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Submitted electronically to HPC-testimony@mass.gov

March 15, 2024

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

Re: Health Care Cost Growth Benchmark for Calendar Year 2025

Dear Commissioners:

On behalf of Health Care For All (HCFA), thank you for the opportunity to submit testimony regarding the health care cost growth benchmark for calendar year 2025. HCFA is a consumer advocacy organization. We operate a HelpLine that takes over 20,000 calls a year, and we advocate for health justice in Massachusetts by working to promote health equity and ensure coverage and access for all.

Right now we have dueling health care challenges in Massachusetts – too many residents – particularly people of color and low-income individuals -- are not able to afford the care they need, and too many are not able to access that care. When residents can't afford care, it not only leads to financial stress, but also poor health outcomes. At the same time, if residents can't get in to see a primary care doctor or are stuck boarding in the emergency room, it also leads to bad health outcomes. We hear every day from residents in both of these predicaments on our HelpLine.

Access:

We must confront the pressing challenges Massachusetts faces when it comes to access to care that is driven by misaligned incentives, workforce challenges, and bottlenecks in the system. As we do, it is critical that we focus on the communities that have too often been left without access to the care they need, and the types of health care services that have been under-funded.

We should focus on redirecting resources and changing payment structures for primary care and behavioral health. Several pressure points in emergency departments and hospitals could be relieved by better access to primary care and behavioral health services both in the community and through in-patient and step-down psychiatric care. Expanded access to these services can help to manage care both up and down stream.

We should also focus on ensuring access to care in low-income communities and communities of color that have too often been marginalized and underserved. To do that we need to adjust the incentives in our system to encourage investment in expanded services in communities that have lower rates of commercially insured residents, and that don't draw proposals for expansions as frequently as whiter wealthier communities with higher rates of commercially insured residents.

We also have to focus on language access, especially for primary care. This is something we hear about often on the HelpLine. Progress will require ensuring that practices are living up to their responsibilities, while expanding workforce training and building pipelines to diversify the workforce.

Affordability

As we work to address these challenges, however, we can't take our eye off of the ball for residents across the state who are struggling to afford the care they need.

Setting the 2025 Benchmark:

With regard to the role of the benchmark in ensuring care is affordable, it is critical that the HPC consider the context in which people experience these costs. We should strive to keep health care costs in line with the income individuals and families have to pay for those costs. This year's CHIA report once again found that the health care costs consumers face – premiums that rose 5.8% and out-of-pocket costs that rose 6% - outpaced overall commercial spending and wage growth.

Considering wages as one factor when setting the benchmark is part of the approach that California recently proposed as they are charting the course for their health care cost benchmark. It seems logical that we should consider it as one factor here as well, and in 2023, wages in Massachusetts grew [approximately 3.4%](#) from the previous year. This aligns with **our recommendation that this year the benchmark should be set between 3.1% and 3.6%, consistent with previous benchmarks.**

Other Benchmark Policy Recommendations

We also need to continue to think about ways to iterate both through administrative and legislative channels on the benchmark process based on our more than ten years of experience, and the progress other states have made in the intervening years. Our benchmark system has seen great successes, but has waned in impact in recent years and there are areas where modest but critical updates could be enormously helpful.

That starts with bringing prescription drugs into the benchmark process by enabling the HPC to conduct cost reviews of high-cost drugs when their cost and value may not be aligned. Drug costs stand out in the CHIA report as the largest driver of increasing spending in the state, rising at 8.3% even when adjusted for rebates. It also became the largest single category of spending, surpassing even hospital outpatient department spending. We simply cannot address issues of health care affordability without addressing the cost of prescription drugs.

It also requires more flexibility in the measures that can be used to refer entities for the PIP review process as it relates to hospital costs and prices, and it requires stronger accountability through more meaningful penalties for data reporting non-compliance and spending over the benchmark.

Finally, it requires tracking, spotlighting and having direct accountability for the costs consumers face through an affordability benchmark or index so that people across the Commonwealth are protected. We are extremely excited to see the HPC take steps to begin implementing an affordability index as part of the annual cost trends process. We are also hopeful that it can be implemented in concert with an equity benchmark or index that will likely consider factors outside of cost and highlight the intersection of health care costs and equity. We look forward to partnering

with the HPC and other stakeholders to help design the affordability index in a way that enhances overall accountability for system costs while tracking how individuals, families and businesses of all types experience those costs.

Thank you again for the opportunity to provide testimony on the health care cost growth benchmark and how to most effectively tackle rising health care costs and barriers to accessing care in the Commonwealth. Please don't hesitate to contact us with any questions at asheff@hcfama.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Alex Sheff". The signature is fluid and cursive, with the first name "Alex" and last name "Sheff" clearly distinguishable.

Alex Sheff
Senior Director, Policy and Government Relations
Health Care For All