



MASSACHUSETTS

**Michael T. Caljouw**

Vice President  
State Government & Regulatory Affairs

March 11, 2020

Dr. Stuart Altman, Chair  
Health Policy Commission  
50 Milk Street  
Boston, MA 02109

The Honorable Cindy Friedman, Senate Chair  
Joint Committee on Health Care Financing  
State House Room 413-D  
Boston, MA 02133

The Honorable Daniel R. Cullinane, House Vice Chair  
Joint Committee on Health Care Financing  
State House Room 236  
Boston, MA 02133

Dear Chair Altman, Chair Friedman and Vice Chair Cullinane:

I respectfully offer the following comments for your consideration on behalf of Blue Cross Blue Shield of Massachusetts (BCBSMA) with regard to a potential modification of the health care cost growth benchmark for the average growth in total health care expenditures for calendar year 2021.

BCBSMA supports the Health Policy Commission's (HPC) work examining and providing a spotlight on health care cost growth. BCBSMA was pleased our total medical expense was well below benchmark, and that the Commonwealth also met the total health care expenditure benchmark. However, as a stakeholder who is directly involved with negotiating contracts and establishing premium rates, we see a developing and concerning trend potentially endangering our collective efforts to control costs within the current constraints. As the Center for Health Information and Analysis (CHIA) found in their 2019 Annual Report, the largest areas of growth for total health care expenditures were accounted for in hospital services and pharmaceutical costs. Similarly, the HPC found in their most recent Cost Trends Report that hospital inpatient spending has continued to grow despite a constant or declining utilization. If costs in these areas continue to increase at these rates, it will negatively impact the Commonwealth's ability to meet the benchmark.

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As the HPC Board considers the appropriate benchmark, BCBSMA would support maintaining the benchmark at PGSP minus 0.5% and not increasing it. There is more work to be done by all stakeholders – health plans, hospitals, doctors and other providers, pharmaceutical manufacturers and pharmacy benefit managers. Consistent pressure from the HPC is a helpful spotlight as we all work to keep health care affordable.

Thank you for your consideration of our perspectives. We look forward to continuing our statewide efforts to focus on still-growing costs and protect the gains we have made in access.

Please do not hesitate to contact me with any questions or for additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael T. Caljouw", with a long horizontal flourish extending to the right.

Michael T. Caljouw