

September 18, 2018

David Seltz  
Executive Director  
Health Policy Commission  
50 Milk Street, 8<sup>th</sup> Floor  
Boston, MA 02109

Dear Mr. Seltz:

We would like to thank you for taking the time to meet with us on behalf of the Commission and to hear our continuing concerns about the proposed Beth Israel Lahey merger.

As you know, part of the Greater Boston Interfaith Organization's mission is to fight against the continually rising health care costs for Massachusetts consumers and the continued erosion of access to care. The Boston Globe noted just the other day that while healthcare costs in Massachusetts rose only 1.6% last year, consumers' out-of-pocket costs rose 5.6%. In order to successfully fight this battle, we must have credible, accurate information, and for this we depend on the high quality analysis provided by the Health Policy Commission.

We find the analysis in the Health Policy Commission's preliminary review released on July 18 to be thorough, highly credible and deeply concerning. Your findings that this merger will conservatively increase healthcare spending in Massachusetts by approximately \$230 million make a compelling and clear argument against the proposed merger.

Many may believe that this transaction as currently proposed will bring substantial savings by moving market share from Partners Healthcare to Beth Israel Lahey Health. However, we are persuaded by your analysis that the net savings will be very small because of the projected price increases BILH can demand as well as the market share moved from lower-priced providers.

We are also particularly disturbed by the data presented on Medicaid market share for the new system. The merging institutions care for higher proportions of wealthier, white patients, and attract fewer numbers of Medicaid patients as compared to their competitors. Each institutional provider that is part of this transaction has a lower share of Medicaid patients than the share of Medicaid patients within its primary service area.

The cost increases from this merger would create competitive challenges not only for community hospitals in lower income communities served by the proposed entity, but even more so for Community Health Centers. As you are aware, Community Health Centers are the primary safety net providers in many communities in the Commonwealth. Community Health Centers offer cost-effective and culturally appropriate primary care and behavioral health services that are not typically provided by large academic hospital systems. It is not clear how

the proposed merged entity will use its resources to enhance partnerships with the Community Health Centers in its service area.

In the end, these increases would be paid for directly out of our — the consumers' and the taxpayers' — pockets. If nothing is done to stop this and other such mergers, healthcare prices, premiums, deductibles and co-pays will continue to rise. This will result in lower pay checks for insured workers and increases in the number of people who will no longer be able to afford health insurance.

Assuming you sustain the findings of your Preliminary analysis, we are asking that the Health Policy Commission refer this proposed merger to the Attorney General's office to stop this merger.

We are also asking that the Health Policy Commission make a written recommendation to the Commissioner of Public Health to work with the Public Health Council to rescind the Determination of Need that was granted previously to this proposed transaction. Given the significant healthcare cost increases that your analysis projects and the likelihood of reduced access to needed care, particularly in low income communities we do not believe that this transaction satisfies the DoN factors to merit its approval by the Public Health Council.

We believe that our state government has a moral obligation to ensure that mergers do not take place when your analysis shows that our costs will go up and promised savings will not be produced or not passed on to consumers and taxpayers through lower premiums and out-of-pocket expenses. Equally, mergers cannot occur that jeopardize services to the underinsured amongst us.

We are hopeful, that after the Commissioners are presented with the Final Cost and Market Impact Review and presumably vote to advance it at the September 27<sup>th</sup> meeting, that our organization could be afforded the opportunity to offer a brief statement. We are happy to discuss that idea further with you should you be interested in doing so.

Once again, our deepest thanks for the exceptional work done by the Health Policy Commission staff in analyzing these transactions.

Sincerely,



Burns Stanfield, President of GBIO



Bonny Gilbert and Michael Rubenstein, Co-Chairs of GBIO Healthcare Team