

By Mr. Moore, a petition (accompanied by bill, Senate, No. 548) of Richard T. Moore and Emile J. Goguen for legislation to ensure providers of health care services receive reimbursement for inflationary cost increases. Health Care.

The Commonwealth of Massachusetts

In the Year Two Thousand and One.

AN ACT ENSURING PROVIDERS RECEIVE REIMBURSEMENT FOR INFLATIONARY COST INCREASES.

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 118G of the General Laws, as appearing in the 1996
2 Official Edition, is hereby amended by adding after section 23, the
3 following new section:—

4 Section 24. Notwithstanding the provisions of any general law
5 or special law or any rule or regulation to the contrary including
6 any other section of This chapter 118G or of chapter 118E of the
7 General Laws, the commissioner shall, in establishing rates of
8 payment, whether by regulation or by contractual arrangement for
9 nursing homes and rest homes as defined under section seventy-
10 one of chapter one hundred and eleven, for acute hospitals and
11 non-acute hospitals as defined under section one hereof and for
12 home health care as defined as a plan of care, ordered by a physi-
13 cian, and delivered by an agency that is a provider certified under
14 Title XVIII and Title XIX, and meeting the Medicare conditions
15 of participation for home health agencies in Massachusetts,
16 appoint a committee to develop and recommend a methodology
17 for establishing cost adjustment factors to project for the effect of
18 inflation for every year after a base year period. The committee
19 shall consist of five independent consultants who are not other-
20 wise employed by the commonwealth with experience in the field
21 of health care economics. At least one member of the committee
22 shall be designated by the Massachusetts Extended Care Federa-

23 tion, at least one member of the committee shall be designated by
24 the Massachusetts Hospital Association and at least one member
25 shall be designated by the Massachusetts Home and Health Care
26 Association.

27 The methodology for developing the cost adjustment factors
28 shall be applied to the appropriate portion of reimbursable costs of
29 nursing homes, rest homes, hospitals and home health care so that
30 the cost of said institutions subject to inflation are adequately
31 reimbursed. The methodology for developing the cost adjustment
32 factors shall include but not be limited to the appropriate external
33 price indicators and shall also include but not be limited to the
34 data from major collective bargaining agreements as reported
35 quarterly by the federal department of labor, bureau of labor sta-
36 tistics for supervisory and nonsupervisory personnel.

37 Thirty days prior to the commencement of a rate period
38 affecting nursing homes, rest homes, hospitals and home health
39 care as the case may be, the committee shall provide to the com-
40 missioner its recommendation as to the methodology to be used to
41 determine the cost adjustment factors for said rate period. The
42 committee shall monitor the actual price movements of the
43 external price indicators used in the methodology and based on
44 such actual price movements and shall recommend to the commis-
45 sioner the cost adjustment factors for each year after any base year
46 period. The commissioner shall consider the recommendations of
47 the committee when directing the division of health care finance
48 and policy to make such adjustments to the rates set for nursing
49 homes, rest homes, hospitals and home health care forthwith as
50 provided for herein. Such adjustments, once approved by the com-
51 missioner, shall be automatic notwithstanding any caps or ceilings
52 on administrative and general costs or other operating costs
53 imposed by the division of health care finance and policy, or
54 imposed by the division of medical assistance under any regula-
55 tion or under any contractual arrangement. Any contract entered
56 into by the division of medical assistance affecting rates set for
57 nursing homes and rest homes and hospitals shall be automatically
58 adjusted to reflect adjustments made by the commissioner to the
59 cost adjustment factors.

60 This section shall apply to the rates established for nursing
61 homes, rest homes, acute hospitals, non-acute hospitals and home

62 health care, pursuant to any waiver of otherwise applicable federal
62 requirements which the division of health care finance and policy
63 or the division of medical assistance has obtained or may obtain
64 from the secretary of health and human services for the purpose of
65 implementing any type of managed care service delivery system.

