



Massachusetts Health Policy Commission

Public Hearing Regarding the Potential Modification of the State's Health Care Cost Growth Benchmark

March 30, 2018

Submitted by: JD Chesloff, Executive Director

Thank you for this opportunity to submit comments regarding the Health Policy Commission's (HPC) deliberations over potentially modifying the state's health care cost growth benchmark.

The Massachusetts Business Roundtable (MBR) is a public policy organization comprised of CEOs and senior executives from some of the state's largest employers. Roundtable members collectively employ more than 250,000 people across the Commonwealth. Our mission is to strengthen the state's long term economic vitality with the goal of making Massachusetts a highly desirable place to do business. To achieve that mission and goal, the Roundtable focuses on a variety of public issues identified by our members as priorities. Key among those is health care, with a particular focus on cost.

As you deliberate modifying the benchmark, the Roundtable respectfully offers three factors for your consideration:

1. The cost of health care remains a concern and a priority issue for employers. While health care in Massachusetts—near universal access to it and the high quality of it—remains a competitive advantage and major economic engine in the state, the rising costs of health care continue to create headwinds, particularly for small and medium-sized businesses. The HPC's collaborative effort with the business community to address emergency department usage is a welcome partnership and strategy to reduce health care costs. The Roundtable urges that public policy decisions continue to apply downward pressure on cost growth and health care spending.
2. Health insurance premiums are an important measure of cost growth. There is a distinction between health care cost growth as measured by the benchmark and growth in what employers pay through premiums. While the commercial rate of growth, according to the 2017 CHIA report, was 3.4% in 2017, health insurance premiums continued to increase at higher rates, even for self-insured employers. The Roundtable recommends that any cost containment efforts be very clear about a cost reduction goal and include clear metrics for measuring success, not just on price or unit cost level, but also on the basis of total medical expenses which - unlike price alone - captures key issues like

utilization and severity. While the rate of price growth is one metric, total medical expenses and its corollary of premium growth are important to watch as well as it directly impacts employers' operating costs.

3. Cost containment at MassHealth must be part of the equation. As the second largest insurer in Massachusetts, costs at MassHealth impact costs for everyone else, especially taxpayers. According to the same CHIA report referenced earlier, while the commercial rate of growth was 3.4%, MassHealth spending grew at 4.4%. Cost increases at MassHealth are unsustainable, and has resulted in a new assessment on Massachusetts employers which is projected to raise more than \$200M annually to help address these increases. This is yet another cost to taxpayers and employers directly tied to health care. The Roundtable supports efforts to address the unsustainable costs at MassHealth as part of the state's strategy to reduce health care costs and lower spending.

The health care cost benchmark is an important tool to both measure and contain costs. The Roundtable urges the HPC to continue using the tools at its disposal to achieve our shared goal of higher value in the health care marketplace – the highest quality care, in the most coordinated, cost efficient manner for all stakeholders in the system: insurers, providers, purchasers and consumers.