



July 13, 2016

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

re: **958 CMR 9.00 – Assessment on Certain Health Care Providers and Surcharge Payors**

Dear Director Seltz:

On behalf of the Massachusetts Association of Health Plans (MAHP), which represents 17 health plans that provide coverage to more than 2.6 million Massachusetts residents, I am writing with regard to the Health Policy Commissions' ("the Commission") proposed regulations, 958 CMR 9.00, Assessment on Certain Health Care Providers and Surcharge Payors.

Over the last four years, the work of the Commission has been invaluable in shedding a light on the factors driving higher health care costs and to make the health care system more transparent, accountable and affordable for employers and consumers. As the Commission's mission is to develop policy to reduce health care cost growth and improve the quality of patient care, its work benefits the entire state. Funding for the Commission should be a shared responsibility, reflective of the approach outlined in Chapter 224 of the Acts of 2012 (Chapter 224) that funding would be apportioned equally among the Commonwealth, health plans and employers, and hospitals and ambulatory surgical centers (ASCs). However, we are concerned that the approach the Commission has taken in establishing the assessment does not reflect that sentiment.

Unfortunately, the Commission's regulations do not include any funding from the Commonwealth, effectively shifting the full cost of the Commission onto health plans, hospitals, and ambulatory surgical centers. As a result, rather than health plans and employers, hospitals and ASCs, and the Commonwealth each contributing one-third of the revenues to fund the Commission, the contribution is 50 percent for health plans, 50 percent for hospitals and ASCs and nothing from the Commonwealth.

While recognize that the Commonwealth is facing enormous fiscal challenges, we are concerned with the approach the Commission has taken for funding its operations. Shifting the Commonwealth's portion to the Commission's other funders will translate into higher health care costs, particularly at a time when health plans' are working to contain costs and adhere to the cost benchmarks included in Chapter 224. As the attached chart outlines, over the last several years more of the cost of state programs have been passed onto employers and health plans, including several that are part of the FY17 budget. Shifting the state's portion to the other funders represents a tax on the cost of health care.

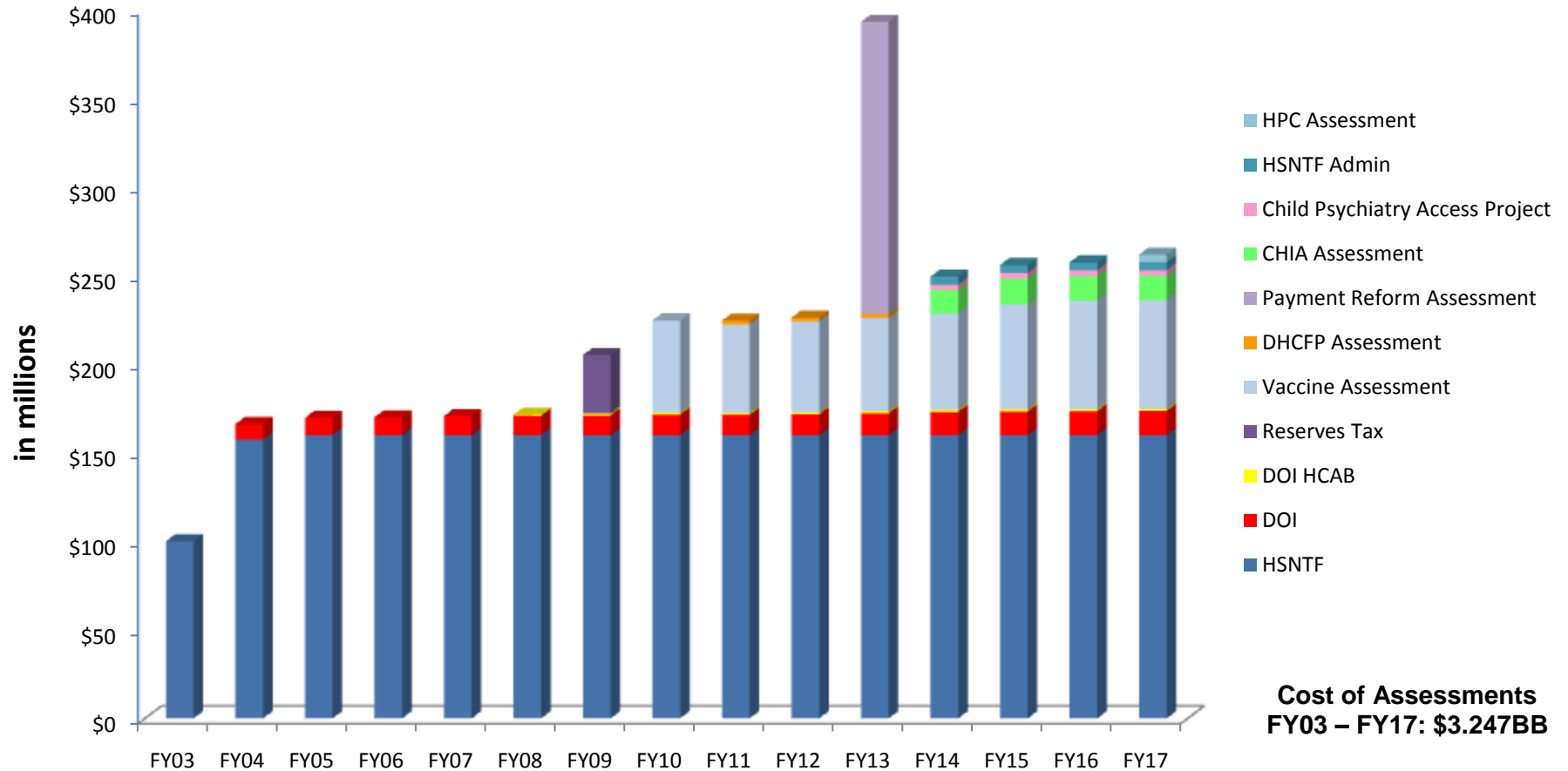
For all these reasons, we ask that the Commission reconsider its approach by revising the assessment contribution to the approach envisioned in Chapter 224 of health plans and employers, hospitals and ASCs, and the Commonwealth each contributing one-third of the revenues to fund the Commission.

Sincerely,

A handwritten signature in blue ink, appearing to read "Eric Linzer", is positioned below the word "Sincerely,".

Eric Linzer
Senior Vice President

Assessments on Health Plans & Employers to Fund State Programs: FY03 – FY17



Health Safety Net Trust Fund (HSNTF): The HSNTF (previously the Uncompensated Care Pool) is a program for Massachusetts residents who are not eligible for health insurance, do not have coverage for all medically necessary services, or can't afford to buy insurance. Sometimes referred to as the Free Care Pool, the HSNTF is funded in part by hospitals, health plans and employers, and the state. The FY04 state budget increased health plans' and employers' contributions by \$57.5 million from \$100 million to \$157.5 million and lowered the amount hospitals fund from \$170 million to \$157.5 million. In FY'05, the amount was increased to \$160 million for health plans and employers and hospitals.

Division of Insurance (DOI): As part of the FY'04 budget, the state began assessing Massachusetts health plans, along with other insurers, the cost of operating the Division of Insurance. The amount in the chart lists the full line item for DOI.

Division of Insurance Health Care Access Bureau (DOI HCAB): As part of the state's Health Care Reform Law, Chapter 58 of the Acts of 2006 created the Health Care Access Bureau within the Division of Insurance. As part of the FY'08 budget, the state began assessing health plans for the bureau's expenses.

Reserves Tax: Chapter 302 of the Acts of 2008 included a \$33 million assessment on health plan reserves. The Reserves Tax was described as a one-time assessment intended to provide funding for the Commonwealth Care program and other state health programs.

Vaccine Trust Fund: The FY'10 state budget included a provision assessing health plans and employers to fund the cost of the state's Universal Immunization program. Chapter 28 of the Acts of 2014 codified the assessment into statute, permitting the states Vaccine Purchasing Advisory Council to make recommendations to the Commissioner of Public Health on the types of vaccines to be purchased and for the Department to assess health plans and employers for the cost of those vaccines. The amounts listed for FY15 and FY16 are based on the Pediatric Immunization Program Assessment Revenue Requirement. The FY17 amount is an estimate based on FY16 assessment revenue requirement.

Division of Health Care Finance and Policy (DHCFP) Assessment: The FY'11 state budget included a surcharge on employers and health plans to fund a portion of the Division of Health Care Finance and Policy's budget equal to not less than 10 percent of the DHCFP line item, shifting approximately \$2 million of the agency's budget onto employers and health plans.

Payment Reform Assessment: The state's Payment Reform Law (Chapter 224 of the Acts of 2012) included a one-time assessment on health plans of \$165 million to provide support to the Distressed Hospital Trust Fund, the Prevention and Wellness Trust Fund and the e-Health Institute Fund. The amount may be paid in a single payment no later than June 30, 2013 or in four equal annual installments to be paid on or before June 30 of each year beginning on June 30, 2013. Chapter 224 prohibits health plans from including the cost of this assessment in premiums.

CHIA Assessment: Center for Health Information & Analysis: Line item 4100-0060 funds the Center for Health Information & Analysis (CHIA). Chapter 224 intended that funding for CHIA be apportioned equally among the Commonwealth, surcharge payers (health plans and employers), and hospitals and ambulatory surgical centers (ASCs), with each contributing one-third. Unfortunately, in its assessment regulations CHIA split the cost for funding its activities on payers and providers.

Child Psychiatry Access Project: Assessment to Fund the Child Psychiatry Access Project: The FY'14 state budget included in line item 5042-5000 a provision that the Department of Mental Health expend not less than \$3.1 million for the Massachusetts Child Psychiatry Access Project and to assess health plans and employers for the cost of the program.

HSNTF Admin.: Funding for the Administration of the Health Safety Net Trust Fund

The FY'14 state budget required that payers (health plans and employers) and hospitals be assessed for the cost of the administration of the Health Safety Net Trust Fund. Funding for this purpose previously had existed in the administrative budget of the Division of Health Care Finance and Policy, which administered the Health Safety Net Trust Fund in past years and the assessment is estimated at \$4.5 million on health plans and employers.

HPC Assessment: Health Policy Commission: From 2013 – 2016, the Health Policy Commission had been funded by a portion of the Payment Reform Assessment and a portion of gaming license fees. Beginning in 2017, the HPC can collect an annual assessment from acute hospitals, ambulatory surgical centers and surcharge payors to fund its operations and programs. Chapter 224 intended that funding for HPC be apportioned equally among the Commonwealth, surcharge payers (health plans and employers), and hospitals and ambulatory surgical centers (ASCs), with each contributing one-third. Unfortunately, in its assessment regulations the HPC split the cost for funding its activities on payers and providers.