

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?

The Steward bankruptcy disrupted access for oncology patients who had relied on Good Samaritan Hospital. Signature Healthcare - Brockton Hospital was able to secure access and continue chemotherapy and radiation treatment for those patients at our oncology center. The abrupt closure in June 2023 of Compass Medical that cared for 70,000 patients was unanticipated and disruptive. Signature Medical Group took on 8,000-10,000 Compass patients who had lost their provider and on an emergency basis assisted patients in getting treatment continued or prescriptions filled. The fire at Brockton Hospital in February 2023 put a strain on access and burden on other hospitals in the region. It also highlighted that hospitals who served the same communities could come together to lend supplies, staff and support to sustain access. The ultimate impact of the Steward bankruptcy and the State stepping in to provide substantial financial support for these hospitals to remain open is unknown.

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.

Brockton Hospital's property insurance policy was crucial in providing the resources that ensured the hospital could reopen after the fire. A law that mandates that hospital property insurance will bring health care facilities into compliance with current fire codes would ensure that hospitals are insured appropriately.

The conversion of the six-hospital catholic health system Caritas Christi to for profit with the backing of a private equity firm was a unique circumstance. If the Steward hospitals had been making the public facing financial filings other hospitals do, what would have been in place to provide earlier remedies, if any? Given the financial cost of coverage to the Commonwealth and the dynamic reimbursement of Medicaid and its impact on high Medicaid providers like Brockton Hospital the State should consider modeling the degree of impact of its cost savings so that the Commonwealth is not disproportionately negatively impacting the capacity of high Medicaid hospitals when payment rates and payment policymaking is undertaken. In addition, the State could vigilantly monitor physician group acquisitions by for profit entities who we saw first-hand strand tens of thousands of

Compass patients with no notice leaving providers like Signature to help with getting access to care, prescription refills etc. on an emergency basis.

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?

Signature Healthcare – Brockton Hospital (SHBH) has a mission and longstanding focus on ensuring access to diverse populations. SHBH is comprised of the hospital and its tightly integrated primary and specialty physician group, which together have deep experience in value-based contracting. This has been a model for success. Continuing to solicit what we need and how we can ensure our sustainability, our access and services would be invaluable to the continued success we are having in addressing access, outcomes and disparities. During COVID and the fire recovery the State engaged, partnered and supported us with streamlined permitting and more. This made a substantial difference that ensured continued local access. Similarly, the COVID relief for high Medicaid providers who have little cash to fall back on to sustain periods of unpredictable impacts, sustains access and more equitable care.

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.

Hospitals that care for a higher proportion of non-commercial patients, particularly a high Medicaid population would be best served by improved Medicaid rates, along with financial incentive programs like the former DSTI Delivery System Transformation Initiatives. Inpatient psych rates paid by all payors are insufficient to cover the expense of running these units. Without improvement in these rates, both private equity and publicly financed inpatient psych models will continue to be the primary operators of new units. It is not equitable for patients if their hospitals who provide care to higher proportions of low-income communities of color to have fewer resources for capital expenditures, and little operating margin opportunity that would provide for borrowing capacity to make investments such as new buildings. Our main hospital building, which was upgraded due to the property and casualty insurance company and policy we had in place, has entirely new electrical systems which are now housed, as the current code for new buildings require, in a separate building.

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	3	8
	Q2	2	13
	Q3	1	14
	Q4	0	14
CY2023	Q1	0	11
	Q2	0	9
	Q3	1	15
	Q4	0	9
CY2024	Q1	0	10
	Q2	0	5
	TOTAL:	7	108

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

Our financial counsellors engage with patients, discuss, advise, and work to arrange payment plans such as allowing patients to pay over time when there are known cost sharing or deductibles for planned and scheduled medical procedures. For emergency care and cost sharing patients are responsible for it can be more challenging for patients and the hospital to make similar payment arrangements with patients.

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.

No.

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.

We are not able to provide this level of detail at this time.

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.

N/A