



Steward Health Care System Northeast
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March 22, 2019

Via Electronic Submission

David Seltz
Executive Director
Health Policy Commission
50 Milk Street, 8th floor
Boston, MA 02108

Dear Executive Director Seltz:

Steward Health Care System LLC (“Steward”) is a fully integrated national health care services organization committed to providing the highest quality of care in the most cost efficient manner in the communities where our patients live. Steward owns and operates 36 community hospitals across 10 states and employs over 37,000 employees. Many of our hospitals are classified as disproportionate share hospitals (“DSH”). In Massachusetts, Steward is the largest community-based accountable care organization, encompassing ten hospital campuses and over 3,000 physicians and specialists, as well as nurses, home health, behavioral health and allied services professionals. Steward plays a critical role in providing care to low-income and vulnerable populations in the communities where our patients live and work. Steward strongly supports innovative health care solutions that enhance quality, promote total population health, and lower the cost of health care.

Last year, the Health Policy Commission (HPC) Board voted to set the 2019 health care cost growth benchmark at 3.1%. We strongly urge the HPC Board to maintain 3.1% as the growth rate for 2020. Furthermore, the HPC should push the public discourse around health care cost containment to include all aspects of the health care delivery system. The THCE benchmark is vital to cost containment efforts in Massachusetts because it incorporates all payers. Unfortunately, too much of the public discourse is limited to only the commercial market. We urge the HPC to also consider a weighted average payer rate (WAPR) when discussing cost containment strategies and policies. The WAPR allows the HPC and other policy makers to discuss solutions that will have a meaningful impact on THCE.

Although the initial data for 2017 show that total health care expenditures (THCE) grew by only 1.6%, the Commonwealth continues to struggle to reduce spending in two key areas, Pharmacy and outpatient spending. Prescription drug spending increased by 4.1%, and outpatient spending grew at 4.9%, both significantly above the cost growth benchmark. As a result, despite a modest 1.6% growth in THCE, employer-sponsored insurance premiums grew by 6.9%, and

Massachusetts remains as one of the states with the highest average premium in the country, with an average family paying over \$21,000 annually.

The HPC and its Board need to play a pivotal role in the ongoing health care cost containment discussion. In addition to keeping the cost growth benchmark at 3.1%, the HPC and its Board should act to increase transparency regarding pharmacy and outpatient spending. This role is essential to advancing the Commonwealth's cost containment agenda.

We appreciate the opportunity to comment and thank you for your consideration of our comments.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mark Girard", followed by a stylized flourish or mark.

Dr. Mark Girard