pains and penalties of perjury as true, correct, and accurate by the Executive Director or Chief Financial Officer of the eligible acute care hospital.

(b) Examination of Records. Each eligible acute care hospital must make available all records relating to its operation and all records relating to a realty service or holding company or any entity in which there may be a common ownership or interrelated directorate upon request of EOHHS for examination.

(c) Field Audits. EOHHS or its designee may conduct field audits of eligible acute care hospitals to verify compliance with any aspect of 101 CMR 701.00.

(2) Required Reports.

(a) Each eligible acute care hospital that receives payments from the Trust Fund must file or make available all records and information necessary to demonstrate compliance with 101 CMR 701.00 upon EOHHS request, including documentation of the uses of such payments.

(b) Following the audit described in 101 CMR 701.04(2), eligible acute care hospitals must submit a report to EOHHS in a format prescribed by EOHHS documenting the audit's findings, steps recommended to increase sustainability and efficiency of the acute care hospital, and the acute care hospital's proposal to use payments received from the Trust Fund to advance steps recommended in the audit for improving or continuing health care services that benefit the uninsured, underinsured, and MassHealth populations.

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701.06: Noncompliance

EOHHS may deny, reduce, or withhold payment to an eligible acute care hospital that fails to comply with any condition of payment or reporting requirement set forth in 101 CMR 701.00. EOHHS will notify the acute care hospital of its intention to deny, reduce, or withhold payment.

701.07: Severability

The provisions of 101 CMR 701.00 are severable. If any provision of 101 CMR 701.00 or the application of such provision of 101 CMR 701.00 is held invalid or unconstitutional, such determination will not be construed to affect the validity or constitutionality of any other provision of 101 CMR 701.00 or the application of any other provision.

REGULATORY AUTHORITY

101 CMR 701.00: M.G.L. c. 29.