

1199SEIU

United Healthcare Workers East
Massachusetts Division

108 Myrtle Street, 4th Floor • Quincy, Massachusetts 02171-1728
Phone: 617-284-1199 • Fax: 617-474-7150
Toll Free: 877-409-1199
www.1199SEIU.org

March 28, 2018

PRESIDENT
George Gresham

SECRETARY-TREASURER
Maria Castaneda

EXECUTIVE VICE PRESIDENT
Tyrek D. Lee, Sr.

ASSISTANT DIVISION
DIRECTOR
Tim Foley

VICE PRESIDENTS
Filaine Deronnette
Jerry Fishbein
Rebecca Gutman
Herbert Jean-Baptiste
MaryEllen Leveille

POLITICAL DIRECTOR
FayeRuth Fisher

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

Dear Ms. Johnson:

Thank you for the opportunity to submit this written testimony regarding the Health Policy Commission's consideration of a potential modification to the 2019 health care cost growth benchmark established under Chapter 224 of the Acts of 2012. We write today both to offer this public comment on the Health Policy Commission's central role in controlling health care cost growth and to express our support for maintaining the 3.1% default growth rate for the health care cost growth benchmark.

The 55,000 health care workers of 1199SEIU - working in hospitals, community health centers, nursing homes and in consumer's homes across the Commonwealth - greatly appreciate this opportunity to engage the Health Policy Commission (HPC) in furtherance of our policy reform agenda. We remain firmly committed to supporting a comprehensive range of health care delivery and payment system reforms, including those that seek to control the growth of statewide health care costs. The reform and restructuring initiatives that are central to Chapter 224 - including the establishment of a realistic, strong and enforceable statewide cost growth benchmark - are central to furthering these 1199SEIU priorities.

As a general matter, we offer our strong support for the establishment of Accountable Care Organizations and other related health care reforms which promote better, more integrated care at lower overall cost. We are committed to working with the state and all stakeholders in support of a restructured health care delivery and payment system that provides quality care to all consumers and helps reduce health care cost growth, while also ensuring that we maximize engagement of the health care workforce.

Workforce Engagement

A top 1199SEIU priority is ensuring that the Health Policy Commission (HPC) and health care reform initiatives do not, whether intentionally or otherwise, place the burden of reform on the backs of our already financially struggling community providers or on the lower-paid direct care workforce. Instead, with a firm commitment to appropriate re-training and to sufficient staffing, the health care workforce can and should be an indispensable partner for cost control efforts and in furthering related reform. Such continued engagement by the HPC and other

policymakers is essential to maximize the effectiveness of the health care workforce, to reduce the expense of hiring new workers, to avoid the high cost of disruption to current employment relationships, and to ensure that the Commonwealth does not lose the skills, experience and commitment of the existing workforce.

Other 1199SEIU Health Care Reform Priorities

A successful health care reform approach must include a broad range of solutions. We remain committed to working with the HPC in support of restructured health care delivery and payment systems that provide quality care to all consumers while reducing health care cost growth. In addition to the full engagement of our membership and the health care workforce, our priorities for the HPC's work include:

- **Hospital Spending/Community Hospital Support:** In examining the HPC's 2017 Cost Trends Report, it is worth noting that annual total statewide health care expenditures (THCE) growth for Massachusetts hospitals has been limited in recent years with annual inpatient growth at just 2.2%. There is always more that individual hospitals, health systems and other providers can do to reduce unnecessary utilization and to shift clinically appropriate inpatient care to high-value, lower-cost community and safety-net hospitals. However, with hospital spending growth now under the benchmark, we do not believe that significantly further limiting hospital spending is a realistic reform goal. Most importantly, it is vitally important that providers are allowed enough spending growth to provide good jobs at fair wages to their employees.
- **Long Term Care:** Regarding the costs of long term care, we note the importance of the HPC's findings in this area that "the number of people with long-term care needs is expected to grow significantly", and that "by 2020, it has been estimated that Massachusetts will require 32 percent more direct care workers than were employed in 2010." Accordingly, we believe that the HPC should fully account for this anticipated growth in demand/enrollment in measuring THCE. We urge a focus primarily on controlling increases in per-person LTSS costs rather than overall THCE growth across the LTSS spectrum of care.
- **Relative Payments:** Last year, the new Special Commission to Review Variation in Prices among Providers recommended a range of reforms for comprehensive policy solutions both to address price variation and to effectively control health care cost growth. Several of these reform proposals, including the concept of a private insurance hospital rate floor, were also included in the major health reform package recently approved in the Senate. Evens as much work still needs to be done to further reduce socioeconomic disparities and strengthen our community and safety net hospitals, we strongly support and ask the HPC to also support these significant steps forward to identify and reduce provider price variation.

Maintain the 3.1% Cost Growth Benchmark

With this testimony, we respectively request that the HPC maintain the 2019 default per-capita THCE growth rate at 3.1%. Looking at the latest available date, 2016 annual growth in statewide per-capita THCE was below the current benchmark at just 2.8%. Moreover, in one of the largest spending categories, hospital inpatient per capita THCE grew at just 2.2%. Given these promising results and with hopes for continued success, we believe the statutory benchmark of 3.1% has proven to be effective in allowing Massachusetts to experience annual THCE growth at well-below national rates. Now is not the time to weaken that strong benchmark.

Thank you for your time and attention. We look forward to continuing our work with the Health Policy Commission on the enforcement of the statewide cost growth benchmark and other important reform efforts.

Sincerely,



Tim Foley

Acting Executive Vice President