



Submitted electronically to HPC-Testimony@state.ma.us

March 8, 2017

Lois Johnson, General Counsel
Health Policy Commission
50 Milk Street, 8th Floor
Boston, MA 02109

Re: Health Care Cost Growth Benchmark for Calendar Year 2018

Dear General Counsel Johnson:

On behalf of Health Care For All (HCFA), thank you for the opportunity to submit testimony regarding potential modification of the health care cost growth benchmark for the average growth in total health care expenditures for calendar year 2018. HCFA works in support of policies that advance a patient-centered health care system that is affordable, accessible, and high quality, and we are particularly concerned about the most vulnerable residents of Massachusetts.

Health care costs are one of the most significant issues facing Massachusetts residents. As costs continue to rise, it is increasingly difficult for many consumers to afford the health care services they need. These high costs are reflected in increased premiums, and in higher deductibles and other cost-sharing. Division of Insurance rate filings show that for individuals and small business, rates are going up by double digit percentages for some insurers.¹

Increasing co-pays and deductibles have become an obstacle to good health care in MA. According to the most recent CHIA Annual Report on the Performance of the Massachusetts Health Care System, Massachusetts continues to see increased enrollment in high deductible health plans – which are now 19% of the commercial market – and increased consumer cost-sharing, which rose by 4.4% from 2014-15, while benefit levels remained constant. The 2015 Massachusetts Health Reform Survey (MHRS) found that nearly one in five full-year insured adults reported problems paying family medical bills in

¹ “Health insurance rates rising faster for small businesses.” *The Boston Globe* (August 17, 2016), available at: <https://www.bostonglobe.com/business/2016/08/17/mass-small-business-health-insurance-rates-rising-average-percent/sHRgboz98ztwhkA81y8IdM/story.html>; “Premiums soar 21 percent for popular health plan.” *The Boston Globe* (September 9, 2016), available at: <https://www.bostonglobe.com/metro/2016/09/08/premiums-soar-for-popular-health-plan/xAcJy1ye9lcLGGJznLLZKP/story.html>.

the past year, and more than one in five reported having medical bills they are paying off over time (i.e., medical debt). More than 43% of insured adults reported that health care costs had caused problems for them and their families over the last year and 19.3% reported that they went without needed care because of health care costs.

People who have low incomes and those who are in poor health or have chronic conditions needing regular care or medication experience even greater difficulties with the high cost of health care. Studies show that for vulnerable populations, increased cost-sharing is associated with adverse health outcomes.² Recent HPC findings confirm that MA residents with low to middle incomes face a higher burden of health care costs relative to income.³ The 2016 AGO Examination of Health Care Cost Trends and Cost Drivers found that in the Massachusetts commercial insurance market, health care spending relative to health burden continues to be higher for patients from higher income communities than for patients from lower income communities.⁴ In other words, while members in lower income communities are less healthy than members in higher income communities, we are spending less health care dollars on those members with the highest health needs.

Given the ongoing challenges with health care affordability for our state's residents, we believe it's critically important to continue to pursue approaches that signal to the health care community that current efforts to address costs are insufficient. We therefore recommend that the HPC set the 2018 benchmark at equal to the potential gross state product minus 0.5 percent, or 3.1%. Equally important to having an aggressive target for the benchmark is how we're holding entities accountable when the benchmark is exceeded.

We further recommend that the HPC continue to leverage other tools and strategies that we know have an impact on health care costs. For example, the Prevention and Wellness Trust Fund (PWTF) has increased access to preventive services for nearly 1 million people across every region of the Commonwealth. The PWTF invests in evidence-based community interventions that keep residents healthy and safe and is helping to transform the linkages between clinical care and community-based services. An independent evaluator found promising results on health impacts, cost effectiveness, and potential for cost savings – and concluded that the program warrants further investment. The PWTF is up reauthorization this year and will sunset in mid-2017 without further action from the Legislature.

Integration of oral health is another area where we can achieve significant cost savings. A 2014 study published in the American Journal of Preventive Medicine found significant declines in total medical spending for patients with a number of chronic conditions when they received comprehensive oral

² Swartz, K. Cost-Sharing: Effects on Spending and Outcomes, Robert Wood Johnson Foundation (December 2010), available at: http://www.rwjf.org/content/dam/farm/reports/issue_briefs/2010/rwjf402103/subassets/rwjf402103_1.

³ Health Policy Commission Board Meeting Presentation, Slide 25 (January 11, 2017), available at: <http://www.mass.gov/anf/budget-taxes-and-procurement/oversight-agencies/health-policy-commission/public-meetings/board-meetings/20170111-commission-document-presentation.pdf>.

⁴ Examination of Health Care Cost Trends and Cost Drivers, Office of the Attorney General (October 2016), available at: <http://www.mass.gov/ago/docs/healthcare/cc-market-101316.pdf>.

health care, including periodontal care.⁵ The savings included a 40% decline in total medical costs for patients with diabetes, a 41% decline in total costs for patients with cardiovascular disease, an 11% decline in patients with coronary artery disease, and a 6% decline in patients with arthritis. These patients also had reduced hospitalization rates, for some of these diseases by 39% or 28%.

Yet Massachusetts treats dental care as an optional add-on to “regular” medical care. Adult MassHealth members get a limited dental benefit, excluding periodontal care. The creation of MassHealth ACOs, which are evaluated by meeting their total cost of care goals, provides an excellent opportunity to restore full MassHealth adult dental benefits and prioritize integration of oral health.

Another strategy proven effective at addressing rising out-of-pocket costs for consumers is called “value-based insurance design” (VBID), which aligns patients’ out-of-pocket costs with the value of health services. Cost-effective treatments help avoid the need for expensive acute care. Research shows that certain medications and services for chronic conditions such as hypertension, high cholesterol, diabetes, asthma, depression, and HIV/AIDS are considered “high value,” because they provide large health benefits with comparatively low costs. The health system should therefore encourage patients to use these treatments, instead of imposing high co-pays and deductibles that discourage their use. Removing cost barriers to essential, high-value health services through VBID results in significant increases in patient compliance with recommended treatments, while also being cost-neutral, and even potentially cost-saving overall in the long term.

In one study, for example, nearly 6,000 patients who had just suffered a heart attack were prescribed drugs known to reduce the chance of another heart attack, such as statins or beta-blockers. Half of the patients had their co-pays for these drugs waived; the other half paid the usual fee. As a result, more people in the zero co-pay group took the drugs, and improved their health; they were 31% less likely to have a stroke, 11% less likely to have another major “vascular episode” and 16% less likely to have a heart attack or other related complications. Furthermore, these benefits came without increasing overall health costs for the insurers.⁶

We also know that growth in prescription drug costs has been the leading factor in the state’s health care cost growth, significantly contributing to the Commonwealth surpassing the benchmark in both 2014 and 2015. While there are limits to state approaches to addressing prescription drug costs, we can and should take an initial step in the right direction by requiring increased transparency of how much drugs actually cost to manufacture, how much people in other countries pay, the true price charged for the drug in Massachusetts, and the research and advertising costs for the most expensive drugs. The industry should have to justify the actual costs that go into their complicated pricing schemes. With this information, our state would finally have the information necessary to dig into high drug prices and hold drug companies accountable, and the public would have the opportunity to judge if we are getting good value for the billions spent on prescription drugs each year.

⁵ Jeffcoat, Marjorie K. et al., *Impact of Periodontal Therapy on General Health*, American Journal of Preventive Medicine, August 2014.

⁶ Choudhry, Niteesh K. et al, *Full Coverage for Preventive Medications after Myocardial Infarction*, New England Journal of Medicine, December 2011.

While we support pursuing an aggressive benchmark for health care spending, including premiums and out-of-pocket costs for consumers, we additionally urge the HPC to consider these and other tools that health care entities and the state can leverage to ensure that consumer and patient affordability are at the forefront of efforts to address costs.

Thank you again for the opportunity to provide testimony on the critical issue of how to most effectively tackle rising health care costs in the Commonwealth. Please don't hesitate to contact us with any questions at brosman@hcfama.org or 617-275-2920.

Sincerely,

A handwritten signature in cursive script that reads "Brian Rosman".

Brian Rosman
Policy and Government Relations Director
Health Care For All

cc: Health Policy Commission Board of Directors