



Riverside Center
275 Grove Street, Suite 3-300
Newton, MA 02466-2275
617-559-8000 tel
617-559-8099 fax

www.atrusheralth.org

March 28, 2018

Mr. David Seltz, Executive Director
Health Policy Commission
50 Milk Street, 8th Floor
Boston, MA 02109

RE: Health Policy Commission's Modification Hearing on the 2019 Health Care Cost Growth Benchmark

Dear Director Seltz:

Thank you for the opportunity to comment on the proposed modification of the state's health care cost growth benchmark for the average growth in total health care expenditures for calendar year 2019. We appreciate the Health Policy Commission's (HPC) outreach to various stakeholders for input and the opportunity to provide feedback.

Atrius Health, an innovative nonprofit healthcare leader, delivers an effective system of connected care for more than 720,000 adult and pediatric patients in eastern and central Massachusetts. Atrius Health's 32 medical practices, with more than 50 specialties and 900 physicians, work together with the home health and hospice services of its VNA Care subsidiary and in close collaboration with hospital partners, community specialists and skilled nursing facilities. Atrius Health provides high-quality, patient-centered, coordinated care to every patient it serves. By establishing a solid foundation of knowledge, understanding and trust with each of its patients, Atrius Health enhances their health and enriches their lives. Learn more about Atrius Health at www.atrusheralth.org.

Atrius Health is committed to the principles established under Chapter 224 that encourage providers to offer high-quality and cost-efficient care. We support setting the 2019 health care cost growth benchmark at potential gross state product minus 0.5 percent (3.1 percent), although this is an aggressive target given that the Centers for Medicare & Medicaid Services recently projected that national health care spending will grow at an average rate of 5.5 percent per year between 2017 and 2022. The proposed benchmark of 3.1 percent will require considerable effort by all healthcare stakeholders along with strong partnerships with policymakers if we are collectively to achieve this goal.

Accordingly, we recommend that the HPC and the Legislature focus on the broader system issues that present barriers to, or opportunities for, decreasing healthcare costs in Massachusetts, including the following:

Shifts in Enrollment in Health Insurance Products with Risk Arrangements

Despite being a national leader in the implementation of alternative payment methodologies (APMs) which include risk sharing arrangements between health plans and providers, Massachusetts has seen a decline in the number of patients enrolled in health plan products with APMs. The Center for Health Information and Analytics (CHIA), in its February 2018 Databook, reported that Massachusetts residents enrolled in HMO and POS insurance products, where provider-payer risk arrangements are more prevalent, decreased by 125,113 enrollees, or 5.3%, between September 2015 and September 2017. During this same time period, enrollment in PPO and EPO products, in which providers are generally not at-risk and patients are more loosely managed, increased by 121,171 enrollees, or 8.5%. In addition, even within the traditional HMO and PPO product market, there has been continued movement from fully-insured to self-insured products, including within the Group Insurance Commission's offerings, where APMs are still evolving.

Collectively, these market shifts have been disruptive to providers such as Atrius Health which are in risk arrangements and actively working to manage total medical expense (TME). Our ability to sustain the infrastructure, processes, and care management protocols that support the delivery of integrated, high-quality, cost-effective care depends on a reimbursement and incentive system that encourages coordination of care and rewards value and quality. Atrius Health encourages the HPC to support policies and practices across the Commonwealth which promote the use of alternative payment methodologies. We believe that over time this model has the best chance of continuing to bend the cost curve while simultaneously improving the quality of care across our Commonwealth.

Pharmaceutical Costs

Pharmaceutical costs, including specialty drugs, biologics and generic drugs continue to be a major concern for patients, payers and health care providers in the state. As reported by CHIA during the 2017 Annual Cost Trends hearing, health care spending increased in all claims-based service categories from 2015 to 2016, with pharmacy increases representing the most significant increase of 6.4%. In 2016, Atrius Health experienced an average increase in pharmaceutical spending of 14.4% per patient, and while that figure moderated in 2017 to approximately 5%, we anticipate that there will continue to be considerable financial pressures on overall health care spending as a result of pharmaceutical cost growth trends. We believe this area warrants additional oversight by the HPC.

To that end, we fully support provisions contained in Senate Bill 2211 "An Act Furthering Health Empowerment and Affordability by Leveraging Transformative Health Care" addressing transparency of pharmaceutical costs, and costs associated with Pharmacy Benefit Managers (PBMs). It is critical for the state to take decisive action to ensure that prescription drug price increases are warranted and that pharmaceutical manufacturers as well as PBM's, like health plans and providers, are actively engaged in the Commonwealth's effort to make health care more affordable.

In addition, the state should assess the impact that coupons have had on the cost of care in the Commonwealth. A number of publicly available reports suggest that even when less expensive generics exist, coupons encourage the utilization of more expensive brand name drugs, and boost retail sales of those drugs by 60 percent or more.

Mobile Integrated Health (MIH)

Atrius Health believes that a robust MIH program in Massachusetts will support providers in reducing health care costs by helping avoid unnecessary emergency department use, and may be of particular

benefit to the MassHealth population enrolled in accountable care organizations. Unfortunately, to date, promulgation of regulations and program implementation of MIH has been delayed by the Department of Public Health (DPH) solely due to a lack of resources. It is critical that DPH have reliable and sustained funding to implement this important initiative, and we support current efforts in the legislature and by the Governor to secure these resources.

Expansion of Academic Medical Centers

An area that warrants continued review by the HPC is the expansion of Academic Medical Centers (AMCs) statewide and construction of new outpatient facilities. While ostensibly less expensive than their downtown, tertiary counterparts, these entities are still able to charge facility fees which increase the overall cost of care. Atrius Health supports the principle of “site neutrality” with respect to payment for certain outpatient health care services.

Telehealth

Telehealth holds considerable promise in reducing healthcare costs and providing patients with convenient, high quality care for many common conditions. Despite its many innovations in both technology and health system payment reform, Massachusetts remains behind other states in the use of telehealth as our statutory scheme has failed to keep pace with advancing technology. Reimbursement by payers continues to present a challenge. There is no consistency in what telehealth services will be covered, so many providers are reluctant to fully implement telehealth services when it isn’t clear there will be reimbursement to support the expensive telehealth service infrastructure.

Pending Initiatives related to Nurse Staffing Ratios in Hospitals

We are deeply concerned about the potential implications of the “Initiative Petition for a Law Relative to Patient Safety and Hospital Transparency” and other efforts to mandate nurse staffing ratios statewide. While these requirements would not affect Atrius Health directly, their impact on our TME could be considerable as affected institutions would need to increase staffing, with attendant increases in costs of care. Moreover, we do not believe the imposition of staffing ratios will have a material impact on patient safety but rather, they represent unnecessary interference in the business operations of health care entities which are already highly regulated and accountable to numerous regulatory agencies for patient outcomes. We believe these initiatives could have a direct impact on the ability of all providers to meet the established benchmark.

Provider Status for Pharmacists

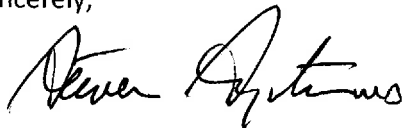
We strongly encourage policymakers to support SB1240/HB1214 – “*An Act Recognizing Pharmacists As Healthcare Providers*” currently before the Joint Committee on Healthcare Financing. Several states, including Connecticut, New Hampshire and Rhode Island, already recognize pharmacists as healthcare providers. Expanding the authorized scope of practice for qualified professionals such as clinical pharmacists, as these bills propose, is critical as we strive to improve access to care in the midst of a shortage of primary care providers.

Elimination of Practice Barriers for Nurse Practitioners

Atrius Health strongly supports HB2451/S1257 – *“An Act to Contain Health Care Costs and Improve Access to Value Based Nurse Practitioner Care As Recommended by the IOM and FTC.”* Increasingly we, and other providers, rely on Nurse Practitioners (NPs) as primary care providers with their own patient panels in order to improve access to care, reduce administrative burdens on physicians and contain costs. We believe elimination of existing barriers to full practice authority for NPs is vital in this state as yet one more tool for providers to meet the statewide benchmark.

Thank you again for the opportunity to provide input on this important and timely matter. We welcome the opportunity to discuss these issues in more detail with you or members of your staff. If you have any questions or require further information, please feel free to contact me at (617) 559-8042 or contact Kathy Keough, Director of Government Relations at (617) 559-8561.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven Strongwater". The signature is fluid and cursive, with a large initial "S".

Steven Strongwater, MD
President and CEO, Atrius Health