



**HEALTH CARE FOR ALL**

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*Submitted electronically to [Benjamin.A.Thomas@mass.gov](mailto:Benjamin.A.Thomas@mass.gov)*

March 22, 2019

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

**Re: Health Care Cost Growth Benchmark for Calendar Year 2020**

Dear Commissioners:

On behalf of Health Care For All (HCFA), thank you for the opportunity to submit testimony regarding potential modification of the health care cost growth benchmark for the average growth in total health care expenditures for calendar year 2020. HCFA advocates for health justice in Massachusetts by working to promote health equity and ensure coverage and access for all.

It is clear, both from data sources cited below and from the daily calls to HCFA's consumer HelpLine, that residents of our Commonwealth continue to face challenges affording health care. As a result, we believe it is critically important to persist in pursuing approaches that signal to the health care community that current efforts to address costs are insufficient. **We therefore recommend that the Health Policy Commission (HPC) continue to set the 2020 benchmark at equal to the potential gross state product minus 0.5 percent, or 3.1 percent.**

We understand that the health care cost growth benchmark is an important tool to monitor total health expenditures across the system and help apply pressure to bring down health care spending growth. We are encouraged that cost growth has stayed below the benchmark over the past two years and are optimistic the trend will continue. However, we also recognize that even when costs for the system decrease, costs for consumers do not always decrease as well. That is where we currently find the Commonwealth. Therefore, we want to take the opportunity here to highlight below some of the data documenting the ongoing challenges that consumers face in order to not lose sight of how consumers are directly experiencing cost growth.

The high levels of health insurance coverage in Massachusetts do not guarantee access to health care or the affordability of care. The **2018 Massachusetts Health Reform Survey**<sup>1</sup>, conducted by the Blue Cross Blue Shield Foundation and the Urban Institute documents the affordability challenges – including inability to afford premiums, deductibles and co-pays – that Massachusetts residents continue to face. Nearly half of adults reported difficulty obtaining care over the past year, and 18.6% went without needed care because of cost.

While low- and moderate-income residents are particularly affected by these affordability challenges, individuals and families across the income spectrum feel the impact of health care costs. Low- and moderate-income adults were more likely than higher income adults to report difficulties obtaining care and unmet need for care, including problems paying family medical bills and having to pay off bills over time. At the same time, roughly one-fifth of both lower- and higher-income adults reported problems with family medical debt.

The **CHIA 2018 Annual Report on the Performance of the Massachusetts Health Care System**<sup>2</sup> confirms that simply having health insurance coverage does not guarantee the ability to access needed care. CHIA’s Massachusetts Health Insurance Survey found that in 2017, over 25% of Massachusetts survey respondents reported that they went without needed medical or dental care due to cost, despite the fact that two-thirds of those individuals had health insurance coverage at the time they needed care.

Cost-sharing and out-of-pocket spending are two key factors that contribute to the inability of consumers to afford, and therefore access, care. The CHIA survey found that member cost-sharing continued to grow at a faster rate (5.7% compared to 4.3% the prior year) than inflation, average wages, and premiums. At the same time, annual growth in fully-insured plans also accelerated – from 2.0% in 2016 to 4.9% in 2017. In addition, from 2014 to 2017, average out-of-pocket spending for people with employer-based coverage grew by 27%.

CHIA also found that the costs of employer-sponsored insurance are particularly burdensome and unaffordable for lower-income residents. In 2017, those between 139% and 299% of the Federal Poverty Level (FPL) with employer-sponsored insurance contributed nearly one third of their income to health care expenses. Nevertheless, 29% of these residents also had outstanding medical debt that they were paying off over time.

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<sup>1</sup> Blue Cross Blue Shield of Massachusetts Foundation and Urban Institute, “2018 Massachusetts Health Reform Survey,” December 2018. Available at: <https://bluecrossmafoundation.org/publication/2018-massachusetts-health-reform-survey>.

<sup>2</sup> Center for Health Information and Analysis. “Performance of the Massachusetts Health Care System,” September 2018. Available at: <http://www.chiamass.gov/assets/2018-annual-report/2018-Annual-Report.pdf>.

In highlighting data from the CHIA survey, the **2018 HPC Annual Cost Trends Report**<sup>3</sup> acknowledged that many Massachusetts residents continue to face considerable challenges in affording health care. The HPC reported that average total premiums for employer-based coverage in Massachusetts remains one of the highest in the country, with an average family paying over \$21,000 per year for coverage in 2017 and single enrollees paying \$7,000. The HPC estimated that when including typical copays and deductibles, health insurance spending for an average Massachusetts family exceeded \$23,000 per year – a figure that does not include other out-of-pocket costs for health care.

In the 2018 Cost Trends Report, the HPC outlined a number of policy recommendations, and we wish to highlight two areas included in these policy recommendations that directly address affordability for consumers. First are the recommendations to address pharmaceutical spending. High prescription drug costs result in higher premiums for individuals and employers and high out-of-pocket costs for consumers, as well as place a considerable burden on the state budget. As a result, HCFA has introduced a comprehensive legislative package to address high and rising prescription drug costs this session, which includes a number of provisions that align with the HPC's recommendations. Our legislation, *An Act to ensure prescription drug cost transparency and affordability* (H. 1133/S. 706), uses a number of strategies that include providing transparency around the underlying costs to produce prescription drugs; restraining abuses of pharmacy benefit managers (PBMs); authorizing the HPC to set upper payment limits for unreasonably high-priced drugs; requiring pharmacists to inform consumers if purchasing a drug at the retail price would be cheaper than using health insurance; providing tools to strengthen MassHealth's ability to negotiate lower drug prices; and permanently authorizing and funding "academic detailing," an evidence-based prescriber education program.

In addition, we support the policy recommendations to protect consumers from surprise out-of-network billing. Surprise out-of-network billing occurs when patients receive out-of-network care that they did not or could not intentionally choose to receive, and they are subsequently faced with unexpected and unaffordable medical bills. In many cases, the patient has done everything in their power to pursue an in-network hospital or doctor, but nevertheless is hit with a costly bill from a provider the patient did not know was out-of-network. These medical bills are contributing to the growing problem of consumer medical debt, which is a significant cause of personal bankruptcy today. Our proposed legislation, *An Act to protect consumers from surprise medical bills* (H. 967), takes a comprehensive approach to preventing surprise out-of-network billing and protecting consumers facing surprise bills by: (1) requiring comprehensive health insurance carrier and health care provider disclosures of the network status of a provider in order to decrease the likelihood of surprise bills in the first place; (2) prohibiting providers from "balance billing" consumers facing surprise bills, which includes a requirement that patients cannot be billed for services unless the out-of-network provider has obtained clearly defined prior written consent from the patient; and (3)

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<sup>3</sup> Massachusetts Health Policy Commission. "2018 Annual Cost Trends Report," February 2019. Available at: <https://www.mass.gov/files/documents/2019/02/20/2018%20Cost%20Trends%20Report.pdf>.

creating an independent process, using expertise of the HPC and Division of Insurance, to determine out-of-network payments for both emergency and non-emergency services.

In addition to pursuing an aggressive benchmark, we recommend that state policymakers and the HPC continue to recognize that we need to look at costs not only for the health care system but for consumers as well. It is for these reasons that we need to keep working aggressively to bring down health care costs in Massachusetts. HCFA is supportive of leveraging additional tools and strategies to ensure consumer and patient affordability are at the forefront of efforts to address costs, including addressing prescription drug costs and protecting consumers from surprise out-of-network bills.

Thank you again for the opportunity to provide testimony on the critical issue of how to most effectively tackle rising health care costs in the Commonwealth. Please don't hesitate to contact us with any questions at [arosenthal@hcfama.org](mailto:arosenthal@hcfama.org) or (617) 275-2911.

Sincerely,

A handwritten signature in black ink, reading "Amy Rosenthal". The signature is fluid and cursive, with the first name "Amy" and last name "Rosenthal" clearly distinguishable.

Amy Rosenthal  
Executive Director  
Health Care For All