



Massachusetts Council of Community Hospitals

Rationale for House Docket 4332, An Act Relative to Health Care Surcharges

The proposed legislation ensures that (i) in calculating the liability of health care providers into the Uncompensated Care Pool (the “Pool”) and Health Care Safety Net Trust Fund (the “Fund”), and (ii) in calculating the surcharge assessment for surcharge payors into the Pool and the Fund, that there is parity among those health care providers that furnish the services typically provided within a hospital setting -- namely acute hospitals, ambulatory surgical centers, specialty health care providers (i.e. providers of innovative services such as dialysis, transplant services, and the like, and providers of new technology services, including diagnostic imaging centers and the like), and laboratories.

Surcharge Parity

At present, non-hospital providers of hospital services have an advantage over hospitals, and particularly community hospitals. This is because under current practice, unlike with respect to hospitals, the services provided in ambulatory surgical centers are subject only to a partial surcharge; they are surcharged only on the facility component, and not the physician or other health services costs. Moreover, the services provided by specialty health care providers and laboratories are not subject to any surcharge.

By ensuring that the surcharge is applied fully and equally across such provider types, the burden of being subject to the assessment is shared equitably and no one provider setting has an artificial advantage over the other. Moreover, this ensures that patients are more likely to receive medical treatment in the most appropriate and most convenient setting for them.

Pool/Fund Parity

At present, only acute hospitals and surcharge payors pay into the Pool and will be required to pay into the Fund, bearing the full burden of serving the uninsured and underinsured. Non-hospital providers of hospital services primarily serve patients who are insured, thereby reducing the number of hospital private pay patients.

The proposed legislation lightens the double burden faced by hospitals (i.e. of both paying into the Pool and the Fund, and of having to provide the bulk of free care and other community services) by ensuring that all four categories of providers of hospital services share the burden of paying into the Pool and the Fund.

In sum, the proposed legislation ensures parity both in calculating surcharges for surcharge payors, and in allocating Pool and Fund liability assessments, among hospitals, ambulatory surgical centers, specialty health care providers, and laboratories.