

THOUGHT LEADERSHIP

LEGAL UPDATES

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Industry

Healthcare

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Massachusetts Legislature Passes Bill Expanding Healthcare Industry Oversight

On December 30, 2024, the Massachusetts Legislature passed House No. Bill 4653, “An Act Enhancing the Health Care Market Review Process.” This bill includes sweeping changes focused on increased regulatory oversight and healthcare market review. It is expected that Governor Maura Healy will sign the bill into law.

Key provisions

The healthcare bill expands the oversight function of various state agencies, boards, and committees, such as the Health Policy Commission (HPC), Department of Public Health (DPH), and the Center for Health Information and Analysis (CHIA). The bill makes a number of significant changes:

Health Policy Commission

Expands the scope of the HPC cost trends hearings to include an examination of pharmaceutical manufacturers, pharmacy benefit managers, equity investors, real estate investments trusts (REITs), and management services organizations.

Requires Registered Provider Organizations to disclose information on significant equity investors, REITs, and management services organizations. Expands the HPC’s types of material changes that must be reviewed by the HPC to include any significant expansion of a provider or provider organization’s capacity; transactions involving a significant equity investor which result in a change of ownership or control; significant acquisitions,

including real estate sale lease-back arrangements; and conversion of a provider from a non-profit to a for-profit entity.

Creates a new Office of Health Resource Planning charged with developing a state health plan to forecast anticipated demand, production, supply, and distribution of healthcare resources statewide.

Department of Public Health

Amends the Determination of Need (DoN) statute to require DPH to review projects based on the state health plan; the Commonwealth's cost containment goals; the impacts of the proposed project on patients, including considerations of health equity, the workforce of surrounding healthcare providers, and other residents of the Commonwealth; and data from CHIA and HPC, including any cost and market impact review report submitted by HPC. DPH may impose conditions on approval for a project to address these factors.

Authorizes DPH to request from the HPC an impact analysis of the closure of a hospital or any essential health service.

Prohibits DPH from issuing or renewing a license to an acute-care hospital if the main campus of the hospital is leased from a health care REIT.

Requires, as a condition of licensure, that acute-care hospitals remain in compliance with their reporting requirements to CHIA.

Requires DPH to establish licensing and practice standards for office-based surgical centers and urgent care providers.

CHIA

Expands the types of entities subject to CHIA reporting to include affiliated significant equity investors, management service organizations, and healthcare REITs.

Directs CHIA to require all hospitals to file the audited financial statements of the out-of-state operations of a hospital's parent organization, significant equity investors, healthcare REITs, and management services organizations.

Expands Registered Provider Organization reporting obligations to include information on parent entities, out-of-state operations, and corporate affiliates including significant equity investors, healthcare REITs, and management services organizations.

Updates the Standard Quality Measure Set.

Increases the penalties levied against providers and other organizations pursuant to for failure to timely report.

Other amendments to Massachusetts general laws will apply to the Attorney General Office's False Claims statute and MassHealth. Also, a Primary Care Payment and Delivery Task Force will be created to make recommendations to improve primary care access, delivery, and financial stability.

What this means for you

These statutory changes will expand reporting requirements and compliance obligations imposed upon healthcare entities. Once this is final, we will publish additional, more in-depth information regarding several of the key changes.

Contact us

If you have any questions about this development or other issues, contact Bob Blaisdell, Crystal Bloom, Sean Ryan, Rebecca Rodman, or another member of our Massachusetts-based Healthcare team.