BOSTON MEDICAL CENTER

October 26, 2023

David Seltz
Executive Director
Health Policy Commission
The Commonwealth of Massachusetts
50 Milk Street, 8th Floor
Boston, MA 02109

RE: 2023 Written Testimony for Cost Trend Hearings

Dear Director Seltz:

Attached please find the requested Boston Medical Center (BMC) testimony in preparation for the public hearings concerning health care cost trends.

I am legally authorized and empowered to represent BMC for the purposes of this testimony. This testimony is signed under the pains and penalties of perjury.

Should you have questions about this testimony, please reach Melissa Shannon at 617-638-6732.

Sincerely,

Alastair Bell

Alastair Bell, MD, MBA
President & CEO

MASSACHUSETTS
HEALTH POLICY COMMISSION

2023 Pre-Filed Testimony
PROVIDERS

As part of the
Annual Health Care
Cost Trends Hearing

Massachusetts Health Policy Commission
50 Milk Street, 8th Floor
Boston, MA 02109

INSTRUCTIONS FOR WRITTEN TESTIMONY

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. 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 or 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 or (617) 963-2021.

INTRODUCTION

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

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.

As the state's largest safety net provider, Boston Medical Center's (BMC) mission is to provide exceptional care without exception. BMC is proud to serve a diverse patient population, with approximately 70 percent of patients identifying as people of color and nearly half of patients living at or below the federal poverty line. Further, as you know from CHIA data, BMC has the highest Medicaid payer mix of any hospital in the state. Given this unique position, our work to reduce costs and advance health equity for our patients plays a critical role in the state's goals to contain costs in the MassHealth program and improve health outcomes for communities of color.

1. **Our Population Health programs, operated in partnership with our health plan and ACO partners, is delivering on the promise of the accountable care model to improve outcomes and contain costs.**

BMCHS operates a robust suite of Population Health programs and initiatives as part of our participation in the MassHealth ACO program. The incentives created in the MassHealth ACO program – to improve health equity, improve quality, and lower total cost of care – combine to create a platform for creativity and innovation in the programs and services we offer to our Medicaid patients. We utilize sophisticated data and analytic tools to understand areas of need and trends in our population. A multi-disciplinary team of physician, nursing, pharmacy, behavioral health, and administrative staff in Population Health partner together with leaders across the payor and provider landscape to translate analytic insights into programs and services. The lynchpin of our population health strategy is the Complex Care Management (CCM) program which targets the highest risk cohort of Medicaid patients. We have shown that the CCM model supports our mission, meaningfully improves patient health and wellbeing, reduces utilization, and improves total cost of care. We have invested in transitions of care programs, developed care coordination and navigation programs that focus on SDOH needs, and forged partnerships with community-based agencies.

2. **By investing in the behavioral health continuum, we are increasing access to care and working to reduce overall healthcare costs.**

Managing behavioral health (BH) is critical to lowering the total cost of care. Using our ACO data, BMC conducted a comprehensive assessment of the BH needs of our members to better understand the challenges in managing their care. We found our MassHealth members have high BH needs (48%) compared to the average Medicaid population (~35%) and drive the majority (82%) of total cost of care. Unfortunately, significant gaps in outpatient and inpatient behavioral health care continue to drive increased medical and other BH costs. At BMC, we found a lack of inpatient BH capacity and difficulty in getting appropriate access to ambulatory appointments inhibits care for our patients who tend to be more clinically complex.

Given this data, BMC has moved to help fill these care gaps. Last October, we opened the 82 bed Brockton Behavioral Health Facility to better serve our ACO members and help meet the Commonwealth's behavioral health needs. This facility serves mostly Medicaid patients, many who are clinically complex, and who previously had trouble finding a bed placement so instead boarded in emergency departments (EDs). Further, BMC is proud to serve as one of the state's Community Behavioral Health Centers, offering a one-stop shop for mental health and substance use treatment. By providing an array of care from crisis intervention, behavioral health urgent care, outpatient services, and more we are ensuring patients receive the care they need in the community and are helping reduce unnecessary ED visits for behavioral health.

2. Through our Health Equity Accelerator, we are using data analysis to transform the care we provide and create interventions that will change outcomes for our patients.

The Health Equity Accelerator at BMC is working to transform healthcare to eliminate gaps in life expectancy and quality of life among different races and ethnicities. Through this work we identified five clinical areas where we see major disparities: pregnancy, Covid vaccine uptake, diabetes, cancer, and behavioral health. For each of these areas, we are investigating and addressing both the upstream and the clinical factors that contribute to inequities in health access, patient experience, and outcomes. As part of our efforts, BMC has improved baseline collection data, stratified performance to understand disparities, and has begun deeply investigating high-priority disparities.

In our pregnancy in equity work, we have already seen success in improving outcomes for patients of color. After a robust data analysis, we found some inequities in maternal complications are driven by the condition pre-eclampsia. Based on our data, black

patients are 71% more likely to have pre-eclampsia and when they do, they have a 2.1x higher risk to develop severe maternal morbidity (SMM). With this knowledge, BMC implemented a remote health monitoring program, which uses cellular-enabled blood pressure cuffs to easily track the blood pressure readings of patients at risk of pre-eclampsia or hypertension. Through this program, we can identify trends in our patients' blood pressure that indicate potential health impacts and connect those patients with timely life-saving interventions. Early data from this program shows positive impacts on hypertension readmissions. Since beginning this work in May 2022, we have documented a 19% decrease in postpartum hypertension readmissions.

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.

1. Continued investment in the state's Medicaid program is necessary to address health equity.

Medicaid reimbursement does not keep pace with inflation, and is falling further behind the costs for care delivery. Medicaid and Medicare increase only 0-4% per year, while inflation and labor costs have risen dramatically. To help cover rising costs, Medicaid should adjust to keep up with inflation. Investing in Medicaid directs more health resources to patients of color. Systemic underpayment of safety net providers threatens health equity efforts as these providers typically care for the most diverse patient population. It is difficult to research existing racial inequities among patients, implement new interventions, or create new initiatives targeting equity when safety net providers are already financially strapped. Both fee-for-service payments and supplemental payments should reflect the social complexity of the patients served. As a state, if we want to improve health equity, we need to invest in the providers serving patients of color. Further, addressing equity also helps address affordability. Tackling racial disparities produces better health outcomes for patients of color and reduces the total cost of care.

2. Investment in post-acute care such as skilled nursing facilities will help reduce overall cost in the health care system.

Like other hospitals, BMC is facing significant throughput issues. BMC's patients are harder to discharge to post-acute facilities because of their Medicaid or uninsured status, and harder to discharge to home because many patients are homeless. For example, BMC has 4.5x more homeless discharges than any other hospital in the Commonwealth

and our average length of stay is up 27% from pre-COVID levels. Stuck patients create operational issues but also major financial impacts to the health care system.

When there are not appropriate places for discharge, patients remain in high-cost inpatient settings even when it is clinically unnecessary. Due to a lack of post-acute placements, according to a BMC internal analysis, patients can remain inpatient a full day after they are medically cleared for discharge. This creates capacity issues and a huge bottleneck in the emergency department (ED), increasing ED boarding times as patients wait for an inpatient bed to be available. Overcrowding in the ED is expensive and reduces the quality of care for patients as those who board a long time in the ED are not receiving care in the best setting for their needs. Investing in post-acute placements ensures patients receive the right care in the right setting at the right time. Further, streamlining and expediting discharges increases hospital capacity without making any capital expenditures and is a more efficient use of resources.

3. To further advance health equity, the statewide cost containment benchmark should be updated to allow for the growth of safety net providers.

When considering statewide cost containment, a one-size-fits-all approach for limiting price growth is not appropriate, as it does not account for important factors that differentiate providers. Care should be taken when analyzing individual provider's growth to consider historic underpayment, their overall cost compared to other providers, and the diversity of the patient population served. The continued underpayment of safety net providers perpetuates inequities. If price increases within the health care system are targeted to providers caring for patients experiencing the largest health inequities, we can more quickly advance the state's goal of achieving health equity. The statewide cost containment benchmark should allow for such investment to occur without fear of penalty.

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?

The health care industry continues to face unprecedented staffing shortages and BMC feels these impacts acutely. The workforce is increasingly burned out, overworked, unsatisfied and facing a rise in workplace violence and hostility. Staffing shortages have driven an explosion in temporary labor expense to maintain services. For BMC in FY22, $69M or nearly 11% of total salaries were spent on temporary labor, compared to ~$17M or 3% of total salaries pre-COVID. While the need for temporary workers is subsiding, the

labor market is still very tight. Though temporary labor costs are decreasing, the cost of labor is still rising.

We are working on critical recruitment and retention efforts to stabilize our workforce, reduce the use of temporary labor, and decrease turnover. In the nursing department, BMC has increased tuition repayment options, created new RN residency and fellowship programs, invested in nursing education positions to address new nurse turnover, and updated recruiting and targeted advertising. Further, BMC has created a number of nursing councils to surface the concerns and feedback of our nurses, including the Retention and Recruitment Council. This council, which is comprised of staff nurses, nurse leadership, and HR, provides a forum for inter-professional colleagues to discuss retention, engagement and recruitment best practice strategies. So far the council has implemented improved onboarding welcome packets, new hire coffee events, and welcome gifts, and is working on an increased social media presence, additional staff social events, and establishing a "new graduates community".

Due to an over-representation of Medicaid patients and consistent underpayment by commercial insurers, BMC faces and will continue to face financial challenges. MassHealth and Health Safety Net (HSN) rates are low and inflate less than costs annually. This creates an unsustainable reimbursement model, especially given the vast majority (~80%) of our patients are on public insurance or are uninsured. According to CHIA data, BMC has the highest Medicaid payer mix of any hospital in the state. Further, safety net providers like BMC are generally paid less by commercial insurers than peer hospitals, even if they provide similar quality of care.

BMC has managed finances to date by relying on operational excellence and benefits from the 340B pharmacy program. We continue to engage in aggressive performance improvement, but that alone cannot close the gap. While we appreciate the additional support from the new 1115 waiver, we must identify additional revenue streams to stabilize finances. In order to thrive as an independent health system, we are pursuing a commercial contracting strategy to align with our academic medical centers peers and improve our financial sustainability. BMC commercial reimbursement must be consistent with other Boston AMCs. We are redefining our provider/payer partnerships to align with payers who are contributing fairly to the population we serve. We appreciate the commitment to equity EOHHS has made, and we are asking commercial payers to make similar investments like additional funding for health equity and vulnerable patient populations. These strategies will help us achieve more financial stability and allow us to rely less on supplemental state payments.

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?

The HSN plays a critical role in providing access to care for low income patients and patients without full immigration status. Unfortunately, the HSN Trust Fund does not fully cover the cost of care for these patients, leaving hospitals without reimbursement. This problem is growing as health care costs rise and the funding sources for the HSN stay static.

Given our patient population, BMC is the largest recipient of HSN funds and is most impacted when the HSN Trust Fund does not adequately cover costs. This year we are facing a shortfall that is $9.2M greater than last year. Without further investment, HSN providers face even bigger losses, making the ability to deliver care for this population more difficult. This jeopardizes access to care for our most vulnerable populations.

The HSN Trust Fund needs more resources to ensure access to care for all patients. Proposals like H.1217/S.811 *An Act to Address the Financial Sustainability of the Health Safety Net* would add essential funding to the Trust Fund. This legislation reinforces the current statutory requirement that the Unemployment Assistance Trust Fund contribute at least $30 million to the HSN Trust Fund. It would also allocate responsibility equally among hospitals and payers if there is a funding shortfall. Currently, hospitals alone must make up any funding shortfall in the program. This legislation and other efforts to bolster the HSN Trust Fund are needed to ensure health care remains accessible for low income and uninsured patients.

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	N/A	N/A
	Q2	N/A	N/A
	Q3	N/A	N/A

	Q4	N/A	N/A
CY2022	**Q1**	66	N/A
	Q2	85	N/A
	Q3	88	N/A
	Q4	159	N/A
CY2023	**Q1**	98	N/A
	Q2	115	N/A
	TOTAL:	611	N/A

Note: Boston Medical Center is committed to price transparency and provides price information to patients upon request. Unfortunately, BMC had a lapse in collecting the number of these requests for a period of time. At the end of 2021, BMC implemented an electronic health record system update which provides a central way to track these requests. This ensures we are able to now easily report data on price inquires, as reflected in CY2022 and beyond.