HARVARD MEDICAL SCHOOL
TEACHING HOSPITAL

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November 4, 2024

David Seltz
Executive Director
Health Policy Commission
50 Milk Street, 8th Floor
Boston, MA 02109

Dear Mr. Seltz,

Attached, please find the testimony of Boston Children's Hospital, signed under pains and penalties of perjury, in response to questions provided by the Health Policy Commission and the Office of the Attorney General.

As the President and Chief Executive Officer of Boston Children's Hospital, I am legally authorized and empowered to represent the organization for the purposes of this testimony.
If you have any questions, please contact Joshua Greenberg, Vice President of Government Relations, at (617) 919-3055.

Warmest Regards,

Kevin B. Churchwell, M.D.
President and Chief Executive Officer

MASSACHUSETTS
HEALTH POLICY COMMISSION

2024 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 2024 Annual Health Care Cost Trends Hearing.

On or before the close of business on **Monday, November 4, 2024**, 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 2023, 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.

You are receiving 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 either HPC or AGO 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 sandra.wolitzky@mass.gov or (617) 963-2021.

THE 2024 HEALTH CARE COST TRENDS HEARING: PRE-FILED TESTIMONY

The Massachusetts Health Policy Commission (HPC), along with 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 2024 Health Care Cost Trends Hearing will take place in a period of significant upheaval and reflection for the Commonwealth's health care system. The bankruptcy and dissolution of Steward Health Care, previously the third largest hospital system in Massachusetts, led to substantial disruptions to the state's health care market and has taken a significant toll on communities, patients, provider organizations, and health care workers across the region. This market instability is occurring while many providers across the health care continuum are still struggling to adapt to a post-pandemic "new normal" state, wrestling with capacity constraints, financial volatility, administrative burdens, and workforce recruitment and retention challenges.

At the same time, an increasing number of Massachusetts residents are struggling with health care affordability and medical debt. Massachusetts has the second highest family health insurance premiums in the country. The average annual cost of health care for a family exceeds $29,000 (including out of pocket spending). Recently, more than half of residents surveyed cited the cost of health care as the most important health care issue, far surpassing those that identified access or quality. Due to high costs, 40 percent of survey respondents said they are putting off seeing a doctor or going to a hospital. These affordability challenges are disproportionally borne by populations of color, and those in Massachusetts with less resources, contributing to widening disparities in access to care and health outcomes. The annual cost of inequities experienced by populations of color in Massachusetts is estimated to exceed $5.9 billion and is growing every year. These challenges require bold action to move the health care system from the status quo to a new trajectory.

This year, in the wake of the considerable harm caused by the bankruptcy of Steward Health Care and other recent market disruptions, the HPC is focusing the 2024 Cost Trends Hearing on moving forward, from crisis to stability, and building a health care system that is more affordable, accessible, and equitable for all residents of Massachusetts.

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 annual 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.

QUESTIONS FROM THE HEALTH POLICY COMMISSION

1. Reflecting on the health care market disruptions in Massachusetts in recent years, including the bankruptcy of Steward Health Care and related closures, what have been the most significant impacts of these disruptions on the patients and communities your organization serves, particularly with regard to equitable and affordable access to care? What have been the most significant implications for your organization and workforce?

As the HPC has reported[1], the pediatric and adult care delivery systems are organized differently in Massachusetts. The Steward hospital bankruptcy had minimal direct impact on Boston Children's Hospital, our providers, or children more generally as the inpatient and specialty services offered to pediatric patients were minimal. Steward did maintain three Level II/III nurseries and a small number of adolescent mental health beds; we would not say this has been a major disruption in terms of overall care. We will note that we partner with many community hospitals, for example South Shore Hospital, to support pediatric care delivery and as has been widely reported, these hospitals have been very stressed by the degradation of capacity in the Steward system.

There are a sizeable number of pediatric patients served by, and in the case of the Medicaid ACO attributed to, the Stewardship professional network. To date, we have not seen major shifts in primary care between formerly Steward-affiliated physicians and our primary care network, but anticipate this will start to occur over the next 6 months.

Conversely, the need to support and integrate the Tufts inpatient and specialty physicians as a result of the closure of pediatric inpatient and ICU beds has more directly impacted Boston Children's, our clinical staff, and our affiliated primary care practices. We have in general been able to accommodate the additional inpatient volume and specialty referrals to a large extent as a result of the additional beds and outpatient clinical sites made available through our expansion project which the HPC reviewed and the Department of Public Health approved in October 2016. Merrimack Valley is an area of particular focus given the needs of the pediatric population there, the historic Tufts staffing arrangements that needed to be maintained at Lowell General and Lawrence General Hospitals, and the overall stresses in that geography related to the Steward closure at Nashoba and the sale of Holy Family Hospital to Lawrence General Hospital.

[1] Health Policy Commission, Consolidation And Closures In The Massachusetts Pediatric Health Care Market: Special Policy Report On Implications For Cost, Quality, Access, And Equity, September 2023.

As reflected in prior HPC filings, at the time of the closure of the Tufts Medical Center (TMC) inpatient pediatric unit, the majority of the Tufts Medicine pediatric physicians became employees of Boston Children's Network Specialty Physician's Foundation (BCNSPF) an affiliate of Boston Children's Hospital. BCH also became a Tufts medical school teaching hospital. Our BCNSPF physicians continue to cover the Tufts Medical Center NICU and to maintain the Lawrence General Hospital, Lowell General Hospital, and MelroseWakefield Hospital staffing arrangements. Prior to Brockton's closure, we also covered Signature Brockton Hospital.

BCH and TMC have worked collaboratively to ensure continuity of care for all Tufts Medicine pediatric patients. All services have been preserved, and we are unaware of major, ongoing patient concerns/disruptions of care related to the closure of Tufts pediatrics beds. That said, we continue to work with Tufts Medicine on the broader challenges in delivering pediatric care today, particularly to disproportionate Medicaid communities with low and unsustainable reimbursement.

Globally, pediatric workforce issues are likely to grow. The number of trainees choosing pediatric primary and subspecialty training appears to be declining nationally. This decline has been broadly attributed to: 1) the extra time it takes to train for select pediatric specialties, and the associated costs that trainees experience in terms of medical education loans; and 2) the lower salaries of pediatric primary care and specialist clinicians relative to their adult counterparts (primarily as a result of disproportionate Medicaid reimbursement for pediatric patients).[2]

There are particular shortages in high impact specialties including Developmental Medicine, Psychiatry, Neurology, and Endocrinology leading to reduced access as measured by longer wait times for appointments. Our primary care network also reports closures of a number of non-BCH practices, as well as difficulty recruiting primary care physicians within our network. This has led to significant pressure on our ability to accept new patients in some geographies. We note that we are one of a small number of states nationally that provides NO Medicaid support for graduate medical education.[3]

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[2] National Academies of Sciences, Engineering, and Medicine. 2023. The future pediatric subspecialty physician workforce: Meeting the needs of infants, children, and adolescents. Washington, DC: The National Academies Press. https://doi.org/10.17226/27207.

[3] Boston Globe Editorial Board, Massachusetts isn't using a tool that could help tackle its shortage of primary care doctors, April 11, 2024.

2. Please identify and briefly describe any policy, payment, or health care market reforms your organization would recommend to better protect the Massachusetts health care system from predatory actors, strengthen market oversight and transparency, and ensure greater stability moving forward.

Boston Children's Hospital was comfortable with many of the ideas contained in the health care omnibus bill that has not, as yet, passed this session. If there is continued work on this legislative framework, we would note:

- The need to balance enhanced oversight with regulatory processes that are impactful, timely, and do not create unnecessary work for those attempting to navigate the processes;
- Flexibility in implementation to allow for unforeseen market dynamics, delivery system structures, and business arrangements;
- The need for a nuanced understanding of the very diverse set of real estate structures and related financing mechanisms that may exist in the marketplace;
- Careful consideration of the ways in which pediatric systems may differ from adult systems in terms of regulatory oversight. For example, pediatric specialists typically cover much wider geographic areas in order to enable access to care for subspecialty services, and are unlikely to be in direct competition with community hospitals for most of these services.
- Similarly, specialty pediatric hospitals able to invest in and maintain the full continuum of services for children, including those with highly complex conditions, will by definition have a significant market share in a given geography. Scale is a necessary precondition to delivering this resource intensive care in a safe and efficient manner. This commitment should not be presumed to demonstrate unfair competition under the law.

Consistent with our past responses, we would like to see more attention paid to stabilizing the behavioral health system, and to assuring mental health parity oversight and compliance. We have particular interest in the need to improve care delivery models for neurodivergent children with mental health needs, a particularly vulnerable and underserved population in our experience. We also note that very low levels of commercial and Medicaid reimbursement drive care capacity shortages across the delivery system and that BCH significantly cross subsidizes mental health care within our care network.

3. Reflecting on consistent HPC findings showing increasing health care affordability challenges, growing difficulties accessing needed care, and widening health disparities based on race, ethnicity, and income among Massachusetts residents, what are your organization's top two to three strategies for addressing these trends? What are the most significant challenges to implementing these strategies?

In general, Boston Children's Hospital and its physicians have worked hard to be in network for as many payors as possible. We have been especially devoted to assuring access for the MassHealth population. Approximately 40% of our Massachusetts patients are covered by Medicaid. We have the single largest Medicaid ACO serving children; approximately 130,000 children (nearly 1 in 4 pediatric Medicaid members statewide) are enrolled in our ACO.

Boston Children's serves a racially, linguistically and culturally diverse patient population. We continue to place great emphasis on our Equity, Diversity, and Inclusion (EDI) work. In the past year, we have strengthened our ability to collect and analyze disparities related data through our implementation of a new system-wide electronic medical record. We are very focused on the identification and elimination of disparities including work within the Fenwick Institute on advocacy, policy, education and research in all aspects of EDI, and through targeted interventions like improved visit access (just in time scheduling), interpreter services, and transportation assistance. We are also beginning to work through a refreshed evaluation of standardized quality measures from a disparities perspective to assess opportunities for specific quality improvement interventions. We would welcome discussing some of this work at greater length with HPC staff.

As noted earlier, we have also worked hard to keep care local. As the HPC is aware, we continue to staff a number of important community hospitals for a mix of pediatric inpatient, emergency, and neonatal care needs. We have created a network of subspecialty satellite facilities outside Boston to get outpatient care closer to communities in need. We continue to work collaboratively with our affiliated primary care practices to enable better support for needs that can be managed in the primary care setting. For example, approximately 90% of our primary care practice patients are served in a setting with integrated BH clinicians supported by consultation available through our Department of Psychiatry.

Finally, workforce shortages and low Medicaid reimbursement rates contribute to overall challenges in implementing these strategies in the pediatric delivery system more broadly.

4. Please identify and briefly describe any policy, payment, or health care system reforms your organization would recommend to achieve a health care system that is more affordable, accessible, and equitable in Massachusetts.

We have consistently remarked upon the need for substantial behavioral health investments in Massachusetts in our yearly responses to these questions. We note our testimony from last year:

> *Behavioral Health Investments: The state has been a strong partner in its commitment to behavioral health investments in the state budget and forward thinking in how to strategically center services in the community through the Roadmap for Behavioral Health Reform. But it is clear from the number of patients we continue to triage through the emergency department that there is plenty of work left to do. Behavioral health emergency department diversion programs are key to better health outcomes for children and health care cost savings. Through partnerships with Youth Villages and the Justice Resource Institute, significant per diem cost reductions (up to 96.4% reductions) were found when patients planning to seek care in the ED were treated in the community or at home with supports.*
>
> *As the HPC is aware, the patients who do get "stuck" in our ED face long waitlists for inpatient beds or may have complex medical or developmental needs. For children who are in the care of the Department of Children and Families and other state agencies, the wait for discharge is even longer, and we urge the state to work toward a better system of interagency coordination and case prioritization for agency-involved children. Investments in diverse and culturally appropriate workforce training and program supports must be bolstered to meet the growing need. Prevention and building resiliency in children is also key. Behavioral health investments must continue to grow in the places where children spend their time, such as school and childcare, and focus on upstream prevention and integration in the places children learn and play.*

We have also worked with others to support legislation that would provide better access to care for immigrant children like most of the surrounding New England states. This has been the major pediatric component of the Health Equity compact legislation.

Finally, we are heartened to see some of the workforce licensure and credentialing reforms being discussed in the Conference Committee of the Economic Development Bill. In particular, we support the following provisions in the underlying House or Senate bills:

- Section 175 in S.2869 – Internationally Trained Physicians
- Sections 16, 177, 178, and 307 in S.2869 – Nurse Licensure Compact

- Sections 121B to 121G (inclusive), 159E, 167A ¼, 167A ½ in H.4804 – Social Worker Licensure

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.

Health Care Service Price Inquiries Calendar Years (CY) 2022-2024			
Year		Aggregate Number of Written Inquiries	Aggregate Number of Inquiries via Telephone or In-Person
CY2022	**Q1**	379	79
	Q2	360	77
	Q3	286	90
	Q4	316	79
CY2023	**Q1**	498	106
	Q2	404	103
	Q3	288	73
	Q4	238	78
CY2024	**Q1**	329	80
	Q2	326	100
	TOTAL:	**3424**	**865**

2. Please describe any steps your organization takes to assist patients who are unable to pay the patient portion of their bill in full.

Boston Children's Hospital follows its Credit and Collection Policy for all collection matters. While the policy references available payment plans, the policy also references additional policies for patients unable to pay their bill. Through the Financial Assistance Policy and Uninsured Patient Discount Policy, Boston Children's Hospital defines policies and procedures for assisting patients who are unable to pay the patient portion of their bill in full.

3. Do any of your commercial global risk arrangements adjust your final settlement for bad debt? Please provide details on any commercial arrangements that make accommodations for uncollectable patient payments.

None of our commercial global risk arrangements adjust our final settlement for bad debt.

4. For each year **2022 to present**,
    a. For **HOSPITALS**: please submit a summary table for your hospital showing the hospital's operating margin for each of the following four categories, as well as revenue in each category expressed as both NPSR and GPSR): (a) commercial, (b) Medicare, (c) Medicaid, and (d) all other business. Include in your response a list of the carriers or programs included in each of these margins and explain whether and how your revenue and margins may be different for your HMO business, PPO business, and/or your business reimbursed through contracts that incorporate a per member per month budget against which claims costs are settled.

Boston Children's Hospital
HPC Annual Cost Trends Hearing
2024 Pre-Filed Testimony - Providers

	FY 2022	FY 2023
(A) Commercial Business:		
GPSR	$1,652,239,696	$1,945,538,104
NPSR	$1,012,425,578	$1,154,918,706
Total Margin	20.4%	16.2%
(B) Medicare Business:		
GPSR	$29,937,814	$33,946,555
NPSR	$12,972,284	$10,812,183
Total Margin	-14.9%	-55.5%
(C) Medicaid Business:		
GPSR	$1,169,960,686	$1,451,818,751
NPSR	$370,489,025	$487,236,111
Total Margin	-69.0%	-61.9%
(D) All Other Business:		
GPSR	$237,945,347	$199,672,515
NPSR	$130,933,511	$111,454,334
Total Margin	3.2%	1.9%
Total Business:		
GPSR	$3,090,083,543	$3,630,975,926
NPSR	$1,526,820,398	$1,764,421,334
Total Margin	-3.1%	-6.7%

(A) Commercial includes all other payers not listed in (B), (C) and (D) below.

(B) Medicare NPSR includes Medicare Cost Report payments. Does not include CHGME payments for medical education via HRSA appropriation.

(C) Medicaid includes both in-state and out of state Medicaid. In-state Medicaid includes waiver funding and various MassHealth supplemental payments.

(D) All other includes International, HSN, Self Pay and Other Government.

b. For **HOSPITAL SYSTEMS**: please submit a summary table for each hospital corporately affiliated with your organization showing the hospital's operating margin for each of the following four categories, as well as revenue in each category expressed as both NPSR and GPSR): (a) commercial, (b) Medicare, (c) Medicaid, and (d) all other business. Include in your response a list of the carriers or programs included in each of these margins and explain whether and how your revenue and margins may be different for your HMO business, PPO business, and/or your business reimbursed through contracts that incorporate a per member per month budget against which claims costs are settled.

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Boston Children's Hospital
HPC Annual Cost Trends Hearing
2024 Pre-Filed Testimony - Providers
Attorney General Question 4a

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