



**Joint Committee on Health Care Financing
Joint Committee on Financial Services
September 29, 2005**

H.4279 – A message from His Excellency the Governor recommending legislation relative to increasing the availability and affordability of private health insurance to residents of the Commonwealth.

Testimony submitted by:

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Chairman Moore, Chairwoman Walrath, Chairman Mariano, Chairman Nuciforo, Members of the Committees, thank you for this opportunity to submit testimony relative to Governor Romney's health care legislation, as well as provide comment on the proposal offered by the Senate.

This Committee, Gov. Mitt Romney, and health care advocates are to be commended for bringing this issue to the top of this year's public agenda. There appears to be a momentum to address health care cost and coverage issues this year that we have not seen in over a decade. Business leaders welcome this discussion, and appreciate this opportunity to be part of it.

For the past 22 years, the Massachusetts Business Roundtable (MBR) has conducted research and made recommendations on health care policy. Most recently, in 2002, MBR's Health Care Task Force released a white paper entitled "Solutions for Massachusetts Health Care." The recommendations in the report were based upon two principles: 1) all parties – employers, consumers, providers, payers, government and advocacy groups – have a shared responsibility to address this issue, and their various interests must be bridged so that no one constituency is at a competitive disadvantage by disproportionately bearing the expense of providing health care in Massachusetts; and 2) all concerned parties must understand the costs and impact of individual health care decisions. We are in the process of updating that report, which will evaluate the current status and future prospects for the Massachusetts healthcare market related to our 2002 recommendations for transparency, consumer financial incentives, and appropriate public reimbursement policies. We will provide the update to you this fall to make what we think will be a valuable contribution to your debate.

Four key points continue to emerge from the deliberations of the task force:

- Universal access to basic medical care is a public responsibility for a society such as ours;
- A basic health care package must be consistent with the government's ability to fund such care for those without adequate means, and also consistent with the goal of controlling inflation in the cost of medical care;
- Built into the basic health care package must be strong measures that emphasize individual responsibility for health care, including provisions for co-payments, deductibles, and premium incentives to encourage wellness and reward appropriate use of the health care system; and
- The best way to achieve universal access to basic medical care at a reasonable cost is through a system where consumers exercise choice in selecting insurers and providers in a competitive market.

These lessons are helpful in setting context for this year's debate. Many of the ideas being brought forward, both by Governor Romney's legislation and that offered by the Legislature, are critical building blocks to substantive reform and consistent with MBR's goal of simultaneously reducing the increases in health care costs while sharing in the responsibility to meet the health care needs of our employees.

For example, the Roundtable supports: enabling private insurers to offer affordable insurance products which include fewer mandates; establishing a moratorium on new mandated benefits that would add to costs, and a feasibility study to determine the costs associated with existing mandates; providing the option for employees to purchase health coverage on a pre-tax basis, and allowing tax deductions for health savings accounts; investment in MassHealth outreach to ensure that those eligible for MassHealth are taking advantage of that coverage, and to ensure that Massachusetts is leveraging as much federal funding as possible; expanding employee eligibility and employer subsidies in the Insurance Partnership Program; investment in a reinsurance pool for catastrophic costs for small and non-group markets; allowing municipal governments to manage escalating health care costs by giving them more flexibility to negotiate for employees' health care; improving patient safety and reducing costs through the application of technology; and increases in Medicaid reimbursement rates to equal or at least come close to the actual costs of services.

The focus of the reform efforts, however, must be to address the rising cost of health care. Cost and coverage are inextricably linked: if health care costs are brought under control, more individuals could choose to purchase their own coverage,

government's cost of providing health care would decline and create access for more people, and those businesses who can not afford to offer coverage to their employees

could. No enterprise can afford to pay for increases that are persistently above the rate of inflation, whether for health care or any other cost item.

MBR believes that one of the most effective tools for reducing health care costs is to empower consumers by providing access to information to compare cost and quality of care. Consumers currently utilize health care resources without access to data or any objective provider performance comparisons to understand the cost or quality impact of their decisions. It is incumbent upon all responsible parties to commit to developing consistent measures, based upon understandable quantitative data, to increase awareness among consumers and providers and to assist them in decision making. By introducing the empowered consumer into the process, employers hope to activate a new element of cost control while meeting their responsibility to contribute to health coverage for their employees.

Health care reform is both important and necessary to the people of the Commonwealth who need and deserve access to affordable and quality health care. It is also a key element to the state's economic development efforts – we simply can not have a business climate that is conducive to job creation and retention, nor can we attract workers from the national and international marketplace, with unsustainable and uncompetitive increases in our health care costs.

Through the report we will provide this fall, and the input of the members of our Health Care Task Force, the Massachusetts Business Roundtable will continue to provide both information and ideas that will help you engage in the state's health care debate. We look forward to serving as a resource in your deliberations.