



MASSACHUSETTS
HEALTH POLICY COMMISSION

2023 Pre-Filed Testimony PROVIDERS



**As part of the
*Annual Health Care
Cost Trends Hearing***

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

INSTRUCTIONS FOR WRITTEN TESTIMONY

If you are receiving this, you are hereby required under M.G.L. c. 6D, § 8 to submit written pre-filed testimony for the [2023 Annual Health Care Cost Trends Hearing](#).

On or before the close of business on **Friday, October 27, 2023**, please electronically submit testimony as a Word document to: HPC-Testimony@mass.gov. Please complete relevant responses to the questions posed in the provided template. If necessary, you may include additional supporting testimony or documentation in an appendix. Please submit any data tables included in your response in Microsoft Excel or Access format.

We encourage you to refer to and build upon your organization's pre-filed testimony responses from 2013 to 2022, if applicable. If a question is not applicable to your organization, please indicate that in your response.

Your submission must contain a statement from a signatory that is legally authorized and empowered to represent the named organization for the purposes of this testimony. The statement must note that the testimony is signed under the pains and penalties of perjury. An electronic signature will be sufficient for this submission.

You are receiving questions from both the HPC and the Office of the Attorney General (AGO). If you have any difficulty with the templates or have any other questions regarding the pre-filed testimony process or the questions, please contact either HPC or AGO staff at the information below.

HPC CONTACT INFORMATION

For any inquiries regarding HPC questions,
please contact:
General Counsel Lois Johnson at
HPC-Testimony@mass.gov or
lois.johnson@mass.gov.

AGO CONTACT INFORMATION

For any inquiries regarding AGO
questions, please contact:
Assistant Attorney General Sandra
Wolitzky at sandra.wolitzky@mass.gov
or (617) 963-2021.

INTRODUCTION

This year marks a critical inflection point in the Commonwealth's nation-leading journey of health care reform. As documented in the [Health Policy Commission's 10th annual Cost Trends Report](#), there are many alarming trends which, if unaddressed, will result in a health care system that is unaffordable for Massachusetts residents and businesses, including:

- Massachusetts residents have high health care costs that are consistently increasing faster than wages, exacerbating existing affordability challenges that can lead to avoidance of necessary care and medical debt, and widening disparities in health outcomes based on race, ethnicity, income, and other factors. These high and increasing costs are primarily driven by high and increasing prices for some health care providers and for pharmaceuticals, with administrative spending and use of high-cost settings of care also contributing to the trend.
- Massachusetts employers of all sizes, but particularly small businesses, are responding to ever-rising premiums by shifting costs to employees through high deductible health plans. As a result, many employees are increasingly at risk of medical debt, relying on state Medicaid coverage, or are becoming uninsured, an alarming signal of the challenges facing a core sector of the state's economy.
- Many Massachusetts health care providers across the care continuum continue to confront serious workforce challenges and financial instability, with some providers deciding to reduce services, close units (notably pediatric and maternity hospital care) or consolidate with larger systems. The financial pressures faced by some providers are driven, in part, by persistent, wide variation in prices among providers for the same types of services (with lower commercial prices paid to providers with higher public payer mix) without commensurate differences in quality or other measures of value.

The HPC report also contains [nine policy recommendations](#) that reflect a comprehensive approach to reduce health care cost growth, promote affordability, and advance equity. The HPC further recommends that legislative action in 2023 and 2024 prioritize modernizing and evolving the state's policy framework, necessary to chart a path for the next decade.

This year's Cost Trends Hearing will focus these policy recommendations and on the efforts of all stakeholders to enhance our high-quality health care system in Massachusetts to ensure that it is also affordable, accessible, and equitable.

ASSESSING EFFORTS TO REDUCE HEALTH CARE COST GROWTH, PROMOTE AFFORDABLE, HIGH-QUALITY CARE, AND ADVANCE EQUITY

- a. Reflecting on the findings of the HPC's 2023 Cost Trends Report showing concerning trends of high and increasing health care costs and widening health disparities based on race, ethnicity, and income, please identify and briefly describe your organization's top 2-3 strategies for reducing health care cost growth, promoting affordability, and advancing health equity for residents of the Commonwealth.

Steward appreciates the opportunity to provide testimony in connection with the 2023 Cost Trends Hearing. Steward Health Care System proudly delivers high quality, high value care to communities across Eastern Massachusetts. Primarily located in gateway cities, Steward's patient population tends to be more socially, racially, and economically diverse than the statewide average. Health care equity is at the forefront of everything we are doing across the Commonwealth. This year we announced the hiring of a Senior VP for Health Care Equity and Diversity Equity and Inclusion. Steward's model of care has always depended on assisting underserved communities who are suffering from economic and ethnic challenges. The COVID epidemic exposed these fault lines in our national health care system, and Dr. Marrero's appointment as our first leader of DEI and Health Care Equity underscores our commitment to correct these systemic injustices. We have also continued our efforts with our health equity committee located within Steward Healthcare Network. As the state's largest Medicaid Accountable Care Organization and the largest provider of Medicaid Inpatient Behavioral Health Care, we are incentivized to reduce costs while providing high quality care. We continue to make significant investments in low-cost settings of care and working to shift care to the most appropriate site of care. Creating access to affordable hospitals, physician offices and medical facilities helps keep the state within reach of its cost growth benchmark. The Commonwealth needs to grapple with the reality that overall spending increase is not even across providers and the law of large numbers is driving both inequity across the system and the unsustainable rate of growth.

- b. Please identify and briefly describe the top state health policy changes your organization would recommend to support efforts to advance health care cost containment, affordability, and health equity.

The Commonwealth needs to make bold actions to correct a hospital marketplace that has been functionally broken since the 1990s. Consolidation and predatory business practices has resulted in a two-tiered system of health care where brand and market power allow a select few provider systems to leech the vast majority of health care resources in the Commonwealth. The remaining community hospitals are forced to increasingly do more with less. In order to break this paradigm, the Commonwealth needs to make major disruptive actions that solve market failure in the present as well as structurally for the future. We recommend that the Legislature recreate a community hospital reinvestment fund. The goal of this fund is to redistribute health care resources across the system to mitigate the harm done by decades of unwarranted price

variation. Community hospitals across the Commonwealth are struggling due to years of underinvestment and there is a vital need for catch-up to avoid the continuing public health disasters occurring more regularly in communities in Massachusetts. Once we recognize decades of inequity between communities, we need to ensure that this structure isn't allowed to continue. The HPC should index the cost growth benchmark, and importantly do so in a payer agnostic manner. A provider's entire resource allocation should be considered in a wholistic manner not broken by payer type. If the HPC considers total reimbursement disparity, controlling for payer mix as well as reimbursement rate, the disparity and inequity amongst providers is laid more stark. By indexing the benchmark in payer agnostic manner, we will be able to move closer to reasonable parity among providers and have hospitals competing openly on value, not on brand and market power.

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- c. Many Massachusetts health care providers continue to face serious workforce and financial challenges, resulting in the closure and reorganization of care across the Commonwealth. How are these challenges impacting your organization today? What steps is your organization taking to address these challenges?

Labor continues to be the largest internal pressure for Steward Health Care. The significant staffing shortages, exacerbated by the crises and unanticipated disasters, is particularly acute for nurses and behavioral health clinicians. This has forced us to continue to rely on staffing agencies and temporary workers whose costs are 2-3x higher than our historic spending. These challenges are compounded by clinician burnout and the continued trend of a sicker populations requiring more intensive care following the COVID-19 pandemic. The impacts of these trends are even more acute for High Public Payer hospitals as we have significantly fewer resources. We continue to train nurses and staff at our hospitals only for them to leave after 6 to 12 months for higher pay at a large academic medical center or a hospital backed by such an entity. Good Samaritan Medical Center today has nearly its entire Emergency Department staffed by traveling nurses and temporary staff and despite significant investment we still struggle to meet staffing demands. ED wait times are increasing, patients are leaving without being treated, and staff are burning out. Unfortunately, these issues are magnified due to the inequity of resources within our system. Steward continues to actively manage our labor expenses with our union partners to achieve a balance between worker needs and financial responsibility for our hospitals. We also continue to integrate our units to the best of our ability in order to maximize efficiency and efficacy of that staff that we do have on site. Steward has also worked diligently with community partners to share in our care teams to lessen the load on our staff in an effort to reduce burnout.

- d. Please identify and briefly describe the policy changes your organization recommends to promote the stability and equitable accessibility of health care resources in Massachusetts?

Health equity, affordability, and stability of the health care system in Massachusetts are inextricably

Health equity, affordability, and the stability of the health care system in Massachusetts are inextricably linked. The Commonwealth's resources today are allocated in a wholly inequitable manner based on brand and market power of hospitals. Resources are not flowing based on where they are needed, but instead as a microcosm of our larger economy, resources are increasingly consolidating in the hands of a few and the expense of many. Today, the residents of Fall River, Methuen, Lawrence, Holyoke, Franklin, and other small cities and towns across the state receive a fraction of the health care investment that wealthiest city and town receive. The largest 5 hospitals receive half of all health care resources yet perform 1/3 of the state's care. There needs to be a dramatic redistribution of resources so that communities across the Commonwealth have access to equitable levels of resources. The hospital assessment, or a mechanism like it, needs to be leveraged to correct for this imbalance of resources to communities. Hospitals are pillar institutions in the communities that they serve and should act as a proxy for health care investment in a given community. If we fix the resource allocation disparity in the Commonwealth we will take the largest single step towards correcting health care equity and equitable access to care in Massachusetts.

QUESTION FROM THE OFFICE OF THE ATTORNEY GENERAL

Chapter 224 requires providers to make price information on admissions, procedures, and services available to patients and prospective patients upon request. In the table below, please provide available data regarding the number of individuals that sought this information.

Health Care Service Price Inquiries Calendar Years (CY) 2021-2023			
Year		Aggregate Number of Written Inquiries	Aggregate Number of Inquiries via Telephone or In-Person
CY2021	Q1	100	339
	Q2	100	303
	Q3	41	77
	Q4	29	78
CY2022	Q1	27	81
	Q2	33	80
	Q3	14	379
	Q4	20	437
CY2023	Q1	22	385
	Q2	1	369
TOTAL:		387	2,528