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

RE: Health Care Cost Growth Benchmark for Calendar Year 2026

Dear Commissioners:

Thank you for the opportunity to offer comments as the Health Policy Commission (HPC) considers adjusting the health care cost growth benchmark for 2026. The Conference of Boston Teaching Hospitals (COBTH) is an organization of twelve Boston-area teaching hospitals that works to support collaboration among our hospitals and advance policies critical to the core mission of academic medical centers: providing high quality patient care to all, regardless of insurance status or ability to pay; training the next generation of physicians, nurses, and allied health professionals; advancing innovation and discovery through biomedical research; and improving the health of our surrounding neighborhoods and communities.

Over the years, COBTH has consistently expressed support for the cost growth benchmark, acknowledging the importance of controlling health care spending in the Commonwealth. COBTH member hospitals are committed to continued health care cost containment, improving robust and equitable access to care, and achieving the Commonwealth's quality improvement goals. COBTH has also, however, respectfully urged the HPC to be mindful of the many factors outside of the control of providers, payers, and the Commonwealth that may make meeting the health care cost growth benchmark target difficult.

For the past several years, our testimony has highlighted the unprecedented capacity challenges and financial pressures our member hospitals have faced. Unfortunately, these crises have still yet to abate in any meaningful way. While the acute pressures of the COVID-19 pandemic and Steward hospital crisis have wound down, the long term impact of these seismic shifts in the Massachusetts health care system continue to be felt. For example, we continue to see increased patient acuity due to deferred care, as well as extreme challenges with discharging patients to appropriate post-acute care settings for a wide variety of reasons. And while our most severe workforce challenges are easing in some areas, we are still focused on growing and supporting our health care workforce to ensure we can continue to meet patient needs.

We continue to harness the power and importance of collaboration and shared learning in the face of unexpected and emerging challenges, including the continued pressure of children and their families, including new arrivals, facing enormous obstacles to stable housing and seeking shelter in our emergency rooms, the continued regional pressures created by closure of Steward Carney hospital, the

ongoing impact of extreme climate events on our patients and our facilities, and the instability and uncertainty created by a new federal administration and Congress who are hostile to critical federal funding sources, including but not limited to medical research funding and the Medicaid program.

Despite these challenges, COBTH's member hospitals and sister hospitals statewide have collaborated and innovated at all levels of our health care delivery system to continue to meet the needs of our patients, especially our most vulnerable patients. The efforts and resilience of our workforce has been truly remarkable, and yet our workforce continues to experience unprecedented levels of exhaustion and burnout. We are deeply grateful for the HPC's focus on the workforce crisis in the last few years.

Additionally, our member hospitals continue to face significant financial challenges. While many believed the financial challenges of the COVID-19 pandemic would right size when the acute phase of the pandemic was over, the financial pressures on our hospitals have continued and represent a wholesale post-pandemic shift in the health care market. As you know, the largest share of hospital spending is allocated to labor and workforce costs, which have grown substantially in the wake of increasing surges in patient need, along with significant numbers of professionals choosing to reduce their hours, switch to non-clinical roles, or leave the health care workforce entirely. Adding to these pressures are a lack of reimbursement increases despite increases in cost, as well as marked year over year increases to pharmaceutical costs. Additionally, hospitals experience the inflationary pressures that affect the entire economy. According to the data released as part of the Center for Health Information and Analysis (CHIA) Annual Report earlier this week, the statewide acute hospital median total margin increased in hospital fiscal year 2023, but remains at a precariously low at 2.2%, and is bolstered by continued infusions of COVID-19 relief funding. The statewide acute hospital median operating margin also improved, but stands at a mere 0.2% for hospital fiscal year 2023. This data clearly demonstrates that the hospital sector continues to struggle overall, with barely a majority of hospitals reporting positive operating margins.

As originally contemplated, the health care cost growth benchmark assumed continued, stable economic and health care cost growth. The benchmark simply does not account for such intense, overwhelming, and long-lasting disruptions to health care delivery and the economy, and does not contemplate a way to assess health system performance based on annualized data over a period of years. **We strongly urge the HPC to suspend the application of the health care cost growth benchmark in 2026**, and instead work with the legislature to revise the benchmark setting and cost growth evaluation process to create a more appropriate measure. The way health care services are provided and costs health care providers face have been fundamentally altered since the enactment of the health care cost growth benchmark, and we must ensure a full accounting of this new reality when creating spending targets going forward.

We look forward to working with the Commission to continue to address the issue of health care spending growth, quality, equity, and affordability for every resident of the Commonwealth, and continuing to collaborate with our partners in government to achieve our shared goals.

Sincerely,



Patricia McMullin
Executive Director
Conference of Boston Teaching Hospitals