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Thank you to Dr. Stuart Altman, members of the Health Policy Commission, and Director David Seltz for the opportunity to deliver remarks this morning. It is a pleasure to speak today at the request of House Speaker Robert DeLeo. Speaker DeLeo and the members of the House of Representatives are conscious and committed to all of our work in building on our success, in providing near universal access to coverage here in our Commonwealth.

We are encouraged that we are seeing Total Health Care Expenditure growth between 2012 and 2013 at 2.3 percent, below the 3.6 percent benchmark established by the Legislature; and all of this without a reduction in benefits or an increase in cost-sharing as in previous years. We are seeing the impact of past reforms for the first time and our hope is that these reforms bear fruit and that this will be a sustainable trend.

At this time though, we are cautiously optimistic. In addition to the benchmark, we have pursued system reforms and the industry is responding. There are a number of innovations and changes to the market underway and we are moving health reform in a positive direction. It will take a few years to fully understand their impact. Yet, we should be proud of the full engagement of all economic and social sectors in the Commonwealth, including the health care industry. This is only our first full year of data since full Chapter 224 implementation, and it is clear that Massachusetts is pushing the envelope in health care reform.

Director Seltz said something about this being the “Superbowl” today or something to that effect. I will go with that but I still think that we are in our infancy, so we are a toddler right now. We are learning how to walk in our first year.

As I said, we can be *cautiously* optimistic, but our enthusiasm should be tempered. We are in the midst of a national trend of reduced health care spending, that is not unique to Massachusetts. Last month, under Director Áron Boros’ leadership, the Center for Health Information and Analysis’s *Annual Report on the Performance of the Massachusetts Health Care System* suggested that slower total medical spending in Massachusetts may not solely be the result of approaches that we have adopted here in our state. This brings to mind the well-known René Dubos quote that I borrowed from John McDonough a few weeks ago when he said, “When the tide is receding from the beach, it is easy to have the illusion that one can empty the ocean by removing water with a pail.” The real test for us in Massachusetts will be to place our progress in the coming years in the context of shifting national health care spending trends.

Even in state-specific data, we continue to see areas of concern: we are still spending more per capita—about \$7,500 per resident; 60 percent of our total health expenditures is public spending;

we continue to spend more on long-term care than any other state; and we rely on high cost, high intensity settings for the majority of our care. Therefore, we must remain committed to this effort—pursuing value-based care, while tackling high health care expenditures. We need to push the system forward toward efficiency and effectiveness, aligning incentives to reward quality over quantity.

Members of the Health Policy Commission, you continue to prove yourselves up to the challenge that all of us have set forth. We will continue to look to you and to CHIA to monitor system transformation and to inform our actions to address other areas of pressure on cost trends. These areas, of which we are all aware, include: behavioral health integration and assessing how we balance expanding behavioral health treatment and coverage while keeping costs manageable; evaluation of alternative payment methods, particularly in light of stagnating adoption rates; as well as improving centralized data collection on utilization, spending, and outcomes, when there is resistance or gaps in knowledge.

Already, both CHIA and you, the HPC, are working on tackling these challenge issues and others, with programs such as: the ACO and Patient-Centered Medical Home Certification program; CHART grants; Registered Provider Organization program; the work of the Statewide Quality Advisory Committee (SQAC), which is currently finalizing the Standard Quality Measure Set Evaluation Tool and preparing their final 2014 report and recommendations. And of course, we are already seeing the benefits of the All-Payer Claims Database.

Here in Massachusetts, we know we are a national leader. In 2006, we were unique in how we sought to increase access by passing Chapter 58. Here in Massachusetts, we knew that we were embarking uncharted waters and we knew we would have to weather the storm on how to manage costs and improve the delivery of care, especially for our most vulnerable. This landscape continues to change and we are now one of several states seeking to protect access while bringing down costs and improving quality. We know that there are other states—Maryland and Vermont—and they have done certain things and taken different cost-containment approaches. But as this national debate continues, make no mistake about it: we are at the forefront. Let us continue show the nation that we continue to be a leader. We must remain committed to the ideals which we have set in motion and monumental changes that have occurred here in Massachusetts and rippled throughout the nation.

As we continue, we must pay attention to the influence of factors outside the health care system that are driving cost and impacting outcomes. Let us focus our efforts on underserved populations—patients that have traditionally faced barriers to care; patients that have received sub-optimal services; or those for whom the health care system has had difficulty meeting their needs. Over 46 percent of individuals at or below 138 percent of the Federal Poverty Level cited problems with health care costs in the last year, which includes difficulty paying bills and foregoing care due to financial burden. Minorities in Massachusetts are more likely not to know how to obtain health information and Latinos are significantly most likely to have unmet health care needs or have difficulty obtaining appointments with a primary care physician.

Experts have well acknowledged that medicine alone only plays a small part in the health of an individual. While patients are treated at hospitals, patients and people heal in communities. The

Health Policy Commission's *July 2014 Supplement to the 2013 Cost Trends Report* cited additional socioeconomic factors such as poor access to nutrition, absence of social supports, and environmental factors like housing and neighborhood walkability as drivers of preventable hospitalization. We should be committed to scaling our efforts up and out, to guarantee that the impact of our policies is felt across the state, across all populations.

We in the Legislature are proud that our health care policy reforms have always been a two-way street. Under the leadership of Speaker DeLeo, we in the Legislature took steps to create this process and we will continue to be a partner going forward. To sustain these efforts, we need to maintain consistent communication with each other and strengthen existing avenues for collaboration.

As policymakers, we are looking forward to hearing from the panels and experts over the next two days to determine our next steps and set the path for the future. We have established the broader goals and outlined the approaches; now let us utilize the data to review and improve our strategies. Let us use the quantitative, but let us not forget the qualitative, especially when it comes to those who do not end up so clearly on all of the spreadsheets that we have before us. Success will not be measured simply by our ability to keep our total health care expenditures down, which is our goal; or even in our ability to lower premiums, which is our goal; but also in how the people on the fringes of the system are able to access the care they need in improving their own health. We are here today not just to make insurance more affordable, but to make our health care system is accessible and effective for all.

Mr. Chairman, thank you so much for this opportunity that you have afforded me this morning to present to you, the Commission, and those that do all the work that we have asked them to do. Thank you.