



2019 HEALTH CARE COST TRENDS HEARING

OCTOBER 22 & 23



MASSACHUSETTS
HEALTH POLICY COMMISSION

2019 ANNUAL HEALTH CARE COST TRENDS HEARING

The annual health care cost trends hearing is a public event at which elected officials, policymakers, researchers, and health care market participants convene to address challenges and discuss opportunities for improving care and reducing costs in the Commonwealth. The prominent, two-day hearing features live testimony from top health care executives, industry leaders, and government officials. Questions are posed from Massachusetts and national health care experts about the state's performance under the health care cost growth benchmark, the drivers of health care costs, and other health care reform efforts.

*Held in conjunction with The Office of the Attorney General (AGO) &
the Center for Health Information and Analysis (CHIA)*



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FROM THE CHAIR & EXECUTIVE DIRECTOR

Welcome to the 2019 Health Care Cost Trends Hearing. This marks the seventh year the Health Policy Commission (HPC) has hosted the hearing on behalf of the citizens of the Commonwealth of Massachusetts.

Since the passage of landmark health care cost containment legislation seven years ago, the Commonwealth has made significant progress in reducing health care spending and achieving our vision of a more transparent, accountable, and innovative health care system. The state's health care spending growth from 2017-2018 was 3.1% – meeting the health care cost growth benchmark set by the HPC.

Even with this moderate overall growth rate, the burden of health care costs on Massachusetts employers and residents continues to grow. Over the past two years, growth in consumer out-of-pocket costs (6.1%) and premiums (5.2%) have outpaced inflation (2.9%) and wage growth (2.8%). Spending on certain parts of the health care system grew faster than the benchmark, with hospital services, pharmacy, and health plan administrative costs among the top drivers.

The year's hearing focuses on both persistent contributors to higher health care costs and promising policies to advance a more transparent, accountable, and affordable system. The goal is better health and better care – at a lower cost – for everyone across the Commonwealth.

We are pleased to welcome Governor Charlie Baker, House Speaker Robert DeLeo, Senate President Karen Spilka, and Attorney General Maura Healey to join the conversation.

In addition to the in-person testimony provided at the hearing, 41 health care organizations submitted written pre-filed testimony responding to questions from the HPC and the Office of the Attorney General. You can find this information online at tinyurl.com/cth2019testimony.

Your engagement and collaboration are critical to our effort. We encourage you to send us your questions and comments on Twitter via #CTH19.

Thank you for your participation.

Stuart Altman
Chair

David Seltz
Executive Director

AGENDA - OCTOBER 22

WELCOME 9:00 AM

Mr. Martin Cohen, Vice Chair, Health Policy Commission
Mr. David Seltz, Executive Director, Health Policy Commission

REMARKS 9:15 AM

The Honorable Robert DeLeo, Speaker of the House

PRESENTATION:

PERFORMANCE OF THE MASSACHUSETTS HEALTH CARE SYSTEM 9:30 AM

Mr. Ray Campbell, Executive Director, Center for Health Information and Analysis

REMARKS 10:00 AM

The Honorable Charlie Baker, Governor

PRESENTATION:

HEALTH CARE SPENDING TRENDS AND IMPACT ON AFFORDABILITY 10:30 AM

Dr. David Auerbach, Senior Director of Research and Cost Trends, Health Policy Commission

PRESENTATION:

OPPORTUNITIES TO DRIVE VALUE IN HEALTH CARE 11:00 AM

Dr. Meredith Rosenthal, Professor of Health Economics and Policy, Harvard T.H. Chan School of Public Health

WITNESS PANEL 1:

CONFRONTING COMPLEXITY IN THE HEALTH CARE SYSTEM 11:30 AM

This panel will focus on the impact of administrative complexity on patients, employers, providers, and payers, as well as solutions for reducing complexity that does not provide value.

LUNCH BREAK 12:45 PM

WITNESS PANEL 2:

PHARMACEUTICAL MARKET TRENDS AND COST DRIVERS 1:30 PM

This panel will discuss emerging policies and strategies for payers, providers, manufacturers, and other stakeholders to address affordability of prescription drugs and promote value in pharmaceutical spending.

PUBLIC TESTIMONY 2:45 PM

ADJOURNMENT 3:30 PM

AGENDA - OCTOBER 23

WELCOME 9:00 AM

Mr. Martin Cohen, Vice Chair, Health Policy Commission
Mr. David Seltz, Executive Director, Health Policy Commission

REMARKS 9:15 AM

The Honorable Karen Spilka, Senate President

THE OFFICE OF THE ATTORNEY GENERAL 9:30 AM

The Honorable Maura Healey, Attorney General
Presentation from the Attorney General’s Health Care Division

PRESENTATION:

STATE POLICY OPTIONS TO INCREASE INVESTMENT IN PRIMARY CARE. 10:00 AM

Dr. Marie Ganim, Health Insurance Commissioner for the State of Rhode Island
Mr. Chris Koller, President, Milbank Memorial Fund

WITNESS PANEL 3:

STRENGTHENING PRIMARY AND BEHAVIORAL HEALTH CARE 11:00 AM

This panel will focus on strategies to enhance primary and behavioral health care in the Commonwealth through direct investment, expanding workforce, behavioral health integration, and other capacity building.

LUNCH BREAK 12:15 PM

WITNESS PANEL 4:

PROVIDER MARKET TRENDS AND COST DRIVERS 1:00 PM

This panel will examine how changes in the provider market continue to impact spending as well as quality of and access to care. The panel will include discussion of trends in the appropriate use of lower-cost sites of care, the impacts of continued market consolidation, and the role and future of community-based providers.

CONCLUDING DISCUSSION 2:30 PM

ADJOURNMENT 3:00 PM

EXPERT SPEAKERS



DR. MARIE GANIM, HEALTH INSURANCE COMMISSIONER FOR THE STATE OF RHODE ISLAND

Marie Ganim has dedicated more than 30 years to public service in Rhode Island, principally in the area of health care policy. Her experience spans both the Executive and Legislative branches of government, and has included work on the federal, state, and municipal levels. Most recently, she served as the Director of Policy and Deputy Chief of Staff for the RI Senate. She has a Masters' Degree in Public Administration from Syracuse University, and a Ph.D. in Public Affairs from Northeastern University. As the Commissioner at the Office of the Health Insurance Commissioner since July 2017, her role is to ensure the solvency of health insurers, protect consumers, encourage the fair treatment of providers, and work to improve health care quality, accessibility, and affordability.



MR. CHRIS KOLLER, PRESIDENT, MILBANK MEMORIAL FUND

Chris Koller is President of the Milbank Memorial Fund. The Fund is a 114 year operating foundation that improves population health by connecting leaders with the best information and experience. Before joining the Fund, he served the state of Rhode Island as the country's first Health Insurance Commissioner, an appointment he held from March of 2005 through June of 2013. Prior to serving as Health Insurance Commissioner, Mr. Koller was the CEO of Neighborhood Health Plan of Rhode Island for nine years. Mr. Koller is also an adjunct professor of community health at the School of Public Health at Brown University.



DR. MEREDITH ROSENTHAL, PROFESSOR OF HEALTH ECONOMICS AND POLICY, HARVARD T.H. CHAN SCHOOL OF PUBLIC HEALTH

Meredith B. Rosenthal, Ph.D., is the C. Boyden Gray Professor of Health Economics and Policy in the Department of Health Policy and Management at the Harvard T.H. Chan School of Public Health. Her research focuses on policies that will help slow the growth in health care spending and improve value, such as changes in payment incentives, benefit design, and the provision of information and behavioral "nudges" to both patients and providers. Her research has influenced the design of provider payment systems in both the public and private sectors. She has advised federal and state policymakers in payment policy and implementation.

PANELISTS

WITNESS PANEL 1

CONFRONTING COMPLEXITY IN THE HEALTH CARE SYSTEM

Dr. Michael Apkon , President and CEO	Tufts Medical Center
Cheryl Corman , Executive VP and Chief Human Resources Officer	Middlesex Savings Bank
Dr. Alejandro J. Esparza-Perez , Chief Medical Officer	Holyoke Health Center
Amy Rosenthal , Executive Director	Health Care For All
David Segal , President and CEO	AllWays Health Partners

WITNESS PANEL 2

PHARMACEUTICAL MARKET TRENDS AND COST DRIVERS

Dr. Troyen Brennan , Executive VP and Chief Medical Officer	CVS Health
Michael Carson , President and CEO	Harvard Pilgrim Health Care
Erin Mistry , Head of Value, Access, and HEOR	Syneos Health
Dr. David Twitchell , Chief Pharmacy Officer	Boston Medical Center Health System

WITNESS PANEL 3

STRENGTHENING PRIMARY AND BEHAVIORAL HEALTH CARE

Dr. Joseph Frolkis , President and CEO	New England Quality Care Alliance
Dr. Jeffrey Greenberg , Co-Founder and COO	Firefly Health
Richard Lynch , COO	Blue Cross Blue Shield of Massachusetts
Dr. Nancy Norman , Medical Director of Integration	MA Behavioral Health Partnership
Christina Severin , President and CEO	Community Care Cooperative (C3)

WITNESS PANEL 4

PROVIDER MARKET TRENDS AND COST DRIVERS

Thomas Crowell , President and CEO	Tufts Health Plan
Sandra Fenwick , CEO	Boston Children's Hospital
Kim Hollon , President and CEO	Signature Healthcare
Dr. Anne Klibanski , President and CEO	Partners HealthCare
Dr. Steven Strongwater , President and CEO	Atrius Health
Dr. Kevin Tabb , President and CEO	Beth Israel Lahey Health

HEALTH CARE COST GROWTH BENCHMARK

Chapter 224 of the Acts of 2012 established the Commonwealth's health care cost growth benchmark, a statewide target for the rate of growth in total health care expenditures (THCE). THCE is calculated on a per capita basis to control for increases in health care spending due to population growth and includes spending by both public and private payers. For more information, see CHIA's Annual Report on the Performance of the Massachusetts Health Care System.

Each year, the Health Policy Commission sets the benchmark for the Commonwealth's THCE. For 2013-2017, the benchmark was set at 3.6%, or the equivalent of the rate of growth in the gross state product. Calendar year 2018 was the first year that the HPC had the authority to modify the benchmark, and voted unanimously to establish the 2018 benchmark at the default growth rate of 3.1%. The HPC again set the benchmark at 3.1% for 2019 and 2020.

This year, CHIA reports health care spending growth from 2017-2018 of 3.1%, equivalent with the benchmark threshold. Underneath this headline number, CHIA found variation in growth between public and commercial insurance categories. Public insurance programs overall reported minimal expenditure growth while commercial health care spending grew by 3.1%, as consumers and employers saw cost sharing and premium obligations rise faster than the benchmark, inflation, and wages.

BY THE NUMBERS

Key Findings from
CHIA's 2019 Report

\$60.9 Billion

Total Health Care
Expenditures or

\$8,827

per capita

Hospital spending
totaled

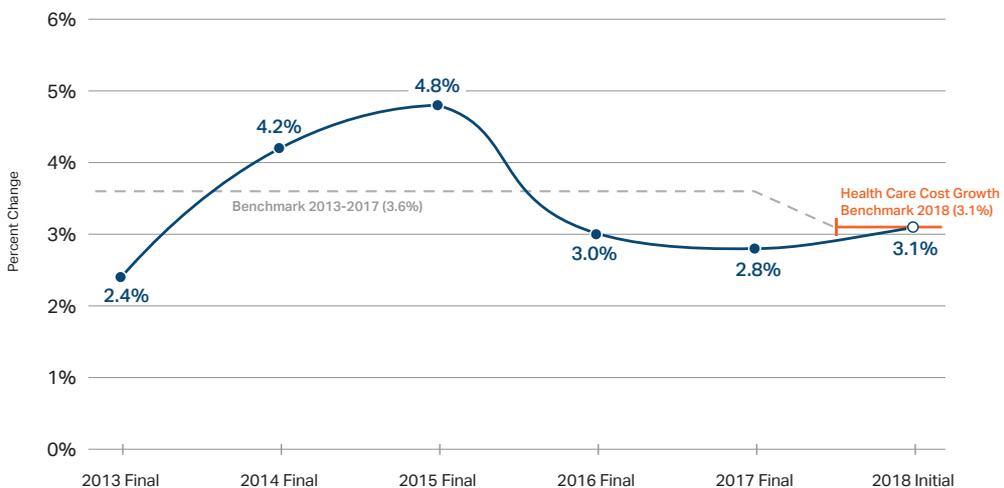
\$22.7 BILLION,

an increase of

3.7% from 2017.

Member cost sharing
and premiums
rose by **5.6%**,
approximately
2x the rate of
inflation and wages in
the past two years.

PER CAPITA TOTAL HEALTH EXPENDITURES GROWTH, 2013-2018



2019 PRE-FILED TESTIMONY

RECOMMENDED POLICY CHANGES FOR MEETING THE HEALTH CARE COST GROWTH BENCHMARK



Address **Pharmaceutical** Costs



Expand Use of **Telemedicine**



Reform **"Out-of-Network"** Billing



Increase **Payment** for Community-Based Providers

29 Providers

12 Health Plans

Top MA health plans continue to identify **unit price increases** as the **primary driver** of health care expenditures



TOP STRATEGIC PRIORITY FOR PROVIDERS

Shift care to **lower-cost settings**

TOP STRATEGIC PRIORITY FOR HEALTH PLANS

Expand adoption of **alternative payment methods** (APMs)

BARRIERS TO INVESTMENT IN PRIMARY AND/OR BEHAVIORAL HEALTH CARE

1. Confidentiality-related **restrictions** on data sharing
2. **Support** for existing behavioral health and primary care workforce
3. Payment and reimbursement practices including **lack of payment parity**



STRATEGIES TO SUPPORT ADOPTION OF ALTERNATIVE PAYMENT METHODS

1. Enhance EHR connectivity and data sharing (Top provider and health plan response)
2. Alignment of models across payers and products



Health plans reported **235,236** health care transparency website inquires in 2018, only a **3.4%** increase from 2017

PRIORITY AREAS FOR REDUCING ADMINISTRATIVE COMPLEXITY

Prior Authorization (Top provider response)

Provider Directory Management (Top health plan response)

HPC BOARD MEMBERS

DR. STUART ALTMAN, CHAIR

Stuart Altman, Ph.D., is the Sol C. Chaikin Professor of National Health Policy at The Heller School for Social Policy and Management at Brandeis University. He is an economist with five decades of experience working closely with issues of federal and state health policy within government, the private sector, and academia. Dr. Altman was appointed as Board Chair in 2012 and reappointed in 2015.

MR. MARTIN COHEN, VICE CHAIR

Martin D. Cohen is the President and CEO of the MetroWest Health Foundation. He has more than 30 years of experience working to plan and implement comprehensive strategies to improve public mental health services. Mr. Cohen was appointed to the Board in 2015, reappointed in 2018, and confirmed as Vice Chair in September 2019.

DR. DONALD BERWICK

Donald M. Berwick, M.D., was President and CEO of the Institute for Healthcare Improvement (IHI) for nearly 20 years. In July 2010, President Obama appointed Dr. Berwick to the position of Administrator of the Centers for Medicare & Medicaid Services, a position he held until December 2011. Dr. Berwick was appointed to the Board in 2016.

MS. BARBARA BLAKENEY

Barbara Blakeney, MS, RN, FNAP, was President of the American Nurses' Association, and the former Innovation Advisor to the Centers for Medicare and Medicaid Innovation Center. Ms. Blakeney was appointed to the Board in 2019. She also serves as Committee Chair for Care Delivery Transformation.

DR. DAVID CUTLER

David Cutler, Ph.D., is the Otto Eckstein Professor of Applied Economics at Harvard University and holds secondary appointments at Harvard Kennedy School and Harvard School of Public Health. Dr. Cutler was appointed to the Board in 2012 and reappointed in 2015. He also serves as Committee Chair for Market Oversight and Transparency.

MR. TIMOTHY FOLEY

Timothy Foley is the Executive Vice President for 1199SEIU Healthcare Workers East, the state's largest union of health care workers. He has worked for SEIU for 11 years, starting out as a political director, then being elected to a Vice President position. Mr. Foley was appointed to the Board in 2016.



SECRETARY MICHAEL J. HEFFERNAN

Executive Office of Administration and Finance

Michael J. Heffernan serves as Secretary of the Executive Office for Administration and Finance. He is responsible for managing state finances, and oversees state agencies that provide core administrative services.

DR. JOHN CHRISTIAN (CHRIS) KRYDER

Dr. John Christian Kryder is an Executive Partner at Flare Capital, a Boston-based health care technology investment group. He spent twenty-five years as a Clinical Instructor in Medicine in the Medical Engineering and Medical Physics Program at Harvard Medical School, HST Division. Dr. Kryder was appointed to the Board in 2018.

MR. RICHARD C. LORD

Richard C. Lord is the former President and CEO of Associated Industries of Massachusetts (AIM), a state-wide employer advocacy and service organization of more than 5,000 member companies. He was the leader of AIM for 20 years, before retiring in 2019. Mr. Lord was appointed to the Board in 2012 and reappointed in 2015.

MR. RENATO (RON) MASTROGIOVANNI

Ron Mastrogiovanni is the President and CEO of HealthView Services and has more than 25 years of experience in management consulting, financial services, and health care software design. Mr. Mastrogiovanni was appointed to the Board in 2015 and reappointed in 2016.

SECRETARY MARYLOU SUDDERS

Executive Office of Health and Human Services

Marylou Sudders serves as the Secretary of the Executive Office of Health and Human Services. In this role, Secretary Sudders leads the largest executive agency in state government, and oversees critical services that touch approximately one in six residents of the Commonwealth.

PUBLIC MEETINGS

Please join us at one of our upcoming public meetings at the HPC's offices, 50 Milk Street, 8th Floor, Boston.

ADVISORY COUNCIL MEETINGS

Wednesday, November 13 at 12:00PM

COMMITTEE MEETINGS

MARKET OVERSIGHT AND TRANSPARENCY

Wednesday, November 20 at 9:30AM

CARE DELIVERY TRANSFORMATION

Wednesday, November 20 at 11:00AM

BOARD MEETINGS

Monday, December 16 at 12:00PM





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WIFI NETWORK: SU_GUEST
Login: costrends19
Password: healthpolicy

HEALTH POLICY COMMISSION
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