



February 26, 2008

Hon. Salvatore DiMasi, Speaker  
 Massachusetts House of Representatives  
 State House Room 356  
 Boston, MA 02113

Hon. Therese Murray, President  
 Massachusetts Senate  
 State House Room 330  
 Boston, MA 02113

Dear Speaker DiMasi and Senate President Murray:

On behalf of a coalition of business groups and health plans committed to ensuring access to quality, affordable health care in the Commonwealth, we are writing to express our concerns with House Bill 4276, which the Joint Committee on Health Care Financing recently released with a favorable report, as well as several other proposed mandated benefit bills that were reported favorably.

Specifically, we are concerned that these bills received favorable reports without first having been reviewed by the Division of Health Care Finance and Policy (DHCFP) as required under the Mandate Review Law (M.G.L. Chapter 3 §38c). At a time when the Commonwealth is grappling with rising health care costs and considering measures to keep health care affordable, conducting a complete analysis to understand the cost and need for coverage of specific new services is critical.

M.G.L. c.3 §38c requires that DHCFP analyze the fiscal impact and medical efficacy of all proposed mandated benefits before a committee provides a favorable report. In 2002, a broad-based coalition of business groups and health plans supported the Mandate Review Law, based on the recommendation included in the Massachusetts Health Care Task Force's 2002 Final Report that no new mandates be created until completing a study of their full impact. The recommendation was based on the finding that mandates enacted by the Massachusetts Legislature significantly contributed to the rising cost of health insurance. The Task Force report

went on to state, "To avoid losing private sector coverage in the face of cost increases, flexibility in design is needed."

Without DHCFP's review, we have no way of knowing the full impact proposed mandated benefits will have on the cost of health care. For example, House Bill 4276 would require payment for so-called "collateral" services, mandating reimbursement for consultations between licensed mental health providers and anyone the provider deems necessary for treatment or to review progress of treatment. These services could include payment for meetings and phone calls and other such services that typically are part of the administrative duties of office practices. The bill would also add new administrative costs by imposing duplicative reporting and oversight requirements on health plans. Other bills that were recently reported favorably without any analysis of their cost or efficacy:

- House Bill 925: Increasing coverage for nonprescription enteral formulas
- House Bill 995: Mandating coverage of registered physician assistants
- House Bill 989: Expanding the Mental Health Parity Law to include eating disorders and redefining the definition of utilization review
- House Bill 2058: Add urea cycle disorders to this list of disorders to receive nonprescription enteral formulas for home use
- House Bill 4283, Mandating coverage for treatment of cleft lip and cleft palate

These bills also run counter to the moratorium on new mandated benefits included in the Health Care Reform Law (Chapter 58 of the Acts of 2006). The moratorium was included as a mechanism to avoid adding new costs and was intended to help control the cost of coverage as individuals begin purchasing coverage to comply with the individual mandate. Under Section 127 of Chapter 58, the moratorium would be in effect until the latter of January 1, 2008 or until DHCFP publishes a comprehensive review of the mandated health benefits in effect on January 1, 2006. As DHCFP has not completed its review, the moratorium is still in effect.

The above referenced mandates have the potential to increase costs to the Group Insurance Commission, further straining the state budget. It will also make it more difficult for consumers and employers to find affordable coverage options. Furthermore, these mandates will disproportionately affect small employers. While large employers are able to self-insure and avoid covering certain mandated benefits (or place limits on them), because federal ERISA law preempts states from regulating these plans, small employers typically do not have this option. As a result, they must include benefits they may not want or need. At a time when employers are struggling with rising health care costs, it is important that they have the flexibility to manage their health insurance costs. Mandating coverage of specific benefits runs counter to this goal.

The November 5, 2007 letter (enclosed) to Chairwoman Walrath asked that the Health Care Financing Committee separate House Bill 4276, so that the portions affecting the commercial market would be sent to DHCFP and the provisions dealing with the implementation of *Rosie D.* could proceed. We would like to reiterate the request that those provisions be separated and that the commercial portions be recommitted to the Joint Committee on Health Care Financing so that they may be sent to mandate review.

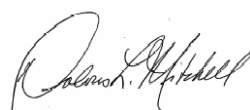
As we continue to move forward with implementation of the Health Care Reform Law, affordability has emerged as *the* critical issue to the sustainability of the law. Keeping health care affordable and ensuring the long-term success of Health Care Reform requires everyone in health care to be involved and to work together. Employers and health plans are committed to doing our part, but adding new requirements and mandating specific services without knowing what impact they will have on costs will exacerbate the challenge we face and upset the balance upon which the Health Care Reform Law was built.

We thank you for the opportunity to offer comments and look forward to continuing to work with you to ensure access to quality, affordable health care for all Massachusetts residents.


Sincerely,



Eileen McAnney  
Associate General Counsel & Senior VP,  
Government Affairs  
Associated Industries of Massachusetts



Dolores L. Mitchell  
Executive Director  
Massachusetts Group Insurance Commission




Paul Guzzi  
President & CEO  
Greater Boston Chamber of Commerce



Alan G. Macdonald  
Executive Director  
Massachusetts Business Roundtable



Russell F. Denver  
President  
Affiliated Chambers of Commerce of Greater  
Springfield



Richard B. Kennedy  
President and CEO  
Worcester Regional Chamber of Commerce



Francis R. Carroll  
Founder and CEO  
Small Business Service Bureau, Inc.



Shannon Linde  
Vice President  
The MBA Group



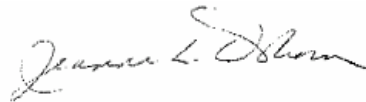
William Vernon  
Massachusetts State Director  
National Federation of Independent Business



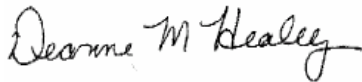
Jon B. Hurst  
President  
Retailers Association of Massachusetts




Robert G. Bradford  
President  
North Shore Chamber of Commerce



Jeanne L. Osborne  
President and CEO  
Greater Lowell Chamber of Commerce



Deanne Healey  
Executive Director  
Peabody Chamber of Commerce



Jeff Rich  
Vice President  
Northeast Business Trust



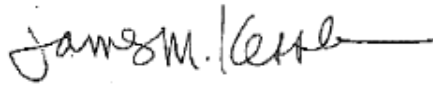
John J. Curley, Jr., Vice President  
Public, Government and Regulatory Affairs  
Corporate Affairs Division  
Blue Cross Blue Shield of Massachusetts



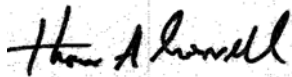
Mark Fisher  
Senior Vice President and COO  
Fallon Community Health Plan



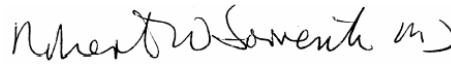
Bruce M. Bullen  
Chief Operating Officer  
Harvard Pilgrim Health Care



James M. Kessler  
Vice President and General Counsel  
Health New England



Thomas A. Croswell  
Chief Operating Officer  
Tufts Health Plan



Robert Sorrenti, M.D.  
Chief Medical Officer  
UniCare



Marylou Buyse, M.D.  
President and CEO  
Massachusetts Association of Health Plans

cc: Hon. Representative Robert DeLeo, Chair, House Committee on Ways and Means  
Hon. Senator Steven Panagiotakos, Chair, Senate Committee on Ways and Means  
Hon. Representative Patricia Walrath, Chair, House Committee on Health Care Financing  
Hon. Senator Richard Moore, Chair, Senate Committee on Health Care Financing