

# **The Massachusetts Association of Health Underwriters**

## **Position Statement**



**Health Policy Commission  
Commonwealth of Massachusetts  
2014 Cost Trends Hearing**

**October 6, 2014**

The Massachusetts Association of Health Underwriters (MassAHU) is a professional association dedicated to promoting common business interests and ethical practices of its members and to advocate for the best possible application of all health insurance and related products and services in the Commonwealth of Massachusetts. While we commend the Attorney General for committing the time and resources to closely look at this latest Partners acquisition, on behalf of the over 13,000 employers represented by MassAHU insurance advisors and brokers, we remain deeply concerned about this merger's long term impact on the cost of healthcare in Massachusetts. The AG's studies in 2010, 2011 and 2013 confirm the impact that single source provider organizations have on the specific cost of care. Specifically these important reports have cited the power of some providers to drive higher prices based on an institution's or the system's brand or geographic location vs. the quality of care or health care costs of the population served.

We are concerned that the current proposal to allow the Partners/South Shore merger does not provide adequate protection to counteract the already overwhelming evidence that brand/size drive up the cost of healthcare. The Massachusetts Association of Health Plans has articulated several points in their recent submission of Comments *in Commonwealth v Partners Healthcare System, Inc.* to Superior Court Judge Janet L. Sanders on 9/15/14, which further highlight the complexity of the terms of the merger and the possibility of unintended consequences that would adversely affect healthcare costs in MA.

This is a time when rising health care cost is the most important single obstacle to the ability of businesses in our state to grow and hire workers. In addition, millions of individuals and families across Massachusetts struggle under the cost of care and worry about their continuing access to the providers of their choice. As Massachusetts businesses struggle to meet their obligation under ACA to offer affordable health insurance to their employees, and consumers struggle to meet the individual coverage mandate, Massachusetts cannot afford a provider merger of this significance, without driving health insurance costs up higher, or facing further limitations of provider choice as narrow networks become the only affordable option for its residents.

In addition, this would increase Partner's position as the largest private employer in Massachusetts giving it even greater political and economic power and the ability to influence state regulations that favor it.

Enhancing 'too big to fail' generally is poor public policy. There is the need to:

- To differentiate between expanding hospital network of **commodity** services (hip replacements, hernia repair, birthing) – which probably does more harm than good by increasing costs and political / negotiating power to keep out competitors – and expanding hospital network of **specialty** services (brain cancer surgery, pediatric heart valve repair) for which most hospitals have insufficient volumes to achieve excellence.

#### Concerns for Employers

- Employer fatigue; regulatory complexity
- Employer need for plan design and financing flexibility (self-insurance/alternative funding)
- Affordability of health insurance/health care for employers/employees/family members
- Impact of mandates and non-evidence based policy adoption (substance abuse bill)
- System-wide need for transparency, responsibility, accountability of all stakeholders (providers, payers, government, members/residents, etc.)
- Role/value of the broker

Transparency is much bigger than prices. For example:

- Internal treatment guidelines / recommendations / enforcement power within Partners (e.g. routinely treat women with early stage breast cancer with

mastectomy or lumpectomy? Cardiac stress tests for everyone with even a single risk factor

- Ownership of patents / new technology and internal pressures to use and/or share with other hospitals
- Physician / hospital conflicts of interest over technology, patient choice, treatment choices
- Quantity of procedures by surgeon, surgical team; post-operative infection rates / readmission rates by disease type
- Distribution of procedures by insurance type, i.e. does Partners discriminate against Medicaid patients, thus keeping their costs lower and pushing higher risk / lower reimbursement patients to other / community hospitals? 'Transparency' should indicate Partner's % and should mirror state population %.

The Massachusetts Association of Health Underwriters recommends against the Partners-South Shore Hospital merger.