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Chairman
Maryland Health Services Cost Review Commission
4160 Patterson Ave.
Baltimore, MD 21215

Donna Kinzer
Executive Director
Maryland Health Services Cost Review Commission
4160 Patterson Ave.
Baltimore, MD 21215

Dear Mr. Colmers and Ms. Kinzer:

The purpose of this letter is to offer qualified support for the staff comments on the Health Job Opportunity Program Proposal offered by the Maryland Hospital Association (MHA). The MHA is to be commended for raising an issue that is extremely important to the future discussions about the health and health care for critically underserved Marylanders.

The proposal before the commissioners from the Maryland Hospital Association (MHA) presents both a unique opportunity and a unique challenge. I represent the perspective of a plan sponsor - those employees and employers who pay the bills in our current system - what has been called the foundation of the American health care system. I do not suggest that my perspective is representative of the plan sponsor community, but I do hope it may help to frame future dialogue on the topic. This topic addressed here will not go away.

My comments are not only addressed to the Commissioners, but also to those political leaders who wrote in support of the MHA proposal.

Health care is more than medical care

To frame this discussion, I would like to make a distinction between medical care and health care. Medical care is the care delivered by doctors and hospitals and other health care facilities and professionals. For my purposes, health care is more than medical care and includes what are often referred to as the "social determinants" of health.

In moving to a system of hospital global budgeting, Maryland is doing more than just moving away from fee for service Medicine. It is recognizing that health care is more than just medical care. It is attempting a transformation from a system that pays only for medical care to one that pays to deliver health. It is learning that health care is more than just medical care. Much of the discussion at the Care Coordination Work Group centered on exactly that topic.

As plan sponsors we have traditionally paid for medical care. That may be unfortunate, but it is the system we have. Although we call it health insurance, it is more aptly labelled sick insurance. Too often we pay the cost consequences for those who have not had adequate health care before becoming our employees, union members or family members. Some of us are moving to adopt

wellness programs and moving toward a more holistic approach to health. But that is for our own population and may or may not even include the families of our workers.

I remember attending one of the first Payment Model Work Group meetings. One of the hospital representatives commented on the new global budgeting opportunity by saying that it would allow them to spend money on areas that improve health care delivery but that they would also have to increase charges for the things that they do get paid for.

Addressing the social determinants of health

Relative to other countries, the United States spends far more for health services and far less on the social services that have been documented to improve health outcomes. The proposal by the MHA is further recognition of the social determinants of health and once again we employers and plan sponsors are asked to foot the bill. This cannot and should not continue. The question before the Commission and, in part, the question before those politicians whose endorsements accompany the MHA proposal, is twofold: to what extent are hospitals responsible for addressing the social determinants of health and to what extent are plan sponsors responsible for bearing that cost?

While there may surely be a role for hospitals in addressing some of the social determinants of health, the scale of the gap is huge. It is unrealistic to expect hospitals, and by extension, plan sponsors fill this need. The potential bill is enormous. And those politicians supporting the proposal are abdicating their own responsibility to achieve a more coherent approach to meeting the health needs of Marylanders.

The Rate Setting mechanism is the wrong solution

I question whether in the long run it is the responsibility of Plan sponsors to bear those costs through the current rate setting mechanism. There are many factors that affect the health and well-being of the people we cover in our plans. Will this proposal help them? I think not

It will provide much needed help to populations in great need in ways that are well documented by the MHA paper. But is it fair to ask plan sponsors to bear that cost, especially when we will soon be facing a 40% excise tax on costs above the excise tax threshold? I think not.

The 57% of employers who offer health insurance to their employees should not bear this cost. It is a cost that should be supported by local, state, and federal support of social services through equitable taxation that treats all employers fairly.

Politicians endorsing this proposal should not look to plan sponsors to absorb costs they are not willing to grapple with themselves. It is time our political leaders address the shortcomings of the Affordable Care Act and the limitations of a hospital global budgeting system that tries to find a way to address the larger issues of delivering health in a payment system that only pays for medical care.

The HSCRC staff comments offer a reasonable approach

The staff of the HSCRC is to be commended for keeping the Commission focused on its Triple Aim of improving care, improving health, and lowering costs. In the context of lowering costs, the Commission should note the observation form a recent Commonwealth Fund Report: [i]"One

potential consequence of high health spending is that it may crowd out other forms of social spending that support health."

The complexity of economic disparities, which the staff notes, include job development, employment security, housing, food, transportation, and education, as well as other issues such as safety and security for community residents, exceed the scope of the Maryland rate setting process, even in the context of global budgeting.

The Commission is to be commended for the steps it has taken thus far, including allocating money for infrastructure development. Hospitals are to be commended for exceeding revenue reduction targets and quality improvements goals, while at the same time improving their own profitability. It is time for political leaders to address the much larger issues related to the social determinants of health care without passing the buck onto the employees and employers who currently fund health care in Maryland.

Sincerely,

James L. McGee, CEBS

Executive Director

CC: Barbara A. Mikulski, United States Senator
Elijah E. Cummings, Congress of the U.S
Donna F. Edwards, Congress of the U.S,
C.A. Dutch Ruppersberger, Congress of the U.S
John P. Sarbanes, Congress of the U.S
Chris Van Hollen, Congress of the U.S.,
Thomas V. Mike Miller, Jr, Maryland General Assembly
Michael E. Bush, Maryland General Assembly
Peter A. Hammen, Maryland House of Delegates
Maggie MacIntosh, Maryland House of Delegates
Susan C. Lee, Maryland Senate

[i] U.S. Health Care from a Global Perspective: Spending, Use of Services, Prices, and Health in 13 Countries, David Squires and Chloe Anderson, Commonwealth Fund pub. 1819 Vol. 15