Blue Cross Blue Shield Of Massachusetts Testifies At Annual Cost Trends Hearings

Participates in panel discussion on nurse staffing ballot question

BOSTON – OCTOBER 26, 2018 – *The following statement was delivered by Blue Cross Blue Shield of Massachusetts Chief Operating Officer Deb Devaux during the Health Policy Commission's 10.16.18 panel discussion regarding Question 1's potential impact on the Massachusetts health care system:*

Good Afternoon. I am Deborah Devaux, the Chief Operating Officer for Blue Cross Blue Shield of Massachusetts. We serve nearly 3 million members and more than 39,000 accounts as their health plan. Our purpose and our responsibility to our customers is making quality health care affordable. To do this, we focus on cost, quality and access to services for our members. Thank you for inviting Blue Cross to participate in this year's Cost Trends Hearings.

In our pre-filed testimony, BCBS was asked to identify the top three areas of concern for our state's ability to meet the statewide target for sustainable total health care spending. Two of our concerns – moving care to cost effective sites of service and managing prescription drug cost and access – have been discussed at earlier panels at these hearings and are issues that BCBS works on as top priorities.

Our third concern is the focus of this panel: The issue of mandating staffing requirements for registered nurses in Massachusetts hospitals. We recognize that there are strongly held and widely differing assessments of the cost and impact of the proposed mandated ratios. We believe that a process that involves all of the stakeholders coming together to address the goal would yield the best result. A ballot question does not allow for this process to occur as a way to work through these differing views. Having said that, I will provide our assessment of the proposed ballot question.

Three organizations have issued reports on the potential cost and impact – the Health Policy Commission, the Massachusetts Health and Hospital Association, and the Massachusetts Nurses Association. We have examined each report focusing on five key questions:

- **What is the goal of the new mandate?**
- **Does the proposed ballot question achieve that goal?**
- **What will it cost?**
- **How would that cost be funded?**
- **Is there potential for impact on access to care for patients?**

I will give our observations on each of these questions.

First, what is the goal? We understand that the primary goal of this measure is to improve patient care.

Second, does the proposed ballot question achieve that goal? There is not agreement across stakeholders that the mandated nurse staffing ratios, as proposed, will improve quality.

Third, what will it cost? The three reports have all concluded there will be a cost increase if the ballot question passes. The estimates of this increase vary widely. The HPC, an independent state agency, has issued their report and estimates the cost impact at up to one billion dollars. **A significant increase to costs, without clear and predictable increases to quality, would be unsustainable for the health care system.**

Fourth, how would new costs be funded if the mandate is approved? This is an unanswered question with significant implications. Again, views differ widely on this question. Some suggest that hospitals could absorb potential new costs. Hospitals do not agree. Assuming that hospitals cannot absorb potential new costs through existing payments, are the state and federal government expected to increase their costs and budgets? Are employers and consumers expected to absorb increased costs through paying higher premiums and cost sharing? **This issue of the cost and how the costs would be funded is of serious concern to Blue Cross.**

And finally, in the debate on this mandate, a question about access has been raised. Could there be an unintended consequence that instead of improving patient care, the mandate could have the effect of causing a decrease in access? The question here is whether hospitals will be able to fund or hire the nurses required by the mandate and, if that is not possible, whether that could force a decrease in access. This is not intended by any of the stakeholders and if the ratios are passed, understanding whether access is affected is also of significant concern to us.

In summary, **our understanding of the proposed ballot question is: there is not common agreement among the key stakeholders on whether quality of patient care would improve; there will be increased costs and without clarity about how those costs would be paid for, this would be an**

unfunded mandate. And finally, there is the potential for unintended consequences to access.

We have a history in Massachusetts of bringing together the stakeholders in health care to tackle the issues of health care coverage, access and cost. Blue Cross has been and will continue to be an active and constructive participant in this work. We commit to the principle of shared responsibility with this Commission and the other critical stakeholders to work to advance the goals of high quality and affordable care in our state.

About Blue Cross Blue Shield of Massachusetts
Blue Cross Blue Shield of Massachusetts (bluecrossma.com) is a community-focused, tax-paying, not-for-profit health plan headquartered in Boston. We're the trusted health plan for more than 25,000 Massachusetts employers and are committed to working with others in a spirit of shared responsibility to make quality health care affordable. Consistent with our corporate promise to always put our 2.8 million members first, we're rated among the nation's best health plans for member satisfaction and quality. Connect with us on Facebook, Twitter, YouTube, and LinkedIn.

For further information: Amy McHugh, amy.mchugh@bcbsma.com, 617-246-2311