



October 3, 2016

Monica Bharel, MD, MPH, Commissioner
Massachusetts Department of Public Health
250 Washington Street
Boston, MA 02108

Re: Boston Children's Hospital Determination of Need Project Number 3C47

Dear Commissioner Bharel:

On behalf of the Massachusetts Association of Health Plans (MAHP), which represents 17 health plans that provide coverage to more than 2.6 million Massachusetts residents, I am writing concerning the Boston Children's Hospital Determination of Need (DoN) application in light of the recent analyses released by the Health Policy Commission (HPC) and media reports that the Department of Public Health has recommended approving the application. We would urge the Department to reconsider its recommendation and reject the DoN application.

Based on the conclusions outlined in the HPC's September 27 letter, we are concerned that the expansion will likely lead to increased health care spending in Massachusetts. As the HPC noted, Children's Hospital has among the highest commercial and Medicaid MCO prices in the state for hospital care and the proposed expansion could increase its market share from 46% of statewide commercial pediatric discharges to 55%. While Children's Hospital has indicated that out-of-state patients will make up 100% of new inpatients, the HPC concluded that the current rate of increase of out-of-state and international patients does not appear to be sufficient to fill all of the proposed new intensive care unit capacity. We are concerned about the potential shift in inpatient volume from lower cost providers and, when combined with its high reimbursement rates, this could significantly increase health care spending in the state. Moreover, if the proposed expansion is intended to increase Children's capacity to accommodate out-of-state and international patients, it is essential that it does not result in care for those individuals being shifted to the Commonwealth's public programs, which have experienced an increase in enrollment.

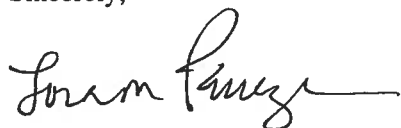
As multiple state reports have indicated, health care increasingly is being delivered in higher priced settings and the price of services is the major factor driving rising health care costs. The increased market share resulting from this proposed expansion could have negative implications for the Massachusetts health care system. We share the concerns that the HPC has raised with that Children's Hospital's proposed expansion, as it will ultimately increase health care costs in the Commonwealth by shifting care from other Massachusetts pediatric providers to these higher cost facilities.

MAHP has long supported the DoN process as the program plays an important role in ensuring that proposed new expansions and new technologies are filling a real community or delivery system need and are not duplicative of existing services. Given the concerns raised by the HPC, we do not believe that standard has been met. Further, the latest data from the American Hospital Association has indicated that inpatient admissions has been declining nationally for the last several years, so it is unclear whether this expansion is necessary and, in fact, may lead to higher costs without any corresponding additional value to employers and patients.

In closing, as a state that has adopted the first in the nation cost benchmark for overall health care spending, and with federal and state efforts to enhance health plan rate review, health plans must be given the tools necessary to rein in provider prices. The HPC's finding that it is unlikely that all new inpatient capacity will be filled by non-Massachusetts residents, including that between 1,256 and 2,650 new commercial discharges annually will be patients within the state, as well as a proportion of new outpatient volume would come from within the Commonwealth, and the impact it would have on costs and the delivery system seems to run counter to our cost containment goals. This will put additional burdens on a state that already has among the highest health care costs in the nation and will significantly challenge the ability of health plans to meet the cost benchmark.

For all of these reasons, we strongly urge you to reject the application. We appreciate your attention on this matter and would be happy to meet with you or members of your staff to discuss our concerns further.

Sincerely,



Lora M. Pellegrini
President & CEO

cc: His Excellency Charlie Baker, Governor, Commonwealth of Massachusetts
Maura Healey, Attorney General, Commonwealth of Massachusetts
Kristen Lepore, Secretary, Executive Office for Administration and Finance
Marylou Sudders, Secretary, Executive Office of Health and Human Services
Steve Kadish, Chief of Staff, Office of the Governor
Karen Tseng, Assistant Attorney General, Chief of Health Care Division
Nora Mann, Director, Determination of Need Program, Department of Public Health
Derek Brindisi, MPA, RS, Director of Public Health, City of Worcester
Harold Cox, MSSW, Associate Dean of Public Health Practice, Boston University School of Public Health
Edward Bernstein, MD, Professor of Emergency Medicine, Boston University School of Medicine
Meg Doherty, MSN, ANP-BC, MBA, CEO and Executive Director, Norwell Visiting Nurse and Hospice
Paul Lanzikos, MBA, Executive Director, North Shore Elder Services, Inc.
Lucilia Prates-Ramos, Director, Massachusetts Medicare/Medicaid Outreach and Education Program, Elderly Services of Merrimack Valley
Michael Kneeland, MD, Associate Dean for Allied Health and Inter-professional Education, University of Massachusetts Medical School
John Cunningham, PhD, Vice President, Academic Affairs, Student Affairs, and International Relations and Interim CEO, UMassOnline, University of Massachusetts System Office, Boston
Alan Woodward, MD, FACEP, Previous experience includes President, Emerson Hospital Emergency Physicians, Inc.; Chief of Emergency Services, Emerson Hospital
Michele David, MD, MBA, MPH, Staff Physician, Harvard Vanguard Medical Associates
Denis Leary, MSW, Executive Director, Veterans, Inc.
Meredith Rosenthal, PhD, Ph.D. Program in Health Policy, Harvard University