

1199SEIU

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MA State House – Room 236
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We, the 56,000 Massachusetts healthcare workers of 1199SEIU, offer this testimony relative to Governor Baker's proposed package of MassHealth and employer sponsored insurance (ESI) reforms recently returned as amendments to the FY18 state budget. In addition, we also take this opportunity to offer related comments on the companion legislation submitted by the Governor - *An Act Promoting Affordable Health Care Options (H.3829)*.

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Ensuring affordable, accessible and high-quality health care for all is essential. With growing uncertainty around the future of the Affordable Care Act and the Commonwealth's own FY18 budget limitations, the healthcare workers of 1199SEIU understand the need to strengthen, review and thoughtfully adjust both MassHealth and other related state health care coverage laws. However, we also strongly believe that a successful approach that addresses these issues must include a broad range of solutions to reducing the cost of delivering healthcare in the Commonwealth. A comprehensive approach must not simply reduce benefits or shift MassHealth populations but also include strategies to ensure the financial viability of community hospitals, increase alternative payment models and advance the creation of accountable care organizations while avoiding excessive sacrifice on the part of either consumers or the low-wage health care workforce. To ensure we address these complicated and important matters we urge you to take the time need to implement careful reform with a wide range of stakeholder input.

As it relates to the changes being proposed, we share many of the concerns of consumer advocates like Health Care for All, our allies in the disability advocacy community, and those of our health care employers. In particular we would like to highlight concerns regarding the following provisions in the Governor's package of FY18 budget amendments and in *H.3829*:

Employer Sponsored Insurance (ESI) "Gate"/MassHealth Ineligibility: We support firm "employer responsibility" standards. And we greatly appreciate that the Administration now is considering a reduced "5% of income" affordability standard before imposing a "gate" to MassHealth eligibility. This raises fewer concerns than the 9.66% standard previously proposed. However, the Governor's amended budget provisions would still make low-income parents and other non-disabled adults who have access to "affordable" ESI ineligible for

MassHealth coverage or premium assistance. We remain concerned that individuals working part-time or for near-minimum wage may find it very difficult to afford any premium contribution, particularly when combined with deductibles, co-pays and other cost sharing. Accordingly, we would oppose establishing a firm ESI gate in the absence of stricter affordability standards and/or more robust support for consumers to purchase ESI.

MassHealth Eligibility Cuts (Non-Disabled Adults at 100-133% FPL): The Administration's proposal would lower MassHealth eligibility from 133% to 100% of the federal poverty level for non-disabled adults, returning Massachusetts to pre-ACA eligibility standards. As a result, 100,000 parents and 40,000 childless adults would lose MassHealth coverage, leaving them with only uncertain and limited opportunities for private coverage under the Connector Care program. While most of these very low-income individuals would likely qualify for Connector Care, these plans provide fewer benefits (no dental, eyeglasses, or long-term services and supports) and have co-pays that are much higher than MassHealth. We share the concerns expressed by consumer advocates and other stakeholders about these cuts.

Optional Benefits & Prescription Drug Formulary: These proposals would authorize MassHealth to eliminate any optional benefit in 2018 or 2019. Such "optional" Medicaid benefits include many essential services like prescription drugs, dental care, durable medical equipment, and even most long term supports and services (including personal care attendants). MassHealth would also be granted permanent authority to change pharmacy benefits, including using a closed drug formulary, with no required safeguards. The Legislature should not to grant these broad authorities to the Administration without firm consumer protection standards.

Other Private Coverage & Delivery System Reforms: We do support provisions in both proposals that would allow more health care workers to practice to the top of their license. We also believe it's very important to expand transparency around health care price, cost and availability for consumers, employers, and all stakeholders. Therefore, we welcome these proposals to amend prescribing laws and we also support more robust transparency efforts by the Center for Health Information & Analysis.

In addition to addressing the proposals under debate today, we support appropriate, pragmatic and cost-effective reforms that reflect the following 1199SEIU reform principles and help to achieve a comprehensive approach to addressing our healthcare system needs:

- *Health Care Worker Engagement:* Policymakers must take care to place the burden of reform on the backs of community providers and their workforces who are each already struggling financially. With a commitment to sufficient staffing and appropriate re-training, the health care workforce can be an indispensable partner for reform of both public and private health care.
- *Fair Provider Payments:* Provider rates and any alternative payment methodologies must at least cover the cost of care. In addition, health care coverage and delivery systems must include fuller transparency and encourage payers/providers to go beyond historic spending in rate setting. Ultimately, state reforms ought to serve as a counter-balance to price disparities in the private insurance marketplace while ensuring fair provider payments that enable providers to pay living wages.
- *Long Terms Supports & Services (LTSS) Integration:* Massachusetts' home care workforce, particularly the state's Personal Care Attendants (PCAs), must be fully integrated in to newly established delivery systems. Policymakers should work to incorporate enhanced roles for PCAs and other home care workers into emerging care models. We also strongly support full funding for the LTSS care management services provided by the ASAPS, for the dual eligible plans and for other related plans/entities.

One of our top priorities for the 2017-2018 legislative cycle is addressing price variation in the commercial marketplace. Multiple state agencies over the last decade have documented significant "unwarranted" variation in provider prices not tied to measurable differences in quality, complexity, or other common

measures of value. The Special Commission on Provider Price Variation Commission also held a series of public meetings last spring and developed a comprehensive report released in March 2017 that offers a strong list of potential reform recommendations.

Despite these many reports and the attention of leading policymakers, the observed provider price variation has not and seems unlikely to decrease absent significant policy reform. As the Legislature considers the health reforms under consideration today, including the limited tiering and network reforms included in *H.3829*, we urge you to also consider reforms to address provider price variation in the commercial market. 1199SEIU remains open to supply-side, demand-side and direct regulatory solutions. All may be needed to fully address the issue:

- **Supplemental Community Hospital Support:** The new Community Hospital Revitalization Trust Fund is providing some FY17 and Fy18 supplemental revenue to hospitals receiving lower relative commercial payments. In the short term and as we allow market-based reforms and additional state oversight to work, the Legislature and the Administration should also implement a minimum commercial rate floor and/or find other ways to offer adequate support that safeguard the financial viability of the lowest-paid tier of community and safety-net hospitals.
- **Demand-Side Solutions:** There are a range of primarily “demand-side” solutions to price variation that emerged from the Special Commission on Provider Price Variation. To assist community hospitals and create a more efficient healthcare market, and as preliminarily addressed in *H.3829*, we would support reforms centered on tiered/limited networks, efforts to improve consumer transparency around both price and quality, and additional consumer incentives to utilize more efficient providers.
- **State Oversight:** Commercial carriers ought to justify prices, price variation and any premium adjustments under strengthened review by the Division of Insurance and/or the Health Policy Commission. Under this reform, commercial insurers would be required to demonstrate compliance with several new parameters before premium increases are allowed by the DOI. These new rate review parameters could and should include such factors as demonstrating the use of “warranted” factors to justify price variation, reductions in administrative expenses, increased consumer cost transparency, and development of appropriate efforts to mitigate existing socio-economic health disparities.

In conclusion, while we greatly appreciate the attention on these very important issues under debate today, we urge the Legislature to take a careful and comprehensive approach to reforming MassHealth and the states’ health care delivery system. The Commonwealth has led the nation only because we’ve consistently recognized that government, employers and individuals must work together to provide quality, affordable health care for all Massachusetts residents.

Thank you to the Chairs for the opportunity to testify. We look forward to continuing our work with our stakeholder and community allies, these Committees, the Administration and the full Legislature on these issues of foremost importance to all of us at 1199SEIU.

Submitted by,



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