

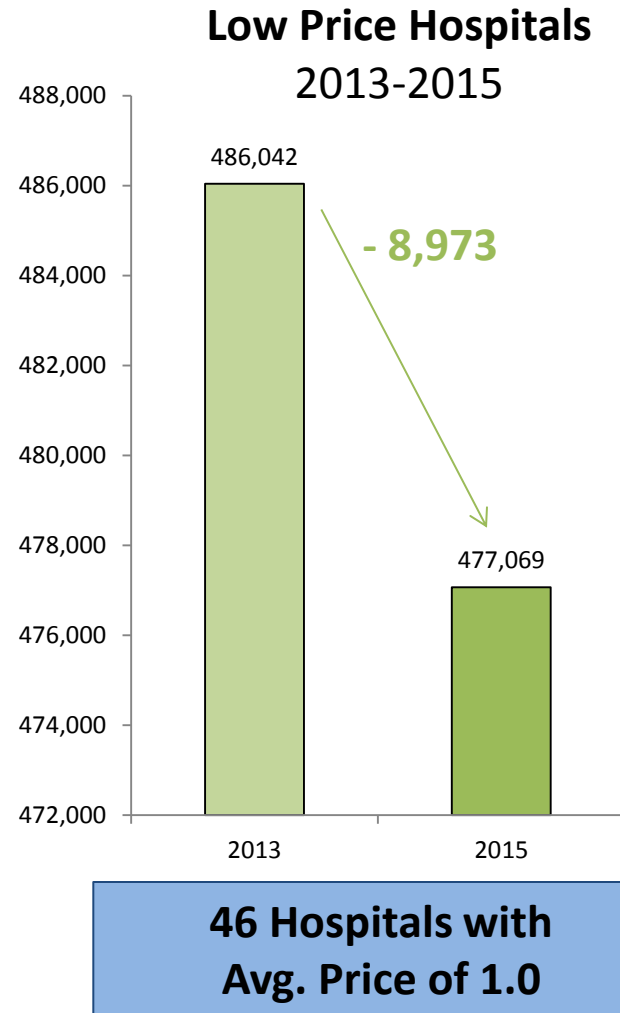
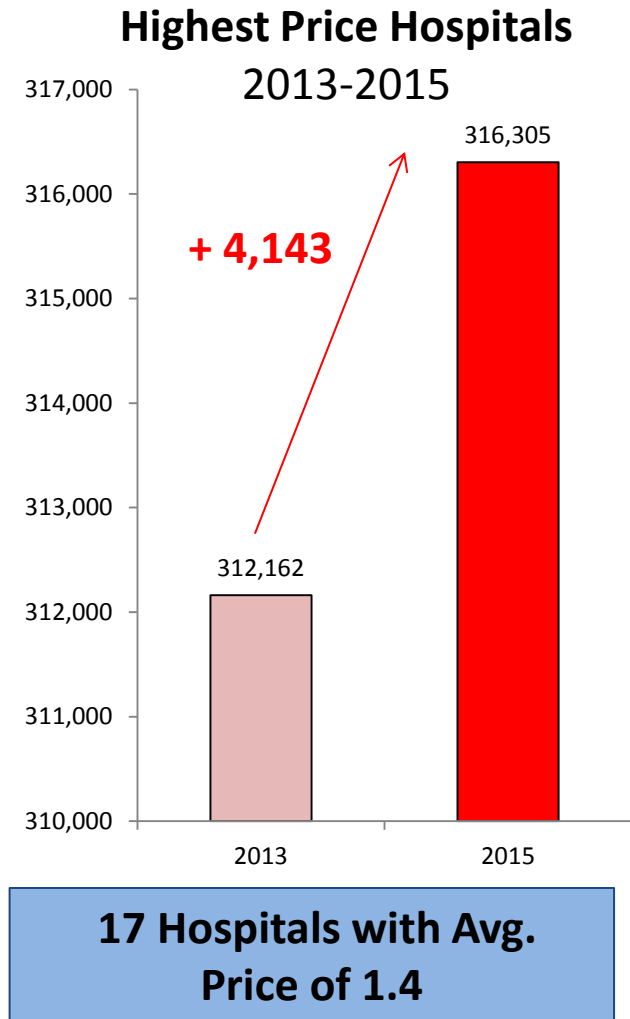
Health Policy Commission Public Hearing
Modification of the 2018 Health Care Cost Growth Benchmark

Wednesday, March 8, 2017, 1:00pm
50 Milk Street, 8th Floor
Boston, MA 02109

Testimony

Steward Health Care System

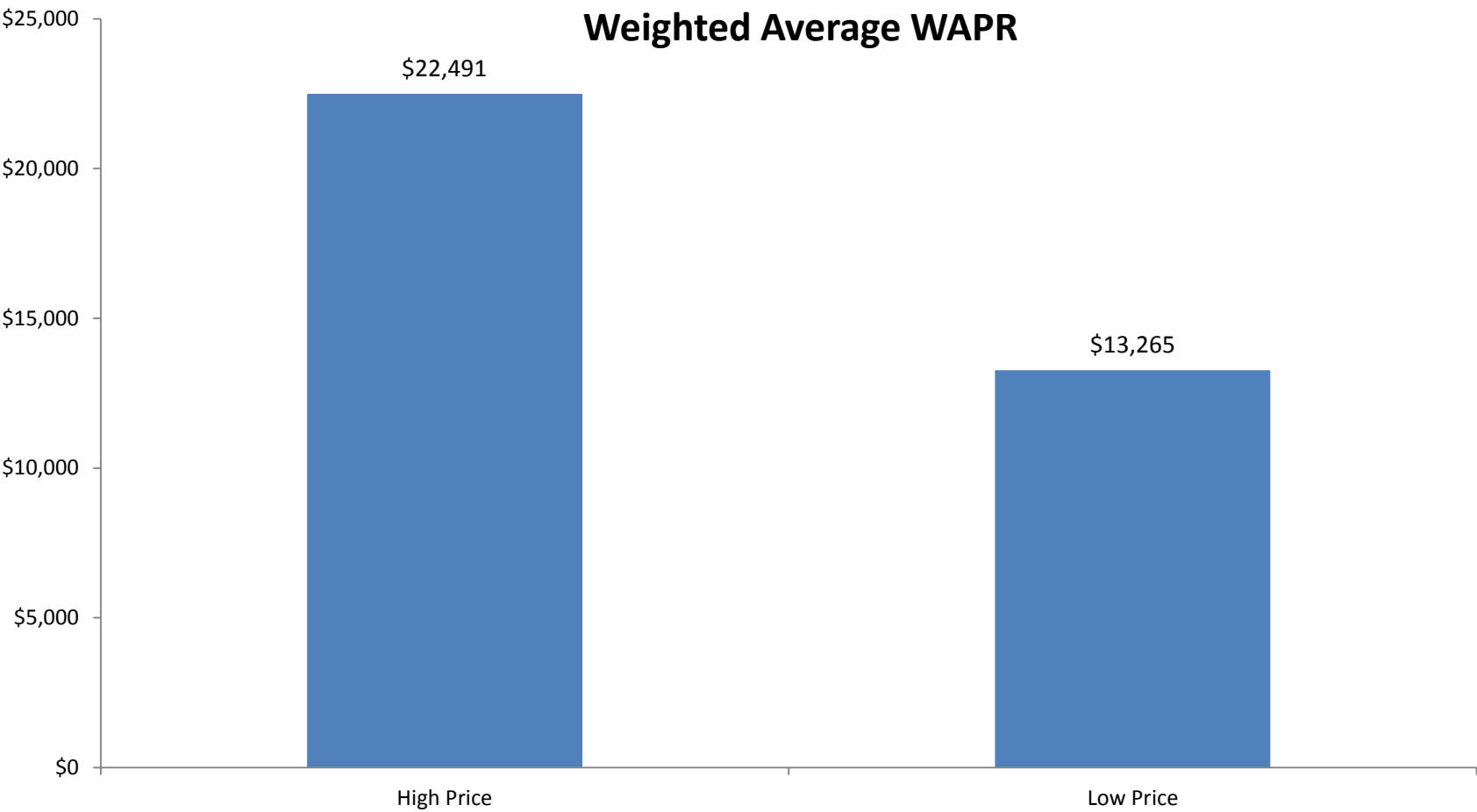
From 2013-2015, The Highest Priced Hospitals Experienced Significant Growth in Inpatient Discharges While Low Priced Hospitals Lost Volume, Yet Remained Efficient



Source: CHIA Inpatient Case Mix Data 2013-2015, CHIA Relative Price 2014

Note: Highest Priced hospitals are defined as those with the 75% highest Relative Prices in 2014

On Average, Every Discharge That Takes Place at a High Price Provider Costs the System Over \$9,000 More Than If It Took Place At A Low Price, High Quality Provider



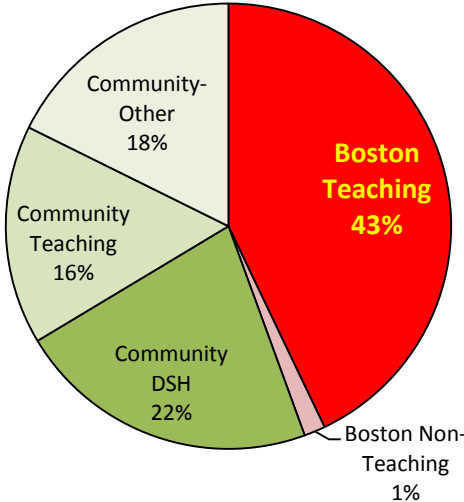
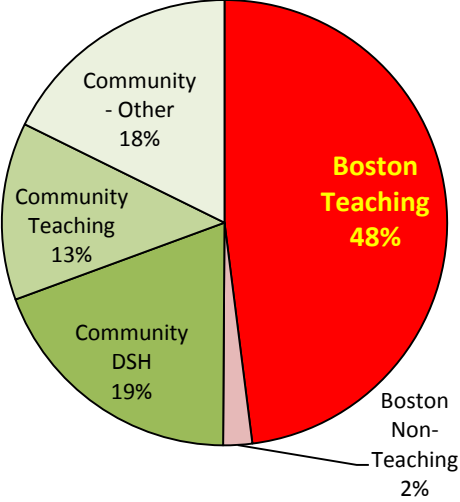
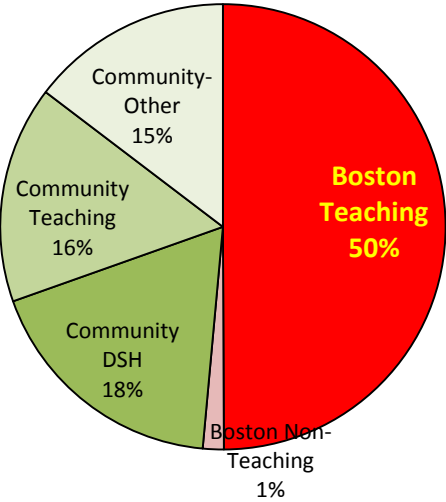
Boston Hospitals Account for Nearly Half of All Hospital Commercial Reimbursements

Share of Commercial Payments by Payer
2014

Blue Cross Blue Shield (BCBS)

Harvard Pilgrim

Tufts Health Plan



% of
Patients

40%

41%

36%

Despite Receiving ~50% of Payments, Boston Teaching hospitals account for only 39% of Commercial patients.

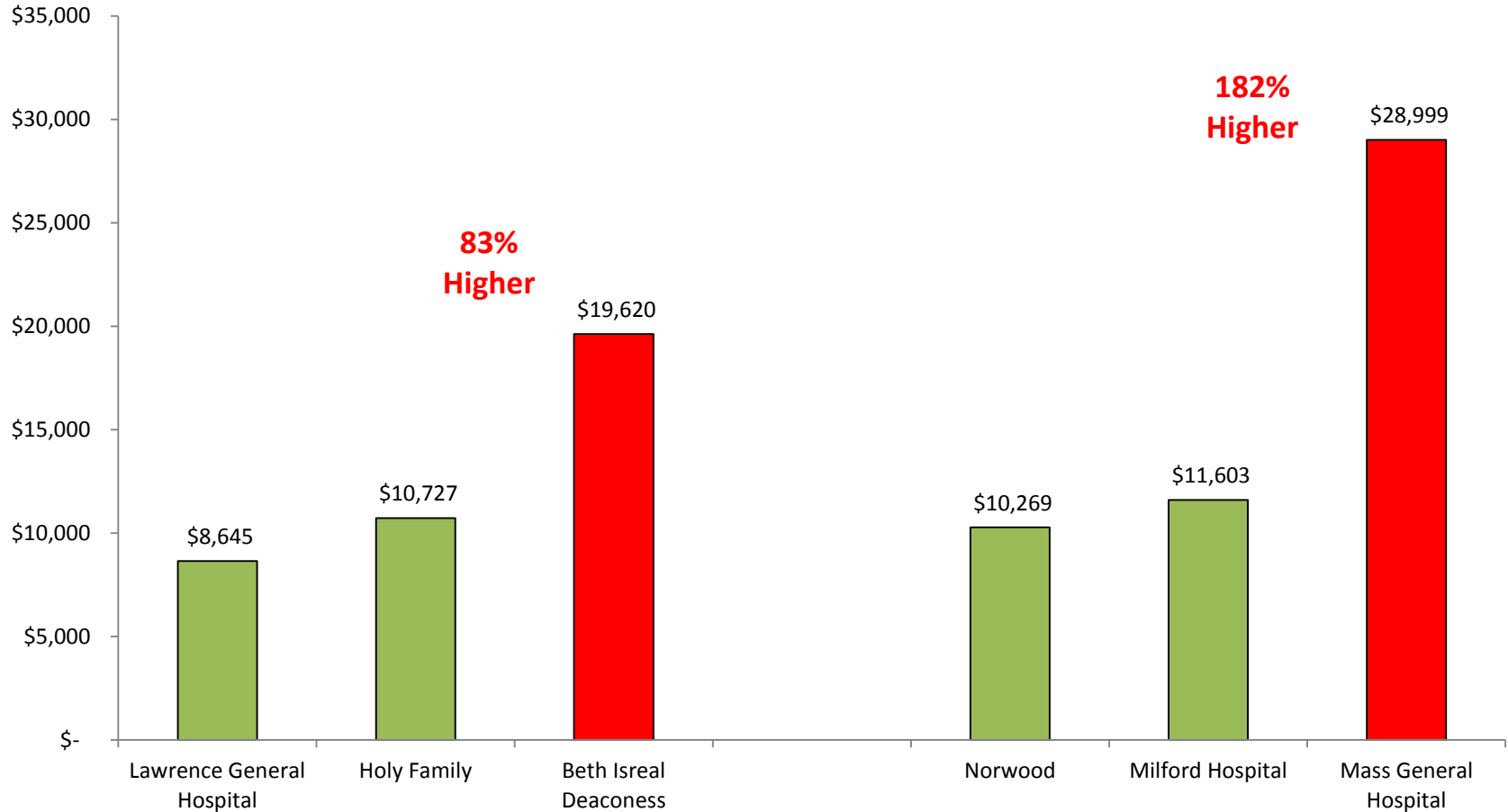
Note: Aggregate relative price shown, inclusive of all commercial payers.
Source: *Provider Price Variation in the Massachusetts Health Care Market (2014 data)*, CHIA, February 2016

Boston Teaching	
Beth Israel Deaconess Medical Center	
Brigham and Women's Hospital	
Massachusetts General Hospital	
Tufts Medical Center	
Boston Medical Center	
Boston Children's Hospital	
Dana-Farber Cancer Institute	
Massachusetts Eye and Ear Infirmary	
Brigham and Women's Faulkner Hospital	
Boston Non-Teaching	
New England Baptist Hospital	
Community DSH	
Athol Memorial Hospital	
Baystate Franklin Medical Center	
Cape Cod Hospital	
Clinton Hospital	
Fairview Hospital	
Falmouth Hospital	
Harrington Memorial Hospital	
HealthAlliance Hospital	
Heywood Hospital	
Holyoke Medical Center	
Jordan Hospital	
Lawrence General Hospital	
Lowell General Hospital	
Marlborough Hospital	
Martha's Vineyard Hospital	
Mercy Medical Center	
Noble Hospital	
North Adams Regional Hospital	
North Shore Medical Center	
Signature Healthcare Brockton Hospital	
Southcoast Hospitals Group	
Steward Carney Hospital, Inc.	
Steward Good Samaritan Medical Center	
Steward Holy Family Hospital, Inc.	
Steward Merrimack Valley Hospital	
Steward Morton Hospital	
Steward Nashoba Valley Medical Center	
Steward Norwood Hospital, Inc.	
Steward Quincy Medical Center	
Steward Saint Anne's Hospital, Inc.	
Steward St. Elizabeth's Medical Center	
Sturdy Memorial Hospital	
Wing Memorial Hospital	
Community-Other	
Anna Jaques Hospital	
Baystate Mary Lane Hospital	
Beth Israel Deaconess Hospital - Needham	
Beth Israel Deaconess Hospital - Milton	
Cooley Dickinson Hospital	
Emerson Hospital	
Hallmark Health	
MetroWest Medical Center	
Milford Regional Medical Center	
Newton-Wellesley Hospital	
Northeast Hospital	
South Shore Hospital	
Winchester Hospital	
Nantucket Cottage Hospital	
Community Teaching	
Lahey Clinic	
Mount Auburn Hospital	
Baystate Medical Center	
Berkshire Medical Center	
Cambridge Health Alliance	
Saint Vincent Hospital	
UMass Memorial Medical Center	

Boston Hospitals Have an All-Payer WAPR that is Significantly Higher Than Community Based Providers (*Community Providers Offer Good Value*)

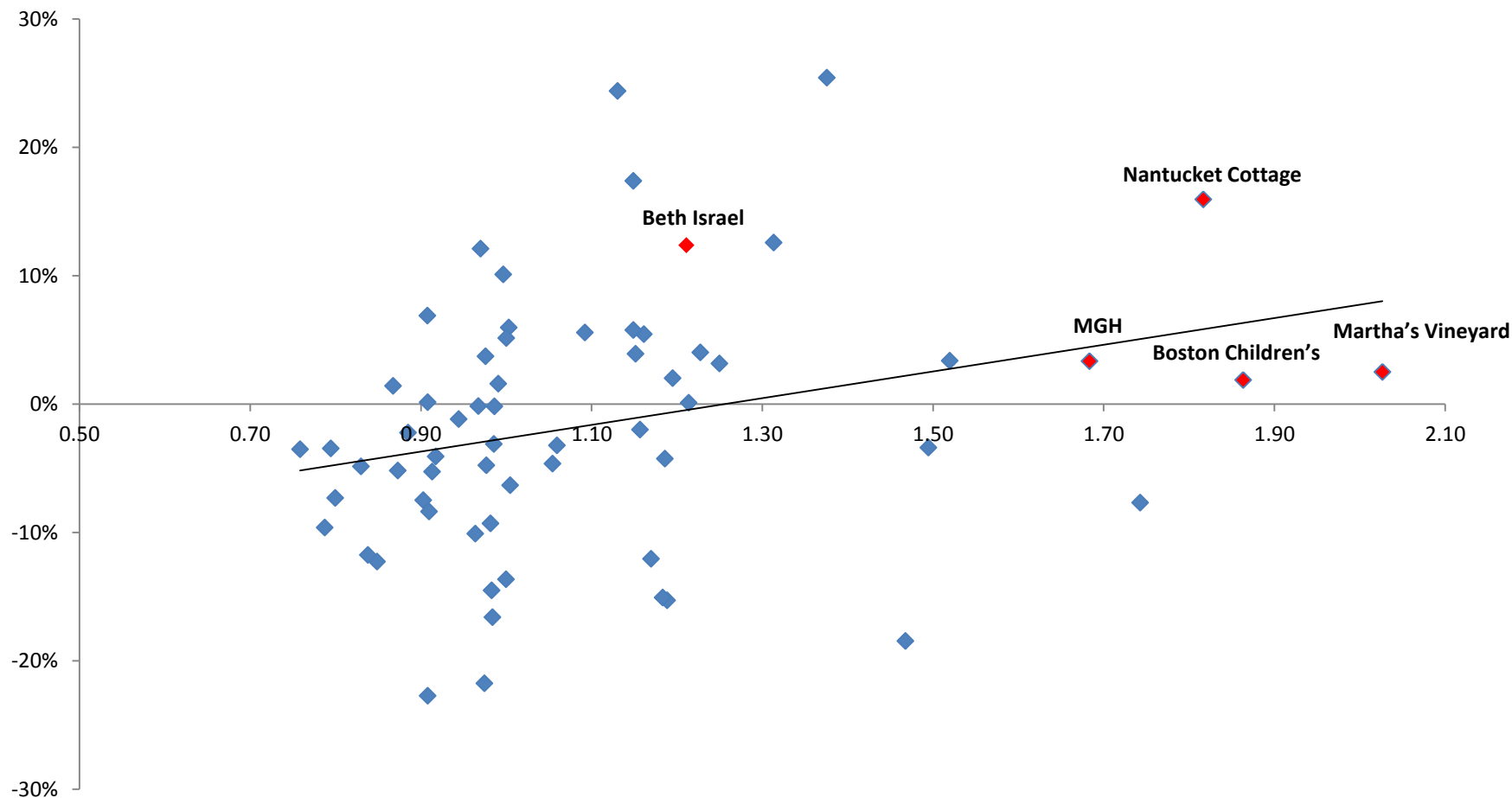
Weighted Average Payer Rate (WAPR)

Community Hospitals vs. Academic Medical Centers



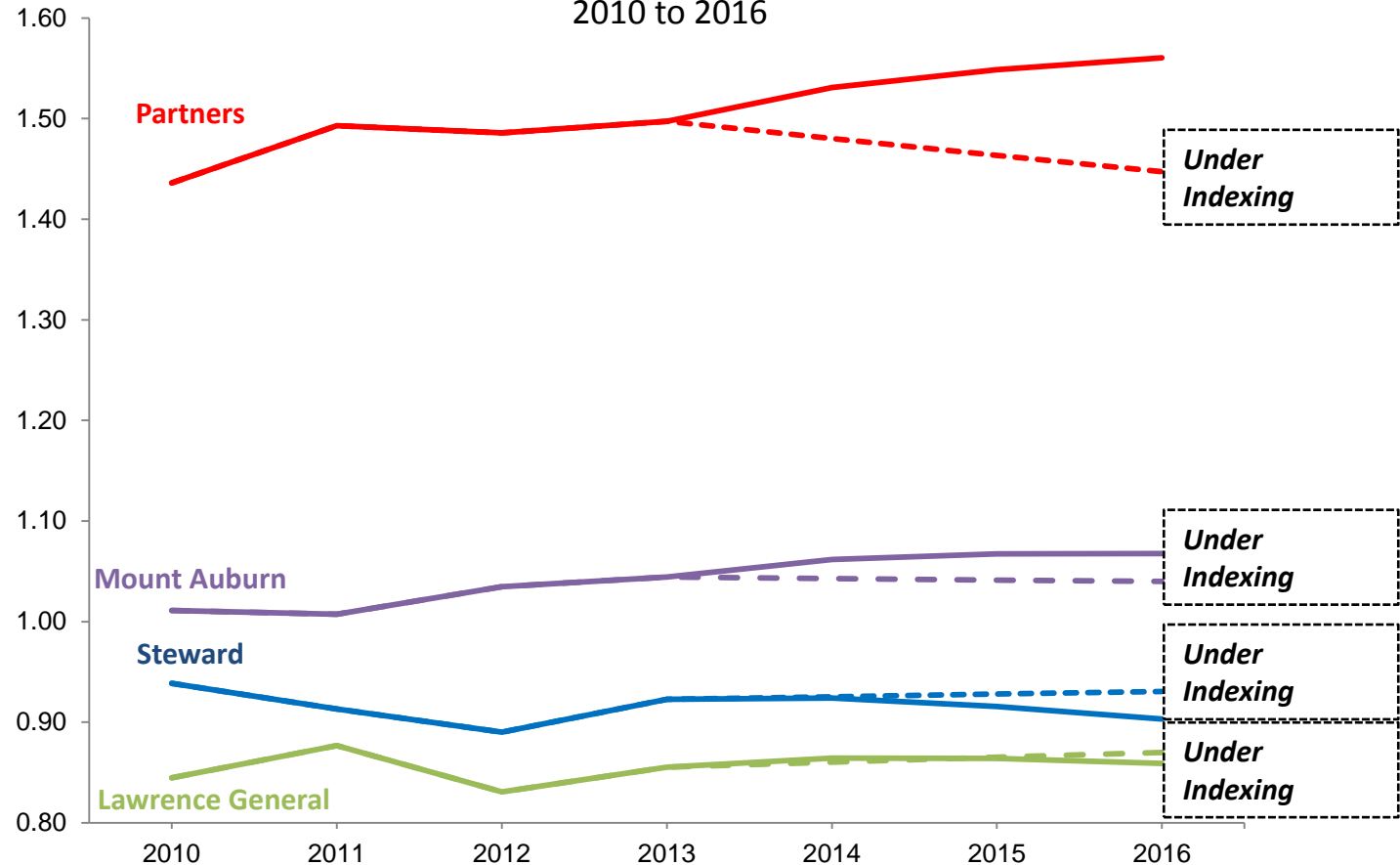
Hospitals With High Prices Have Higher Growth in Inpatient Discharges, Which Drives Total Health Care Expenditure in Mass

Percent Growth in Inpatient Discharges by Relative Price
2013-2015



Without Indexing, Cost Containment Efforts will Falter

Commercial Prices for Massachusetts Acute Care Systems
2010 to 2016



Setting the Benchmark at an Absolute level, advantages High Price Providers whose prices, volume and revenue are rising at a higher rate and who have a disproportionate impact on cost growth

Note: Aggregate relative price shown, inclusive of all commercial payers.

Source: *Provider Price Variation in the Massachusetts Health Care Market (2013 data)*, CHIA, February 2015; CHIA Price Variation data 2010 to 2012.