



**Comments of the Massachusetts Medical Society Regarding the Health Policy Commission
2018 Health Care Cost Benchmark
March 10, 2017**

The Massachusetts Medical Society appreciates the opportunity to provide comment to the Health Policy Commission regarding the 2018 Health Care Cost Benchmark. The Medical Society strongly supports the intent of Chapter 224, and the mission of the Health Policy Commission to develop policy to reduce health care cost growth and improve the quality of patient care. The Medical Society adopted formal policy committing the Society to “partner with other stakeholders to address system-wide mechanisms to control the forces responsible for the escalation in health care costs.” The Medical Society strongly supports thoughtful policies to drive sustainable containment of health care costs below the benchmark on an ongoing basis- whether at 3.6% or 3.1%.

The Medical Society wishes to urge the Health Policy Commission to retain the 3.6% benchmark that has served well from 2013-2017. While we hope that many ongoing cost containment strategies will lead to reducing year-over growth to even less than 3.1%, we offer the following comment to explain our preference of retaining a 3.6% benchmark.

First, the current uncertainty about the payment and delivery of health care in Massachusetts warrants greater flexibility in the benchmark. External variables such as the attempted repeal and replace of Affordable Care Act as well as broader uncertainty about Medicaid funding and the Commonwealth’s 1115 waiver all point to the need for greater flexibility in a benchmark to account for many significant factors beyond the control of those that are held to the benchmark.

Second, while the benchmark continues to serve as a vital metric to inform broad policy discussions, such as those articulated at the Health Policy’s Cost Trends Hearings, many vulnerabilities of the metric which have been discussed at length over the past years point toward not reducing the benchmark. Until a more

precise metric is enacted that takes into account expansions in access, coverage, and care as an important positive feature of health care change, this metric should not be reduced- especially when expanding access and providing care to more individuals will result in more organizations being potentially exceeding the benchmark.

In addition, the broad nature of the metric- which does not take into account sector analysis- also warrants additional flexibility in the actual benchmark rate. The Medical Society has observed continuous sector analyses in HPC cost trends reports which show physician spending to be stable over time, including showing a 1.9% growth in commercial spending for professional physician payment from 2013-2015. During these same times, we have seen prescription drug pricing and utilization increase substantially. The Medical Society again underscores the importance of continuing to engage on and analyze these important issues, all while keeping the benchmark at the level that has served the Commonwealth well over the past several years.

Third, while the benchmark is most often associated with the subsequent policy discussions and analyses, the ultimate consequence of a shift in the benchmark is the number of providers and payers that could be subject to Performance Improvement Plans. The regulations for the Performance Improvement Plans are new, and it is likely they will be enforced more in the future. Performance Improvement Plans create significant administrative burden for physicians, and the administrative toll of providing information for these inquires, and the potential burden of creating and complying with Performance Improvement Plans cannot be understated. The Medical Society questions what benefit will really be gained by reducing the benchmark to 3.1%? Are providers and payers with increasing cost growth year-over by 3.1% to 3.6% really the intended target for Performance Improvement Plans? Retaining the 3.6% benchmark will continue to allow the Health Policy Commission the authority to monitor and approve Performance Improvement Plans for the entities most responsible for driving up cost growth in Massachusetts.

In conclusion, the Medical Society strongly supports the mission of the Health Policy Commission, and we remain committed to collaborating on thoughtful policies to inform a sustainable health care delivery system in Massachusetts. Success is cost containment is vital to ensuring sustainable access to care for all patients in the Commonwealth. The Medical Society believes these aims are best pursued with the flexibility of a benchmark of 3.6%.

