

By Mr. Bertonazzi, a petition (accompanied by bill, Senate, No. 712) of Louis P. Bertonazzi, Edward L. Burke, Theodore J. Alexio, Jr., Thomas K. Lynch and Raymond M. LaFontaine for legislation to increase consumer participation in proceedings affecting medical service corporations and hospital service corporations. Insurance.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Eighty.

AN ACT TO INCREASE CONSUMER PARTICIPATION IN PROCEEDINGS AFFECTING MEDICAL SERVICE CORPORATIONS AND HOSPITAL SERVICE CORPORATIONS.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Chapter 176B of the General Laws is hereby
2 amended by inserting after section 4D, as most recently
3 amended by Acts of 1976, chapter 203, section 3, the follow-
4 ing two sections: —

5 *Section 4E.* The commissioner is authorized to make an
6 annual assessment against each medical service corporation
7 in the commonwealth on the basis of each such corporation's
8 earned premium income, as shown on the annual statement
9 of each such corporation filed in the office of the commis-
10 sioner.

11 Said assessments shall be in the amount of two one-hun-
12 dredths of one percent of each medical service corporation's
13 earned premium income. The commissioner shall, pursuant
14 to regulations promulgated by him, use such revenue to pro-
15 vide compensation for the costs of intervention or participa-
16 tion by any subscribers in administrative or judicial proceed-
17 ings held in the commonwealth in connection with any mat-
18 ter which concerns such medical service corporations and
19 which is subject to the commissioner's authority.

20 A subscriber or group of subscribers shall be eligible to
21 receive compensation if

22 (a) he or it represents an interest (i) which would not

23 otherwise be adequately represented in such proceed-
24 ing and (ii) the representation of which contributes or
25 can reasonably be expected to contribute substantially
26 to a fair determination of the proceeding, and

27 (b) the economic interest of the subscriber or of the indi-
28 vidual members of the group of subscribers is small in
29 comparison to the cost of effective participation in the
30 proceeding.

31 Any decision and order by the commissioner on an applica-
32 tion for compensation pursuant to the provisions of this sec-
33 tion shall be in writing and shall be accompanied by a state-
34 ment of reasons.

35 A subscriber or group of subscribers shall not be eligible
36 for compensation pursuant to the provisions of this section
37 if either the subscriber or any individual member of the group
38 of subscribers, or any covered dependents, are any of the fol-
39 lowing: a participating physician, dentist, podiatrist, optom-
40 etrist, or other provider of health services; an administrator,
41 employee, representative, trustee, or director of a provider
42 of health services; an administrator, employee or representa-
43 tive of a hospital service corporation or a medical service
44 corporation; a planner of health and medical services; or a
45 person with a substantial financial interest in a provider of
46 health services, a hospital service corporation, a medical serv-
47 ice corporation, or a major vendor of goods and services to
48 providers of health care, hospital service corporations, or
49 medical service corporations.

50 If the commissioner fails to expend in any fiscal year the
51 total amount assessed for such purpose, any amount unex-
52 pended in such fiscal year shall be credited against the assess-
53 ment to be made in the following year and shall be used for
54 such purpose in the following year, and the assessment in
55 such following year shall be reduced by such unexpended
56 amount.

57 Assessments made under this section shall be charged to
58 the costs of administration of each medical service corpora-
59 tion.

60 *Section 4F.* On or before January 1, 1981, and thereafter

61 on or before the first day of October of any year, the com-
62 missioner shall certify to the commissioner of revenue the
63 amount of the assessment to be made and the name and ad-
64 dress of each medical service corporation against whom such
65 assessment is made. Such assessments shall be collected by
66 the commissioner of revenue in accordance with applicable
67 provisions of chapter sixty-three; provided, however, that
68 each medical service corporation shall pay the amount as-
69 sessed against it within thirty days from the receipt of notice
70 of assessment from the commissioner of revenue. The amount
71 so collected shall be credited to the funds to which the appro-
72 priations for the division of insurance are charged and shall
73 be used solely for the purposes set forth under the provisions
74 of section 4E of this chapter, as inserted by section 1 of this
75 Act.

1 SECTION 2. Chapter 176A of the General Laws shall be
2 amended by inserting after section 31, as inserted by Acts of
3 1976, Chapter 307, the following two sections: —

4 *Section 32.* The commissioner is hereby authorized to make
5 an annual assessment against each hospital service corpora-
6 tion in the commonwealth on the basis of each such corpora-
7 tion's earned premium income, as shown on the annual state-
8 ment of each such corporation filed in the office of the com-
9 missioner.

10 Said assessments shall be in the amount of two one-hun-
11 dredths of one percent of each hospital service corporation's
12 earned premium income. The commissioner shall, pursuant
13 to regulations promulgated by him, use such revenue to pro-
14 vide compensation for the costs of intervention or participa-
15 tion by any subscribers in administrative or judicial proceed-
16 ings held in the commonwealth in connection with any mat-
17 ter which concerns such hospital service corporation and
18 which is subject to the commissioner's authority, and in the
19 negotiation of any proposed contract between a hospital serv-
20 ice corporation and a hospital or provider of other health
21 services.

22 A subscriber or group of subscribers shall be eligible to
23 receive compensation if

- 24 (a) he or it represents an interest (i) which would not
25 otherwise be adequately represented in such proceed-
26 ing or negotiation and (ii) the representation of which
27 contributes or can reasonably be expected to contribute
28 substantially to a fair determination of the proceeding
29 or to a fair contract, and
- 30 (b) the economic interest of the subscriber or of the indi-
31 vidual members of the group of subscribers is small in
32 comparison to the cost of effective participation in the
33 proceeding or negotiation.

34 Any decision or order by the commissioner on an applica-
35 tion for compensation pursuant to the provisions of this sec-
36 tion shall be in writing and shall be accompanied by a state-
37 ment of reasons.

38 A subscriber or group of subscribers shall not be eligible
39 for compensation pursuant to the provisions of this section if
40 either the subscriber or any individual member of the group
41 of subscribers, or any covered dependents, are any of the fol-
42 lowing: a participating physician, dentist, podiatrist, optom-
43 etrist, or other provider of health services; an administrator,
44 employee, representative, trustee, or director of a provider of
45 health services; an administrator, employee or representative
46 of a hospital service corporation or a medical service corpo-
47 ration; a planner of health and medical services; or a person
48 with a substantial financial interest in a provider of health
49 services, a hospital service corporation, a medical service cor-
50 poration, or a major vendor of goods and services to providers
51 of health care, hospital service corporations, or medical serv-
52 ice corporations.

53 If the commissioner fails to expend in any fiscal year the
54 total amount assessed for such purpose, any amount unex-
55 pended in such fiscal year shall be credited against the as-
56 sessment to be made in the following year and shall be used
57 for such purpose in the following year, and the assessment in
58 such following year shall be reduced by such unexpended
59 amount.

60 Assessments made under this section shall be charged to
61 the normal operating costs of each hospital service corpora-
62 tion.

63 *Section 33.* On or before January 1, 1981, and thereafter
64 on or before the first day of October of any year, the com-
65 missioner shall certify to the commissioner of revenue the
66 amount of the assessment to be made and the name and ad-
67 dress of each hospital service corporation against whom such
68 assessment is made. Such assessments shall be collected by
69 the commissioner of revenue in accordance with applicable
70 provisions of chapter sixty-three; provided, however, that
71 each hospital service corporation shall pay the amount as-
72 sessed against it within thirty days from the receipt of notice
73 of assessment from the commissioner of revenue. The amount
74 so collected shall be credited to the funds to which the appro-
75 priation for the division of insurance are charged and shall
76 be used solely for the purposes set forth under the provisions
77 of section thirty-two of this chapter, as inserted by section
78 2 of this Act.

1 SECTION 3. Within ninety days of the effective date of this
2 Act, the commissioner shall adopt regulations to implement
3 the provisions of section four E of chapter 176B and section
4 thirty-two of chapter 176A, as inserted by sections 1 and 2 of
5 this Act, which regulations shall include procedures for select-
6 ing subscribers and groups of subscribers for compensation,
7 specific objective criteria to be applied in determining the
8 eligibility of subscribers and groups of subscribers for com-
9 pensation, and criteria for determining the amount of com-
10 pensation to be awarded.

1 SECTION 4. This Act shall take effect on January 1, 1981.

