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?

Community Care Cooperative (C3) is a Federally Qualified Health Center (FQHC)-led Accountable Care Organization (ACO), representing 23 FHQCs and Affiliated Provider Practices in Massachusetts. Our health centers provide vital community-based primary care access to patients with Medicaid, Medicare, and commercial insurance coverage as well as caring for individuals who lack health insurance.

As is the case for many health care organizations, the most significant challenge our FQHCs are experiencing is the impact of workforce shortages. From clinical providers to other care team members to other FQHC staff, staffing shortages have implications for primary care access, resulting in waiting lists for new patients at some of our FQHCs.

As safety net providers for primary care, FQHCs are impacted by all disruptions in the healthcare system. The bankruptcy of Steward Health Care and the closures of two of its hospitals are no exception and the impacts of the Steward Health Care Bankruptcy have been observed by our FQHCs in two main ways:

- **Patient access:** While Carney Hospital and Nashoba Valley Medical Center provided a small percentage of the inpatient care for C3 members, with just 86 inpatient visits last year, that access represented vital acute care delivery for our members in those communities. Sixty percent of C3 member visits to Carney Hospital were by members who receive primary care at The Dimock Center and Upham's Corner Health Center, health centers serving the communities of Roxbury and Dorchester. Seventy five percent of C3 member visits to Nashoba Valley Medical Center were by those who receive primary care at Community Health Connections, an FQHC with its primary location in Fitchburg. Our members who are residents of these communities will now need to drive longer distances, and potentially experience more transportation barriers, to access acute inpatient care.

While the majority of C3 members' inpatient visits to Carney Hospital and Nashoba Valley Medical Center were from members at those three FQHCs, members from 14 different health centers sought care at one of the now-shuttered hospitals last year. This demonstrates the state-wide impact of Steward's hospital closures on our patient population.

- **Uncertainty:** As the full impact of the closures of Carney Hospital and Nashoba Valley Medical Center on primary care and acute care are yet-to-be understood, the FQHCs in the

communities of Roxbury, Dorchester, and Fitchburg worry about a shift of patients to their doors for primary care. Furthermore, the sale of Stewardship and the Steward Medical Group to Rural Healthcare Group, rebranded this week as Revere Medical Group, now brings private equity control to primary care in Massachusetts. This provides additional uncertainty about the long-term sustainability of the primary care provider landscape.

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.

We applaud the Health Policy Commission's policy recommendations to strengthen market oversight and transparency. We recommend that such mechanisms include a focus on primary care. Likewise, we recommend that efforts to revitalize coordinated state health planning include representation from FQHCs to assure consideration of the need for investment in historically underserved communities. When conducting HPC's proposed needs, supply, and distribution assessment outlined in the 2024 policy recommendations, workforce adequacy should be considered, and policy recommendations should include proposals to better align workforce pipeline incentives with the needs of those communities and their FQHC providers.

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?

As an FQHC-led ACO, C3 prioritizes strategies that support our health centers' ability to effectively provide quality, patient-centered primary care that meets the needs of their diverse communities, who commonly experience disparities based on their race, ethnicity, and other socio-economic factors. Current top priorities include focusing on strategies related to the following:

• Workforce development investments: We have a variety of initiatives underway related to development support for clinical and non-clinical staff, including clinical leadership training and development, upskilling training for key care team staff, float pool staffing models to provide coverage to FQHCs for staff vacancies. In addition, we are in planning phases of additional workforce development programs to support expanded clinical training programs.

• Opportunities to increase reimbursement and reduce costs: Our policy priorities are focused on improving FQHC reimbursement through value-based care contracting and capturing 340B investments. Meanwhile, we are expanding shared services to help our FQHCs benefit from operational cost reductions through optimizing pharmacy and EHR operations at scale; these

efforts allow FQHCs to invest more of their resources on improving the quality of care delivered to their communities.

• Social health supports: Our ACO efforts include the creation of partnerships with community-based organizations and the administration of programs to allow our FQHCs to easily connect members with the vital housing, nutrition, and post-acute support that are needed to address health-related social needs as part of their primary care.

The biggest challenges to implementing these strategies are financial ones. FQHCs are facing dual challenges of historical underinvestment due to inequitable reimbursement for the provision of primary care as well as new cuts to reimbursement related to pharmaceutical manufacturer restrictions that impact the 340B revenue.

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.

Managing health care costs in Massachusetts will require policy and payment reforms that increase investments in primary care as a percentage of total health care spending. We encourage such reforms that address the specific needs of FQHCs, specifically:

1. Assure primary care rates adequately and equitably support primary care delivery, especially for FQHCs and other safety net providers, through four key strategies:

- We support the creation of a Primary Care Access Task Force to study primary care access, delivery and payment, and issue recommendations to stabilize and strengthen the primary care system and workforce.
- We strongly recommend a commercial payment floor to assure that reimbursement rates support the true cost of primary care for FQHCs . This can be accomplished by requiring commercial carriers to pay FQHCs at rates no less than the rates mandated by Medicare and Medicaid. Current reimbursement from some commercial payors to FQHCs is less than the rate paid by Medicaid. A rate floor would assure that FQHCs are reimbursed at equitable levels, supporting the true cost of community based primary care **at no cost to the state budget**.
- We recommend efforts to assure and expand workforce investments for primary care including investments in MD and NP education and clinician loan repayment to address clinician workforce shortages that disproportionately impact low-income communities.
- Finally, we recommend providing expanded mechanisms to support investment in addressing social needs. Those should include continued investment in housing programs to address homelessness and eviction prevention while also expanding available supports for integration of healthy food access to prevent the costly impact of food insecurity that leads to complex chronic health conditions.

2. Protecting 340B Program value to FQHCs:

The 340B Drug Pricing Program is a federal program created to support financial margin for FQHCs and other covered entities. The program requires pharmaceutical manufacturers to provide medications to covered entities at lower prices, allowing them to reinvest savings into critical patient care services. This program represents a key strategic way in which financial resources are redistributed from the for-profit pharmaceutical industry back to primary care.

However, in response to ambiguity in the federal program rules, manufacturers are implementing restrictions on their 340B program, limiting the program to specific medications or to specific pharmacy locations. This is a concerning trend that has significant financial implications to health centers and the patients who rely on access to key prescription medications. We recommend that Massachusetts follow the lead of other states, including Arkansas, Kansas, Louisiana, Maryland, Mississippi, Missouri, and West Virginia to assure the protection of 340B value supports for FQHCs. Passing a state law would revive vital reinvestment of 340B savings for FQHCs that will bolster primary care without requiring any state funding.

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.

As an ACO, our member advocates answered a variety of calls from members regarding benefits details and coverage. However, we do not track specifics of pricing questions as all claims are processed by MassHealth or Medicare.

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**		
	Q2		
	Q3		
	Q4		
CY2023	**Q1**		
	Q2		
	Q3		
	Q4		
CY2024	**Q1**		
	Q2		
	TOTAL:		

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

N/A

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.

N/A

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.

Click or tap here to enter text.

    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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