



Heywood Healthcare

Athol Hospital | Heywood Hospital | Heywood Medical Group

To whom it may concern,

Please accept Heywood Healthcare's HPC testimony provided herein. This testimony is signed under the pains and penalties of perjury.

Sincerely,

A handwritten signature in black ink, appearing to read "Roxanne Kelly". The signature is written in a cursive, flowing style.

President and CEO

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 disproportionately 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?

Due to the bankruptcy proceedings of Steward Health Care, Nashoba Valley Medical Center (NVMC) in Ayer has closed. The surrounding communities relied on NVMC for both inpatient and outpatient services. Now, the nearest Massachusetts community hospitals to Ayer include UMass Memorial Clinton (14 miles, 25 minutes away), UMass Memorial HealthAlliance (14 miles, 21 minutes away), Emerson Hospital (17 miles, 25 minutes away), and Heywood Hospital (25 miles, 30 minutes away). St. Joseph Hospital in Nashua, NH, is also an option (17 miles, approximately 31 minutes away), but patients may encounter insurance complications due to the state border. For maternity services, the closest hospitals are Heywood Hospital in Gardner and Emerson Hospital in Concord.

Heywood Hospital expects to receive more patients from the Ayer area seeking medical, surgical, outpatient, and emergency care, as well as maternity cases as Ayer residents become more familiar with Heywood. However, most maternity cases may still go to Emerson Hospital.

The recent closure of UMass HealthAlliance's maternity service in Leominster has already led to a significant increase in deliveries at Heywood, raising transportation concerns for Fitchburg and Leominster patients who may lack affordable or reliable ways to reach the hospital. Heywood also anticipates a higher proportion of uninsured or underinsured patients from these areas as its maternity volume grows, already up 10% year-over-year.

Heywood Healthcare has also assisted several former NVMC employees in finding positions within its network, benefiting both Heywood and the displaced staff. In response to the maternity closure at UMass HealthAlliance, Heywood has recruited family practice providers who offer maternity care. Although this represents a loss for

Fitchburg and Leominster, these new providers have been instrumental in helping Heywood manage the rising volume of obstetrical cases.

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.

Alongside close monitoring of Massachusetts healthcare systems by the Health Policy Commission (HPC) and the Center for Health Information and Analysis (CHIA), the Massachusetts Attorney General's Office (AGO) could benefit from periodically reviewing healthcare system ownership and control under the Foreign Corrupt Practices Act, especially as private equity investments grow.

To ensure fair compensation, there should be a payment system where all hospitals receive equitable rates. HPC should aim for a Relative Price (RP) target of 1.0, incorporating hospitals' payor mixes into RP calculations. Prices should not be dictated by hospital size or market position.

State policies should emphasize the critical role community hospitals play in delivering care across Massachusetts. Policymakers should focus on the value and appropriate roles of community hospitals, strengthening these roles by directing less acute cases to them. Community hospitals not only provide essential healthcare but are also major employers, offering insurance to their workforce.

Community hospitals face significant challenges in negotiating with suppliers, lacking the bargaining power to secure fair pricing, especially for equipment, IT services, and applications. Regulatory oversight is needed to protect these hospitals from excessive supplier costs, which could hinder their ability to offer quality services. Hospitals with higher proportions of government-funded patients struggle to access the same quality resources as those with more favorable payor mixes, forcing community hospitals to do more with fewer resources.

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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?

Heywood Healthcare has a comprehensive program to improve access and care for its increasingly diverse patient population. For fiscal year 2025, its strategic goals include specific actions to support the diversity among maternity patients. These actions involve recruiting culturally diverse doulas for childbirth support, enhancing education to meet cultural expectations from prenatal to postnatal stages, implementing quality improvement initiatives for high-risk mothers from diverse backgrounds, and expanding recruitment of a diverse workforce. Additionally, Heywood received a Health Policy Commission grant to implement the HEART BP program, which provides Remote Blood Pressure Monitoring to improve maternal health outcomes, reduce costs, and address health disparities.

Heywood Healthcare also collaborates with community partners to create employment opportunities for the growing migrant population, addressing needs for transportation and childcare. To support this, they are exploring employer-supported childcare options and have partnered with a local EMS provider to secure non-emergency transportation for those in need.

The Heywood system is dedicated to fostering long-term, "upstream" improvements in health and quality of life within its primary service area through programs that build social, financial, and community assets. The HEAL Winchendon and Gardner initiatives approach leverages shared strengths and community voice to address residents' daily needs, with goals of improving access to healthy foods, promoting economic empowerment, and enhancing social inclusion throughout two communities.

Heywood Healthcare also runs various school-based programs that provide students with access to acute and behavioral health services. Through two school-based health centers and extensive telebehavioral health services, students across five school districts receive essential care and support that would otherwise be challenging to obtain. Community health workers play a vital role in coordinating care and resources in collaboration with students' families. However, these positions lack a sustainable funding mechanism, as services provided by community health workers are not reimbursed, placing a financial strain on community health systems.

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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.

The State should establish a comprehensive plan to define the role of community hospitals and provide support to help them stabilize financially. Community hospitals often serve a high proportion of patients with public insurance, yet their cost structures are generally similar to those of other hospitals. This dynamic results in services being less profitable, or having to offer essential services at a financial loss.

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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.

Heywood Healthcare's Patient Accounts and Patient Access departments are currently developing a systematic, organization-wide process to track and analyze inquiries about service pricing. A centralized system for tracking exact numbers is not yet in place, feedback from staff suggests that inquiries are infrequent, estimated at zero to four per month. Detailed information on the types of inquiries is not yet available.

To request pricing information, individuals have several options. They may contact the Patient Accounts department by phone, mail, or email, or reach out to specific service departments and be directed to the appropriate business personnel who can provide the requested information.

(At this time, we are not able to provide data for the table below.)

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.

Our organization provides community programs, financial counseling, and a board-approved collections policy, along with other financial assistance policies, to support patients who are unable to pay their portion of their bill.

[\(Attached is a copy of our current policy for financial assistance.\)](#)

Factors taken into account to provide financial assistance include, but are not limited to, what federal poverty level (FPL) the patient's status reflects, whether the patient qualifies for governmental health programs and referrals to social programs designed to assist the patient.

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 contracts which reimburse us 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.

- 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.

Heywood	FY 2022	FY 2023	FY 2024		Athol	FY 2022	FY 2023	FY 2024
Commercial					Commercial			
GPSR	89,091,812	95,888,706	111,520,239		GPSR	22,229,069	22,791,263	22,627,21
NPSR	39,834,762	42,940,828	45,194,108		NPSR	9,670,044	11,565,194	9,239,14
Expenses	45,698,363	40,882,430	42,447,166		Expenses	9,362,255	9,163,731	8,314,78
Gain (Loss)	(5,863,602)	2,058,398	2,746,941		Gain (Loss)	307,789	2,401,463	924,34
Medicare & Medicare Managed					Medicare & Medicare Managed			
GPSR	139,323,905	182,770,956	219,640,951		GPSR	42,320,047	47,340,454	59,648,81
NPSR	51,533,383	64,681,633	68,493,170		NPSR	14,151,188	17,119,705	21,377,54
Expenses	71,464,193	77,924,931	83,600,395		Expenses	17,824,006	19,034,277	21,919,01
Gain (Loss)	(19,930,810)	(13,243,298)	(15,107,225)		Gain (Loss)	(3,672,818)	(1,914,572)	(541,44)
Medicaid & Medicaid Managed					Medicaid & Medicaid Managed			
GPSR	58,059,765	69,502,719	80,735,152		GPSR	17,196,209	16,641,946	16,382,21
NPSR	23,240,642	27,101,438	28,813,327		NPSR	6,919,283	7,909,191	9,001,00
Expenses	29,780,921	29,632,687	30,729,655		Expenses	7,242,556	6,691,262	6,019,91
Gain (Loss)	(6,540,279)	(2,531,249)	(1,916,328)		Gain (Loss)	(323,273)	1,217,929	2,981,01
Other					Other			
GPSR	16,088,482	18,053,573	25,988,582		GPSR	4,508,379	4,633,176	6,435,60
NPSR	8,043,449	9,474,936	12,594,785		NPSR	1,974,933	2,232,003	2,455,54
Expenses	8,252,355	7,697,194	9,891,852		Expenses	1,898,802	1,862,871	2,364,81
Gain (Loss)	(208,906)	1,777,742	2,702,933		Gain (Loss)	76,131	369,132	90,61

* (see attached excel spreadsheet)

Please note that Other category above includes, but is not limited to, self pay, workers compensation, and other miscellaneous payor categories.

In addition, please also note that Athol Memorial Hospital is a Critical Access Hospital, and with this status, is entitled to cost-plus reimbursement for Medicare and Medicaid services.

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Commercial			
GPSR	89,091,812	95,888,706	111,520,239
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NPSR	8,043,449	9,474,936	12,594,785
Expenses	8,252,355	7,697,194	9,891,852
Gain (Loss)	(208,906)	1,777,742	2,702,933

Athol	FY 2022	FY 2023	FY 2024
Commercial			
GPSR	22,229,069	22,791,263	22,627,277
NPSR	9,670,044	11,565,194	9,239,147
Expenses	9,362,255	9,163,731	8,314,789
Gain (Loss)	307,789	2,401,463	924,358
Medicare & Medicare Managed			
GPSR	42,320,047	47,340,454	59,648,870
NPSR	14,151,188	17,119,705	21,377,568
Expenses	17,824,006	19,034,277	21,919,020
Gain (Loss)	(3,672,818)	(1,914,572)	(541,452)
Medicaid & Medicaid Managed			
GPSR	17,196,209	16,641,946	16,382,214
NPSR	6,919,283	7,909,191	9,001,009
Expenses	7,242,556	6,691,262	6,019,931
Gain (Loss)	(323,273)	1,217,929	2,981,078
Other			
GPSR	4,508,379	4,633,176	6,435,604
NPSR	1,974,933	2,232,003	2,455,565
Expenses	1,898,802	1,862,871	2,364,875
Gain (Loss)	76,131	369,132	90,690