

By Mr. Mariano of Quincy, petition of Ronald Mariano relative to reimbursement of inflationary cost increases for certain health care providers. Health Care.

**The Commonwealth of Massachusetts**

In the Year One Thousand Nine Hundred and Ninety-Nine.

AN ACT TO ENSURE 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, and for acute hospitals  
11 and non-acute hospitals as defined under section one hereof,  
12 appoint a committee to develop a methodology for establishing  
13 cost adjustment factors to project for the effect of inflation for  
14 every year after a base year period. The committee shall consist of  
15 three independent consultants who are not otherwise employed by  
16 the commonwealth with experience in the field of health care eco-  
17 nomics. At least one member of the committee shall be designated  
18 by the Massachusetts Extended Care Federation, and at least one  
19 member of the committee shall be designated by the  
20 Massachusetts Hospital Association.

21 The methodology for developing the cost adjustment factors  
22 shall be applied to the appropriate portion of reimbursable costs of  
23 nursing homes and rest homes and hospitals so that the cost of

24 said institutions subject to inflation are adequately reimbursed.  
25 The methodology for developing the cost adjustment factors shall  
26 include but not be limited to the appropriate external price indica-  
27 tors and shall also include but not be limited to the data from  
28 major collective bargaining agreements as reported quarterly by  
29 the federal department of labor, bureau of labor statistics for  
30 supervisory and nonsupervisory personnel.

31 Thirty days prior to the commencement of a rate period  
32 affecting nursing homes or rest homes or hospitals, as the case  
33 may be, the committee shall provide to the commissioner the  
34 methodology to be used to determine the cost adjustment factors  
35 for said rate period. The committee shall monitor the actual price  
36 movements of the external price indicators used in the method-  
37 ology and based on such actual price movements, shall recom-  
38 mend to the commissioner the cost adjustment factors for each  
39 year after any base year period. The commissioner shall imple-  
40 ment the recommendations of the committee by directing the divi-  
41 sion of health care finance and policy to make such adjustments to  
42 the rates set for nursing homes and rest homes and hospitals forth-  
43 with as provided for herein. Such adjustments shall be automatic  
44 notwithstanding any caps or ceilings on administrative and  
45 general costs or other operating costs imposed by the division of  
46 health care finance and policy, or imposed by the division of med-  
47 ical assistance under a contractual arrangement. Any contract  
48 entered into by the division of medical assistance shall be auto-  
49 matically adjusted to reflect adjustments made by the committee  
50 to the cost adjustment factors.

51 This section shall apply to the rates established for nursing  
52 homes, rest homes, acute hospitals and non-acute hospitals, pur-  
53 suant to any waiver of otherwise applicable federal requirements  
54 which the division of health care finance and policy or the divi-  
55 sion of medical assistance has obtained or may obtain from the  
56 secretary of health and human services for the purpose of imple-  
57 menting any type of managed care service delivery system.