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Submitted electronically to [HPC-testimony@mass.gov](mailto:HPC-testimony@mass.gov)

March 18, 2022

Health Policy Commission  
50 Milk Street, 8th Floor  
Boston, MA 02109

**Re: Health Care Cost Growth Benchmark for Calendar Year 2023**

Dear Commissioners:

On behalf of Health Care For All (HCFA), thank you for the opportunity to submit testimony regarding potential modification of the health care cost growth benchmark for the average growth in total health care expenditures for calendar year 2023. Health Care For All (HCFA) operates a HelpLine that takes over 20,000 calls a year, and we advocate for health justice in Massachusetts by working to promote health equity and ensure coverage and access for all.

The HPC benchmark is a critical tool to monitor health care costs and hold our system accountable for keeping them under control so individuals and families are not forced to choose between getting care and putting food on the table.

**Overview**

CHIA's 2020 annual report reflects a highly unusual year, as the Commonwealth grappled with the first waves of the COVID-19 pandemic. The state should not make long-term policy decisions based on the trends reflected just from this report. However, the report does include several clear points that remain troubling for consumers, especially the continued rise in prescription drug costs. While the report [shows](#) consumers paid less in out-of-pocket costs as a result of the temporary drop in spending in 2020, the continuing trend toward high-deductible health plans relative to other plan types is an ominous sign that people's costs will increase as health care use returns to normal pre-pandemic levels.

We are also concerned about how much money [insurers kept](#) from their financial gains due to the unexpected drop in the use of health care services. The funds insurers kept jumped by more than 35 percent, even after accounting for rebates and credits paid back to consumers. Yet premiums rose significantly in [2021](#) and [2022](#), and family premiums already [nearly tripled](#) over the last two decades. In addition, a [survey](#) conducted by the Altarum Institute last year found that more than half of Massachusetts residents reported having an affordability burden such as forgoing care due to cost and 75 percent were worried about affording care in the future. The findings also showed stark racial disparities with Black and Hispanic residents being significantly more likely to report challenges affording care.

Data is only part of the story, however. HCFA hears daily from callers on our HelpLine about the affordability challenges they face. One caller, Verzina, from Mattapan, has two jobs – one as a

teacher – but neither offer health insurance so she has to buy coverage on her own. Her plan costs \$467 a month and has a \$2,700 deductible. Recently, her primary care doctor discovered a lump in her breast and sent her to get a mammogram, for which she was billed \$1,000. She is paying it off now in installments, but says she won't go to any other appointments because as scared as she is of the lump, she is more afraid of what another visit will cost her. Experiences like Verzina's are why Massachusetts must remain focused on the question of how to blunt the rise in health care costs paid by consumers.

### **Benchmark Recommendation**

Recognizing that the costs paid by individuals and families have continued to grow at unaffordable rates for many years under the benchmarks as they have been established so far, HCFA believes a lower benchmark may need to be considered. That is why we recommend the benchmark be set no higher than 3.1 percent in 2023 and potentially below 3.1 percent, though we defer to experts with access to more data to determine the specific correct level.

### **Other Policy Recommendations**

Further action is needed to protect people from health care costs that cause financial harm and create barriers to care. Below are three important updates to the HPC benchmark process that Health Care For All thinks should be considered:

First, we recommend setting a separate consumer benchmark as part of the HPC's cost growth benchmark process. The goal would be to track the costs individuals and families pay for health care through co-pays, deductibles and premiums, and hold the health system accountable for ensuring these costs do not grow faster than the overall benchmark. Not only would this shine a light on consumer costs and build them into the benchmark process, it would also begin to tie these costs to overall system costs, and ensure consumers aren't responsible for more than their fair share.

While this proposal may require additional legislative authority, in the meantime we urge HPC to start conducting further analysis and reporting on the impact of premiums and out-of-pocket expenses on consumers. HPC should also hold a mid-year, smaller hearing to discuss with the Commissioners and members on the Health Care Financing Committee the impact of health care system cost growth on the people of the Commonwealth.

Second, it remains long past time to bring prescription drug manufacturers into the HPC cost review process that applies to other industry stakeholders, including providers and insurers, as a proposal currently pending before the legislature would do. Medication use did not decrease in the same manner as other health care services in 2020. Instead, prescription drug spending [grew](#) nearly 8 percent – more than twice the benchmark – even net of drug rebates.

Third, we think it is important to measure and have accountability for hospital costs, beyond just the primary care patients attributed to health systems, given how much of a driver inpatient and outpatient hospital costs have been in the years prior to 2020.

It is also worth noting that we are closely monitoring the current performance improvement plan (PIP) process required of Mass General Brigham to see if it will result in meaningfully lower costs for individuals and families. If it does not, we will need to look toward stronger accountability mechanisms as part of the PIP process to change the incentives for health care entities to lower costs and make care more affordable and accessible to all residents.

Finally, we continue to urge the HPC and those who appoint the commissioners to diversify the make-up of the HPC Board. The lack of gender and racial diversity does impact the choices and decisions made by the Board. People from diverse backgrounds bring lived-experience that cannot be replicated through academic study or policy experience. We have waited far too long for the Board to appropriately represent the people of the Commonwealth.

Thank you again for the opportunity to provide testimony on the health care cost growth benchmark and how to most effectively tackle rising health care costs in the Commonwealth. Please don't hesitate to contact us with any questions at [arosenthal@hcfama.org](mailto:arosenthal@hcfama.org) or (617) 275-2911.

Sincerely,

A handwritten signature in cursive script that reads "Amy Rosenthal".

Amy Rosenthal  
Executive Director  
Health Care For All