

2025 Pre-Filed Testimony PROVIDERS



**As part of the
*Annual Health Care
Cost Trends Hearing***

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

INSTRUCTIONS FOR WRITTEN TESTIMONY

If you are receiving this, you are hereby required under M.G.L. c. 6D, § 8 to submit written pre-filed testimony for the [2025 Annual Health Care Cost Trends Hearing](#).

On or before the close of business on **Friday, October 31, 2025**, please electronically submit testimony as a Word document to: HPC-Testimony@mass.gov. Please complete relevant responses to the questions posed in the provided template. If necessary, you may include additional supporting testimony or documentation in an appendix. Please submit any data tables included in your response in Microsoft Excel or Access format.

We encourage you to refer to and build upon your organization's pre-filed testimony responses from 2013 to 2024, if applicable. If a question is not applicable to your organization, please indicate that in your response.

Your submission must contain a statement from a signatory that is legally authorized and empowered to represent the named organization for the purposes of this testimony. The statement must note that the testimony is signed under the pains and penalties of perjury. An electronic signature will be sufficient for this submission. All submissions are public record and will be posted to the [HPC's website](#).

You may receive questions from both the HPC and the Office of the Attorney General (AGO). If you have any difficulty with the templates or have any other questions regarding the pre-filed testimony process or the questions, please contact relevant staff at the information below.

HPC CONTACT INFORMATION

For any inquiries regarding HPC questions, please contact:
General Counsel Lois Johnson at
HPC-Testimony@mass.gov or
lois.johnson@mass.gov.

AGO CONTACT INFORMATION

For any inquiries regarding AGO questions, please contact:
Assistant Attorney General Sandra Wolitzky at
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THE 2025 HEALTH CARE COST TRENDS HEARING: PRE-FILED TESTIMONY

The Massachusetts Health Policy Commission (HPC), along with the Office of the Attorney General (AGO), holds the Health Care Cost Trends Hearing each year to examine the drivers of health care costs and consider the challenges and opportunities for improving the Massachusetts health care system.

The 2025 Health Care Cost Trends Hearing offers a critical opportunity to discuss the pressing issues challenging the stability and sustainability of the Commonwealth's health care system. These include mounting affordability issues, workforce constraints, financial volatility, increasing prescription drug costs, and threats to health care access and coverage – and the ongoing efforts to address them.

Recent federal action has created uncertainties about the health care landscape in Massachusetts. It will require a renewed commitment among stakeholders and policymakers to work together towards a health care system that is more affordable, accessible, and equitable for all residents. The 2025 Health Care Cost Trends Hearing will convene industry leaders, clinicians, and community members to reflect on recent policy actions and invite further collaborative action in Massachusetts, advancing the Commonwealth's health care goals and values.

Amid the federal activity, Massachusetts is still contending with existing affordability hardships facing the Commonwealth's residents. Massachusetts now has the highest family health insurance premiums in the country. In 2024, the average annual cost of health care for a family exceeded \$31,000 (including out-of-pocket spending). As health care spending grows as a portion of household income, more and more families incur medical debt and avoid using needed care. These rates become particularly dire when health care premiums and out-of-pocket spending reach 25% of total income – a reality that 41% of Hispanic families and 26% of Black families in Massachusetts faced in 2023 compared to 9% of white families. Furthermore, the average annual cost sharing per person grew from \$849 in 2019 to \$1,049 in 2023 (a 29% increase), and residents paying \$5,000 or more annually in cost sharing doubled from 2019 (1.5%) to 2023 (3.1%).

This is the first cost trends hearing since the enactment of two significant health care laws earlier this year (Chapters 342 and 343 of the Acts of 2024), which strengthen the health care market, address rising prescription drug costs, and enhance the public transparency and accountability of the Commonwealth's health care system – including requiring additional health care market participants to provide public testimony. As the HPC, the AGO, and other state agency partners continue implementation of these new laws, the 2025 Health Care Cost Trends Hearing will focus on working together to safeguard the Commonwealth's commitment to health care affordability, access, and equity.

The pre-filed written testimony affords the HPC and the AGO, on behalf of the public, an opportunity to engage with a broad range of Massachusetts health care market participants. In addition to pre-filed written testimony, the public hearing features in-person testimony from leading health care industry executives, stakeholders, and consumers, with questions posed by the HPC's Board of Commissioners about the state's performance under the [Health Care Cost Growth Benchmark](#) and the status of public and industry-led health care policy reform efforts.

1. Recent and ongoing federal policy actions are changing health care in Massachusetts. What do you anticipate will be the most significant implications of these federal actions on your organization's strategies to address health care affordability, quality, access, and equity? How is your organization working to ensure stability and mitigate any negative impacts on health care workers, patients, and patient care? What specific actions should health care market participants, policymakers, and the public consider to safeguard the Massachusetts health care system against potential risks from federal policy shifts?

Merrimack Health is a regional safety-net provider for the Merrimack Valley; caring for nearly 800,000 patient encounters annually (including more than 100,000 ED and trauma center visits), with 75% of our total revenue coming from public payers. We expect that the proposed policy changes will set off a cascading negative impact on our services and, ultimately, on the health of our community.

As a community hospital system, we are responsible for providing comprehensive, high-quality care for the region. It is expected that the proposed funding and coverage cuts, along with rigorous eligibility redeterminations, will cause tens of thousands of community members to lose health coverage. As a result, patients may delay or forgo preventive or routine care, leading to increased demand for emergency and acute care services, which will significantly strain our ability to maintain the same level of access across all service areas. This shift will force us to refocus our already limited resources on emergency and acute care (the most expensive levels of care) at the expense of other essential services, including preventive care. The net effect would be a significant imbalance in available care and increasingly fractured services.

We are deeply grateful for the relief just passed by the legislature and Healy-Driscoll Administration for short-term FY25 losses and for the recent passage of the hospital financial support package by the Senate, but without structured readjustment to these policy changes, the quality and availability of care will suffer.

We continue to proactively adjust our budget, look for more effective and efficient ways to deliver services, while always remaining focused on the needs of our patients, keeping care local, in the most cost-efficient setting.

We ask that the Commonwealth focus on ensuring that health coverage remains for patients to help mitigate the ripple effect of low or no coverage on hospital systems, and support lower-cost, high-quality innovations like telehealth and at-home chronic disease management care. Also empower safety-net health care systems to work collaboratively and creatively to equitably leverage resources, such as the 340b pricing program, and effectively and efficiently provide care through shared services that keep care in the place at the right time.

2. Many Massachusetts health care providers continue to face significant workforce challenges. What strategies has your organization successfully implemented to improve recruitment and retention of clinical and/or non-clinical workers? What policy, payment, or health care system reforms does your organization recommend to better sustain, strengthen, and diversify the health care workforce more broadly in Massachusetts?

People enter the health care profession out of a genuine desire to care for others and strengthen their communities. We strive to create an environment that supports and respects their expertise, experience, and compassion. Still, recruiting enough staff to meet our staffing needs remains an ongoing challenge.

We continuously conduct market wage reviews and make wage adjustments as we are able to do so, evaluate professional growth opportunities, focus on recruitment for high-vacancy areas, offering on-the-spot interviews, and work to build an environment conducive to professional satisfaction and safe quality care.

We also partner with local educational institutions, community agencies, and health care providers to expand training opportunities and exposure to health care careers for high school students, young adults, and other students. Our collaborations include work with Top Notch Scholars, a Lawrence-based nonprofit that empowers local youth to explore their passions and pursue meaningful careers, and the Greater Lawrence Family Health Center's Residency Program. In addition, we recently hired a program manager of internships and

workforce development through grant funding from Atrius to strengthen these efforts and identify new collaborative opportunities.

However, we are seeing increasing levels of burnout and diminished resilience within our already strained health care system. These challenges stem from the growing complexity of care, limited resources, rising incidents of workplace violence, and recent changes in federal immigration policies, which create additional worry for a community that is 80% Latino and for a hospital with a higher-than-average Hispanic workforce.

We need the state's partnership in implementing comprehensive workplace violence protections; reducing unnecessary or counterproductive administrative burdens that prevent care providers from focusing on patient care and that drive up costs; and investing in high-need areas such as behavioral health providers, licensed practical nurses (LPNs), and advanced practice providers.

3. Administrative complexity in the health care system can burden clinicians and patients and contribute to burnout, reduce timely and equitable access to care, and add unnecessary costs to the system. What policies or strategies should policymakers and/or other market participants consider to reduce administrative complexity that provides little value in the Massachusetts health care system? How would such changes impact your organization's administrative costs of providing care?

Administrative complexity has grown steadily and substantially over the years and continues to have a far-reaching negative impact on health care, affecting access, diminishing quality, and adding unnecessary costs to the system (with varying studies estimating that administrative expenses account for 15% to 30% of costs and MHA estimates that excessive administrative requirements are adding \$1.75 billion in cost waste to the Massachusetts healthcare system each year).

At Merrimack Health, we come up against these complexities daily. Patients who clearly meet the socioeconomic eligibility requirements, when applying for Medicaid, often experience significant delays in the approval process. These delays create downstream challenges: patients remain in the acute care setting longer than medically necessary because post-acute facilities (such as skilled nursing facilities or rehabilitation centers) typically require a confirmed payer source before accepting admissions. Since many facilities do not accept patients under "Medicaid pending" status, this results in unnecessary hospital days, higher costs of care, and reduced access to appropriate post-acute resources.

During the Covid-19 pandemic, we learned that the three-day waiver allowing patients to enter post-acute facilities had a profoundly positive impact. It reduced hospital length of stay while enabling post-acute facilities to admit patients without the financial uncertainty tied to the traditional three-day rule.

Streamlining the Medicaid process and eliminating the 3-midnight rule would improve patient flow by allowing patients to transition seamlessly to the next level of care. Also, encouraging health plans to offer discharge authorizations over the weekend would reduce unnecessary acute patient days and staff rework to comply with authorization requirements. Moreover, supporting legislation and other commonsense approaches to care delivery that limit administrative requirements that are duplicative, inconsistent, or not patient-focused would improve both timeliness and access to care. For example:

- Simplify Prior Authorization by standardizing requirements across payers to reduce delays and staffing costs

- Eliminate low-value authorizations for routine services.
- Automate and streamline documentation requirements, including reducing non-clinical EHR charting and excessive quality reporting.

We urge policymakers to support **Massachusetts Legislation S.1249 / H.1143**, which aims to streamline prior authorization and reduce unnecessary administrative tasks that delay care. These bills are supported by the Massachusetts Health & Hospital Association, Massachusetts Medical Society, and Health Care For All.

Additionally, Safety-Net Hospitals are often unable to implement infrastructure to streamline care and reduce burnout due to limited scale and resources. We encourage the development of state programs to allow smaller hospitals and health systems to access consistent administrative infrastructure, including technology upgrades, compliance tools, and documentation productivity initiatives to reduce time and eliminate redundancies.

4. High-quality, accessible primary care is foundational to an effective and efficient health care system. If your organization includes primary care providers, what activities or investments are you pursuing to enhance access to affordable, high-quality, person-centered primary care (including integrated behavioral health services) for your patients? How are you tracking the impact of these activities or investments? What policy, payment, or health care system reforms does your organization recommend to enhance equitable access to high-quality primary care services?

As a community health hospital system, access to quality primary care is foundational to our purpose and mission and we appreciate the state's focus on the Commonwealth's strained primary care system. As the Health Policy Commission (HPC) has documented, Massachusetts lags the nation in a strong primary care workforce, despite being home to some of nation's premier medical schools.

In the community setting, primary care providers are critical gatekeepers for identifying social drivers of health that, if not addressed, can lead to poorer outcomes, greater health care inequities, and higher costs. The challenges they and we face include professional burnout and diminished job satisfaction due to volume-driven pressures, administrative burdens and workloads that keep physicians away from patients and their families, and issues related to compensation. In addition, as a safety net provider with a high public-payer percentage of over 75%, we are simply unable to match the ever-escalating market salaries for primary care

providers. This places constant strain on our ability to provide primary care access for our patients. While we have been able to mitigate some of the impacts through collaboration with the Greater Lawrence Family Health Center, we have been unable to hire and retain enough primary care resources to support the needs of our communities.

We recommend the state continue to explore all methodologies to increase and maintain these critical clinicians, including educational support, changes to licensure requirements to attract and support providers from other states and countries, and reimbursement for clinical activities that support patient care in addition to the direct provision of care.

5. Massachusetts now has the highest family health insurance premiums in the United States. In 2024, the average annual cost of health care for a family exceeded \$31,000 (including out of pocket spending). This reflects the growth in underlying health care costs. As health care spending grows as a portion of household income, more and more families incur medical debt and avoid using needed care. Collaborative, urgent action across market participants is needed to reverse these trends. How can your organization contribute to this effort?

As safety net system serving the most vulnerable population in the Merrimack Valley, Merrimack Health recognizes that affordability is integral to access. Our system is committed to collaborative, data-driven strategies that lower total medical expenses while maintaining high-quality, equitable care for our communities. This ensures that patients can access comprehensive, high-value care close to home.

Through these coordinated initiatives and partnership with EOHHS and local stakeholders, Merrimack Health reaffirms our mission: to deliver high-quality, equitable care at sustainable cost, supporting both the health and financial stability of the communities we serve. Our multi-faceted approach includes:

Cost Containment:

- Expand value-based care models to reduce unnecessary utilization and align incentives around outcomes instead of volume.
- Streamline administrative processes through shared services, automation (e.g., revenue cycle, prior authorization, and supply chain), and workforce efficiency initiatives to the extent we have the ability to invest in these initiatives.
- Enhance purchasing collaboration with regional hospital groups to lower pharmaceutical, device, and supply costs.

Access:

- Strengthen primary and preventive care access under Merrimack Health Community Medical Associates in high-need populations to reduce downstream acute care spending.
- Expand partnerships with Greater Lawrence Family Health Center and others to coordinate low-cost care options.
- Work with community health workers to address social determinants of health through housing, food security, and transportation partnerships that mitigate costly medical crises.
- Preserve and expand local access to essential services — including tertiary care, behavioral health, and urgent/emergency care — to ensure patients can receive coordinated, affordable care within their own communities, reducing costly outmigration.

Payments/Policy:

- Advocate for commercial payer parity to ensure adequate reimbursement for essential services that prevent cost-shifting to patients.
- Pilot alternative payment models (e.g., global budgets, bundled payments) to incentivize predictable cost growth and care redesign.

Organizational Leadership/Transparency:

- Offer financial counseling and early intervention programs to help patients navigate coverage and payment options.
- Engage staff and medical leadership in continuous cost-saving and process-improvement initiatives tied to mission and community impact.
- Seek the ability to invest in infrastructure including, but not limited to:
 - Telehealth and remote patient monitoring for chronic disease management and post-acute follow-up, reducing readmissions.
 - Implementation of advanced data analytics to identify high-risk patients and intervene early with coordinated, lower-cost care.
 - Integration of behavioral health into primary care through telepsychiatry and collaborative-care models to address untreated mental health drivers of medical cost.

- Implementation of AI-driven tools for documentation, scheduling and throughput to optimize resource use, reduce inpatient length of stay and improve revenue cycle efficiency.

QUESTIONS FROM THE OFFICE OF THE ATTORNEY GENERAL

1. Chapter 224 requires providers to make price information on admissions, procedures, and services available to patients and prospective patients upon request. In the table below, please provide available data regarding the number of individuals that sought this information.

We have no recorded requests for pricing information during the requested time periods. Note that a significant percentage of our patient volume comes through our emergency departments and trauma center; additionally, nearly 75% of patient volume is public pay.

Health Care Service Price Inquiries Calendar Years (CY) 2023-2025		
Year	Aggregate Number of Written Inquiries	Aggregate Number of Inquiries via Telephone or In-Person
CY2023	Q1	
	Q2	
	Q3	
	Q4	
CY2024	Q1	
	Q2	
	Q3	
	Q4	
CY2025	Q1	
	Q2	

TOTAL:

This testimony is submitted and signed under the pains and penalties of perjury.

Electronically signed October 31, 2025

Diana L Richardson

President and CEO
Merrimack Health