

WRITTEN TESTIMONY TO THE COST TRENDS HEARING

MARCH 15, 2023

LAWRENCE GENERAL HOSPITAL

Deborah J. Wilson, President & Chief Executive Officer

On behalf of Lawrence General and the communities we serve I submit this testimony to the Health Policy Commission. I write to reinforce the need that we have testified about each year since the cost growth benchmark was established – the need to have sustainable rates of payment to support care delivery. Lawrence General Hospital and the patients we serve have fewer resources than every other hospital in the Commonwealth to support the vast array of services we offer: 1,500 births, 65,000 ER visits, Level III Trauma Services, Special Care Nursery, Cardiac Services, Surgical Services, Family Practice Residency Program in partnership with the Greater Lawrence Family Health Center, a dedicated pediatrics inpatient unit, 12,000 inpatient discharges, 4,000 observation stays, Sexual Assault Nurse Examiner program for rape victims, Ambulance services for the City of Lawrence, and Paramedic services for the region.

There is no equity in reimbursement for providers who have limited market clout. And there will be no possible way to maintain the services listed above without growth in our commercial rates in excess of the benchmark. Services are on the line.

Our high Medicaid patient population and the downward pressure on Medicaid rates that have suppressed and taken more than \$15M a year in Medicaid reimbursement from us is causing our services for pediatrics, trauma and special care nursery to be in immediate jeopardy. We cannot sustain services year after year at a loss. Between the demands of the pandemic and the current nursing shortage we have no financial cushion.

Our exposure to the Connector plans that pay us the same low Medicaid rates hinders us.

And the commercial health plans rates will never get anywhere close to the average if the cost growth benchmark continues to apply to them. We have been paid an average of 75% of the average statewide relative price for every year the statewide relative price has been calculated.

There is no equity in setting a cost growth benchmark that perpetuates the inequitable rates we are paid. Perpetuating the current inequity impacts Lawrence General's ability to invest in capital, to grow services, and to maintain existing services.

We cannot cross-subsidize our losses in pediatrics and special care nursery that provide care largely to Medicaid patients of color.

We cannot invest in our hospital's future, nor capital, nor in equity improvements, nor IT, nor staffing without adequate reimbursement and resolution to the structural reimbursement challenges we have endured for years.

There is no equity for our community hospital or the people of color that make up over 80% of the population in Lawrence if we are paid the lowest rates paid of any hospital. It is unjust, inequitable and while our outcomes are outstanding – having been named a Top 250 hospital by Healthgrades and earning a LeapFrog A, and caring for the single highest population of COVID patients of the 351 cities and towns in Massachusetts, it will not be possible to maintain current services as our costs outstrip our reimbursement each year.

I urge you to consider recommending in your cost growth benchmark setting or in future legislation greater flexibility and direction in the cost growth allowed in order to advance health equity. Massachusetts hospitals who serve the largest share of people of color should not be paid below the average statewide relative price. The cost growth benchmark is exacerbating inequities and legislating redlining, jeopardizing access and services because we have no opportunity to cross subsidize our 30% Medicaid payor reimbursement or our 5% Connector plan payor reimbursement.

Thank you for the opportunity to submit written testimony.