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March 16, 2022

Mr. Stuart Altman, Chair
Health Policy Commission
50 Milk Street, 8th Floor
Boston, MA 02109

Senator Cindy Friedman
Chair, Joint Committee on Health Care Financing
State House, Room 413-D
Boston, MA 02133

Representative John Lawn
Chair, Joint Committee on Health Care Financing
State House, Room 236
Boston, MA 02133

Submitted Electronically

RE: Health Policy Commission's Modification Hearing on the 2023 Health Care Cost Growth Benchmark

Dear Chairman Altman, Senator Friedman and Representative Lawn:

Thank you for the opportunity to offer comments as you consider potential modification of the state's health care cost growth benchmark. As discussed in more detail below, we believe that the repercussions of the COVID-19 pandemic on health care providers warrant a careful and serious assessment by the Health Policy Commission (HPC) in determining the appropriate health care cost growth benchmark for 2023.

The pandemic has had serious and profound impacts on the healthcare system including:

- Significant increases in labor costs driven by competition among providers for limited supplies of health care workers, particularly nurses;
- Increased need for behavioral health services amid an ongoing shortage of behavioral health providers;
- Higher human resource expenses, such as new unemployment insurance costs, health insurance costs, child care assistance for employees as well as additional salary costs/overtime incurred due to staffing shortages;
- Uptick in demand for medically necessary and elective care as a result of delayed care, which the system does not have capacity to accommodate;
- Increased demand for attention and services for patients with long-term clinical issues associated with COVID-19;

- Increases in fixed operating costs related to establishing and maintaining COVID-19 specific functions, such as testing and vaccination, for both patients and employees; and
- Increased expenditures related to upgrading technology and equipment to support telehealth, acquiring PPE, and modifying facility infrastructures and workflows.

In light of the impact of the pandemic, in conjunction with an inflation rate exceeding 7%, we recommend that the HPC increase the health care cost growth benchmark to 3.6% (or higher) in 2023. This recommendation does not alter Atrius Health's longstanding commitment to controlling total medical expense – knowing the very real impact that rising health care costs has on individuals and their families, employers and the Commonwealth. Atrius Health has excelled at being a high-value provider, with the lowest health status adjusted total medical expense rates in the Commonwealth along with the lowest utilization of low-value procedures/tests. However, the pandemic has exacerbated existing system challenges, many of which have been highlighted by the HPC. These include, but are not limited to, pharmaceutical costs, expansion of AMCs (satellite facilities), administrative costs associated with lack of standardization in payer programs, a downward trend in value-based insurance products, a shift in payer mix driven by the pandemic, and increasing hospital prices. Please see Exhibit 1 for a more comprehensive list of the challenges we and other providers face, and some proposed interventions.

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 Kathy Keough, Director of Government Relations at (617) 559-8561.

Sincerely,

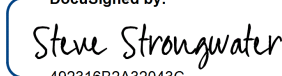
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Steven Strongwater, MD
President and CEO, Atrius Health

EXHIBIT 1

Listed below are issues (not prioritized) and related actions that Atrius Health believes warrant consideration by both the HPC and state policymakers as part of any effort to address rising healthcare costs; we noted many of these issues previously during the 2021 healthcare cost benchmark hearing:

- 1) **Workforce/Childcare.** Focus on healthcare workforce planning and implement strategies to increase the availability of primary care providers, nurses, APRNs and medical assistants for all providers including primary care. Physician burnout and shortages of certain healthcare providers are affecting overall costs as providers compete for limited resources. Additionally, the availability, reliability and cost of childcare are having a profound impact on the health care workforce.
- 2) **Primary Care/Behavioral Health.**
 - a. Require commercial payers to raise their primary care spending rates as a condition of having their rates approved, similar to Rhode Island which increased its primary care spending over several years and saw total health care expenditures fall in the state as a result.
 - b. Increase reimbursement for behavioral health. The limited availability of clinicians, lack of functional payment parity and demand for care is unsustainable and has only been compounded by the pandemic especially for children.
 - c. Require the Department of Public Health mandate that hospitals notify the patient's primary care provider upon the patient's admission to a hospital. Currently there is considerable variation among hospitals in providing this information. Lack of information results in poor coordination of care - and thus increased risk and reduced quality of care - both during the hospital stay and upon discharge.
- 3) **Telehealth.** Telehealth has shown considerable promise since the pandemic began, but more work needs to be done to continue supporting these efforts. Further system enhancements need to be made including addressing interstate licensure reciprocity, prohibiting insurers from imposing prior authorization requirements on medically necessary telehealth visits that would not apply to in-person care, expanding the definition of chronic disease management, and establishing standardized processes and procedures, including uniform coding and documentation requirement, automated approval systems and a common electronic data exchange, applicable to all healthcare providers and payers in order to determine a patient's health benefit plan eligibility at or prior to the time of service for telehealth services.
- 4) **Academic Medical Centers.**
 - a. Control the expansion of high cost Academic Medical Centers (AMCs) and brand name oncology centers into new outpatient facilities. While ostensibly less expensive than their downtown, tertiary counterparts, these entities are still able to charge facility fees and refer patients to higher priced hospitals, increasing the overall cost of care and resulting in higher out of pocket expenses for patients in many cases. Atrius Health supports the principle of "site neutrality" with respect to payment for certain outpatient health care services.
 - b. Limit urgent care centers affiliated with AMCs. The impact of these entities on health care costs should be periodically reviewed by the HPC since these centers have some incentive to refer patients to their affiliated higher cost hospitals when more advanced care is needed.
- 5) **Pharmaceutical Costs.** Address the rise in pharmaceutical costs, including specialty drugs, biologics and generic drugs. These continue to be a major concern for patients, payers and health care providers in the state. Pharmaceutical price increases have made budgeting difficult.
- 6) **Provider Price Caps.** Cap providers' pricing on expensive oncology drugs relative to market averages. A recent report by the HPC identified two large oncology providers that were pricing drugs at twice the cost of other providers. The HPC should closely examine the cost of oncology services by type of provider and setting, and the impact of provider brand on pricing.

- 7) **On Site Case Management.** Require hospitals to allow onsite ED access to care/case managers associated with referring provider practices so patients can be directed to lower-cost settings when clinically appropriate. Without this requirement, primary care providers are unable to ensure that their patients are receiving care in the lowest acuity safe setting. This requirement would enable primary care providers to better manage cost and quality.
- 8) **Support Diversity, Equity & Inclusion in Healthcare.** Allocate funds specifically to address diversity, equity and inclusion in healthcare. We believe there are opportunities for improving health outcomes as well as access to care if we dedicate resources to, and expand and coordinate efforts among, providers, payers, community-based organizations and state agencies.
- 9) **Health Plan Design.**
 - a. **Cost Sharing.** Eliminate cost-sharing for certain preventative/maintenance medications that are required to manage common chronic conditions (e.g., diabetes medications).
 - b. **Value Based Insurance Design.** Encourage health plans to adopt “value-based design” and introduce products with cost-sharing structures that lower costs of care without compromising quality (e.g., no co-pay for a video visit; waived or reduced copays for preventive care medications.)
 - a. **Support New Models of Care.** Support for systems to move appropriate patients out of high cost AMCs to community hospitals and/or hospitalization at home. We believe perceived financial weakness of community hospitals may discourage patients from seeking care there, and lead them to go to more expensive AMCs. Additionally, the state needs to expand Ambulatory Surgical Center capacity to create competition and move appropriate cases out of more expensive hospital settings when clinically appropriate, and/or adjust their rates to comparable ambulatory rates for similar procedures.
- 10) **Preferred Care Network.** Require hospitals and skilled nursing facilities to consult with the patient’s primary care provider for referrals to home health agencies (while continuing to give patients the choices that Medicare requires). Atrius Health tries to use its preferred home health agencies to provide coordinated and more cost effective home health and hospice services to our patients; however, we frequently find that hospitals/skilled nursing facilities push patients to their own or other home health care providers which fragments care and may be more expensive.
- 11) **Planning.** Revive the Health Planning Council originally established under Chapter 224. Atrius Health believes that the Health Planning Council created a unique opportunity to evaluate the availability of health resources statewide in order to ensure that healthcare services meet the needs of residents without duplicating or adding costs.
- 12) **Uniform Quality Metrics.** Require the implementation of uniform quality metrics across Massachusetts payers. The Massachusetts Quality Measurement Alignment Taskforce (of which Atrius Health is a part) has been trying to align the payers’ quality metrics for the past several years. Disparate measures requires extra unnecessary administrative costs.
- 13) **MassHealth.** Since the pandemic began, MassHealth enrollment has increased significantly. Ensure risk bearing ACOs are properly funded to cover expenses due to enrollment and utilization increases.