



The Commonwealth of Massachusetts
HEALTH POLICY COMMISSION
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STUART H. ALTMAN
CHAIR

DAVID M. SELTZ
EXECUTIVE DIRECTOR

March 29, 2017

The Honorable James T. Welch, Senate Chair
Joint Committee on Health Care Financing
State House, Room 413-B
Boston, MA 02133

Dear Chairman Welch:

As you know, the Health Policy Commission (HPC) is charged with annually establishing the health care cost growth benchmark against which the Commonwealth's per capita Total Health Care Expenditures (THCE) growth is measured. Central to the framework of Chapter 224 of the Acts of 2012, the benchmark is a collective performance goal used to promote both system-wide and health care entity accountability.

As required by statute, the HPC set the benchmark for calendar years 2013 to 2017 equal to Potential Gross State Product (PGSP), or 3.6%. For calendar year 2018, the benchmark must be set at PGSP minus a half of a percent (i.e., 3.1%) unless the Board determines that an adjustment to the benchmark is reasonably warranted (G.L. c.6D §9).

The HPC held a public hearing on March 8, 2017 to hear data, information, and testimony relevant to its determination and was honored to have your participation as well as many of the members of the Joint Committee on Health Care Financing. The hearing included presentations from the Center for Health Information and Analysis (CHIA), HPC staff, and Ani Turner, co-director of the Center for Sustainable Health Spending at the Altarum Institute, as well as public testimony from twelve organizations. The presentations and written testimony can be found on the HPC's [website](#). A video recording of the hearing and today's Board meeting can be found on the HPC's [YouTube page](#).

I am writing to advise you that, at its meeting today, after a robust discussion weighing a number of factors, the Board voted to establish the benchmark at 3.1% (without modification). With this vote, Board members expressed renewed commitment to advancing the HPC's mission of advancing a more transparent, accountable, and innovative health care system to produce better care at a lower cost for the people of the Commonwealth.

I look forward to working with you in this effort. Please let me know if you have any questions.

Sincerely,


Dr. Stuart H. Altman, PhD
Chair, Massachusetts Health Policy Commission

cc: The Honorable Stanley C. Rosenberg, Senate President
The Honorable Karen E. Spilka, Chair, Senate Committee on Ways and Means

