Testimony on Amendments to 101 CMR 614.00
Health Safety Net Payments and Funding
Effective September 30, 2025
Public Hearing on October 31, 2025

Introduction

Good afternoon. My name is Chris King, and I am the Director of Safety Net Care Programs in the Executive Office of Health and Human Services (EOHHS). I am here to present testimony on the proposed emergency amendments to 101 CMR 614.00: *Health Safety Net Payments and Funding*. The proposed emergency amendments are effective September 30, 2025, for dates of service beginning October 1, 2024.

Background

Regulation 101 CMR 614.00 establishes the payments and funding for Health Safety Net (HSN) providers, which include acute hospitals and community health centers (CHCs) in the Commonwealth participating in the HSN.

Description of Changes

In general, these proposed emergency amendments update the HSN regulations to 1) begin to address the increasing shortfall of funding as compared to demand for payment; 2) comply with recent state statutory changes; and 3) improve readability and clarity of the regulations.

Changes Responding to the Growing HSN Shortfall

Due to the limited funding available to the HSN and the growing shortfall, the amendments adjust the requirement to pay out a minimum of 85% of "Allowable Health Safety Net Payments", or demand, to Disproportionate Share Hospitals. The amendments will now require that if funds are not sufficient to pay the Disproportionate Share Hospitals 85% of demand, the Disproportionate Share Hospitals will be paid at an equal percentage of their demand, beginning with HSN Fiscal Year 2025.

Additionally, to ensure more efficient use of funds and reduce the shortfall, the emergency regulations enable HSN to use a separate pharmacy formulary from the MassHealth formulary. MassHealth expects to issue a separate HSN formulary in early 2026 pursuant to this updated regulatory authority.

Effective beginning HSN Fiscal Year 2025, the regulations also update the definition for a Disproportionate Share Hospital to implement a static determination for Disproportionate Share Hospitals using 2022 CHIA data and excluding subsidized connector care from the calculation. It does so, by incorporating by reference a newly defined term "Public Payer Mix." These changes enable HSN Disproportionate Share Hospital designation to more closely mirror CHIA's high public payer designation for hospitals and ensure predictability for which hospitals are considered Disproportionate Share Hospital.

The emergency regulation had also proposed to remove the 25% outpatient rate add-on for Disproportionate Share Hospitals and non-teaching hospitals. However, the HSN expects to revert this change in the final regulation. The HSN welcomes public comments on this particular provision.

Statutorily Required Changes

The proposed emergency regulations also make changes in response to recently enacted state laws. Specifically, the regulations now require that HLHCs that are FQHCs are paid at parity with hospital outpatient main campus settings, in accordance with section 199 of the State Fiscal Year 2025 Budget (chapter 140 of the acts of 2024). The regulations also remove all references to the HSN payor surcharge, which was repealed pursuant to the State Fiscal Year 2025 Budget. These changes related to the surcharge include deleting an entire obsolete

subsection of the regulations (101 CMR 614.05), removing obsolete surcharge reporting requirements, and removing surcharge-related definitions and other surcharge references throughout the regulation.

Clarifying Changes

The proposed emergency amendments include numerous changes to improve clarity of intent and specificity of process. For example, the amendments establish clearer parameters and structure for final HSN Fiscal Year claims and payment reconciliation. They also specify that overpayments identified for a prior HSN Fiscal Year that has gone through final reconciliation will be recouped from HSN Fiscal Year that is still open. This clarity of process will help provide finality and certainty for the state and HSN providers for accounting and budgeting purposes. Additionally, the proposed emergency amendments add definitions and update definitions to better align with relevant definitions from 101 CMR 613.00: Health Safety Net Eligible Services, and ensure consistency and clarity of terms used throughout the regulations that were previously undefined.

Finally, the proposed emergency amendments also improve readability by removing repetitive or extraneous provisions, and reorganizing where appropriate.

These amendments further the goals of the HSN Office to pay acute hospitals and CHCs for services rendered to uninsured and underinsured residents of the Commonwealth, in accordance with M.G.L. c. 118E, sec. 64-69, as amended or otherwise notwithstood through the State Fiscal Year 2025 Budget.

Fiscal Impact

As HSN is paid through a finite trust fund, there is no fiscal impact expected associated with these emergency amendments, but the amendments are expected to reduce demand and more equitably pay hospitals for care rendered to underinsured and uninsured low income patients.

This concludes my testimony.

Thank you.