

# Baystate Health

ADVANCING CARE. ENHANCING LIVES.

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Mark A. Keroack, MD, MPH  
President & Chief Executive Officer | Baystate Health  
280 Chestnut Street | Springfield, MA 01199  
413-794-5890 | Fax: 413-787-5003 | BaystateHealth.org

October 24, 2023

Mr. David Seltz  
Executive Director  
Health Policy Commission  
50 Milk Street  
Boston, MA 02109  
Via Electronic Submission to [HPC-Testimony@mass.gov](mailto:HPC-Testimony@mass.gov)

Re: 2023 Pre-Filed Testimony Providers

Dear Mr. Seltz:

This letter transmits Baystate Health's written testimony as required under M.G.L. c. 6D, § 8 to submit written questions from the Health Policy Commission and the Office of the Attorney General for the 2023 Annual Health Care Cost Trends Hearing.

Please find attached Baystate Health's responses to the questions in the 2023 Pre-Filed Testimony for Providers. We hope our responses are helpful to you as we all seek to understand more about Massachusetts's dynamic healthcare environment and remain committed to finding solutions and paving the way for a more equitable, stable, and resilient healthcare landscape in the Commonwealth.

As CEO of Baystate Health, I attest, to the best of my knowledge, that the attached testimony is accurate and true, and I sign this testimony under the pains and penalties of perjury.

Please feel free to contact me should any questions arise.

Thank you for your consideration.

Sincerely,



Mark Keroack, MD, MHA  
President & Chief Executive Officer  
Baystate Health



# **2023 Pre-Filed Testimony PROVIDERS**



**As part of the  
*Annual Health Care  
Cost Trends Hearing***

Massachusetts Health Policy Commission  
50 Milk Street, 8<sup>th</sup> Floor  
Boston, MA 02109

## INSTRUCTIONS FOR WRITTEN TESTIMONY

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If you are receiving this, you are hereby required under M.G.L. c. 6D, § 8 to submit written pre-filed testimony for the [2023 Annual Health Care Cost Trends Hearing](#).

On or before the close of business on **Friday, October 27, 2023**, please electronically submit testimony as a Word document to: [HPC-Testimony@mass.gov](mailto:HPC-Testimony@mass.gov). Please complete relevant responses to the questions posed in the provided template. If necessary, you may include additional supporting testimony or documentation in an appendix. Please submit any data tables included in your response in Microsoft Excel or Access format.

We encourage you to refer to and build upon your organization's pre-filed testimony responses from 2013 to 2022, if applicable. If a question is not applicable to your organization, please indicate that in your response.

Your submission must contain a statement from a signatory that is legally authorized and empowered to represent the named organization for the purposes of this testimony. The statement must note that the testimony is signed under the pains and penalties of perjury. An electronic signature will be sufficient for this submission.

You are receiving questions from both the HPC and the Office of the Attorney General (AGO). If you have any difficulty with the templates or have any other questions regarding the pre-filed testimony process or the questions, please contact either HPC or AGO staff at the information below.

### HPC CONTACT INFORMATION

For any inquiries regarding HPC questions,  
please contact:

General Counsel Lois Johnson at  
[HPC-Testimony@mass.gov](mailto:HPC-Testimony@mass.gov) or  
[lois.johnson@mass.gov](mailto:lois.johnson@mass.gov).

### AGO CONTACT INFORMATION

For any inquiries regarding AGO  
questions, please contact:  
Assistant Attorney General Sandra  
Wolitzky at [sandra.wolitzky@mass.gov](mailto:sandra.wolitzky@mass.gov)  
or (617) 963-2021.

## INTRODUCTION

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This year marks a critical inflection point in the Commonwealth's nation-leading journey of health care reform. As documented in the [Health Policy Commission's 10th annual Cost Trends Report](#), there are many alarming trends which, if unaddressed, will result in a health care system that is unaffordable for Massachusetts residents and businesses, including:

- Massachusetts residents have high health care costs that are consistently increasing faster than wages, exacerbating existing affordability challenges that can lead to avoidance of necessary care and medical debt, and widening disparities in health outcomes based on race, ethnicity, income, and other factors. These high and increasing costs are primarily driven by high and increasing prices for some health care providers and for pharmaceuticals, with administrative spending and use of high-cost settings of care also contributing to the trend.
- Massachusetts employers of all sizes, but particularly small businesses, are responding to ever-rising premiums by shifting costs to employees through high deductible health plans. As a result, many employees are increasingly at risk of medical debt, relying on state Medicaid coverage, or are becoming uninsured, an alarming signal of the challenges facing a core sector of the state's economy.
- Many Massachusetts health care providers across the care continuum continue to confront serious workforce challenges and financial instability, with some providers deciding to reduce services, close units (notably pediatric and maternity hospital care) or consolidate with larger systems. The financial pressures faced by some providers are driven, in part, by persistent, wide variation in prices among providers for the same types of services (with lower commercial prices paid to providers with higher public payer mix) without commensurate differences in quality or other measures of value.

The HPC report also contains [nine policy recommendations](#) that reflect a comprehensive approach to reduce health care cost growth, promote affordability, and advance equity. The HPC further recommends that legislative action in 2023 and 2024 prioritize modernizing and evolving the state's policy framework, necessary to chart a path for the next decade.

This year's Cost Trends Hearing will focus these policy recommendations and on the efforts of all stakeholders to enhance our high-quality health care system in Massachusetts to ensure that it is also affordable, accessible, and equitable.

## ASSESSING EFFORTS TO REDUCE HEALTH CARE COST GROWTH, PROMOTE AFFORDABLE, HIGH-QUALITY CARE, AND ADVANCE EQUITY

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### Baystate Preamble

In the Commonwealth of Massachusetts, the landscape of healthcare provision is marked by a complex and daunting set of challenges that demand our attention and concerted efforts. As we delve into the realities of the healthcare sector in Massachusetts, it becomes increasingly evident that, like Baystate Health (BH), many healthcare providers spanning the entire care continuum are grappling with a multifaceted crisis. This crisis is characterized by a precarious interplay of workforce shortages, financial instability, and a growing number of providers making the painful decision to reduce services or even close units altogether.

The heart of the issue lies in the profound financial pressures that have besieged these healthcare providers. The very institutions designed to promote health and well-being struggle to remain financially viable. At the core of this crisis is a persistent and concerning disparity in the prices paid by payors for identical types of services. What makes this pricing variation particularly alarming is the fact that lower commercial prices are frequently paid to those providers serving a higher proportion of patients reliant on public payer programs.

This troubling financial disparity exists despite a critical absence of commensurate differences in the quality of care provided or any other quantifiable measures of value. The effect of this pricing discrepancy has been to undermine the stability and sustainability of numerous healthcare institutions across Massachusetts. In essence, it challenges the fundamental principles of equity and fairness and threatens the very fabric of the state's healthcare system.

In this backdrop, it becomes clear that we are at a pivotal juncture. The need to address these issues head-on is paramount, not only to secure the future of our healthcare system but to ensure the health and well-being of the people of Massachusetts. BH responds as follows for the 2023 Annual Health Care Cost Trends Hearing serves as a call to action, a call for stakeholders, policymakers, and payors to come together to navigate these complex issues, find solutions, and pave the way for a more equitable, stable, and resilient healthcare landscape in the Commonwealth. Through understanding the depth of these challenges and working collaboratively, we can hope to build a healthier and more secure future for all residents of Massachusetts.

- a. Reflecting on the findings of the HPC's 2023 Cost Trends Report showing concerning trends of high and increasing health care costs and widening health disparities based on race, ethnicity, and income, please identify and briefly describe your organization's top 2-3 strategies for reducing health care cost growth, promoting affordability, and advancing health equity for residents of the Commonwealth.

To maintain a sustainable healthcare system, it is essential that we continue to reduce healthcare cost growth, promote affordability, and advance health equity for the residents of the Commonwealth of Massachusetts. At Baystate Health, and its affiliate Physician Hospital Organization Baycare Health Partners, we are committed to these essential goals.

Baystate Health has been an active participant in value-based care for over a decade. We believe strongly that historic fee-for-service payment methodologies provide the wrong incentives for providers and hospitals. Taking meaningful financial risk with both commercial and public payors encourages providers to adopt strategies toward controlling costs while maintaining high-quality performance.

In the past year, Baystate Health has continued its value journey by accepting risk in the Medicare Shared Savings Program, the Medicaid Program, and with several large commercial payors such as Blue Cross Blue Shield and Health New England. This transition from fee-for-service reimbursement has allowed us to invest in programs that consider social determinants of health, health equity, and care at home. We continue to focus on avoiding emergency room visits and providing patients with the dignity they deserve by receiving care in their place of choice. This alternative focus of medical services significantly decreases the cost of care while improving quality and the patient experience.

Benchmarked data from the Center for Health Information and Analysis (CHIA) consistently places Baystate Health System as one of the lowest total medical expense (TME) providers in the state. This expense reduction is achieved by a focus on care management, end of life care, skilled nursing facility management, preventative care, and population health. The implementation of a new information system infrastructure has helped guide this work and created a platform to engage the community as well as the hospital.

An additional strategy in decreasing healthcare cost growth and improving patient care is our Integrated Healthcare (IHC) Program. This comprehensive care management program is built upon a model of care coordination, delivered using practice-based Nurse Care Managers and Care Coordinators embedded in our

Primary Care Practices as well as our Heart Failure clinic. These professionals strive to maintain or improve the quality of patient care by facilitating the coordination of patient care across the continuum, while also helping to improve patient satisfaction. The program focuses on 3 key areas: transitions of care, addressing/closing gaps in care, and complex disease management.

Whole person management is at the heart of the program and includes avoiding unnecessary care, assessing and addressing barriers to care, linkage to community resources, goals of care conversations, and disease management/education. The program supports the movement of patients from one health care provider or setting to another as their condition and needs change.

Improvement to core care transition issues has resulted in a reduction in hospital admissions and re-admissions, improvements in clinical outcomes, and an increase in patient satisfaction. These core transition improvements include information dissemination through accurate and timely sharing of patient information, medication reconciliation, safe discharges with appropriate continuity and follow-up care, and patient education.

A recent evaluation of this care management program revealed a 38% decrement in medical cost, a 21% decrease in emergency room visits, and a 62% reduction in hospital admissions as compared to pre- and post-care management intervention. It is estimated the program saved almost \$8 million dollars in 2022.

Baystate Health along with Baycare Health Partners has also been working with the Institute for Healthcare Improvement on several initiatives aimed at increasing Health Equity. Baycare received \$1.5 million in grant funding to work within Baystate and the other member practices to identify and work on decreasing disparities in health outcomes in patients based on race, ethnicity, and language (REaL). Baycare partnered with More Inclusive Healthcare to provide training to our member practices in how to ask patients about their REaL demographic information in a patient-centered fashion, how to answer their questions about the utility of this information, and how to record/store that information within the EMR so that it can be abstracted and aggregated.

Baycare has worked with many of its member practices to collect EMR data in an enterprise data warehouse enabling the stratification of Quality and Performance data by REaL demographic factors. This will assist in identifying healthcare disparities and closing gaps.

One pilot program underway involves giving patients with hypertension home blood pressure cuffs at no cost to the patient. Many patients with uncontrolled hypertension have transportation issues, issues affording copays, or getting time off work to see their provider. Home blood pressure cuffs and digital blood pressure reporting can help alleviate these limitations and help patients get controlled values, decreasing future cardiovascular risk.

Another pilot program underway involves using an in-office tool to screen for diabetic retinopathy, the leading cause of blindness in working-age adults. By screening for this condition while already in the office the patient need not make an additional appointment, providing relief for patients struggling with issues such as transportation.

- b. Please identify and briefly describe the top state health policy changes your organization would recommend to support efforts to advance health care cost containment, affordability, and health equity.

Baystate Health urges state decision-makers to consider the passage of the following policy imperatives during the current legislative session. These initiatives would contribute to the health and well-being of the patients we serve and, in our view, contribute to controlling healthcare spending.

#### 1) Housing

Baystate Health has long been a partner and has made strategic investments in the work of several community-based organizations (e.g., Revitalize Springfield and the City of Homes Project) in the region to improve the quality and availability of housing for our neighbors. In addition to embracing the Healthy Homes legislation before the state legislature (which has as its main pillars flexible funding to meet community needs as well as measures to address health inequities associated with poor housing quality), we urge the passage a Comprehensive Housing Bond Bill with a focus on improving and increasing the housing stock in Gateway Cities such as Springfield, Holyoke, and Chicopee.

#### 2) Public Health SAPHE 2.0

As the largest integrated delivery system in western Massachusetts, we wore many hats during the COVID-19 pandemic. In addition to caring for the majority of the region's Covid-19 hospitalizations, we also collaborated with local boards of health to define the sources of clusters. We furthermore composed and disseminated culturally appropriate public health announcements to vulnerable populations regarding personal protective equipment (PPE) and vaccine distribution.



During this collaborative work, we found our professional partners dedicated and committed to doing the “right things” to help our communities. We also noted the fragmented system in which they worked, their disconnection from each other, the lack of common training and standards, and the lack of resources were barriers to doing more. We believe this legislation will prioritize the integration of public health programming at the local level and assist the provider community in prioritizing care within our hospitals, clinics, and practices.

### 3) Long-term care availability

Robust policies around the development and availability of long-term care facilities and transition programs are critical to assist in the reduction of costs to providers. Our region saw the unfortunate closure of four nursing homes this past spring with little notice to the citizens of the region. While throughput issues involving this type of care are well-chronicled, these closures led to a major disruption in the continuum of care, and, of course, in excessive spending, which continues to this day. A more rapid response by state officials is critical to contain unfortunate outcomes such as families scrambling for placements of loved ones as we have seen.

### 4) Health Equity

Baystate Health strongly supports An Act to Advance Health Equity as a vehicle for implementing crucial building blocks to advance health equity in Massachusetts. This initiative will require standardizing and reporting of data to advance health equity; investing in a qualified, diverse health workforce; improving access and quality of care; and investing in building healthier communities. In our view “redesigning or re-engineering” government systems with an equity lens would allow officials to address the root causes of disparities and realize substantial benefits including long-term cost reductions.

### 5) Pharmaceutical spending

We strongly urge the state in partnership with the federal government to preserve the 340b drug pricing program which provides Baystate Health with discounts of more than \$100 million and allows us to implement critical programs for our patients including:

- Pharmacy Discharge Prescription Service that focus on medication reconciliation, post-discharge medication adherence, one-on-one medication education, reduction of hospital readmission rates, and supporting patients’ transitions of care.
- Provide clinical services in the Baystate Medical Center Community health centers that contribute to a greater quality of care, including a diabetes clinic at Mason

Square and an HIV/pharmacotherapy/hypertension clinic at South Campus and Brightwood Health Center.

- Supply Narcan to first responders to help battle the local opioid epidemic in western Massachusetts.
- Embed trained pharmacy liaisons, which assist in providing over \$15 million in direct patient financial assistance at D'Amour Center for Cancer Care, the Children Specialty Center at Wason Avenue, and other key clinic locations.

We understand the 340b program faces innumerable assaults at the federal level and encourage close collaboration with our federal partners to prevent further erosion of this benefit.

### **6) Workforce**

A key component driving costs for Baystate Health, not surprisingly, is the increased cost of labor. A shrinking population and lower workforce participation has created fierce competition for talent in western Massachusetts. Adding to this struggle is the increased desire by workers to work remotely, an option largely not available in the healthcare environment. Baystate Health conducts a fair amount of distance recruiting, but even this does not reduce the constraints on the availability of workers.

We recommend the state consider the following initiatives to aggressively confront this unsustainable cost escalation area. These include a) passage of the Nurse Compact legislation, b) identifying additional opportunities to expand the scope of practice, c) developing pathways for foreign-trained physician credentialing, d) additional alignment of the workforce, education, and training continuum with a particular focus on population challenged regions, e) further controls on nurse contract labor spending, and e) flexibility with respect to health instruction credentialing within the state university and community college sector to train the workforce.

### **Other**

We would ask state policymakers to consider the following:

- Reducing administrative complexity such as burdensome insurance prior authorization processes
- Increasing Medicaid funding to recognize growing hospital expenses for workforce, technologies, pharmaceuticals, and supplies to support providers that disproportionality serve low-income communities, ensuring greater possibility of services being continued and ultimately expanded

- Modernizing the HPC's benchmarking authority to measure and support affordability, health equity, and care access rather than simply health care spending
- Stronger monitoring of health plans around premiums and affordability

c. Many Massachusetts health care providers continue to face serious workforce and financial challenges, resulting in the closure and reorganization of care across the Commonwealth. How are these challenges impacting your organization today? What steps is your organization taking to address these challenges?

1) The workforce and financial challenges have primarily impacted access to care and quality of care. The longer wait times for outpatient appointments with specialty providers, difficulty with making new patient appointments with primary care providers and longer waits to be seen in Emergency Departments and then waits to be taken to inpatient care are a direct result of these challenges. The impact is acutely felt by workforce who feel overwhelmed by the volume of tasks and needs of patients that they are unable to meet daily. Obviously, the impact is most importantly felt by our patients who may have to suffer longer while waiting for care or even have disease progress while not able to get access. Organizationally, we have had to build more redundant systems to ensure patient safety, which in turn requires more staff and deepens the financial deficit.

2) An important organizational, industry and societal impact of these challenges is the loss of trust in providers and the healthcare system. A recent survey (<https://www.theacsi.org/news-and-resources>) by the American Customer Satisfaction Index show that overall satisfaction with health insurers was higher than for hospitals in 2023. A 2017-2018 survey of Massachusetts public demonstrated that people avoid seeking care from their doctors and hospitals when they lose trust in the system or have bad experiences. This can have a direct impact on the health of those individuals and the population at large because people don't seek care when they need it.

3) Baystate Health has narrowed its strategic focus to Access and Workforce to align all employees on addressing these challenges. We have implemented novel workforce retention and recruitment strategies including making mental health services easily available to our staff, increasing compensation for frontline employees (further exacerbating the financial challenges), and successfully increasing primary care capacity in the past two years. The programs and changes are too numerous to list in this testimony – we are trying anything and everything to

support our employees in their mission to heal and care for our community. We have redoubled our efforts to use process changes to become more efficient to maximize capacity to see patients. We have successfully implemented a Daily Management System throughout our hospitals which is an organizational management structure more commonly used in non-healthcare industries.

Our implementation has received attention within the state and regionally for our ability to create a more engaging, fulfilling work environment and improve key patient safety and patient flow indicators. A great example of the magnitude of the efforts is that we have had to hire additional paramedic staff and add nursing coverage to the Emergency Department because of the wait times. We require enough paramedic staff to recheck vital signs and check in with patients on an hourly basis in the waiting room to ensure patients do not deteriorate while waiting. Additionally, because the wait in the ED can exceed 24 hours to get up to a hospital bed, additional nursing coverage is needed to ensure that those admitted patients get a complete initial nursing intake assessment while in the ED rather than when they get up to the hospital floor.

- d. Please identify and briefly describe the policy changes your organization recommends to promote the stability and equitable accessibility of health care resources in Massachusetts?

**1) Regional Approaches to Hospital Financing**

State policymakers need to analyze and respond to shifting demographics across the Commonwealth and how they influence the payer mix. Baystate Health has experienced a demonstrable shift to public payers over the past decade while the commercial market base has shrunk. Taken together, resources are not available to ensure the level of access our patients deserve, nor can we invest in many of the innovations we have witnessed within hospitals elsewhere in the state (e.g., home hospital programs and artificial intelligence investments). The state must also acknowledge and respond to regions where providers exit, close needed services, or invest outside the local market. As the sole provider of many services in western Massachusetts, these actions by neighbor hospitals put added strain on the operations of Baystate Health. This additional burden has not been balanced by increased payment critical to ensuring we can meet this increased demand in our region. The alternative is for citizens to seek care in more costly areas such as Boston, Hartford, or other regions.

## **2) Federal Government Financing Threats-**

The Commonwealth of Massachusetts must respond to the unfortunate setbacks in federal financing that had served as the reliable backbone to fund safety net hospitals for years. The ongoing incursions by pharma into the reliability of the 340b program, which assists vulnerable populations with their care, are well-known. Harming hospitals' financial well-being are the only modest adjustments in Medicare fee models that do not reflect market conditions, inflationary pressures, extreme workforce price escalations, and other threats brought on by the post-pandemic reality. To further exacerbate the situation, the most recent adjustments to the rural wage index in Massachusetts will only cause further erosion of healthcare missions as systems respond to these draconian cuts. We remain grateful for the opportunity brought with the renewal of the 1115 Medicaid Waiver; however, as it would be impossible to sustain the advances in health equity, innovation, access, and quality it mandates without adequate system funding.

## **3) Social Determinants of Work**

As detailed in Question B, appropriate investments in many of the social determinants of health for our patient population are critical components in reducing overall healthcare expenditures. We would encourage consideration in future financing models for added resources for providers to respond to those same needs within our employee population; many of whom are on the lower income strata and face similar pressures as our patients. Baystate Health is committed to working with our 'First Community' to ensure career mobility and pathways to family and financial prosperity. As the workforce population for Baystate Health grows more diverse, we know we will face added pressure to meet these critical life needs to ensure adequate staffing across our 13,000-employee enterprise.

## **4) Other**

We would also ask state policy makers to consider the following:

- Expansion of higher education and workforce training programs, grants, and scholarships to increase the healthcare workforce. This is especially needed healthcare "deserts", i.e., regions or fields where demand outstrips supply.
- Studying the feasibility of making Massachusetts emergency medical services (EMS) an essential service to improve access to transportation and improving inpatient bottlenecks
- Examining ways to make our behavioral healthcare delivery system more regional versus the current statewide model, so that patients can receive access close to their communities
- Ensuring insurance reimbursement for carved out services / professionals (social work, community health work, SUD treatment, BH workers etc.)



## QUESTION FROM THE OFFICE OF THE ATTORNEY GENERAL

Chapter 224 requires providers to make price information on admissions, procedures, and services available to patients and prospective patients upon request. In the table below, please provide available data regarding the number of individuals that sought this information.

Health Care Service Price Inquiries Calendar Years (CY) 2021-2023			
Year		Aggregate Number of Written Inquiries	Aggregate Number of Inquiries via Telephone or In-Person
CY2021	Q1	11	118
	Q2	3	72
	Q3	5	65
	Q4	22	54
CY2022	Q1	5	72
	Q2	6	73
	Q3	2	84
	Q4	1	70
CY2023	Q1	3	88
	Q2	5	74
	TOTAL:	63	770