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?

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GLFHC –

In recent years, Massachusetts has experienced significant disruptions in the healthcare market, particularly with the closure of hospitals such as Steward Health Care. Holy Family Hospital (now being managed/owned by Lawrence General Hospital) serves many of the patients/populations that GLFHC serves. These challenges primarily center around equitable and affordable access to care, as well as the sustainability and capacity of our workforce.

Challenges and impacts on patients and communities:

Access Challenges:

- Reduced access to essential services in our underserved communities including longer travel times to access essential care, specialty care and certain inpatient services. This has created an additional barrier for those who already face social determinants of health (SDOH) such as low income, transportation difficulties, interpretation services along with limited health literacy.
- Many specialists and staff moved out of our area due to the instability of staffing and equipment needs at the local Steward hospital (Holy Family) and other uncertainties related to the Steward Health Care bankruptcy. This leaves a gap in access to care that was already challenging for our population. When care is not available locally, patients must travel to receive care. Even a relatively short distance to travel can be a significant barrier for patients with SDOH and language challenges. These patients are often unable to navigate the system that includes getting transportation for multiple visits, receiving adequate translation services, understanding instructions

given, and understanding the long waitlists to be seen that sometimes require large amounts of paperwork to fill out prior to getting on a waiting list.

- As a safety net provider, GLFHC is experiencing access challenges to see all patients. We currently have 6,000 patients on a wait list who need to be empaneled with a primary care doctor. The influx of patients has stretched our capacity, which impacts our ability to offer timely and comprehensive services. We are especially concerned with the growing need for behavioral health and substance use disorder services.
- We continue to see increasingly medically complex patients, including those who have lost primary care access in other settings and newly arrived migrants that are adding to the strain on our capacity.

MassHealth Redeterminations:

- The MassHealth redetermination process added another need of resources to be dedicated and deployed to as well as hiring additional staff at GLFHC to assist with the volume. GLFHC's largest payer is MassHealth and was imperative to ensure all eligible patients were able to maintain their MassHealth coverage. From CY 2021 to CY 2023 our data shows our uninsured patient population increased by 7% (from 5% to 12%) and our Medicaid population decreased by 8% (from 64% to 56%).

Workforce Challenges:

- One of the challenges we face at our health center is related to the recruitment and retention of staff to care for our patients. We continue to focus on retention strategies while ensuring our ability to recruit remains competitive, while affordable. As more individuals seek care at our FQHC, we are seeing a strain on our capacity to meet the demand, particularly in primary care and behavioral health. Limited resources, including many vacant positions, as well as reimbursement rates that have not kept pace with the growing market demands and inflation are all part of the challenges we are facing. As an FQHC, we already face challenges in recruiting and retention to hire and maintain qualified professionals working in underserved areas. The stress of the complexities of our patients as well as the high volumes of patients needing to be seen has led to workforce burnout and significant turnover, which further has an impact our continuity of care. We routinely see the challenges of being able to keep up with the salary market to recruit and retain talented staff in an already limited and shrinking pool of healthcare labor workforce. We consistently are seeing significant vacancies in nursing, medical assistants, patient service representatives as well as clinicians reducing hours to less than full time. We had to consider reducing business hours and potential temporary closures of our small sites due to vacancies. We had to redeploy staff to other sites to cover our

services and keep sites open. This model creates low morale and burnout due to frequent changes to staff schedules and spreading limited resources further.

GLFHC Residency Program and Medicaid GME

- The restructuring of service lines at Lawrence General and Holy Family Hospitals may impact Medicaid Graduate Medical Education (GME) funding, affecting our residency budget and primary care training capacity. Our program already operates at a loss, previously supported by state funding. Reinstating this funding would be crucial to maintaining our training capacity, especially as Massachusetts is one of only seven states not using Medicaid funds for GME. This funding would help sustain critical residency programs in primary care and address physician shortages in the state.

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.

Pharmacy 340B

GLFHC has 6 in house pharmacies with the majority of scripts and volume being 340B. The recent challenges and threats on the 340B program have significant revenue implications for the health center. We have seen the margin in this program decline over the last few years, which is used to fund other health center programs that operate in deficit and we utilize the savings in 340B to fund those other under/non-funded programs for our patients and communities.

The 340B is a federal drug discount program that provides access to low-cost drugs to patients and savings to health centers and other providers that are used to support expanded access. For decades, health centers like GLFHC, have relied on 340B program revenue to help fund programs that are under or unfunded by federal/state resources but providing services to a high public payer and uninsured patient mix with complex needs. Due to harmful actions of pharmacy benefit managers and manufacturers, the future of the program has been threatened. As a result of these actions, health center 340B revenue loss threatens the financial sustainability, which can be mitigated at the state level (via 340B legislation) while continuing to work on the federal level. This would help restore revenue for health centers to be invested back into services and the community.

Healthcare Mergers/Acquisitions/Consolidations:

We believe the state should strengthen its approach to reviewing healthcare mergers, acquisitions, and consolidations, especially when for-profit organizations are involved. This review should focus on how these changes could impact patient access, the quality of care, and competition in the market. It is also important that health systems undergoing mergers are required to share clear information about their financial health, so that both the public and regulators can understand their long-term stability. Large healthcare organizations should be transparent about key financial and operational data, including profit margins, community investments, and care quality outcomes. This transparency will help policymakers, patients, and the community assess whether healthcare providers are truly putting patient care first or if they are prioritizing profits.

Healthcare Workforce:

The healthcare workforce is essential to delivering quality care. We recommend boosting funding for workforce development programs, particularly in underserved areas, to help attract and keep healthcare professionals in community health centers. This could include offering loan forgiveness, scholarships for medical students entering primary care, and incentives for professionals who serve in high-need communities.

Social Determinants of Health (SDOH):

Strengthening Social Determinants of Health is very important to create policies that encourage and fund partnerships between healthcare providers and social services organizations to address the broader factors that affect health, like housing, food insecurity, and transportation. By connecting healthcare with community-based services, Massachusetts can better tackle health disparities and improve overall health outcomes for everyone.

Specialty Care Access for Patients:

More equitable distribution of payment for specialty care whether it takes place at a Boston-based tertiary care center or in a community-based setting. A more equitable payment structure could allow for more stability of staffing and for care to be delivered locally and still at lower cost to the healthcare system.

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?

Specialty Care Access:

We provide as many specialty services as we can within our outpatient community health center practice allowing for a lower cost way of providing some specialty care to our patients. Recognition of these services being provided, which most primary care practices would refer to specialists for, with reimbursement for this care that is provided allow us to continue to provide excellent service at lower cost to our very high risk patient population. Our patients can see our own specialty trained primary care physicians for HIV, Viral Hepatitis, Transgender, Sports Medicine, Substance Use Disorder, Integrative Health, Behavioral Health, Women's Health, medically managed Bariatrics, and Prenatal care (including for higher risk pregnancies and providing Centering Pregnancy group care). We provide Fibroscans on our Mobile Health Unit to allow for treatment of Viral Hepatitis for our most vulnerable patients. We coordinate transitions of care for our patients to provide what they need to remain in the community after ED and hospital visits.

Workforce:

Our most significant challenge is maintaining our staffing to allow for continued outreach, care coordination and care management to meet our patients' needs. We have experienced ongoing strain at our clinical sites due to a lack of front desk staff, medical assistants, nurses, case managers, pharmacy staff and we have had a number of our clinicians leave in the last year as well as reduce their clinical hours.

The cost to maintain our employees takes up most of our annual operating budget and the compensation required to retain employees and hire new employees goes up every year and sometimes multiple times a year. At GLFHC, 77% of our total operating expense budget is related to personnel expenses, and in the last two years we have seen an increase on total personal expenses of 26% (since FY22). All healthcare organizations are in need of staff and with that demand and lack of supply, the costs continue to increase. As the demand for affordable care increases, we continue to face significant challenges in recruiting and retaining

staff, particularly in primary care, due to workforce shortages. This is a particular challenge in underserved areas, where additional support and funding are needed to attract healthcare professionals

Sliding Fee Scale:

We offer a sliding fee scale based on income to ensure that individuals, particularly those without insurance or with limited coverage, can access affordable care. By expanding our services to include behavioral health, and pharmacy care, we can provide more comprehensive services to patients with complex needs, all in one location. This model helps reduce the barriers to care and improves patient outcomes by making healthcare more affordable and convenient. While our sliding fee scale is vital, it does not fully cover the cost of care, particularly for patients with complex or chronic conditions. Although we have received increases in our reimbursement rates, the rate of inflation and competitive salary increases is far outpacing the reimbursement rate increases. The current reimbursement rates make it challenging for community health centers to maintain financial stability while continuing to expand services, while trying to recruit and retain staff.

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.

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In Massachusetts, several policies, payment structures and healthcare systems are designed to support the affordability, accessibility and equity of healthcare particularly for FQHC's and the vulnerable populations they serve. These efforts aim to ensure that healthcare is not only accessible but also equitable for all residents, especially those in low-income and underserved communities.

Here are some key elements:

- ***FQHC MassHealth reimbursement rates*** – Although our CHC reimbursement rates have increased over the last few years the rate of which CHC's have had to increase staffing that were previously not able to be funded and how low the salaries were compared to market have increased the costs of doing business tremendously. In addition to the rapidly rising inflation costs added to the fast-paced salary market for healthcare workers it is a significant challenge to recruit and retain the necessary workforce needed. These investments/rates help reduce the barriers to caring for our patients and support the ongoing sustainability of FQHC's as safety-net providers but additional investments in primary case is needed.

- ***PPS Codification and Commercial Floor Bill*** – Requires MassHealth to reimburse FQHCs according to the federal prospective payment system (PPS) methodology or comparable alternative payment methodology (APM), as is the case today. This bill would ensure that commercial payers pay no less than MassHealth. Currently many commercial payers reimburse health centers at significantly lower reimbursement rates than the MassHealth rate (unless it has been negotiated – which we have been successful with some) but it is a significant challenge. This bill would allow FQHCs to receive equitable reimbursement to assist in the financial sustainability of CHC's especially those with a larger commercial payer mix.

- ***340B Drug Pricing Program*** – (also mentioned above) - In addition to what we noted above the 340B drug discount program helps reduce the financial burden of prescriptions for patients in low-income communities, making essential medications more affordable. This is particularly important for populations with chronic conditions who require ongoing medications. By maintaining the 340B program, FQHC's are able to continue to provide affordable medications and supports health equity by ensuring medications are not a barrier to care.

- ***MassHealth 1115 waiver*** – ACO and Primary Care Capitation model – We stress the importance for these capitated rates to be stable and predictable to adequately fund integrated care model of care entering truly value based care for our MassHealth ACO patients. We have added a tremendous amount of resources, changed workflows and created integrated care team model of care to help improve access to care, while ensuring the patients are seen by the appropriate type of provider, improve quality of care of our patients and integrating the teams to include all care for the patients from medical, primary care, chronic disease management, behavioral health, clinical pharmacy, nursing, nutrition, community health workers etc. For rate year 2024 we were impacted by a 5% reduction in rates and had to cut back on some of the planning and work being done. Without the sustained resources and multi payer alignment to continue to more fully move to value based care, we still have to operate somewhat in a Fee For Service environment and will lose the valuable integration we are creating which is beginning to show some very positive results in our patients health, quality outcomes and management of the highest risk patients.

- ***Investment in Social Services*** - We also need more investment in social services that address the root causes of health disparities, like housing, food insecurity, and transportation. It is important to continue integrating behavioral health into primary care, so people can get the support they need in one place. Supporting workforce development, expanding telehealth, and improving health literacy are all steps that

can help improve care and make the healthcare system easier to navigate. Strengthening partnerships with local organizations, expanding access to oral health services, and ensuring long-term care options for aging populations will also help meet the needs of underserved communities. We also need policies that promote universal health coverage and make insurance easier to access for everyone. Expanding community health worker programs, improving primary care access, and supporting new care models are crucial in reducing health disparities. Finally, reforms that prioritize quality care, expand preventive services, and enhance disaster preparedness will build a stronger, more resilient healthcare system for all.

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**		
	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.

Click or tap here to enter text.

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.

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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.

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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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