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March 30, 2018

Via Electronic Submission

David Seltz
Executive Director
Health Policy Commission
50 Milk Street, 8th floor
Boston, MA 02108

Dear Executive Director Seltz:

Steward Health Care System LLC (“Steward”) is a fully integrated national health care services organization committed to providing the highest quality of care in the most cost efficient manner in the communities where our patients live. Steward owns and operates 36 community hospitals across 10 states and employs over 37,000 employees. Many of our hospitals are classified as disproportionate share hospitals (“DSH”). In Massachusetts, Steward is the largest community-based accountable care organization, encompassing ten hospital campuses and over 3,000 physicians and specialists, as well as nurses, home health, behavioral health and allied services professionals. Steward plays a critical role in providing care to low-income and vulnerable populations in the communities where our patients live and work. Steward strongly supports innovative health care solutions that enhance quality, promote total population health, and lower the cost of health care.

Last year, the Health Policy Commission (HPC) Board voted to set the 2018 health care cost growth benchmark at 3.1%. We strongly urge the HPC Board to maintain 3.1% as the growth rate for 2019 and furthermore, to reinvigorate the health care cost containment discussion to push health care stakeholders toward solutions that will maintain high quality care while driving down health care costs for patients and businesses.

Although the initial data for 2016 show that total health care expenditures (THCE) grew by 2.8%, the state must continue to remain vigilant in its pursuit of health care cost containment. While the growth in THCE for 2016 may be below the benchmark, premiums for the small group market grew by 4.6% in that same year, in aggregate. Many small businesses saw higher increases in premiums. We know that health care costs will continue to rise – in particular, CHIA’s 2017 annual report cites pharmacy and hospital outpatient spending as the two largest

drivers of THCE growth. In addition, hospital consolidations continue to increase concentration in the health care market, thereby driving up prices and eliminating any cost-savings the state has achieved in the past few years. Other issues such as health care related ballot initiatives, growth in Medicaid spending, and uncertainty at the federal level further emphasize the need to focus on health care cost containment.

The HPC and its Board need to play a pivotal role in the ongoing health care cost containment discussion. In addition to keeping the cost growth benchmark at 3.1%, the HPC and its Board should act as a convener to send a message to the market that it must continue to find ways to drive down health care costs for employers and patients while simultaneously improving quality and care coordination. This role is essential to advancing the Commonwealth's cost containment agenda.

We appreciate the opportunity to comment and thank you for your consideration of our comments.

Sincerely,

A handwritten signature in blue ink that reads "Sarah Nguyen". The signature is written in a cursive, flowing style.

Sarah Nguyen
Vice President Policy, Strategy, and Government Relations
Steward Health Care System LLC

cc:
Joseph C. Maher, Jr., Esq.
EVP & General Counsel
Steward Health Care System LLC