

## QUESTIONS FROM THE HEALTH POLICY COMMISSION

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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?

### Disruptions

**Reduced Access to Local Care:** In our service area, when hospitals close or eliminate service lines, access to local care is reduced. For example, when UMass Leominster closed its maternity service, Emerson experienced an increase in our inpatient and outpatient maternal-child services. When Metrowest Medical Center does not have specialty coverage in its Emergency Department, patients are transferred to Emerson for care. With the closure of Nashoba Valley Medical Center (NVMC), patients in that service area now must travel farther for essential medical services. This situation is especially challenging for those without access to transportation. The lack of transportation is a significant barrier to care access and disproportionately affects lower-income and underserved populations, exacerbating health inequities.

Emerson Health offers access to urgent care, hospital care, home health care, and primary and specialty care. We welcome patients impacted by the service line and hospital closures in and around our primary and secondary service areas.

**Extended Wait Times:** The increase in demand without a corresponding rise in resources can sometimes cause delays in care delivery, particularly for those with urgent or chronic conditions. We work diligently to educate our community (social media, Emerson website, publications) on how to access care and the appropriate place to go (emergency department, urgent care, or primary care) based on their condition.

### Implications

**Increased Patient Load and Resource Strain:** Hospitals like Emerson are now absorbing higher patient volumes, stressing facility resources and front-line staff. This surge in demand requires rapid adaptation, often stretching personnel and resource availability. This resource strain will be especially intense during our historically busy winter season.

**Financial Pressures and Strategic Adjustments:** Financial viability has become more challenging, as facilities must cover increasing operational costs without significant increases and reimbursement. Workforce challenges, higher wage rates, inflationary pressures, and vigorous payer payment denial and preauthorization programs have considerably impacted our health system and our ability to grow at the appropriate pace to meet our communities' needs. Hospital closures exacerbate these challenges.

While the cost of delivering care has risen in recent years, from labor to supplies to drug costs, we cannot increase our reimbursement rates to match the increased expenses like most other industries.

These financial constraints prevent us from moving strategic initiatives forward and impact access to care when patients cannot see a provider or get critical tests done due to staffing shortages. In addition, it constrains our access to capital to invest in our property, plant, and equipment and thwarts our expansion plans.

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.

**Enhanced Market Oversight and Regulation of Acquisitions:** Establish stricter oversight for acquisitions by private equity and other investment firms. This regulation would involve a comprehensive review process to assess whether prospective owners have a history of maintaining quality care, financial stability, operational integrity, and a commitment to the communities they serve. Such scrutiny ensures that acquisitions prioritize community health needs over short-term profits.

**Reform of Payment Structures to Support Vulnerable Facilities:** Reform the payment models under Medicaid and other government payers to ensure fair compensation for services provided by community hospitals. Enhanced reimbursement for these providers would support sustainability, reducing the likelihood of closures that could jeopardize local healthcare access.

Also, consider financially supporting those independent community hospitals that receive little to no support from the state. These hospitals consistently provide essential services in their community and step up to care for patients at their own expense, when surrounding hospitals close and/or eliminate service lines. This current financial support model, focused solely on funding distressed hospitals, is not sustainable in the long term.

**Modify the cost growth benchmark to more accurately reflect the inflationary pressures hospitals and other healthcare providers are experiencing:** The costs of labor, medical/surgical supplies, and pharmaceuticals have far exceeded payor rate increases, creating a systemic threat to the ongoing viability of our hospitals. If this trend continues, there is a high probability that additional acute care facilities will close, further reducing access to care in our communities.

**Consider assessing healthcare providers that do not offer emergency or behavioral health services at the local level to support emergency and behavioral care:** This initiative will provide funds for two of the most significant issues in our healthcare system. Emergency departments continue to be the providers of last resort for our communities, especially during the off-hours and on weekends when there is a lack of programs and resources in the community during these times. Emergency departments around the state are routinely above capacity, creating multiple challenges for hospitals, especially the academic centers.

There is a significant lack of behavioral health resources in our communities, primarily due to the absence of a viable and sustainable economic model. Providers not part of hospital systems, such as free-standing ambulatory surgery centers, imaging centers, and large multi-specialty physician groups, bear no cost for these essential services. A level playing field is essential if we are all going to

provide care for the citizens of the Commonwealth. These providers should share in the cost of providing the necessary, yet expensive services.

**Accountability Standards for Ownership Changes:** Implement accountability standards requiring that, before ownership changes, new owners commit to maintaining service levels, offering essential services, such as emergency care, behavioral health, protecting employee roles, and safeguarding community care access. This would prevent abrupt disruptions and hold new owners accountable for upholding service commitments in the community and protecting staff in each organization.

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?

#### **Reducing Cost and Promoting Affordability:**

**We work to keep care local.** We have established formal clinical collaborations with our primary care groups - Atrius, Acton Medical Associates, and the Emerson Physician Hospital Organization (EPHO) - to keep care in the community at the lowest cost setting. In addition, we focus on sending patients to Emerson Health versus higher-cost academic centers for many primary and specialty care. We also work closely with Mass General Brigham (MGB) on their effort to "repatriate" patients who are transferred to them for advanced care or procedures and then sent back to the community. We continue to provide telemedicine visits and utilize advanced practice providers (nurse practitioners and physician assistants) to ensure patient access and appointment availability. In addition, we strive to reduce wait times for primary and specialty care so that patients will stay locally. All that said, there still is a perception that you get "better" care at an academic center than in a community setting, resulting in patients seeking care at higher-cost centers. Perhaps some insurance incentives could be offered to keep care in the community.

**We keep appropriate care out of the hospital.** When appropriate, outpatient settings reduce costs and create more affordable options for the community. Our aim is a decentralized approach to bring care into our communities. For example, Emerson Digestive Health Center is an ambulatory endoscopy center joint venture between Emerson and PE GI Solutions. This ASC is a low-cost setting for GI and related procedures, which opened in 2022, and now we are working to increase procedural room availability for greater access. Additionally, in 2023, Emerson's third Urgent Care Center opened in Maynard, providing a lower-cost alternative to the emergency room for patients who cannot access their primary care provider and whose needs are more appropriate for a non-emergency setting, giving patients access to proper care in the right environment.

#### **Advancing Health Equity:**

**1115 Waiver:** We are engaged in all elements of the Medicaid (MassHealth) 1115 Waiver "Hospital Quality and Equity Initiative Program" (HQEIP) from the Executive Office of Health and Human Services. We have dedicated time and resources to building data collection capacity around RELD (race, ethnicity, language, disability), SOGI (sexual orientation/gender identity), and HRSN (health-

related social needs) elements and required fields in all electronic medical records. In 2023, we created an interface from the medical record registration system to the safety reporting system that supports an equity analysis of barriers to access or issues with care delivery. This foundational work has allowed us to assess health equity issues more clearly within the populations we treat. This effort also helps us to leverage data to support initiatives. Some examples include the care and support offered to pregnant patients and families within the four local migrant shelters and the expansion of services to address the impacts of the Steward Health System collapse within the surrounding communities.

Challenges seen in the local communities include the limitations of public transportation in our geographical area. Patient feedback and formal assessment from Emerson's Community Health Needs Assessment identify transportation barriers as significant social determinants of health for our patients. Addressing this disparity is beyond the organization's scope, but we have used all available local resources to support access to healthcare and follow-up visits. Perhaps the state can consider adding some form of transportation throughout Middlesex County to help address this need.

**Care management:** We continue managing post-discharge and preventive care through our care management department and the EPHO. Appropriate discharge is challenging due to a lack of capacity in post-acute care settings like skilled nursing facilities and home care agencies. In addition, we continue to expand our newly established directory of resources for patients that address many of the social determinants of health, such as transportation to appointments and pharmacies, housing concerns, and food insecurity. In partnership with Metro West Legal Services, we connect patients with free legal aid for many health-related legal needs, such as access to government assistance programs, eviction prevention, immigration, and elder law. In this way, we have created resources that address issues that, left unchecked, would result in higher acuity and higher cost health needs. We continually seek to add local resources to support our patients' non-clinical needs.

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.

**Remove insurance barriers:** We should work collaboratively with insurers for greater transparency regarding insurance denial and payment programs that often delay necessary care and create unnecessary lags in claims payment. In addition, insurers and providers must collaborate and conduct a thorough review of prior authorizations to reduce staff time spent on this activity. Our goal should be to reduce the administrative burden on providers and insurers by eliminating the need for prior authorizations and referrals for most diagnoses and tests.

**Medicaid acceptance:** Require all private practices to accept Medicaid.

**Continue equitable telehealth payments from insurers:** The use of telehealth services has made it easier to access care, especially for older adults, home-bound, and patients with chronic diseases or mental health conditions. Continuation of insurance coverage of these visits at the same rate as in-person visits is critical to the continuity of patient care.

**Behavioral health payment:** Payment equity for mental health services should also be a priority, and the state should insist that the payors change their reimbursement models. The state should also pressure payors to reduce the administrative burden on providers by reducing the need for prior authorizations and referrals.

**Behavioral health capacity:** Creating additional inpatient behavioral health capacity state-wide is critical. An added focus on building this capacity for children and adolescents is essential. Emerson's inpatient unit is for adults only, yet we receive many children and adolescents in our emergency department with complex needs. The availability of providers and beds is an ongoing and urgent issue. In addition, the state should actively seek to expand skilled nursing facilities and home care agencies and support any effort to recruit qualified staff for these facilities.

**Healthcare career incentives:** Addressing the healthcare labor shortage is essential to cost containment, health equity, and affordability. To mitigate the shortage, the state should consider incentives for people to pursue healthcare careers, such as nursing, medical assistants, radiology technicians, and other allied health positions. These incentives could combine loan forgiveness, tuition reimbursement, and grants.

**Healthcare education access:** Expand and promote healthcare career education in state universities, community colleges, and vocational schools, and provide grants or scholarships for students pursuing healthcare as a career.

## QUESTIONS FROM THE OFFICE OF THE ATTORNEY GENERAL

- 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	0	55
	Q2	0	59
	Q3	0	65
	Q4	0	71
CY2023	Q1	0	132

	Q2	0	98
	Q3	0	130
	Q4	0	101
CY2024	Q1	0	106
	Q2	0	134
	<b>TOTAL:</b>	0	951

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

The Emerson Hospital Patient Discount and Financial Assistance Policy (FAP) helps provide eligible patients with partially or fully discounted emergency or other medically necessary healthcare services provided at Emerson Hospital. Patients seeking financial assistance must apply for the program.

**Eligible Services:**

Emergency or other medically necessary healthcare services provided by Emerson Hospital and billed by Emerson Hospital. The FAP only applies to services billed by Emerson Hospital. Other services separately billed by other providers, such as physicians or outside laboratories, are not eligible under the FAP.

**Eligible Patients:**

Eligibility for financial assistance is available to patients based on multiple factors, including insurance coverage, income (Federal Poverty Level guidelines used to determine the amount of financial assistance offered), family size, and residency. Patients may be eligible for financial assistance if the combined family income is at or below 400% of the federal poverty guidelines. Patients who are uninsured and underinsured are offered financial assistance. Partial or full financial assistance is granted based on the patient’s ability to pay the billed charges.

Patients must fully comply with the application process, including meeting with the Hospital’s Financial Counselors to determine eligibility for available sources of assistance such as commercial insurance coverage, MassHealth (Medicaid), or other state and federal healthcare programs. Patients must also submit a completed application along with all documentation required in the application.

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.

We do not have any commercial global risk arrangements that 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.

HPC Pre-filed Testimony

Emerson Hospital Payer Category Operating Margins

	<u>Commercial</u>	<u>Medicare</u>	<u>Medicaid</u>	<u>Other</u>
<u>2023</u>				
Margin	16,687,846	(39,283,339)	(3,182,697)	(5,328,004)
Percent of GPSR	50%	42%	5%	4%
<u>2022</u>				
Margin	17,135,665	(38,429,509)	(6,558,878)	(3,220,172)
Percent of GPSR	48%	42%	6%	4%

Payers:

<u>Commercial:</u>	<u>Medicare</u>	<u>Medicaid</u>	<u>Other:</u>
Blue Cross	Medicare Managed	Medicaid Managed	Worker's Comp
Harvard Pilgrim	Medicare Non-Managed	Medicaid Non-Managed	Self-Pay
Tufts			Other Government/Tricar
United Healthcare			HSN
Cigna			
Aetna			
Connector Care			
Other Commercial			