



## **COMMENTS ON THE POTENTIAL MODIFICATION OF THE 2019 HEALTH CARE COST GROWTH BENCHMARK BEFORE THE HEALTH POLICY COMMISSION MARCH 13, 2019**

The Massachusetts Medical Society, representing over 25,000 physicians, physicians-in-training, and medical students, appreciates the opportunity to provide comment to the Health Policy Commission and the Joint Committee on Health Care Financing as it deliberates a potential adjustment to the state's health care cost benchmark. MMS encourages retainment of the current benchmark at 3.1%, as it maintains an aggressive goal of intentional cost containment below even prevailing rates of health care inflation. MMS supports the continuation of ambitious benchmark goals in the hopes that our state will continue to provide even higher-value care, and, importantly, that relative cost savings will be appreciated by all patients in the form of constrained or reduced out-of-pocket expenditures. We hope that this coming year will bring yet another report of strong cost containment efforts: the Medical Society was pleased to see the initial assessment of total health care expenditures per capita of 1.6% for the 2016-2017 period. Also encouraging to MMS, as detailed below, were the significant contributions to this strong cost containment metric by the physician community.

### **Physicians Drive Cost Containment**

The Medical Society has watched with great interest how exactly Massachusetts has achieved many successes in health care spending over the past several years. We have scrutinized the sub-analyses of the HPC over the past many years to better understand some drivers that have led to eight straight years of spending under the U.S. rate of growth. We have been heartened to see the role of physician spending in cost containment: in 2016, physician spending rose just 1.7%, and it has grown at an even lower rate—1.2—in 2017. This has meant that physician spending has represented just under 8.0% (2016) and 8.4% (2017) of total spending increases over the past two years. Physicians have been part of the solution; driving the state's total health care expenditures towards attainment of the state benchmark.

To further emphasize the strong role of the physicians in cost containment, the Medical Society wishes to highlight the strengths of physician leadership in healthcare provider organizations. In 2016, the HPC reported that an impressive 8 of the 10 largest managing physician groups reduced health status adjusted (HSA) total medical expenditures (TME) for at least two of the three health plans, and 2 of the 10 reduced TME for all three plans. In other words, when physicians bear more responsibility for overall patient management, they can actually effectively contain total spending, even in categories such as hospital and pharmacy costs that are ballooning at the aggregate level. This bodes well for the future as physician groups are increasingly reimbursed under alternative payment models (APMs) that emphasize PCP and specialist management of total patient costs or costs for specific episodes, such as a surgery.

This year, MMS noted national studies indicating that physician-led ACOs spend 14-25% less per patient than ACOs led by academic medical centers, and achieve high quality marks. Hypotheses about the drivers of these savings seem to be confirmed in part by analyses in this year's HPC Cost Trends Report which shows various cohorts in physician-led organizations showing higher rates of PCP visits and lower rates of potentially avoidable ED visits.

### **Comments on HPC Policy Priorities**

The Medical Society read with interest the policy recommendations of the HPC contained in this year's Cost Trends

Report. Of particular interest was the new Recommendation #1 addressing administrative complexity and Recommendation #2 which included several new sub-policy recommendations. The Medical Society shares HPC's commitment to address administrative complexity. Not only does the physician community see administrative complexity as a driver of unnecessary expense in health care, but it can also be a driver of physician burnout. In fact, this year, in conjunction with the Massachusetts Health and Hospital Association, the Harvard T.H. Chan School of Public Health, and Harvard Global Health Institute, the MMS authored a white paper entitled, "A Crisis in Health Care: A Call to Action on Physician Burnout." Burnout among the nation's physicians has become so pervasive that the paper, authored by Dr. Ashish Jha, MMS President Dr. Alain Chaoui, MMS President-Elect Dr. Maryanne Bombaugh and others, deemed the condition a public health crisis. Recent evidence indicates that nearly half of all physicians experience burnout in some form. The consequences of burnout include reduced hours and professional exist- all coming at a time when assuring an equate physician workforce is imperative. The paper includes directives aimed toward curbing the prevalence of burnout among physicians and other care providers, including the appointment of an executive-level chief wellness officer at every major health care organization, proactive mental health treatment and support for caregivers experiencing burnout, and improvements to the efficiency of electronic health records. The report also points to a variety of stakeholders including Health Plans and Governmental agencies at the state and national level to take an active role in reducing Prior Authorization, documentation and measurement requirements. The burden and associated costs of these items are burying practices and often do not add to improved patient care. MMS urges the Health Policy Commission to pay close attention to the connection between administrative complexity and physician burnout. If not addressed, physician burnout has the potential of jeopardizing the great strides made in Massachusetts to broadly extend access to high-quality care across the state.

In addition, MMS has made addressing pharmaceutical drug prices a top priority. Not only has MMS noted the HPC's successive annual reports showing pharmacy costs as a leading driver of health care costs in Massachusetts, but practicing physicians regularly note the daily frustrations of trying to ensure their patients have affordable access to prescription medications. MMS will continue to advocate for even great transparency and data reporting to HPC, CHIA, and the Attorney General's office by pharmaceutical manufactures and pharmacy benefit managers. MMS urges HPC to not only focus research and policy toward the high-cost of new market entrants, but to also consider the significant failures of the generic market to keep costs reasonably low.

### **Moving Forward on High-Value Care**

MMS is optimistic that there are many opportunities for evidence-based approaches to further supporting high-value, patient-centered care. MMS has again filed legislation to ensure that patients are no longer responsible for out of network bills that may result from unavoidable gaps in coverage. In addition, MMS sees great opportunity in the thoughtful continued promotion of alternative payment methodologies. MMS urges however, continued close attention to the proliferation of competing quality metrics that physicians are required to report on, and by which physicians are evaluated. MMS supports recent calls for alignment and consolidation of such measures.

MMS appreciates the opportunity to offer these comments and looks forward to continuing to work with the Health Policy Commission and the Joint Committee on Health Care Financing on promoting broad access, high-quality, affordable health care to all patients in Massachusetts.