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By Mr. Foley, a petition (accompanied by bill, Senate, No. 530) of Daniel J. Foley for legislation to regulate payments by hospital service corporations to non-participating hospitals and to protect subscribers and covered dependents. Insurance.

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## The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Seventy-Three.

### AN ACT TO REGULATE PAYMENTS BY HOSPITAL SERVICE CORPORATIONS TO NON-PARTICIPATING HOSPITALS AND TO PROTECT SUBSCRIBERS AND COVERED DEPENDENTS.

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

1 Chapter 176A of the General Laws is hereby amended by  
2 striking out the second paragraph of Section 1, as amended by  
3 Chapter 703 of the Acts of 1972, and inserting in place thereof  
4 the following paragraphs: —

5 Nothing in this section shall prevent such corporation (1)

6 from reimbursing a subscriber for services received in a non-  
7 participating hospital outside the commonwealth in the event  
8 of accident, illness or maternity or (2) from making payment  
9 as hereinafter provided to non-participating hospitals within  
10 the commonwealth for any services received by a subscriber in  
11 such hospital and covered in the subscriber's certificate and no  
12 non-participating hospital within the commonwealth shall re-  
13 fuse to furnish the services of the hospital to any subscriber or  
14 covered dependent of any subscriber of such corporation.

15 For services rendered by non-participating hospitals within  
16 the commonwealth to which subscribers or covered dependents  
17 are entitled under a subscriber certificate issued by such cor-  
18 poration, such corporation shall pay the amount payable pur-  
19 suant to this paragraph of this section directly to such non-  
20 participating hospital and such hospital shall accept such pay-  
21 ment as payment in full for the services to which such sub-  
22 scribers or covered dependents are so entitled, provide that no

23 participating hospital shall have been reasonably available to  
24 the person needing such hospital service, provided further,  
25 that the amount of the payment to a non-participating hospi-  
26 tal within the commonwealth for services rendered to such  
27 subscribers or covered dependents shall conform to either (a)  
28 the amount of payment for such services which would have  
29 been allowed under the most recent contract in effect between  
30 such corporation and such hospital and based upon the pay-  
31 ment on account factor for such hospital and such hospital's  
32 charges for such services as were in effect on the expiration  
33 date of such contract without further adjustment, or (b) the  
34 amount of the payment to be paid by governmental units of  
35 the commonwealth to such hospital for substantially similar  
36 services as shall then be permitted by the Rate Setting Com-  
37 mission established under section thirty L of chapter seven of  
38 the General Laws as of the date such services were rendered,  
39 or (c) such rates of payment as may be established for such  
40 services by the Rate Setting Commission after public hearing  
41 in accordance with the procedures set forth in section thirty  
42 L of chapter seven of the General Laws, whichever is higher.