



An Act to Ensure Transparency for High-Cost Hospitals SB 783

Lead Sponsor: Sen. John Keenan

Background

Residents in Massachusetts are facing the impact of the COVID-19 pandemic – family budgets are strained, access to health care is critical, and people need relief from rising health care costs. While government has taken steps to support health care industries during the pandemic, individuals and families continue to struggle. Lowering health care costs for consumers in the long run requires addressing not just premiums and co-pays but the underlying drivers of these costs - prescription drug and hospital costs. There is little transparency when it comes to costs for the state's most expensive hospitals.

Why is legislation needed?

- More than a [quarter](#) of Massachusetts residents went without needed medical or dental care due to cost, despite the fact that most had health insurance coverage at the time.
- Massachusetts residents identified lowering health care costs as the #1 priority for state policy makers, with 66% saying it was very important in a January 2021 [poll by MassINC polling group](#).
- In 2019, hospital costs were the biggest driver of overall health care cost growth, accounting for [40%](#) of the increase in health care costs in the state.
- Not all hospitals are the same – some contribute much more than others to growing costs, with insurers sometimes paying [two to three times](#) more for the same services at one hospital compared to another.

Why is this a health equity issue?

- Health care affordability is fundamentally an issue of health equity. More Black and Latinx families in Massachusetts [report](#) problems paying medical bills than white families.
- Black and Latinx families are also more likely to [report](#) having unmet needs for medical or dental care.
- More Massachusetts Black and Latinx residents than white residents [said](#) lowering health care costs and making health care more accessible were their top two priorities.

What does this legislation do?

- Increase transparency by having the Center for Health Information and Analysis (CHIA) report annually on how much each hospital contributes to Total Medical Expense, as part of the cost trends process.
- For the hospitals with the biggest contribution toward total medical expense, the Health Policy Commission would have the option to hold a public hearing.
- CHIA would also report annually on hospital costs per discharge, and would collect information and report on direct and indirect costs and operating margins by market segment for hospitals.

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