Health Policy Commission Public Hearing
Modification of the 2018 Health Care Cost Growth Benchmark

Wednesday, March 8, 2017, 1:00pm
50 Milk Street, 8th Floor
Boston, MA 02109

Testimony

Steward Health Care System
From 2013-2015, The Highest Priced Hospitals Experienced Significant Growth in Inpatient Discharges While Low Priced Hospitals Lost Volume, Yet Remained Efficient

**Highest Price Hospitals 2013-2015**
- 2013: 312,162
- 2015: 316,305
- Increase: +4,143

**Low Price Hospitals 2013-2015**
- 2013: 486,042
- 2015: 477,069
- Decrease: -8,973

17 Hospitals with Avg. Price of 1.4
46 Hospitals with Avg. Price of 1.0

Note: Highest Priced hospitals are defined as those with the 75% highest Relative Prices in 2014
On Average, Every Discharge That Takes Place at a High Price Provider Costs the System Over $9,000 More Than If It Took Place At A Low Price, High Quality Provider.
Boston Hospitals Account for Nearly Half of All Hospital Commercial Reimbursements

![Graph showing the share of commercial payments by payer in 2014 for Boston Teaching, Boston Non-Teaching, Harvard Pilgrim, and Tufts Health Plan.]

**Share of Commercial Payments by Payer**

*2014*

**Blue Cross Blue Shield (BCBS)**
- Boston Teaching: 50%
- Boston Non-Teaching: 1%
- Community Other: 15%
- Community DSH: 18%

**Harvard Pilgrim**
- Boston Teaching: 48%
- Community Other: 18%
- Community DSH: 13%
- Community Non-Teaching: 16%

**Tufts Health Plan**
- Boston Teaching: 43%
- Community Other: 18%
- Community DSH: 22%
- Community Non-Teaching: 16%

<table>
<thead>
<tr>
<th>% of Patients</th>
<th>40%</th>
<th>41%</th>
<th>36%</th>
</tr>
</thead>
</table>

Despite Receiving ~50% of Payments, Boston Teaching hospitals account for only 39% of Commercial patients.

Note: Aggregate relative price shown, inclusive of all commercial payers.

Boston Hospitals Have an All-Payer WAPR that is Significantly Higher Than Community Based Providers (*Community Providers Offer Good Value*)

**Weighted Average Payer Rate (WAPR)**
Community Hospitals vs. Academic Medical Centers

- Lawrence General Hospital: $8,645
- Holy Family: $10,727
- Beth Israel Deaconess: $19,620
- Norwood: $10,269
- Milford Hospital: $11,603
- Mass General Hospital: $28,999

- **83% Higher**
- **182% Higher**

Source: 403C Cost Reports, Steward Analysis
Hospitals With High Prices Have Higher Growth in Inpatient Discharges, Which Drives Total Health Care Expenditure in Mass

Without Indexing, Cost Containment Efforts will Falter

Setting the Benchmark at an Absolute level, advantages High Price Providers whose prices, volume and revenue are rising at a higher rate and who have a disproportionate impact on cost growth.

Note: Aggregate relative price shown, inclusive of all commercial payers.