

NEW HEALTH INSURANCE PLAN WILL BE AVAILABLE FOR UNDER \$200

Connector Authority Board Will Vote On Re-submitted Bids Next Thursday

BOSTON- Saturday, March 3, 2007 - The average uninsured Massachusetts resident will be able to purchase health insurance for \$175 per month this spring based on new bids recently submitted to the Commonwealth Health Insurance Connector Authority.

"This is a big improvement from the first round of bids and a big step forward for health care reform," said Governor Deval Patrick. "I want to thank our insurance carriers for working with us to develop more affordable plans."

The Connector's board of directors is expected to issue its Seal of Approval to a range of health plans at its March 8 meeting. Hundreds of thousands of Massachusetts residents will be eligible to purchase these Commonwealth Choice plans through the Connector starting May 1, with a July 1 effective date.

"Offering affordable health insurance is critical to expanding coverage and realizing the promise of health care reform," said Leslie Kirwan, Secretary of Administration and Finance and Chair of the Commonwealth Health Insurance Connector Authority. "I am pleased that the Connector and our insurance carriers have risen to the occasion and provided a range of quality health insurance options for individuals throughout Massachusetts."

The Connector will offer different benefit levels for buyers to choose from with premiums that vary by plan design, network of providers and cost sharing. There will also be even lower-priced Young Adults Plans specifically tailored for uninsured individuals between the ages of 19 and 26.

"The Legislature charged the Connector with the difficult task of negotiating affordable health insurance plans that give uninsured residents a range of innovative choices," said Senate President Robert E. Travaglini. "These bids are evidence that the Connector is making tremendous progress towards implementing health care reform in the Commonwealth."

"Today marks the approach of another milestone on the road to affordable, quality and accessible health care for everyone in Massachusetts. As the historic health reform became law, we knew implementation would require our unwavering commitment and best efforts. I applaud everyone who worked so hard to make today possible," House Speaker Sal DiMasi said. "From the outset, the House of Representatives knew that no one will benefit from our hard work if there weren't good options and affordable products. Today's announcement is a huge step toward making affordable health care a reality for people who really need it.

"As always, though, there is no time for resting on our accomplishments. As the Connector Board proceeds with the critically important task of approving plans of high value and good quality for our residents, we are mindful of the difficult work ahead," DiMasi said.

"Choice and affordability will be the hallmark of these plans," said Connector Authority Executive Director Jon Kingsdale. "Individuals can select the plan that best suits their needs."

The majority of today's uninsured, typically those 37 years old or less, who select Commonwealth Choice coverage, will be able to purchase plans for about \$175 per month. If purchased on a pre-tax basis, the net cost of coverage is reduced to \$109 per month for someone earning \$50,000 per year. Specific prices for each individual vary based on plan, age and region.

The Connector is also developing regulations to encourage pre-tax payroll deduction to further reduce the cost for these plans.

"We are honored to be part of this historic undertaking," said Deborah Enos, President and CEO of Neighborhood Health Plan, which submitted the least expensive plan proposal. Access to affordable health care will benefit every citizen of Massachusetts."

The Connector Authority received bids from 10 insurance carriers. At the board meeting on Thursday, staff will recommend the Seal of Approval be given to seven of them. They are:

- Blue Cross and Blue Shield of Massachusetts
- ConnectiCare
- Fallon Community Health Plan
- Harvard Pilgrim Health Care
- Health New England
- Neighborhood Health Plan
- Tufts Health Plan

Aimed at individuals and businesses with fewer than 50 employees, Commonwealth Choice is also expected to attract many part-time workers and contract employees who historically have not been offered employer-based health insurance.

The three plan levels will all offer comprehensive coverage, including inpatient and outpatient medical care, emergency care, mental health and substance abuse services, rehabilitation services, hospice and vision care. Co-payments, deductibles and out-of-pocket contributions may vary among plans.

Today's announcement comes three months after the Connector Authority requested bids from insurance carriers. When initial bids came back too high, the Connector, and in some cases the governor himself, asked the carriers to sharpen their pencils and come back with more affordable proposals. For the past several weeks, the Connector and the carriers have been back and forth as part of the normal procurement process, resulting in the bids announced today.

Separately, the Connector Board is expected to decide on Minimum Creditable Coverage standards at its March 20 meeting. Minimum Creditable Coverage will define the minimum level of health insurance that will satisfy health care reform's requirement that residents of Massachusetts have health coverage.

"The Connector staff has done a tremendous job working to get this far, and I appreciate them. The citizens of Massachusetts came out ahead," said Patrick. "I am committed to working with Senate President Travaglini, Speaker DiMasi and the Connector Board to deliver on the promise of providing quality and affordable health care.

Health Insurance Enrollment Soars to Nearly 300,000

Lt. Governor Murray Announces More Opportunities to Avoid 2007 Tax Penalty

BOSTON - Wednesday, December 5, 2007 - Lieutenant Governor Tim Murray today joined legislators and other health care reform leaders to celebrate continued growth in the number of people signing up for health insurance, announcing that more than 300,000 Massachusetts residents will have signed up for health insurance by January 1. The Lieutenant Governor also announced that the state and its private insurance partners are extending enrollment opportunities to offer residents additional time to avoid 2007 tax penalties.

"We are making remarkable progress in an effort that no other state has been bold enough to tackle," said Lieutenant Governor Murray. "We are reinforcing our message today that our primary goal is to insure people, not penalize them. Health care reform is working in Massachusetts."

Approximately 293,000 people have enrolled in health insurance during the past year, of which roughly 160,000 have enrolled in Commonwealth Care, the subsidized health insurance program offered through the Commonwealth Health Insurance Connector Authority; an additional 70,000 residents have signed up for MassHealth, the state's Medicaid program. In addition, 63,000 have enrolled in private insurance either through the Health Connector or private carriers.

Lieutenant Governor Murray also noted that, of the more than 300,000 new enrollments projected January 1, private insurance enrollments will represent at least 100,000, as people sign up for health insurance to comply with the individual mandate and take advantage of employer open enrollment opportunities.

"Health care reform is working," Senate President Therese Murray (D-Plymouth) said. "With nearly 300,000 residents signed up for health insurance, we have exceeded any expectations from more than a year-and-a-half ago when we signed Health Care Reform into law. We all have a stake in health care, and our success today is the result of our shared responsibility and combined efforts to insure every resident in Massachusetts. That has been our goal from the beginning, and that day is coming soon."

"When people ask if our health care reform is a success, we now have nearly 300,000 men, women and children to stand with us to say, 'Yes it is,'" said House Speaker Salvatore F. DiMasi. "This law is working because we have shared the responsibilities for covering the uninsured and we have shared the labor of getting them enrolled. We must now redouble our efforts to insure everyone in the Commonwealth."

"People who need health insurance in Massachusetts are getting it," said Lieutenant Governor Murray. "The hundreds of thousands of people who have signed up for health insurance are enjoying improved access to care and greater financial security. Max and Amy Newell of Brookline were paying \$1,200 a month to cover themselves and their two children until they visited the Health Connector's web site. There they found and enrolled in a plan that had lower deductibles and better preventive care for \$640 a month."

"If we didn't live in Massachusetts, we couldn't be doing what we are doing," Max Newell said. "Both of us wanted to work for ourselves so that we could spend more time with our kids. But we knew we needed health insurance and couldn't pay an arm and a leg for it. Because of the Connector, our health care premiums are almost half what they were. We are able to work for ourselves and still have time to raise our family."

Lieutenant Governor Murray also announced that there are still a number of opportunities for people to enroll in a health insurance plan and avoid a tax penalty of \$219 in 2007.

Anyone who submits an application for MassHealth, the state Medicaid program, by December 31 and is eligible for benefits will be enrolled as of that date and will not be subject to the tax penalty.

Individuals who qualify for Commonwealth Care and earn less than \$15,315 per year (\$30,975 for a family of four) are not required to pay premiums. If already determined eligible for the program, they now have until December 28 to enroll and avoid a tax penalty. Low-income earners who make too much to qualify for free insurance but earn less than \$30,631 (\$61,951 for a family of four) pay a subsidized premium based on a sliding scale in relation to their income. Those who have already been determined eligible for the program now have until December 20 to complete their enrollment and pay the first month's premium in order to avoid the penalty.

For Commonwealth Choice, the unsubsidized program offered through the Health Connector, residents between the ages of 19 and 26 who are not offered employer-sponsored insurance may continue to enroll in Young Adult Plans in order to avoid a tax penalty. The enrollment must be completed and the premium paid by December 24.

In addition, all Massachusetts-based private insurance carriers will continue to enroll people of all ages during the month so their enrollment will be effective no later than December 31. Consumers should check with the individual carriers to determine when their specific deadlines apply.

Information and enrollment material is available online at www.MAhealthconnector.org or by calling the Health Connector's customer service center weekdays at 1-877-MA-ENROLL.

Patrick-Murray Administration Statement on the U.S. Census Bureau's Report: Income, Poverty, and Health Insurance Coverage in the United States: 2007

BOSTON - Tuesday, August 26, 2008 - The following is a statement from Joe Landolfi, spokesman for Governor Deval Patrick, on a report issued today by the U.S. Census Bureau showing significant progress in health reform in Massachusetts:

"Today's report is another indication of the tremendous success of health care reform. Survey after survey continues to demonstrate that more Massachusetts residents are enrolling in health insurance plans, giving them access to primary and preventative care and avoiding more costly treatment down the road. While each survey has its own unique methods and challenges, we are particularly encouraged to see that the U.S. Census Bureau has found that Massachusetts now has the lowest rate of uninsured residents in the nation. Working together with our partners in health reform, we will continue towards our goal of ensuring that all Massachusetts residents have quality, affordable health insurance."

To read the full report, go to <http://www.census.gov/prod/2008pubs/p60-235.pdf>

Governor Patrick Signs Bill Enhancing Quality, Cost-Effectiveness And Transparency Of Health Care

Senate President, Speaker Laud Governor's Support to Help Contain Health Care Costs

BOSTON- Sunday, August 10, 2008 - Governor Deval Patrick has signed into law a bill that will help contain the skyrocketing costs of health care, while ensuring transparency and continued quality of care for all Massachusetts residents.

"I applaud the many important initiatives that this legislation enacts to enhance the quality and cost-effectiveness of health care in the Commonwealth," said Governor Patrick.

Senate President Therese Murray and House Speaker Salvatore DiMasi commended Governor Patrick for supporting the bill.

"In order for health care reform to be successful, it is imperative that we increase access and quality, while decreasing the cost of care. This legislation through incentives for medical and nursing students, the adoption of uniform billing and electronic health records and increasing transparency for consumers, achieves those goals," said Senate President Therese Murray. "Massachusetts is known around the world for cutting-edge, top notch health care and medical research. We are leading the way, and this legislation allows us to continue that leadership, while providing the best health care possible for the people of the Commonwealth. I want to thank Senator Moore for his hard work on this legislation, as well as Governor Patrick and Speaker DiMasi for their dedication to health care reform."

"The ongoing success of our historic health care reform depends on our ability to continue to cut costs in the health care system while we increase quality and the number of insured," said House Speaker Salvatore F. DiMasi. "From increased transparency in rate-setting to expanded use of electronic records and a tough new code of conduct for gift-giving, this law charts a bold course to cut costs. This is also a true compromise between the House and Senate and I commend Governor Patrick for joining us to take this bold step to help reduce costs in our health care system."

An Act to Promote Cost Containment, Transparency and Efficiency in the Delivery of Quality Health Care includes many targeted measures intended to improve aspects of the health care system that affect quality of care and costs. Several cost-containing initiatives include:

- The development of quality improvement and cost containment goals and performance benchmarks
- The promotion of electronic health records systems
- The implementation of measures to increase the availability and accessibility of primary care and to improve the quality of chronic care

- The dissemination of health care quality and cost data to consumers, providers and insurers.

The legislation also includes a section requiring pharmaceutical and medical device manufacturing companies to report to the state Department of Public Health any payment or gift of more than \$50 made to a healthcare professional. Those gifts would be publicly reported on the state's Web site.

"This measure will set a marketing code of conduct to help ensure health care providers make choices about prescription drugs and medical devices for their patients based on therapeutic benefits and cost-effectiveness," said Governor Patrick. "I am confident the Department of Public Health, pursuant to its regulatory authority, will safeguard the confidentiality of companies' trade secrets and proprietary information and protect against roadblocks to medical research or the education of health care providers."

"This legislation is at least as significant as earlier health care reform efforts, and it creates a broader range of improvements to health care," said Senator Richard T. Moore, Senate Chair of the Health Care Financing Committee. "I commend the Governor for his courage and leadership to make this law a reality."

"I congratulate the Governor for his action today," said Representative Pat Walrath (D-Stow), House Chair of the Health Care Financing Committee. "This legislation lays a firm foundation for the serious kind of cost containment that is necessary if we are to realize the goals of health reform, and I look forward to a continued partnership with the administration as we implement the law."

"Biased marketing and financial inducements are destructive to the sacred doctor-patient relationship. Evidence based academic detailing enhances this relationship. Cost controls, disclosure and transparency are imperative as we demand universal access to quality healthcare. I commend the Governor for standing firmly on the side of the patient and taxpayer," said Senator Mark Montigny, author of the gift ban legislation and a former chair of the Health Care Committee.

Governor Patrick Announces \$21.2 Billion Medicaid Waiver Agreement

Sen. Kennedy hails "major achievement;" State gains \$4.3 billion in spending authority to ensure long-term sustainability of health care reform

BOSTON- Tuesday, September 30, 2008 - Governor Deval Patrick today announced the federal government will renew the Commonwealth's health care reform waiver, enabling the state to continue to expand access to affordable, quality care through its historic reform law. The three-year, \$21.2 billion agreement in principle, which is expected to be formalized with the Centers for Medicare and Medicaid Services (CMS) in the coming weeks, represents a stronger commitment to the principles of health care reform than the state's current waiver.

"In less than two years, health care reform in Massachusetts has made a difference. Nearly 440,000 adults and children are newly insured and total system costs have begun to level off. These are remarkable achievements," said Governor Patrick. "This new federal agreement ensures we can build on that success and continue to work toward universal coverage. I thank our partners in Washington, especially Senator Kennedy and Health and Human Services Secretary Michael Leavitt, for supporting our historic efforts to deliver to all our citizens the care that improves people's lives."

"Today's agreement is a major achievement for the people of Massachusetts, and I commend Governor Patrick and Secretary Leavitt for all they did to make it possible," said U.S. Senator Edward M. Kennedy. "The waiver enables the state to continue to provide good, affordable health care to families, and provides additional funding and flexibility to build on these early successes in the years to come. We've made major progress in the program's first two years, cutting the number of uninsured in half, and increasing employer-sponsored coverage. Our experience with health reform in the Commonwealth argues well for our debate on national health reform next year."

The \$21.2 billion agreement, a \$4.3 billion increase over the current waiver, fully preserves existing eligibility and benefit levels as well as federal matching funds for all programs, including Commonwealth Care at 300% of the federal poverty level. The agreement protects federal matching funds for MassHealth waiver programs for the long-term unemployed, the disabled, and people living with HIV. It also allows the state to meet all of its health care obligations for the current fiscal year.

Key features of the agreement include:

1. The total spending authority granted by the federal government is approximately \$21.2 billion, which is \$4.3 billion more than in the last three year term.
2. All eligibility and benefit levels are preserved. The Patrick Administration has secured the ability to claim federal financial participation (FFP) to match state spending on all programs as currently designed, including Commonwealth Care at 300% FPL.
3. The agreement allows the state to meet all of its health care obligations for Fiscal Year 2009. In Fiscal Year 2009, the state will be able to claim \$150 million for programs for which it was unable to claim matching funds for in Fiscal Year 2008.
4. The agreement expands the Patrick Administration's authority to bill for programs in the Safety Net Care Pool by \$1 billion over the current waiver period. The Safety Net Care Pool (SNCP) represents authority for federal reimbursement for Commonwealth Care payments, Health Safety Net (the "free care pool") spending and hospital supplemental payments.
5. A flexible Cap in the Safety Net Care Pool. The federal government has proposed a three-year cumulative cap on Safety Net Care Pool expenditures, instead of the current annual cap. This flexibility allows the state to meet all of its commitments for Fiscal Year 2009 and to plan ahead to meet all Fiscal Year 2010 and Fiscal Year 2011 commitments.

"The agreement builds on the Bush Administration's ongoing commitment of helping Massachusetts decrease the number of uninsured individuals while at the same time directing taxpayer dollars to beneficiaries. This helps provide patients with choice and responsibility in obtaining the coverage that best suits their health care needs," said Secretary Leavitt.

"The Massachusetts health care initiative is an example for the rest of the nation, and this new agreement allows the state to continue to lead the way toward broader reform in Washington. For the hundreds of thousands of Bay Staters who are newly insured under health reform, this waiver ensures that they will continue to receive the coverage they have come to rely upon," said U.S. Senator John F. Kerry. "I am incredibly grateful for the hard work of Governor Patrick, Senator Kennedy and everyone involved in these negotiations. This agreement brings us one step closer to achieving our goal of providing quality, affordable health insurance for everyone in Massachusetts."

"This waiver deal is the good news we've been waiting for," said Senate President Therese Murray. "It shows our strong commitment to health care reform and the federal government's belief in what we are

trying to achieve here in the Commonwealth. With this agreement in place, we can now move forward with our model plan for universal health care coverage and continue to focus on cost issues and quality care."

"This is a remarkable affirmation of the reform we crafted two years ago to provide health care to every man, woman and child in the Commonwealth through a bold plan of shared responsibility," said House Speaker Salvatore F. DiMasi. "This tremendous federal support is not only a fiscal relief to the Commonwealth but shows our reform continues to be a national model. I commend Governor Patrick, Senator Kennedy, Secretary Bigby and all who worked with us to make this law such an extraordinary success."

"This agreement means the Commonwealth will be able to continue our highly successful health reform model and that we will continue to provide health care coverage to individuals who had previously been uninsured," said Massachusetts Secretary of Health and Human Services Dr. JudyAnn Bigby.

Insurance enrollment has grown by nearly 440,000 since June 2006, including an increase of 72,000 whose primary coverage is through MassHealth. Overall, 1.1 million people have some level of MassHealth coverage. In addition, 176,000 individuals are newly insured through Commonwealth Care since the implementation of health care reform.

09.30.08 - Medicaid Waiver Passed

Governor Deval L. Patrick

Medicaid Waiver Announced

September 30, 2008

As Delivered

Governor Patrick

Good afternoon, everybody, and thank you for coming. I am very, very pleased to announce that we have reached agreement with the Bush Administration on the terms of a new three-year Medicaid waiver to support health care reform in Massachusetts.

Under this agreement, Massachusetts will receive 21.2 billion dollars in spending authority for health care reform, through fiscal year 2011; an increase of 4.3 billion dollars over what the State was authorized to spend during the previous three years.

This represents an increase of over 2 billion dollars in federal resources for Massachusetts. Given the strain on the current state budget, I'm especially glad to report that our health care obligations for fiscal year '09 are fully funded.

This is an exceptional outcome under any circumstances, especially so now. The American economy is in turmoil, and the future is uncertain. But, even in tough times, we can not afford to abandon our commitment to affordable, accessible, high-quality health care for every man, woman, and child in the Commonwealth. Thanks to this agreement we can keep our commitments.

GOVERNOR PATRICK UNVEILS REFORMS TO REDUCE HEALTH INSURANCE COSTS FOR SMALL BUSINESSES

Collaborative effort part of lead up to Governor's Economic Summit; Retailers Association of MA backs Governor's plan

QUINCY - Tuesday, October 20, 2009 - Standing alongside business leaders and small business owners, Governor Deval Patrick today unveiled key recommendations aimed at reducing health care costs for small employers while maintaining access to quality care for employees. The series of reforms address a top concern of small business owners - who in recent years have been burdened by double-digit premium increases - and reflect the administration's ongoing commitment to collaborate with the business community on solutions to speed the state's economic recovery.

The Governor and a cross-section of business, financial, education and public policy leaders will discuss additional opportunities for collaboration between the public and private sector during a day-long summit the Governor will convene at the Boston Federal Reserve Bank on October 27th.

"Skyrocketing premium increases put a stranglehold on small business growth and place a heavy burden on employers and employees alike," said Governor Patrick. "Today, with this series of recommendations, we are tackling these challenges head on and implementing reforms that will curb costs, maintain affordable care and strengthen the business climate in the Commonwealth."

"It is no secret that today's high cost of health insurance remains one of the most pressing issues facing any Massachusetts small business owner. Health insurance premiums are causing enormous frustration and pain for those struggling just to keep the doors open," said Jon Hurst, President of the Retailers Association of Massachusetts. "We are very pleased to hear Governor Patrick's announcement today of a package of initiatives that seeks to address the issues surrounding small business health insurance costs. These are welcome and important steps on the path to achieving premium cost fairness in the health insurance marketplace for small business owners and we look forward to continuing to work with the Governor and the Legislature toward that goal."

Responding directly to concerns raised by the small business community, the Governor directed members of his cabinet to investigate potential solutions to escalating premiums. The recommendations, compiled by the secretaries of Housing and Economic Development, Health and Human Services and Administration and Finance, consist of the following initiatives:

- The Division of Insurance will immediately hold hearings to examine small business premium increases, focusing specifically on work insurers are currently doing to reduce costs and future steps that may be necessary to eliminate the substantial increases impacting the small-group market.
- The administration will file legislation amending small-group rating rules, giving the Division of Insurance expanded power to annually eliminate any unnecessary administrative costs and align factors in ways that could reduce the premiums charged to most small businesses.

- The administration will file legislation to expand the Division of Insurance's authority over health insurance premiums, ensuring that company rates are reviewed before going into effect and allowing the agency to disapprove rates if they are deemed unreasonable in relation to the benefits provided.
- The Division of Insurance will immediately conduct special sessions with stakeholders to plan the development of open-access purchasing cooperatives. The creation of group purchasing cooperatives will allow small businesses and individuals to combine their purchasing power and seek out lower premiums through a larger entity. The cooperatives will not have membership restrictions, and the cooperatives will be able to choose and sponsor their own health products and health promotion programs.

"Small business owners are the entrepreneurs who help to drive our economy and create the jobs so vital to our future," said Housing and Economic Development Secretary Greg Bialecki. "By working in collaboration with the small business community, we have established a direction for reform that will offer much needed relief at a critical time."

"Small businesses face unique circumstances related to health care premium costs," said Dr. JudyAnn Bigby, Health and Human Services Secretary. "The best way to drive down costs for small businesses is to drive down the overall costs of health care. These actions are important interim steps towards helping to decrease their costs."

"These proposals help answer small businesses' call for relief from skyrocketing health care costs," said Administration and Finance Secretary Jay Gonzalez. "Containing health care costs strengthens the ability of small businesses to create jobs and offer comprehensive health coverage to their employees."

"It's critical that we take these necessary steps to help alleviate for small businesses and individuals the burden of escalating health insurance premiums," said Barbara Anthony, the Undersecretary of the Office of Consumer Affairs and Business Regulation and a member of the committee that studied the issue. "Everyone deserves access to quality health care, and these measures ensure that access isn't overly burdensome financially."

Governor Patrick Announces Plan to Support Small Businesses and Create Jobs

Bill includes tax credits for job creation, unemployment insurance freeze, tools to reduce health care costs

Photos from event (also available on our [Flickr account](#)):

BOSTON - Wednesday, February 10, 2010 - Building on his continued efforts to foster job creation and economic growth in the Commonwealth, Governor Deval Patrick today filed legislation to help small businesses hire new workers and reduce the cost of doing business.

The Governor's legislation provides tax credits for businesses that create new jobs, eases healthcare and unemployment insurance costs for employers and creates a new organization dedicated to providing businesses with the financial capital and resources they need to grow.

"Small businesses account for 85 percent of Massachusetts businesses, and for them this is an economic emergency," said Governor Patrick at an address this morning to the Greater Boston Chamber of Commerce. "If we want new jobs, we need to focus special attention to meeting the needs of small businesses. That means addressing their need for access to working capital and credit, helping deal with escalating health care costs in the short term, simplifying necessary and eliminating unnecessary regulation, fixing the unemployment insurance system and helping to train ready workers."

The Governor's plan builds on the job creation efforts undertaken over the last three years, and delivers on many of the initiatives outlined at the [Patrick-Murray Administration's Economic Summit held last October](#). Since the beginning of the Administration the Governor has prioritized significant investments in infrastructure, tax incentives for businesses, innovative financing for development, streamlined permitting and other initiatives. The Governor has also instituted policies to create jobs in emerging industries such as Life Sciences and Clean Energy, positioning Massachusetts as a global leader in these fields.

"Small businesses are the anchor for many of our regional economies," said Lieutenant Governor Timothy Murray. "This proposed legislation will not only provide support for their business needs, but also incentives to foster job creation and economic stability across all regions of the Commonwealth."

The plan includes the following elements:

Small Business Job Creation Tax Credit

A central piece of the Governor's proposal is a tax credit for small businesses that will help create thousands of new jobs this year. Small businesses that create and retain new full-time equivalent (FTE) jobs this year will be awarded a \$2,500 tax credit for each net new job they create.

The credit, capped at \$50 million, will be awarded on a first-come, first-served basis to small businesses defined as those with 50 or fewer employees. To qualify, companies must create a new FTE position and retain that position for at least one year.

Lowering Health Care Costs for Small Businesses

The Governor's initiative also includes tools for easing the burden of health care costs on small businesses. Under existing authority, the Governor is directing the Commissioner of Insurance to immediately file an emergency regulation requiring health insurance companies to file proposed changes in small business premiums with the Division of Insurance in advance of their taking effect so the Commissioner can review and disapprove rates that are excessive or unreasonable in relation to the benefit provided. His plan also includes legislation that would trigger a presumptive disapproval of health insurer rates that are significantly above the Consumer Price Index for Medical Services. The bill also provides for similar oversight of provider rates to ensure shared responsibility for controlling costs.

Additionally, the bill gives smaller companies the choice of more affordable plans beginning this July. It requires health insurance carriers in the small group market to offer at least one selective network plan with premiums that are at least 10 percent lower than the premiums for the full network product. It also allows insurers to set up bi-annual open enrollment periods to encourage people to get and keep health insurance.

The Governor's proposal also gives the Commissioner of Insurance authority to examine small business health insurance premiums and prevent any duplicative or unjustified administrative charges that drive up costs for small businesses. It empowers the Commissioner to protect small businesses from drastic increases in their premiums driven by changes in the composition of their workforces (particularly the age of their workforces).

Unemployment Insurance Reform and Rate Freeze

The Governor's proposal provides relief to employers by freezing the unemployment insurance (UI) rate increase schedule for 2010, minimizing cost increases on businesses. The rate freeze at Schedule E would save employers on average \$158 per employee, or \$391 million in total.

Additionally, the Governor's bill makes the Workforce Training Fund a Trust Fund in order to protect employer contributions and ensure that the money in the fund is used to fulfill its intended purpose. The Governor's bill also strengthens the Division of Unemployment Assistance's anti-fraud measures and includes protections for workers, reducing unfair barriers to eligibility.

Massachusetts Growth Capital Corporation

The Governor's bill consolidates the three agencies responsible for small business finance into the Massachusetts Growth Capital Corporation (MGCC), an umbrella organization that would function as a one-stop source for debt-equity and financing for small and mid-sized businesses. The MGCC would be funded by a \$25 million capital bond authorization and by a \$15 million transfer from the Emerging Technology Fund.

Additional Provisions

The Governor's bill also includes:

- \$50 million bond authorization to fund the Growth Districts Initiative, allowing for infrastructure improvements in specific areas identified as being promising locations for significant new commercial, residential or mixed-use growth;
- Extended permitting to encourage development; and
- Improvements to the District Improvement Financing Program.

Learn more about the Governor's small business plan and other job creation initiatives at mass.gov/governor/jobs

02.10.10 - Small Business Jobs Bill

Governor Deval L. Patrick

Small Business Jobs Bill Remarks

Greater Boston Chamber of Commerce, Copley Westin, Boston, MA

Wednesday, February 10, 2010

Address as prepared

Good morning and thank you for having me today.

I want to spend most of our time in conversation, but let me offer a few comments first about where we are as a Commonwealth and where we are going.

To say the obvious, this is the worst economy in living memory. People and businesses - perhaps some of yours - were hammered last year by economic forces beyond any of our control. Most state and local governments across the country have been managing through consequent fiscal crises of their own.

In the case of state government in Massachusetts, we faced \$9 billion in budget gaps. So, we cut many worthy programs and services, eliminated over 2,200 jobs (with more to come), got contract concessions from labor unions (the first administration ever to do so), imposed furloughs, froze pay, and otherwise managed costs down. In other words, we did what every business and family has had to do: make do with less.

But we closed that budget gap, and delivered three budgets that were responsible, balanced and on time - not something many other states can say. Our budget still keeps faith, as best as possible, with our commitment to help the people of Massachusetts weather these hard times and build a lasting recovery. Because that, especially in times like these, is what government is for.

Slowly but surely, the Massachusetts economy is coming around, with the innovation industries -- IT, biotech and life sciences, clean tech, health care -- leading the way. The business climate is improving: CNBC ranked us the 8th best state in the nation in which to do business (up from 15th a year ago). Business confidence has improved 10 of the last 11 months. All three national rating agencies - Standard & Poor's, Fitch and Moody's - have affirmed the state's AA bond rating and stable outlook for the future, expressly citing our successful management through this fiscal crisis. Independent economists predict that Massachusetts is recovering faster, sooner and stronger than the rest of the nation. And for the first time in 20 years, young people and families are moving into Massachusetts instead of moving out.

Meanwhile, many good things are happening, some in spite of the crisis and some because of it.

Our students rank first in the Nation on achievement standards for three years running, and number one in the world in science. Not by accident. And with the help of teachers, parents, policymakers and many of you in this room, I was proud to sign a sweeping education reform bill last month that will bring more innovation into our public schools -- especially those that have too often failed poor children -- and finally address the achievement gap.

We are first in the Nation in health care coverage for our residents, with over 97 percent insured. Again, not by accident. With the help of providers, insurers, unions and, once again, many in this room, we have developed the most far-reaching strategies in the country to bring costs down.

Our clean and alternative energy initiatives set national standards. We are on track to increase wind power 10-fold and solar power nearly 20-fold by next year. Not by accident. In the solar industry alone we have quadrupled the number of installation companies and more than doubled the number of jobs.

We have fixed some of the most intractable problems on Beacon Hill.

We ended decades of abuse and gamesmanship in the state pension system, like the "23-years-and-out" rule or the "king-for-a-day" rule.

We tightened the ethics and lobbying rules, so that people who are influencing legislation have to come clean to the public about what they are doing and on whose behalf.

We radically simplified the transportation system, abolishing the Turnpike Authority, consolidating the rest of the agencies into the new MassDOT, and saving the state over a quarter billion dollars already.

We brought competition to the auto insurance market, which has cut average premiums by nearly 10 percent, saved drivers \$270 million in the first year alone, and brought 11 new companies and hundreds of new jobs into the insurance market here.

We joined our peers in all 49 other states by putting civilian flaggers on state road projects.

And by the way, we cut the corporate tax rate -- from 9.5 percent to 8.75 percent starting this year. It will keep coming down to 8.0 percent over the next two years, a savings to some 35,000 Massachusetts companies. Add to that a host of tax credits and incentive programs and we have a set of stronger tools to encourage investment and growth.

The combination of state bonding authority and federal stimulus funds have enabled us to invest more in our infrastructure than any other administration in decades. And that's a good thing because the level of

neglect we inherited is shocking; economic and personal security as well as quality of life demand that we turn that around. So there are road, rail and bridge projects (nearly 500 of them underway right now), broadband expansion, public and affordable housing restoration, college campus renovations, open space preservation and more happening in every corner of the Commonwealth. We have cut the number of structurally deficient bridges by almost 10 percent already, and have doubled the highway reconstruction program in just the last two years. All of that means jobs right now and value over time.

And while we're at it, let's just clear up a couple of misperceptions about our management of federal stimulus funds. We have met or beaten every deadline in the law and are consistently ranked in the top ten states for effectiveness in moving the dollars out the door and on the ground. Over 25,000 teachers, firefighters, police officers, construction workers and other jobs have been saved or created in Massachusetts because of federal stimulus.

The other misperception out there is that the stimulus bill was just a big blank check payable to me, and that you just have to get me in a good mood to get some of it. In fact, most of it is limited to very specific uses. So we have used every opportunity to find ways to leverage the federal funds to generate private investment and create more jobs.

For example, some of you will know about the State Revolving Fund, which defrays the cost of municipal drinking water and wastewater systems. Before the Recovery Act, we had roughly \$400 million dollars for 71 projects in the queue this year. With the stimulus money, we took a little extra time and were able to leverage that \$400 million to nearly \$800 million, and those 71 projects to 115 projects, which means about 4,000 new construction jobs over the next year.

Another important example: we received over \$437 million in stimulus highway funds, all of it committed to specific projects. But instead of simply repaving roads, as valuable as that is, we prioritized as many road projects as possible that would leverage additional private investment, like the Assembly Square project in Somerville or the Quincy Concourse project in downtown Quincy. In addition to creating one or two hundred short-term road construction jobs, these improvements also spur commercial development and thousands of construction and permanent jobs for years.

Our new Life Sciences Center has leveraged more than \$180 million of public funding into \$680 million of additional investment, with the prospect of over 6,000 permanent and construction jobs. In December, the Center awarded \$25 million in tax incentives to 28 companies that will create more than 800 jobs in the Commonwealth this year alone. Because we have established our unequivocal global leadership, 1 in every 5 biotech venture capital dollars comes to the Commonwealth today, and 14 percent of the SBA's innovation research grants. Genzyme is adding at least 500 new workers this year in Massachusetts. Arteriocyte, a Hopkinton-based biotech company developing proprietary stem cell and tissue engineering based therapies, doubled in size last year and grew their revenue by 45 percent. And for those who think

these jobs are all in the lab, consider Systagenix, a UK-based medical device company, that recently created 27 jobs in Quincy when they opened their Headquarters for the Americas - none of those jobs in the lab, but in IT, human resources, customer care and sales and marketing. And we have major biotech construction projects underway on the Cape, in Metrowest, and in Worcester County -- jobs for today and tomorrow.

I mentioned the extraordinary progress we have made in the clean tech sector. Last week, we awarded \$21 million in stimulus money to Nexamp Inc. of North Andover and Florence Electric of Taunton to install solar-energy equipment at 12 public drinking water and wastewater treatment plants, the state's largest-ever contract for installation of solar power. That's another 100 jobs this year. In Watertown, A123 Systems is developing advanced batteries for electric and plug-in hybrid cars - and adding 150 jobs here in Massachusetts this year. Massachusetts will be the nation's leader in energy efficiency over the next three years, saving residents and businesses \$6 billion and creating an estimated 4,000 jobs for people modernizing light fixtures, replacing old furnaces and air conditioners, and weatherizing houses.

From the very beginning of our administration, our number one goal has been to create jobs and a stronger economic foundation for the people of Massachusetts. The economic crisis has not deterred us. There is a lot that's good going on in Massachusetts. But we need to do more.

Small businesses account for 85 percent of Massachusetts businesses, and for them this is an economic emergency. If we want new jobs, we need to focus special attention on meeting their needs. That means addressing their need for access to working capital and credit, helping to deal with escalating health care costs in the short term, simplifying necessary and eliminating unnecessary regulation, fixing the unemployment insurance system, and helping to train ready workers.

So today, we are announcing emergency measures to help small businesses stabilize and grow jobs. Our plan has 6 components.

First, businesses with 50 employees or fewer will receive a \$2,500 tax credit for each net new job created and retained for at least one year. Credits will be distributed on a first-come-first-serve basis up to a total value of \$50 million. We estimate that this will encourage the hiring of up to 20,000 people.

Second, through the merger of three existing quasi public agencies and a modest bond capitalization, we will establish a \$40 million Growth Capital Fund. The Growth Capital Fund will serve as a one-stop shop for the financing and technical assistance needs of small businesses. The Fund will have broad authority to use its resources to leverage private funds, including through loan guarantees, to ensure that the state's thousands of small businesses have the capital and advice they need to grow and start hiring.

Third, we will use existing powers - as well as additional tools - to hold down health insurance premiums

for small businesses.

Today, I am directing the Commissioner of Insurance, on an emergency basis, to require health insurance companies to file any increases or changes to rates before they take effect and to disapprove the increases if they are unreasonable or excessive. Any increases significantly higher than the current level of medical cost inflation, which today is 3.2 percent, will be challenged. This is aggressive, but we have to give small businesses some economic breathing room until we can implement the kind of payment reform that will curtail costs across the health care system.

Controlling health care costs is a shared responsibility, and we have to look at the market conduct of both carriers and providers. That is why we will also file legislation to implement an oversight plan to screen provider rate increases. It is essential that there be full transparency and accountability in what consumers pay for health care and what providers charge insurance companies.

Fourth, we will freeze unemployment insurance rates at the 2009 rate, schedule E, which is projected to save businesses \$391 million or an average of \$158 per employee. We will also seek to provide for the long-term solvency of the system and make some other changes that will benefit the system.

Fifth, we will segregate the workforce training funds that businesses contribute now into a separate trust, dedicated exclusively to the original mission, namely the training of workers. Last is a collection of additional supports for business, such as another \$50 million for the highly successful Growth Districts Initiative; extending existing land use permits for 3 years to enable developments to move forward as financial markets recover; increasing flexibility for tax-increment financings of the public infrastructure needed to support private development; and requiring state agencies to evaluate the impact on small business of any proposed regulation.

If anyone here has better ideas on ways we can help small businesses, I hope you will pass them on during the Q&A or by contacting the office. We welcome good ideas from any source.

I want to add that we are working closely with the Senate President on an initiative to consolidate many of the remaining quasi-public agencies and executive agencies responsible for economic development, and with the Speaker on workforce development.

Each and every one of these measures is about improving the commercial climate and creating jobs. They are also about restoring people's optimism, about opening new avenues of opportunity. We need to reach for this together.

That's why we brought together 150 corporate, academic and non-profit leaders for an Economic Summit last October and worked together on how we could best speed up recovery for Massachusetts. The bill I

have outlined this morning delivers on many of the ideas that came out of that discussion.

Our future is bright. I am confident of that. But I am not content to leave our future entirely to chance, and I have shown that I am willing to make the tough call if it's the right one, even if that risks upsetting powerful interests.

My grandmother used to say, "hope for the best; and work for it."

That's why we invest in education, pre-K through college, because education is our calling card around the world.

That's why we cultivate the life sciences and biotech, with a billion-dollar initiative over ten years that has made us an international hub and is well on its way to transforming both the future of human health and the economics of health care.

That's why we have grown the clean tech sector, by creating new incentives for solar and wind installations, building the largest wind-blade testing facility in the nation (now under construction in Charlestown), designating ocean areas for off-shore wind projects, implementing new efficiency measures for public buildings and private homes, and multiplying the skilled and unskilled jobs.

And that's why we keep trying to remake and open up state government, as an expression of the things we choose to do together, so that it serves the greater good.

A 9-year-old named Justin asked me recently whether I like being governor. When I answered "yes" without hesitation, the adults nearby giggled with disbelief. It is an honor to serve, even in the toughest of times. But I am not motivated by the usual things that motivate people in elected office. I am not motivated by ambition for higher or other office, or by entitlement or powerful connections urging me on. I am motivated by simple gratitude. I came here 40 years ago when I was 14 from a life of poverty on the South Side of Chicago. From that day forward, Massachusetts people and families and businesses and institutions have given me more opportunities to learn and grow and prosper than most kids from the South Side can even imagine. I owe something. Gratitude makes me want to give something back.

And the thing I want to give is a better chance for someone else. A better school. A better job. A better community. A better government. A better future. Work with me, and I am certain we can shape a brighter tomorrow.

Thank you again for having me. I look forward to your questions.

GOVERNOR PATRICK PUSHES TO LOWER HEALTH CARE COSTS FOR MASSACHUSETTS SMALL BUSINESSES, FAMILIES

Governor calls on Legislature to pass bill to provide relief from double-digit premium increases so small businesses can add jobs

BOSTON - Wednesday, March 10, 2010 - Continuing his efforts to provide relief to Massachusetts small businesses and families from skyrocketing health care increases, Governor Deval Patrick today called on the Legislature to pass his proposal to lower premiums and help small businesses create jobs in the Commonwealth. In [testimony](#) before the Joint Committees on Health Care Financing, and Community Development and Small Business on the health care provisions of his Jobs Bill, the Governor outlined personal stories from small business owners about the burden of escalating costs and detailed how his plan will provide emergency relief so that small businesses - which make up 85% of the state's economy - can start hiring.

"On the main streets of the Commonwealth, we have an emergency on our hands. We can debate the whys and the hows of health care increases, but the strivers who are investing their energy, their time and their money to help the Massachusetts economy flourish can wait for answers no longer," said Governor Patrick. "We filed our proposals in a Jobs Bill for one reason: Without small business, there will be no economic recovery. If they don't start hiring, complete economic recovery will elude us. Next to access to capital, soaring health care costs are the consistent reason given for why they can't see their way to add more jobs."

The Governor's proposal includes the following measures:

- Recognizing that controlling health care costs is a shared responsibility, the bill provides oversight of health insurance company and provider rates by the Division of Insurance and the Division of Health Care Finance and Policy, respectively. Oversight of the reasonableness of rates charged by both insurers and providers, a temporary two-year measure, is meant to exert downward pressures on escalating health care costs as the Governor and the Legislature continue to move toward systemic changes to the state's health care payment system. For a period of two years, this oversight triggers a presumptive disapproval for those health insurer and provider rate increases that exceed benchmarks based on the prior year's consumer price index for medical services (2009 medical CPI is 3.2%). These rates would be disapproved, unless there is a compelling reason not to.

- Requires the Commissioner of Insurance to examine small business health insurance rating factors and prevent any duplicative or unjustified administrative charges that may drive up costs for small businesses.
- The legislation also empowers the Commissioner of Insurance to protect small businesses from rate shock caused by drastic increases in premiums driven by changes in the composition of their workforces (particularly the age of their workforces).
- A two year moratorium on the adoption of any new mandated benefits.
- Beginning in July, the bill gives smaller companies the choice of more affordable plans by requiring health insurance carriers in the small group market to offer at least one selective network plan with premiums that are at least 10 percent lower than the premiums for the full network product.
- Requires insurers to establish bi-annual open enrollment periods for individuals who purchase individual coverage to encourage people to maintain their health insurance.

In addition to measures aimed at reducing health care costs, the Governor's Jobs Bill, which he filed last month, provides tax credits for businesses that create new jobs, eases unemployment insurance costs for employers and creates a new organization dedicated to providing businesses with the financial capital and resources they need to grow.

The Governor has also directed Insurance Commissioner Joseph Murphy to conduct a series of hearings to review the double-digit premium increases burdening small businesses across Massachusetts. Throughout these hearings, countless small business owners have shared stories about how premium increases are crippling their ability to do business in Massachusetts.

"People are angry. During our six hearings across the Commonwealth, we heard from dozens of small-business owners who are faced with unpleasant decisions that affect the future and stability of their businesses," said Commissioner Murphy. "The Governor's proposed legislation will reduce these high increases in health insurance costs, and create the flexibility for small businesses to grow and thrive in our recovering economy."

03.10.10 - Small Business Jobs Bill Testimony

Governor Deval L. Patrick

**Testimony Before the Joint Committees on Health Care Financing,
Community Development and Small Business**

State House, Boston, MA

Wednesday, March 10, 2010

Address as prepared

Chairwoman Stanley, Chairwoman Forry, Chairman Moore and members of the Joint Committees: Good afternoon, and thank you for promptly convening this hearing on our proposals to limit the rise in health care premiums for small businesses and families.

A woman wrote me from Hopkinton the other day. She told me about her husband's small business located here in Boston. His business's premiums just went up 41.17%. When they called the health insurance company, they were told that premiums increased because the insurer "didn't realize how popular the deductible plans would be and therefore, underpriced that product." She asked me in her letter, "How is a small business to grow and offer other employee benefits with staggering increases year after year?"

The owner of a physical therapy business on the Cape got notice her premium would increase by 35% this month.

In Pittsfield, a broker saw a health insurance premium increase of more than 90% this month.

In Lawrence, a self-employed, single mother's premium increased by 44%. Now, she has to pay the higher premium rather than perform home repairs, for which she had saved for years. In hearings conducted over the past four months by the Commissioner of Insurance, stories like this are everywhere.

Members of the Committee, enough is enough. On the main streets of the Commonwealth, we have an emergency on our hands. We can debate the whys and the hows of health care increases, but the strivers who are investing their energy, their time and their money to help the Massachusetts economy flourish can wait for answers no longer.

We filed our proposals in a Jobs Bill for one reason: Without small business, we will have no economic recovery. Small businesses and sole proprietorships make up 85% of businesses in our Commonwealth.

If they don't start hiring, complete economic recovery will elude us. Next to access to capital, soaring health care costs are the consistent reason given for why they can't see their way to add more jobs. Thanks to the recommendations of the Payment Reform Commission, we have a good path to a permanent and comprehensive fix to escalating health care costs. But small businesses and families need help now-as a bridge to payment reform.

We recognize that controlling health care costs is a shared responsibility between insurance companies, providers, businesses and government. But our goal is simple: lower health care costs now, freeing up resources for businesses to hire new workers and spark growth for our Commonwealth. Our bill does the following things.

First, it provides oversight of health insurance company AND provider rates by the Division of Insurance and the Division of Health Care Finance and Policy, respectively. Oversight of the reasonableness of rates charged by both insurers and providers is designed to be a temporary two-year measure that will hopefully exert some downward pressures on escalating health care costs as we continue to move toward systemic changes to our health care payment system. For a period of two years, this oversight triggers a presumptive disapproval for those health insurer and provider rate increases that exceed benchmarks based on the prior year's consumer price index for medical services (2009 medical CPI is 3.2%). These rates would be disapproved, unless there is a compelling reason not to.

Second, the legislation requires the Commissioner of Insurance to examine small business health insurance rating factors and prevent any duplicative or unjustified administrative charges that may drive up costs for small businesses.

Third, the legislation empowers the Commissioner of Insurance to protect small businesses from rate shock caused by drastic increases in premiums driven by changes in the composition of their workforces (particularly the age of their workforces).

Fourth, the bill includes a two year moratorium on the adoption of any new mandated benefits.

Fifth, beginning in July, the bill gives smaller companies the choice of more affordable plans by requiring health insurance carriers in the small group market to offer at least one selective network plan with premiums that are at least 10 percent lower than the premiums for the full network product.

Finally, our package requires insurers to establish bi-annual open enrollment periods for individuals who purchase individual coverage to encourage people to maintain their health insurance.

I have directed the Commissioner of Insurance to require health insurance companies to file proposed increases to small business premiums with the Division of Insurance 30 days in advance of their taking

effect (beginning with rates effective with April 1, 2010). Under existing authority, the Commissioner may review and disapprove rates that are excessive or unreasonable. Recently proposed rate hikes announced by the insurance industry-up to 39%-make implementing the emergency measures even more urgent. But we need the Legislature to enact the proposed regulation promptly in order to control the impact on insurers of runaway costs charged by hospitals.

Taken together, these steps will help bring health insurance costs under control for more businesses. They are a jumping off point for what I know is a larger discussion about additional ways we can get a handle on system costs through payment reform. I welcome your ideas. But the most urgent need is for action. We cannot hope that small businesses will start hiring while they are drowning under huge health care increases. I look forward to working with you to meet this important challenge and help create new jobs in Massachusetts.

Thank you again for having me here today. Secretaries Bialecki and Bigby, Assistant Secretary Glen Shor from Administration and Finance, Barbara Anthony, the Undersecretary of the Office of Consumer Affairs and Business Regulation and Joseph Murphy, the Commissioner of Insurance join me here and they will be happy to answer any of your specific questions about our proposals...

GOVERNOR PATRICK STATEMENT ON DIVISION OF INSURANCE ACTIONS

CHELSEA - Thursday, April 1, 2010 - The following are remarks from Governor Deval Patrick, as prepared for delivery this morning at a small business roundtable at Chelsea Clocks.

"Before we begin, I'd like you to know about actions we have taken this morning to help reduce the cost of health insurance for small businesses and working families. As you know, I directed the Commissioner of Insurance, under existing authority and starting today, to disapprove base health insurance rates that are unreasonable or excessive. Insurance companies have submitted 274 proposed base rate increases for small businesses - some as high as 34 percent or more. This morning the Commissioner disapproved 235 of them.

"The Commissioner's decision means that the rates that were in effect in April of last year will remain in effect for those companies that were disapproved. Small businesses that have already made a premium payment under the disapproved rate will receive either a refund check or a credit on their next statement.

"I support the Commissioner's decision. For me, this is about jobs and creating the conditions for small businesses to start hiring. Without that, we won't have an economic recovery. Right now, small business owners and working families are drowning in double-digit premium increases. By disapproving excessive and unreasonable base rates we are giving small businesses the economic breathing room they need to start hiring.

"Now, the big insurance companies will criticize this action. But the fact is that for three years now, both they and health care providers have sat around the table talking the issue of excessive cost to death and coming up with no solutions. Small businesses and working families can't wait any longer.

"I have no doubt this is the right thing to do. I understand this doesn't solve all of the challenges facing us or our health care system. For example, some businesses could still see increases due to other rating factors. And providers are not yet part of the solution.

"But that is why I filed an emergency jobs bill to further protect small businesses from "rate shock" and ensure that the providers share in the responsibility of bringing down costs.

"I am calling on the Legislature to act swiftly on the measures that I've put on the table. Small business owners like these people here need our help. I am also calling on hospitals and other providers of health care to do what they can do to lower the costs they are passing on to insurers. You don't have to wait for a change in law. Be part of the solution now.

"We have got to pull together and deal with the fact that health care costs that rise at unsustainable rates every year, year after year, are crushing our economy and most of all, our ability to recover.

"People need to get back to work and we need everyone to help us create the conditions for that to happen. Thank you."

HEALTH INSURANCE LEADER JON KINGSDALE TO DEPART CONNECTOR AUTHORITY, GOVERNOR PATRICK ANNOUNCES GLEN SHOR AS NEXT EXECUTIVE DIRECTOR

Under Kingsdale's leadership, Massachusetts a model for national health reform; 97 percent of residents insured today

BOSTON - Thursday, April 15, 2010 - Governor Deval Patrick today announced that after four years of exemplary leadership as the Executive Director of the Connector Authority, Jon Kingsdale will step down this June.

The Governor announced that Glen Shor, Assistant Secretary for Health Care Policy within the Executive Office for Administration and Finance, has been appointed by Board Chairman Jay Gonzalez as the Connector Authority's next Executive Director. Shor's appointment comes as Massachusetts enters the next phase of health reform focused on cost containment and implementing the Obama Administration's new federal health care law.

Kingsdale and the Connector Board, working closely with the Patrick-Murray Administration, have helped make Massachusetts a national model for health reform. Today, more than 97 percent of Massachusetts residents are insured and 400,000 individuals who previously went without coverage now have access to quality, affordable care.

"Jon is one of the most creative and innovative health care leaders in the nation. He has been a tremendous asset in our efforts to expand health care coverage to all Massachusetts residents," said Governor Patrick. "Thanks to our work, more than 97 percent of our residents have access to affordable care. I appreciate all Jon has done to make the Commonwealth a leader in this great undertaking and I wish him well in his future endeavors."

Kingsdale was selected in May 2006 to serve as Executive Director to build and manage the new Commonwealth Health Insurance Connector Authority, an independent authority established under the state's landmark health reform law to promote coverage for uninsured residents and set standards for affordable coverage. Kingsdale has worked with board members, insurers, providers, advocates and the business community to implement the law, develop and execute key new programs and build a strong and well-managed organization.

"We helped many people in Massachusetts secure coverage and access to care. In doing so, we also built the model for national reform," said Kingsdale. "I am enormously proud of what the Health Connector has accomplished and grateful for the opportunity to serve."

Within the first year of health reform implementation under Kingsdale's direction, the Connector launched Commonwealth Care and Commonwealth Choice, the state's subsidized and unsubsidized insurance

programs for individuals and families. About half of the 400,000 newly insured in Massachusetts have enrolled in health plans through the Connector.

More recently, the Connector has launched a new Business Express program saving small businesses hundreds of dollars per employee per year. Just this week, the Connector announced that it had worked successfully with state and community colleges on a new student health insurance program to offer improved benefits to students with virtually no cost increase.

Kingsdale is credited with helping build consensus among stakeholders, often resolving difficult challenges with unanimous consent in order to move health reform forward and ensure its continued success.

"Jon has done a great job during his tenure with the Connector and has helped put Massachusetts on the map as a leader in expanding health care coverage," said Board Chairman and Administration and Finance Secretary Jay Gonzalez. "On behalf of the board I thank him for his service and dedication to improving the health of Massachusetts residents."

Because of the Commonwealth's success in implementing health reform, federal officials included several of its components in their own reform package. In particular, the concept of "Exchanges" is based on the experience and success of the Connector. Earlier this year, representatives from 42 states attended a national conference in Boston to understand how such exchanges can be organized and other lessons learned from the Massachusetts experience.

Last year, the Connector won an Innovations in American Government Award from the Ash Center at the John F. Kennedy School of Government at Harvard University. In choosing the Connector, the Center noted the Connector's innovation in expanding access to health insurance and its role in promoting national debate on health coverage.

Kingsdale, who has spent more than 30 years as a leader in the health care industry, will step down from his role with the Connector effective June 4, 2010.

Gonzalez has named Glen Shor as the new Executive Director of the Connector. Shor has worked closely with the Connector Board and staff for the last three years as Assistant Secretary for Health Care Policy and Deputy General Counsel within the Executive Office for Administration and Finance. As a leading policy point person for Governor Patrick in implementing health reform, Shor has played a critical role in overseeing successful implementation of key cornerstones of health care reform by the Connector Authority.

"I have had the privilege of working closely with Glen over the last few years on health care policy and finance issues and he is absolutely the right leader for the Connector," said Governor Patrick. "Glen never shies away from a challenge and brings to the table passion, commitment and an innovative way of thinking that will be critical in our efforts to implement national health reform. I look forward to continuing to work with him in this new capacity."

"Glen has been deeply involved in every important decision at the Connector since the beginning and has been a critical part of the success of health reform," said Connector Board member Nancy Turnbull, a senior lecturer in health policy in the Department of Health Policy and Management and the Associate Dean for Educational Programs at the Harvard School of Public Health. "He is an extraordinarily skilled and creative consensus builder and widely respected by all of the stakeholder groups who have worked together on implementing health reform."

"Glen Shor is a terrific choice to succeed Jon Kingsdale as the executive director of the Connector," said Board member Richard Lord, president and CEO of the Associated Industries of Massachusetts, Inc. "Glen has been intimately involved with the issues and operation of the Connector for the past three years. He is very knowledgeable about Massachusetts health care reform and is the perfect person to lead us through the coming challenges of health care cost containment and federal health care reform."

Shor has had a significant hand in shaping many of the policies, programs and financial decisions of the Connector. In particular, Shor was a major contributor to developing and securing unanimous adoption of "affordability" and "minimum creditable coverage" policies needed to launch the insurance coverage mandate.

He also helped secure full funding for Commonwealth Care and structure affordable, fiscally responsible coverage under the program, including developing procurement strategies and establishing fair enrollee cost-sharing rules.

Moreover, Shor successfully led a team of Connector and Administration staff in the Governor's efforts to preserve funding for coverage for special status legal immigrants, leading to the creation of the Commonwealth Care Bridge program.

In addition to his contributions to expanding health insurance coverage, Shor has been instrumental in strategic planning around health care cost savings. Working with the Secretary of Administration and Finance co-leading the state's Special Commission on the Health Care Payment System, Shor helped develop and secure unanimous adoption of groundbreaking recommendations for health care payment reforms that would contain costs by promoting high-quality, coordinated care.

Over the last several months, Shor has helped promote enactment of national health care reform that rewards the Commonwealth's leadership in expanding coverage and has been an important voice in educating policy makers and the public on the fundamentals of the Commonwealth's reforms.

"I am deeply honored to be chosen to lead the Connector," said Shor. "The Connector has been a national model for expanding coverage, innovating in health care and making decisions in a collaborative manner. I am very excited to work with the Connector Board and staff to expand on these accomplishments, with a focus on helping to successfully implement national health care reform in Massachusetts and make health care more affordable for small businesses, individuals and families."

Prior to joining the Patrick-Murray Administration, Shor was a senior policy director and counsel for in the state Attorney General's office, where he focused on health care, energy and housing, among other areas.

Shor earned a law degree from Harvard Law and graduated from Yale University with a B.A. in History. He lives in Boston with his wife Ellen.

GOVERNOR PATRICK SIGNS LEGISLATION TO REDUCE HEALTH CARE COSTS FOR SMALL BUSINESSES

Law will ensure standard health care quality measures, promote health and wellness programs, and provide savings for small businesses

BOSTON - Tuesday, August 10, 2010 - Continuing his successful efforts to provide small businesses with relief from skyrocketing health care costs, Governor Deval Patrick today joined legislative leaders and small business owners to sign legislation that could save small employers up to 12 percent on insurance premiums, increase transparency among providers and insurers, and improve the quality of health care for residents across the Commonwealth. The law, which includes many of the provisions from the legislation the Governor filed in February, also makes small businesses eligible for savings on health care premiums, and will allow them to be able to pool their resources and establish cooperatives for the purpose of purchasing health insurance.

"Today's signing is a milestone in our commitment to cut health care costs for small businesses and working families," said Governor Patrick. "This helps give small businesses the breathing room they need to add jobs and brings us all closer to keeping health care as affordable as it is accessible here."

"As we continue to support individuals and families, our administration and the legislature have partnered together to deliver more affordable health care costs for small businesses," said Lieutenant Governor Timothy Murray. "Small businesses are the backbone of our economy so it is critical that we provide the right resources and tools to assist these companies."

"Small businesses are the main job producers in Massachusetts, and we need to give them the boost they need to stay open and grow as our economic recovery continues," said Senate President Therese Murray. "This Senate-led initiative is a good place to start, and will bring immediate results, but we must continue our work on long-term payment reform and cost-control measures. That will be at the top of my agenda next session, and I expect a strong commitment from everyone. Long-term reform is an absolute necessity for the future stability of health care and our economy."

"With health care premiums continuing to increase, this bill is a good step towards controlling costs to help small businesses across Massachusetts," said House Speaker Robert A. DeLeo. "As we strive to stimulate economic growth and increase employment in the Commonwealth, this new law will help the bottom line of the small businesses that help drive our state's economy."

"This legislation is an important phase of health care reform to reduce costs while promoting quality and efficiency through enhanced transparency in the marketplace," said Attorney General Martha Coakley. "The Attorney General's Office will continue to address rising health care costs to ease the burdens on consumers, businesses, and our cities and towns."

"This legislation includes many initiatives that the providers, insurers, and business communities agree will help to limit cost growth," said Health and Human Services Secretary Dr. JudyAnn Bigby.

"Small business is the engine that fuels the Massachusetts economy, and this legislation will help propel these employers more quickly through this recovery," said Secretary of Housing and Economic Development Greg Bialecki.

The new law includes the following provisions:

- **Savings of up to 12 % for small businesses and individuals.** Select network plans offered by carriers to small business owners and individuals must cover at least a 12% price differential between plans. The Division of Insurance (DOI) will determine the adequacy of insurer plans.

- **Open enrollment for eligible individuals.** Insurers must provide open enrollment periods twice a year in 2011 and once a year thereafter. This is designed to prevent individuals from purchasing coverage when expensive care is needed only to subsequently drop it.

- **Rate adjustments that will reduce costs for small businesses and consumers.** DOI will apply rate adjustments to address 'rate shock' fluctuations that occur when the demographics of an insured group change. DOI will apply one-year age increments to reduce impact on costs for small businesses.

- **The implementation of health care quality measures.** This mandates reporting by providers to the Department of Public Health (DPH) annually. A statewide committee will convene to develop the Standard Quality Measure Set, which will facilitate uniform reporting of a standard set of health care quality measures, to be used by all health providers.

- **Supports wellness programs within small businesses.** The Connector will coordinate with DPH to provide a small group wellness incentive program, which will expand the prevalence of employee wellness initiatives among small businesses. The program shall provide subsidies and technical assistance such as grant writing to small employers so that they implement evidence-based health and wellness programs. These programs are aimed at improving employee health, decreasing employer health costs, and increasing productivity. The Connector shall provide an annual subsidy to eligible employers, not to exceed 5% of their health care costs.

As part of his efforts to control skyrocketing health care costs, Governor Patrick has instructed the Division of Insurance to closely review rates from carriers using the Division's existing authority. Since then, and following the disapproval of 235 of 274 April 1 rate filings, the Patrick-Murray Administration has reached agreements that cover over 90 percent of small businesses and individuals -- over 720,000 people -- and provide significant savings and relief from rapidly increasing healthcare costs. Jerome Murphy, co-owner of M. Steinert and Sons located in Boston, has benefited from the Governor's work to negotiate lower premiums and attended today's bill signing ceremony at the State House.

"This bill will help small businesses which are the lifeblood of the Massachusetts economy by leveling the playing field on the purchase of insurance products," said Murphy. "The members of the Retailers Association of Massachusetts already have a self insured workers compensation group that has been

very effective at managing costs and care of our employees with work-related injuries. I look forward to being able to do the same with cooperative purchasing of group health care coverage."

"Small businesses have never had a seat at the table with big business, government, insurers or providers, and consequently have been hit with unaffordable and unfair health insurance premium increases," said Jon B. Hurst, President of the Retailers Association of Massachusetts. "This landmark legislation coupled with regulatory action at the Division of Insurance sets small employers and consumers on a path towards equal rights and premium parity with big purchasers. We believe this legislation will be a model for other states and indeed for the nation under the federal health care reform law."

"Health Care for All applauds the Governor and the Legislature for passing the small business health care costs bill," said Amy Whitcomb Slemmer, the Executive Director of Health Care for All. "The final bill will provide much-needed relief to small businesses and individuals by requiring transparency in insurance rates paid to providers, and by requiring that the annual review of insurance rates by the Division of Insurance is tied to how much money health insurers spend on medical care for consumers."

PATRICK-MURRAY ADMINISTRATION CELEBRATES 98% HEALTH CARE COVERAGE IN MASSACHUSETTS

Continued success of health care reform shows Commonwealth still leads the nation in coverage

BOSTON - Monday, December 13, 2010 - The Patrick-Murray Administration today announced that over 98 percent of Massachusetts residents have health insurance, demonstrating the ongoing success of health care reform in the Commonwealth. According to the state's annual household survey on health insurance, released by the Division of Health Care Finance and Policy, only 1.9 percent of state residents remain uninsured and nearly every major demographic group is within a few percentage points of universal coverage.

"Health care reform is working in Massachusetts," said Governor Deval Patrick. "Just as we lead the Nation on coverage, we will lead the Nation to new ways to control costs for small businesses and working families."

The report, *Health Insurance Coverage in Massachusetts: Results from the 2008 - 2010 Massachusetts Health Insurance Surveys*, show that only about 120,000 people in Massachusetts did not have coverage at the time of the survey, conducted between March and June 2010. The study, mandated by the Legislature as part of Chapter 58 health care reform law and conducted annually, shows that Massachusetts has continued to keep its uninsured rates steady at the lowest rate in the country.

"In just a few years, Massachusetts' achievements in health care reform have been nothing short of extraordinary," said Secretary of Health and Human Services Dr. JudyAnn Bigby. "With employers, government and individuals all sharing the responsibility of reform, we continue to have the highest insurance rate in the nation. Our success here demonstrates the impact that meaningful reform can have on improving access to quality care."

David Morales, Commissioner of the Division of Health Care Finance and Policy said, "In order to sustain the tremendous gains that Massachusetts has made in terms of access to care, the Division's efforts are now focused on understanding and containing the rising costs of health care while also maintaining the high quality of care."

Amy Whitcomb Slemmer, Executive Director of Health Care For All, added, "Just five years ago, Massachusetts took the bold step of extending health care to every person in the Commonwealth. Because of this historic law, families who once struggled between paying for food and rent or getting the care they need are no longer forced to choose. We are thrilled at the extraordinary finding that 99.8 percent of our children have coverage. HCFA has been leading a statewide effort to find and enroll uninsured kids, and these statistics show the tremendous progress we have made. The success of our reform is a victory for all of Massachusetts."

"That health coverage in Massachusetts continues to grow even with a difficult national economic climate is extraordinary, reflecting an unwavering commitment to reform by Governor Patrick, the Legislature and our entire health care and business communities," said Glen Shor, Executive Director of the state's Health Connector. "Health care reform has changed countless lives for the better. We now need to sustain it by tackling costs."

"Closing the gap in access to quality health care is an historic achievement in Massachusetts, and one that needs to be permanent," said Alan G. Macdonald, Executive Director of the Massachusetts Business Roundtable. "Massachusetts is now in a position to focus on health care capacity and cost issues, which we are as well prepared and determined to do as any other state in the nation."

In addition to maintaining this historic level of insurance coverage, the Patrick-Murray Administration is committed to lowering rising health care costs and transitioning to a health care system that prioritizes integrated, patient-centered and cost effective care. Earlier this year, Governor Patrick proposed a series of initiatives that led to lower premiums for small businesses and were later included in the small business health care cost bill, Chapter 288. Under the Governor's leadership, Secretary Bigby convened a sub-committee of the Health Care Quality and Cost Council to work on resolving the key issues of payment reform in order to inform legislation next year.

The study, conducted by the independent Urban Institute on behalf of the state's Division of Health Care Finance and Policy, indicates that insurance coverage is very strong for Massachusetts residents at all income levels, ranging from 96 percent for those with family income under 300 percent of the federal poverty level to over 99 percent of those with income above 500 percent of the federal poverty level.

The survey results also show that nearly all elderly adults (99 percent) and children (99 percent) are insured, as are 97 percent of non-elderly adults ages 19 to 64.

The survey, which was available in English, Spanish, and Portuguese, was completed by 4,478 households. The margin of error for these estimates is +/-1.71 percentage points. The full report, *Health Insurance Coverage in Massachusetts: Results from the 2008-2010 Massachusetts Health Insurance Surveys*, is available online.

PATRICK-MURRAY ADMINISTRATION PROPOSES COMPREHENSIVE HEALTH CARE COST-CONTAINMENT LEGISLATION

Bill will help control costs and improve patient care by reforming health care payment and delivery systems



Governor Patrick offers remarks at the Greater Boston Chamber of Commerce's Government Affairs Forum. (Photo credit: Matt Bennett/Governor's Office). [View additional photos.](#)

BOSTON - Thursday, February 17, 2011 - Governor Deval Patrick today announced comprehensive health care payment and delivery reform legislation designed to control rising health care costs and improve patient care. The Governor's proposal builds on the Patrick-Murray Administration's bold leadership in achieving universal access to health care by confronting the next frontier - ensuring that health care is universally affordable.

The bill, "An Act Improving the Quality of Health Care and Controlling Costs by Reforming Health Systems and Payments," establishes a structure and process to facilitate significant reforms to the Commonwealth's health care payment and service delivery systems over the next three years.

"Massachusetts led the nation on health care reform and is poised to lead again on health care cost containment," said Governor Patrick. "With 98 percent of the Commonwealth's residents insured, we have shown how government, consumers, insurers and providers can work together to realize the goals of health care reform. Our next major achievement in this arena will be controlling costs while ensuring that the people of Massachusetts continue to receive world-class care."

"We are dedicated to building a stronger Commonwealth, and that includes improving the health care system now and for future generations," said Lieutenant Governor Timothy Murray. "We have worked hard to increase access for our residents. This proposal is the critical next step that will provide higher quality and more affordable health care in Massachusetts."

"These reforms represent a first step in reforming how we pay for health care in Massachusetts, while maintaining access and ensuring quality of patient care," said Secretary of Health and Human Services Dr. JudyAnn Bigby. "By encouraging payments that basically recognize that doctors, nurses, and other providers want - first and foremost - to take care of their patients, this legislation will help ensure that patients receive the right care at the right time."

"The outline of the Governor's health care cost control reform is very encouraging for consumers, small businesses and taxpayers," said Jon B. Hurst, President of the Retailers Association of Massachusetts. "We should no longer tolerate premium increases which do not reflect the economic realities being faced every day on Main Street or in middle class families across the Commonwealth."

"We applaud the Governor for taking the next big step to reform health care and bring costs under control," said Dr. Gene Lindsey, President and CEO of Atrius Health. "As an organization that has been operating with global payments for 40 years, we at Atrius Health know the potential is there to give consumers the coordinated, patient-centered care they deserve. There will undoubtedly be bumps along the way and this transformation will not be easy, but we are ready to move forward with the Patrick Administration to make this new world of health care a reality. "

The legislation filed today encourages the growth of "integrated care organizations," (ICOs) comprised of groups of providers that work together to achieve improved health outcomes for patients at lower costs; provides benchmarks, standards and guidance for the transition to integrated care and global payments; and allows the Division of Insurance (DOI) to consider more criteria when making the decision to either approve or reject rate increase requests from both carriers and providers.

Improving the Quality of Health Care Service :

The existing fee-for-service payment system is outdated in the medical field. Providers who emphasize wellness or help individuals manage chronic medical issues both improve health and reduce system costs, but are not rewarded for those outcomes. Through this legislation, the Commonwealth will change incentives in the payment system by providing the necessary infrastructure and support for global and other alternative payment methods and innovations.

Specifically, this legislation:

- Encourages the formation of integrated care organizations (commonly referred to as Accountable Care Organizations or "ACOs") by providing standard criteria for ACOs;
- Requires that an ACO be certified by the Division of Health Care Finance and Policy (DHCFP), with financial oversight by the Division of Insurance (DOI), and directs DHCFP to standardize alternative payment methodologies;
- Requires that if contracts between payers and ACOs include shared savings, that savings must also be shared with consumers;
- Provides that the Attorney General will use existing authority to monitor ACOs to ensure no anti-trust violations occur;
- Aims to expand the use of alternative payment methods and significantly reduce fee-for-service payments by the end of 2015;
- Ensures transparency of payer and provider costs, provider payments, clinical outcomes, quality measures, and other information necessary to discern the value of health services which helps guarantee that consumers and businesses have accurate and available information about their health care

Lowering the Cost of Health Care :

Building on the Governor's successful strategy of directing the Commissioner of Insurance to disapprove excessive insurance rate increases for small businesses last year, this legislation clarifies the Commissioner's authority to reject premium increases where the underlying provider rates are excessive. Specifically, the Commissioner may disapprove rates that contain provider increases inconsistent with the following criteria:

- The rate of increase in the state's Gross Domestic Product;
- The rate of increase in total medical expenses in the region as reported by the Division of Health Care Finance and Policy;
- A provider's rate of reimbursement with a carrier, especially in relation to the carrier's statewide average relative price;
- Whether the carrier and a contracting provider are transitioning from a fee-for-service contract to an alternative payment contract.

As provider rates decline, carriers are required to factor such savings into the premiums charged to consumers.

Encouraging Further Innovations :

Governor Patrick's legislation recognizes the need to leave room for new ideas for lowering the cost of health care and improving the quality of services. Accordingly, this legislation facilitates the use of pilot

programs to test other solutions to reduce health care costs. Tapping into the wealth of talent and creativity in our medical community, this bill creates an advisory committee, consisting of 18 members from providers to carriers to organized labor, to ensure an ongoing dialogue about solutions and assess progress towards the goal of cost reduction to consumers.

Medical Malpractice Reform :

The Governor's legislation also reforms the medical malpractice liability system to emphasize prompt resolution, de-emphasize "defensive medicine," reduce the number of costly lawsuits and improve care. Specifically, the bill:

- Makes providers' apologies inadmissible in evidence. Many studies show that an apology can prevent a lawsuit, but due to the threat of litigation, providers remain silent;
- Establishes a 180-day cooling off period before a party may initiate suit;
- Amends the peer review laws to include ACOs;
- Creates a process for providers and aggrieved patients to communicate and exchange documents prior to litigation in the hope that more open communication by both parties will resolve disputes.

Massachusetts leads the nation in the percentage of residents with health insurance, with more than 98 percent of people covered. Since passage of health care reform legislation in 2006, the rate of insurance coverage has increased for all income levels and among all racial and ethnic groups. As of June 2010, more than 400,000 people in Massachusetts had insurance than had previously been uninsured. The Commonwealth has achieved near universal coverage for children, with 99.8 percent insured, including 20,000 more children enrolled in MassHealth during the past year alone.

While Massachusetts has shown national leadership in expanding access to health care, costs that are higher than the national average threaten the extraordinary progress we have made in ensuring access. The rate of increase in health care costs has outpaced growth in the economy and threatens the financial health of individuals and businesses. Left unchecked, per capita health care spending in Massachusetts would continue to outpace the annual rise in the GDP, and by 2020 total health care spending would reach \$123 billion.

[Read the Governor's remarks.](#)

02.17.11 Greater Boston Chamber of Commerce

**Governor Deval L. Patrick
Greater Boston Chamber of Commerce
InterContinental Hotel, Boston, MA
Thursday, February 17, 2011**

Address as prepared

Thank you, Bob Gallery and the Chamber Board, for the warm welcome, and thank you especially, Paul Guzzi, for your leadership on health care reform, about which I want to talk this morning. This is a good forum for that conversation because something must be done about cost -- and nothing will without the help of those of you in this room.

I hope you all know by now that I believe in governing for the long term, without kicking the can down the road. Throughout my time in office, I've challenged state government and I've challenged you to confront the big issues before us - in pension and ethics, in transportation, in education, in municipal government and more. I've challenged you to be bold, because what we do today, or fail to do, will matter for a generation to come. And as we do so, no matter how our opinions may collide, I challenged you to turn to each other, instead of on each other. Because now and in the end we are all in this together.

Together, we chose to invest in education, in health care, and in job creation, because we all know that educating our kids, securing our good health care, and having a job is the best path to a better future.

That's why today your Commonwealth is first in the Nation in student achievement and creating jobs faster than most other states in this country. That's why our unemployment rate is well below the national average, why we're coming out of recession faster than the rest of the country, and why CNBC has moved our state up to the fifth best place in America to do business. Our budget is in balance, our years-long structural deficit has been eliminated, and our bond rating remains high and strong, not something many other states can say. None of this happened by accident.

We are also first in the nation in providing health care coverage to our residents. That didn't happen by accident either.

In 2006 a Republican Governor, a Democratic legislature, a Democratic United States Senator, and many people in this room worked together to develop and pass a landmark health care reform law. It was, in fact, more than just a law. It was a statement of values, of who we are as a Commonwealth. What we codified was the fundamental belief that health care is a public good and that everyone in Massachusetts

deserves access to it. People may quarrel, and they do, about whether an exclusively private sector solution or an exclusively government one is better than the hybrid version we chose. But the bigger achievement is that we put a marker down as to the kind of state we wanted to live in - and then we worked towards it. That's important to remember. A broad range of interests came together to get a good bill, and then stuck together as we worked to implement and refine it - even in the face of an economic collapse.

And where are we today? More than 98 percent of our residents have health care coverage today, including 99.8 percent of our children. No state in America can touch that. More people are getting preventive care instead of waiting until they have to go to the emergency room. You no longer have to worry about a catastrophic illness forcing you into bankruptcy or being denied coverage because you are already sick. More private companies are offering health insurance to their employees now than were before the bill. We are the model for national health care reform because no one else was bold enough to try something different from the same old competing choices: a perfect solution or no solution at all.

The impact of expanded coverage on our state budget? About 1 percent. We paid for expanded coverage just as was forecast, by delivering more care in primary care settings than in emergency rooms. Universal health care coverage in Massachusetts has been a resounding success and rightly serves as a model of what's possible for the rest of the Nation.

But it costs too much. Health care in Massachusetts is now universally accessible, but it is not yet universally affordable. A report last year from the Division of Health Care Finance and Policy found that at the current pace of increase, health care spending will consume a third of median family income in Massachusetts by 2016. What health care threatens to do to family budgets it is already doing to government and business budgets. Compounded by the sharp downturn in the economy, health care costs account for 40 percent of state spending and have grown at nearly 8 percent annually the past three years while other areas of the budget have been flat or declining. That rate of increase pales in comparison to what small businesses have experienced. I have yet to meet a business owner in the state, especially a small business owner, who doesn't see health care costs as a major impediment to adding jobs. And with small businesses representing 85 percent of the businesses in this Commonwealth, we had better be paying attention to their impediments to hiring. Because if they don't hire, we don't get a recovery. It's as simple as that.

Growth in health care costs has outstripped growth in the rest of our economy. And while the debate about who should pay what share of health care costs, and how to shift costs from employers to employees, is important and timely, it should not distract us from the central issue of escalating cost in the system as a whole.

Now, let me assure you, the challenge of high health care costs is not unique to Massachusetts and has nothing to do with our health care reform. Escalating premiums, far outpacing the rate of economic growth or general inflation, are a challenge for businesses, governments and working families all over the country. Just as we devised the model for universal access, I believe we can crack the code on health care cost.

One of the main reasons for the high cost of health care is the way we deliver health care. Most health care is currently provided under a "fee-for-service" model that creates financial incentives for the quantity of care a patient receives, not the quality. We pay for individual procedures and appointments, not for coordinated care that treats the whole patient. Doctors who treat patients well or help them manage chronic medical problems are not rewarded for those outcomes. There is no financial incentive in the current system for good care, only for more care. What we have is an expensive system that fails to provide the best care to patients. In other words to create incentives to do so. That has to change.

A year ago, I stood before this Chamber an exasperated governor. So many here and elsewhere were telling me that the cost of health care was aggravating the economic crisis. It was stopping companies from hiring and crowding out investment in the economy. So I took what was an admittedly aggressive step: I directed the Division of Insurance to reject excessive increases in health insurance premiums. That move was not without its critics. But it had to be done. Not because health insurance companies are bad - they're not. Not because it was a permanent solution - it isn't. It had to be done because for all the good intentions and the broad consensus on the critical need to lower costs, the market wasn't doing it on its own. We needed something to prod the market forward. And it worked.

Just this week, the Division of Insurance approved health insurance rates for April. We are looking at single digit base rate increases - down from the twenty five to thirty percent increases that had become the norm and precisely the relief we sought by intervening last year.

We have seen other movement in the past year as well. Last summer I signed an economic development bill which gave companies new options to lower their health care cost. Small businesses can now pool their purchasing power to buy health insurance as part of a cooperative. Insurers can offer so-called "select network plans," which give small businesses another lower cost option. Last month, I filed a bill that would give cities and towns more flexibility to design the health plans they offer their employees. And in my budget, I have proposed cutting nearly a billion dollars of state spending by re-procuring the health care the state buys, leveraging the state's buying power to get better deals and change market behavior.

The private sector is trying lots of new things. Blue Cross Blue Shield is modeling a new global payment system that pays doctors for quality, not quantity. Mass General has a pilot program underway with Medicare that provides intensive management of some of their sickest patients; in a year, they've seen

healthier outcomes and markedly lower costs, and share those savings with Medicare. There are doctors in Springfield working in integrated care settings and patient-centered medical homes springing up around the state.

All of these different initiatives are important. None of them solves the problem on their own but each moves us closer to our goal and gives us models from which to learn what works best.

It's time to scale these efforts up.

So today, I will file legislation to hasten the market's movement to integrated, high quality care and lower costs to consumers. The bill proposes

- to provide a set of standards and benchmarks for the formation of integrated care organizations, commonly known as ACOs, and alternative payment methodologies;
- empowers the Commissioner of Insurance to consider a wider array of factors when considering whether to disapprove premium increases, including the underlying provider rates and how they compare to medical cost inflation and GDP growth;
- organizes an advisory council of stakeholders and consumer voices to monitor the progress of payment reform and other experiments in cost control; and
- modernizes the system of medical malpractice in favor of an apology and prompt resolution, to de-emphasize so-called "defensive medicine."

Many existing agencies have a role in the health care system we have today. But through this transition we propose to make the Department of Health Care Finance and Policy a one-stop shop for innovators in the medical community. This office will work closely with the community to expand the integrated care groups that are being formed now, to monitor the creation of new ones, and set up guidelines for insurers and providers.

We will lay out clear methodologies that caregivers can use to right-size costs and deliver the best quality care. And we will require that the savings generated benefit consumers -- those families and businesses paying the premiums -- not just improve the margins of the health care industry.

Under our plan, integrated care organizations and insurers that pay for healthy outcomes, not just service, will predominate in our Commonwealth by June of 2015.

I have a lot of people I want acknowledge here and thank some of the many thinkers and doers who have influenced our approach to this bill.

- Paul Guzzi and Jim Klocke of the Greater Boston Chamber.
- Lynn Nicholas of the Massachusetts Hospital Association.
- Rick Lord of the Associated Industries of Massachusetts.
- Alan Macdonald of the Massachusetts Business Roundtable.
- Andrew Dreyfus of Blue Cross Blue Shield of Massachusetts.
- Jim Roosevelt and Lora Pellegrini of the Massachusetts Association of Health Plans.
- Michael Widmer of the Massachusetts Taxpayers Association.
- Jon Hurst of the Retailers Association of Massachusetts.
- William Vernon of the National Federation of Independent Business.

My thinking has been influenced by leaders from organized labor, by consumer advocates such as Health Care for All and the Greater Boston Interfaith Organization, by hospital leaders like Gary Gottlieb of Partners Healthcare and David Phelps of Berkshire Health Systems. I have invited these and others to form a working group right now to help us to get the right bill out of the Legislature and on my desk this session. I look forward to starting that work formally later today.

Some in the industry, including some among those I just named in fairness, say that the state needs only to lay out a framework for reforming the way we deliver care, and the market will take care of the rest. But experience tells a different story. The market has made tremendous progress in the last year or so, but much of it only after the regulatory hammer came down and new legislation was passed. As exciting as the progress we have made is, it's not enough. We must maintain a sense of urgency to our work. If the legislation I file today feels like pressure on the market, good. Good. That's exactly what it's intended to do. The goal is not to punish any part of the industry or to return to the days of price regulation. I believe that everyone in the Massachusetts health care industry is sincere in their efforts and desire to deliver lower cost and better health care.

The goal of this proposal is to keep the pressure on all of us - including the state - to move as fast we need to move in order to bring the cost savings we need to keep our economy growing.

Taken as a whole, these measures make up the next phase for health care reform in Massachusetts. The details may be complicated, but our goals and our values are simple - even universal. Better, more affordable health care for us all. By most accounts, higher quality care -- meaning well-integrated, whole person care -- equates to lower cost. From now on, we propose to pay for that rather than the fragmented system we have today.

Every day I appreciate more and more the phenomenal accomplishment of the first round of health care reform. A broad coalition joined together to try something, to get off the dime and move. I also understand more clearly every day why they decided to put cost control off to another day: because if you think access was hard, wait until you take on cost control. But just like with the first round of health care reform, this is about what kind of Commonwealth we want to live in. The goal is more affordable care and higher quality care. The legislation I am filing gives us some tools to get us there. Once enacted, it is going to take partnership with you and commitment on the part of us all to make it real. We're going to have to work together, dealing with issues as they arise in a serious and thoughtful manner, without the drama, without the overheated rhetoric, and without the fear of change. We led the Nation to the most successful model for universal coverage ever. If anyone's going to crack the code on cost containment, it will be we here in the Commonwealth of Massachusetts.

In some fundamental way, solving this challenge has everything to do with fulfilling our generational responsibility - that old-fashioned idea that each of us in our time must do all we can to leave things better for those that come behind us. It's about building a better, stronger Commonwealth - not just for ourselves, but for generations to come. This is their health care as well. We owe it to their future to get this right. I look forward to working with you to do so.

Thank you all and I look forward to your questions.

03.01.11 Prepared Testimony to Congress on the Impact of Health Care Reform

Testimony of Massachusetts Governor Deval L. Patrick

As prepared for delivery before the House Committee on Energy and Commerce United States Congress, Washington, DC

Tuesday, March 1, 2011

Chairman Upton, Ranking Member Waxman and the Members of the Committee:

Thank you for the opportunity to appear before you today to discuss the impact of the Patient Protection and Affordable Care Act on states and the next steps in implementing national health care reform.

Like many successful federal programs, the origins of national health care reform can be found at the state level. In 2006 Massachusetts enacted a health care reform bill aimed at making health care universally accessible. Because that measure serves as a model for national health care reform, it may be helpful for me to offer some insights on the impact of our reform in Massachusetts and the process by which it was devised and implemented.

Today, thanks to effective implementation of our 2006 reform legislation, more than 98 percent of Massachusetts residents have health care coverage, including 99.8 percent of our children. We lead the nation in both categories. More people are getting preventive care instead of waiting until they have to go to the emergency room. Workers and their families no longer have to worry about a catastrophic illness forcing them into bankruptcy, or being denied coverage because they're already sick. The percent of private companies offering health insurance to their employees is up to 76% from 70% before the bill was passed. Health care reform is doing exactly what it was designed to do: expanding access to quality health care to all our residents.

We paid for expanded coverage as we said we would, by delivering more care in primary care settings than in emergency rooms. In 2005, Massachusetts paid over \$700 million for health care for the uninsured and underinsured. In 2011, we spent \$405 million - nearly \$300 million less. With 98% of our residents covered, universal coverage has required about 1% more of our state budget in state spending. Overall, Medicaid represents 32% of annual state spending today and has grown about 2% per capita since our reforms were enacted.

The process of developing our reform measures is something I am proud of, too. Then-Governor Mitt Romney, a Republican, working together with a Democratic state legislature, a Democratic United States

Senator, and a broad coalition of business, labor and health care leaders came together to invent our reform bill and then stuck together to adjust it as we implemented and refined it. That bill was an expression of shared values, our belief that health care is a public good and that everyone in Massachusetts deserves access to it.

Ours is a hybrid solution. Like the Affordable Care Act, it emphasizes private insurance purchased in the open market at competitive prices, and service delivered by private clinicians. People choose their own doctors, and there remains a lot of choice. We still have challenges, of course. For example, we don't have enough primary care physicians. The wide variance in the reimbursement rates of provider hospitals is another challenge. But these are challenges across the country that are not caused by our universal care law. The point is that in Massachusetts we stopped limiting ourselves to the same old two competing choices: a perfect solution or no solution at all. We chose to try something and we moved. And it worked.

So, for Massachusetts, the Affordable Care Act is familiar. Like our law, it improves health security for all citizens. It takes a hybrid approach that leverages the best of government, non-profits and private industry. And with President Obama's leadership, it was developed and supported by a broad coalition of stakeholders and advocates who understood that our public health and economic competitiveness demanded action.

Getting people insured, having them receive their care in primary care settings as opposed to emergency rooms, is good. It's also cost effective. According to the Congressional Budget Office, the Affordable Care Act will reduce the deficit by \$124 billion through 2019 and by more than \$1 trillion in the subsequent decade. National health reform is a critical piece of a responsible plan to control our national budget deficit and improve our fiscal outlook for the long term.

Based on our experience at home, national health reform is also good for our economic competitiveness. Matt McGinity, the CEO of a small technology company in Natick, outside of Boston, bought health insurance through a program created by the Commonwealth Connector, our version of the Health Exchange. The program, called Business Express, is an online service to help small businesses easily shop for private health care and find the best possible value. Using Business Express, Matt was able to compare health plans side-by-side and avoid a 23% premium increase his current insurer was proposing. He and his employees saved \$9,300.

I met a young entrepreneur recently who moved his business up to Massachusetts from Florida because, with a young family, he wanted to be able to start his venture without worrying that his children would not have health insurance. Universal coverage helps our competitiveness.

Federal reform is good for Massachusetts. It has given us an affordable way to extend the promise of coverage to Massachusetts residents who make between \$33,000 and \$44,000 a year, or families of four making \$67,000 to \$89,000 a year, by making those families newly eligible for tax credits that help them afford their premiums. And through the retooled Medicaid and Children's Health Insurance Program, Massachusetts taxpayers will save about \$450 million a year while allowing us to provide better care to our youngest and more vulnerable residents.

The next frontier for Massachusetts and for America is cost control. The framers of our Massachusetts reform purposefully addressed access first and put cost control off. We can wait no longer. Spending on health care makes up 17.6% of all spending in the United States - one of the largest single sectors of our economy. In recent years growth in health care costs has outstripped growth in GDP even as the share of Americans with health insurance has fallen. As spending on health care programs and emergency care grows, it weakens our ability to compete and slows job growth. Left unchecked, health care costs threaten our fiscal integrity and our ability to provide future generations with the same support that we have enjoyed. The generations before us made choices that preserved the critical services that we rely on. We need to follow their example and make responsible decisions on behalf of future generations.

So, while health insurance is universally accessible in Massachusetts, it is not yet universally affordable. My state is home to some of the world's best hospitals and health care providers, but our costs are far too high and they are growing at an unsustainable rate. The challenge of high health care costs is not unique to Massachusetts and has nothing to do with our health care reform. Escalating premiums, rising over 130% in America in the last decade, far outpacing the rate of economic growth or general inflation, are a challenge for businesses, governments and working families all over the country. With due respect to the Committee, this is where the Congress needs to turn its attention now.

And just as we in Massachusetts have provided the national model for universal access, I believe we can crack the code on cost control.

As a near term solution to rising premium costs for small businesses, last April I directed the Division of Insurance to reject excessive increases in health care premiums. This led to agreements with insurers to limit their rate increases and put pressure on providers to hold down their rates. That move was not without its critics. But it had to be done. Not because health insurance companies are bad - they're not. Not because it was a permanent solution - it isn't. It had to be done because for all the good intentions and the broad consensus on the critical need to lower costs, the market wasn't doing it on its own. We needed something to prod the market forward. And it worked.

Last week, the Massachusetts Division of Insurance approved health insurance rates for this year. Now

we are looking at single digit base rate increases - down from the twenty five to thirty percent increases that had become the norm and precisely the relief we sought by intervening last year.

Last summer, I signed legislation that made it possible for small businesses to form associations to pool their buying power when negotiating insurance rates with carriers, and mandated that insurers offer at least one select network product with premiums that are 12% lower than those without select networks. The legislation also required greater transparency in understanding the drivers of health care costs. These initiatives are being implemented right now.

Two weeks ago we launched the second phase of health care reform in Massachusetts, aimed at finally controlling costs and making health care as universally affordable as it is accessible. Right now, the current system rewards providers for the quantity of care they deliver, not the quality. For costs to come down, this has to change. We are working with the health care community in our state to accelerate their transition to innovative, improved models for delivering health care. In these new models incentives will be realigned to reward integrated care under a more rational price structure that emphasizes wellness and lowers costs for everyone. Our goal is for integrated, cost-efficient caregivers to predominate in Massachusetts by 2015.

The Affordable Care Act actually supports our efforts to bring down costs. We are using the authority of the national reform to develop guidelines and incentives for more integrated systems of care. The Act is helping us coordinate care for individuals who are eligible for both Medicaid and Medicare and thereby bring cost savings to the Medicare program. And it builds on the movement toward patient-centered medical homes where primary care providers are paid to care for people and not just for 15-minute appointments.

The Affordable Care Act has helped bring health insurance within reach of thousands of Massachusetts small businesses through tax credits. It will supplement some things we are already doing to allow small businesses to buy their health insurance in groups to increase their purchasing power. Just as our Massachusetts reform gives people freedom to move between jobs within the state without fear of losing health care, the Affordable Care Act permits that freedom across the Nation. It makes investments in the health care infrastructure that supports everything we do. And it reduces the deficit in the short run and over time. Just as our businesses rely on good roads, a modern electricity grid and access to broadband to thrive, having a strong health support system is another piece of the puzzle, making us an attractive destination for new businesses. The Affordable Care Act is good for America and deserves a chance to be implemented.

This is, above all, about people and what kind of country we want to live in. I remember meeting a young

woman named Jaclyn Michalos, a cancer survivor who got the affordable care she needed to save her life through our Commonwealth Connector. She had no other way before Massachusetts health care reform. This is about people, not abstract policy or politics. I urge you to remember that.

The remaining challenge before us all is cost control and again I urge you to turn your attention to that. In my state, businesspeople from companies large and small, new and old, often tell me that health care costs are the single greatest obstacle to job growth. Massachusetts ranks 4th in total jobs created since December 2009 and we rank 6th in private sector jobs created since December 2009. Our unemployment rate is well below the national average. Hiring at the national level has already started to come around. But neither at home nor nationally can anyone be satisfied with where we are. The Affordable Care Act has some useful tools to help businesses and governments control costs. But on this front there is much more to be done. I hope you will support what we are trying to do in this area in Massachusetts and in other states, and that we can provide some useful models for further national reform.

Again, thank you for inviting me today. I look forward to extending the progress we've already made expanding access to health care and to working with you on making that care more affordable. I am happy to take any questions you might have.

PATRICK-MURRAY ADMINISTRATION GATHERS INDUSTRY LEADERS, STAKEHOLDERS TO DISCUSS NEXT PHASE OF HEALTH CARE REFORM

Governor Patrick leads information session on how to address cost challenges in Massachusetts and promote cost-containment initiatives underway

BOSTON - Tuesday, April, 5, 2011 - Building on the Patrick-Murray Administration's efforts to control rising health care costs, Governor Deval Patrick and members of his Administration today led a forum to discuss the cost challenges facing Massachusetts and the initiatives already underway to help address these issues.

The health care cost-containment information session, held at the State House this morning, included participation from stakeholder groups ranging from health care providers, insurers and doctors, to legislators and consumers. Panelists during the forum included Secretary of Health and Human Services Dr. JudyAnn Bigby, Secretary of Administration and Finance Jay Gonzalez, Undersecretary of Consumer Affairs and Business Regulation Barbara Anthony, Executive Director of the Health Connector Glen Shor, and Executive Director of the Group Insurance Commission (GIC) Dolores Mitchell.

"Just as we have shown the Nation how to deliver care to everyone, we can and will be the ones to crack the code on cost containment," said Governor Patrick. "The details of health care reform may seem complex, but our goals and values are universal - better, more affordable health care for us all."

The discussion focused on several recent cost containment proposals and ongoing initiatives, including legislation filed by Governor Patrick in January to help cities and towns realize immediate cost savings in their municipal health insurance plans; the Administration's comprehensive health care payment and delivery reform legislation filed in February to control rising health care costs and improve patient care; and the Massachusetts Health Connector's procurement strategy to contain costs by promoting innovation and competition among the state's managed care organizations. In addition, the Group Insurance Commission's efforts to control rate increases and incent employees to move to lower cost plans panelists also reviewed.

"We are pleased the fight against rising health care costs continues to be the priority focus for the Patrick Administration," said Jon B. Hurst, President of the Retailers Association of Massachusetts. "The fight will not be over until small businesses can obtain comparable coverage for comparable premiums and equal rights in the health insurance marketplace."

Dr. Gene Lindsey, CEO of Atrius Health, added, "Our focus at Atrius Health is to give consumers the coordinated, patient-centered care they deserve and also be responsible stewards of our health care dollar. The Governor's legislation encourages us all to work together towards this same goal."

"Health care costs for municipal employees are growing at an unsustainable rate and are robbing money from our schools, public safety efforts, public works projects and other critical programs," said Salem Mayor Kim Driscoll. "The tools Governor Patrick has proposed will help cities and towns provide material and immediate savings to communities facing soaring health insurance costs and help us maintain basic city services."

Massachusetts leads the nation in the percentage of residents with health insurance, with more than 98 percent of people covered. Since passage of health care reform legislation in 2006, which served as a model for the national law, the rate of insurance coverage has increased for all income levels and among all racial and ethnic groups. As of June 2010, more than 400,000 people in Massachusetts had insurance than had previously been uninsured. The Commonwealth has achieved near universal coverage for children, with 99.8 percent insured, including 20,000 more children enrolled in MassHealth during the past year alone. While Massachusetts has shown national leadership in expanding access to health care, costs continue to be a challenge.

Governor Patrick took immediate action to address double-digit premium increases last year when he directed the Division of Insurance to reject unreasonable or excessive rate increases. Through settlements with insurers and subsequent rate filings subject to a more robust review process, this action has saved 800,000 people more than \$106 million. Governor Patrick also signed legislation last year to allow for group purchasing cooperatives, select or tiered network plans and enhanced financial and rate information from carriers. In addition, the Commonwealth Health Connector has initiated a new procurement effort that seeks to achieve cost savings in Commonwealth Care - the state subsidized health plan for low-income residents - by encouraging competition and innovation among health plans, enabling it to accommodate additional membership in Fiscal Year 2012 without adding to the bottom-line cost of the program.

04.05.11 Health Care Reform Forum

Governor Deval L. Patrick

Health Care Reform Forum

State House, Boston

Tuesday, April 5, 2011

Thank you, Mr. Secretary. Thank you, Madame Secretary.

I'm very glad you're here because we have a big big challenge, and it's not just my challenge and it's not just primarily a government challenge. It's our challenge as a community. So I'm glad you're here today, and I hope you brought your A game because we have a significant challenge to face together, a challenge that faces government, businesses and working families -- and we need to face it together. The challenge concerns the escalating cost of health care. And today, we want to talk about your ideas and ours to contain those costs.

It will seem daunting to some of you; I know it. But I believe that just as we have shown the Nation how to expand coverage to everyone. Massachusetts can and will be the ones to crack the code on cost containment. It won't be easy, but it will be done. And you will all be a part of that achievement.

My team will lead today's discussion in greater detail about the scope of the challenge and the range of proposed ways to meet it. This is meant to be interactive -- because this is more than a government problem; it's a problem facing the whole of the society. But let me take a minute at the outset to offer my own views about where we are, where we're going, and how we're going to get there.

First, where are we?

As you all know, Massachusetts leads the Nation in health care coverage for our residents. 98 percent of our neighbors have health insurance today. 99.8 percent of children. No other state in America can touch that. Many of you here are all part of producing that accomplishment. More people than ever get their care in lower cost primary care settings.

The 2006 health care reform is something of which I think we all can be proud. In addition to a successful piece of reform legislation, it is an expression of shared values, our belief that health is a public good and that everyone in Massachusetts deserves access to good care.

All things being equal, health care reform is affordable. It has only increased our costs by 1 percent of the total state budget. Both the Bush and the Obama administrations have allowed considerable flexibility

under Medicaid, which has helped enormously, and we are working together to get similar flexibility on the Medicare side of the ledger. Overall, Medicaid represents 32% of annual state spending today and has grown about 2% per capita since our reforms were enacted.

The problem is that all things are not equal. Health care premiums increase at an unsustainable rate. Having insurance premiums that rise sharply year after year, even during the Recession, is a national problem. Some of the conservative commentators want you to believe that this is happening because of health care reform, but they are wrong. They are wrong. Premiums increased across the Nation on average 130 percent over the last decade. A low-cost state like Mississippi, which has not moved to expand coverage as we have, is still experiencing projected premium increases of 114 percent.” As a result, across the Nation, just like across the Commonwealth, working families, small businesses and governments are being squeezed by cost increases that we can do little about.

In state government alone, between MassHealth, subsidized programs in the Connector and health insurance for our own employees, the cost of health care represents nearly 40 percent of the state budget. Statewide, the health care burden for local governments is 14 percent of spending and growing. In most cases we have no control on those costs, so that if they escalate it simply squeezes out education and public safety and other worthy public services. Let me be clear: state employees pay a fair share for their health insurance, comparable now to what employees pay in the private sector, and we are working with municipalities and their unions to re-balance that on the municipal side. But this challenge is not going to be met by cost shifting alone. We have to get a solution to system and premiums that are too high.

Businesses, too, are facing similar challenges just like us, especially small businesses. I meet many small business owners who are beginning to see their commercial activity pick up and are ready to start hiring again – until they get their bills increasing their annual premium. Double digit increases send them scrambling to find new carriers, with less coverage at the same price or the same coverage with higher deductibles, in an annual ring-around-the-rosy of shifting plans. I have yet to meet a business owner in the state, especially a small business owner, who doesn't see health care costs as a major roadblock to adding jobs. This is an urgent concern for all of us, because small businesses represent 85 percent of all businesses in our Commonwealth. If they don't hire, we don't get a recovery. It's as simple as that.

So, where do we need to go?

The good news is that there's an emerging consensus about solutions. By most accounts, higher quality care -- meaning well-integrated, whole person care -- equates to lower cost. Instead of the fragmented, fee-for-service system we have today, we ought to pay for integrated care. Paying for that kind of care will encourage different kinds of behaviors in the delivery of care – with the added benefit of restraining cost increases to about the rate of GDP growth. The legislation that we have proposed gives us some

new tools to get there. Secretary Bigby and Secretary Gonzales and I will lay out in more detail what is in the bill.

Many of you have already played a role in shaping the path we are on and have used your expertise to draw up the best practices that we are trying to scale up through this bill. Blue Cross Blue Shield has developed a version of outcome-based reimbursement they call the Alternative Quality Contract. Atrius Health is an example of a successful Accountable Care Organization. Our really remarkable network of community health care centers has long been a model for preventive care in lower cost settings. There are many good things happening in the market right now. But we need scale, we need a set of common expectations and standards, and we need the savings to be passed on to premium payers.

So, bringing working solutions to scale, setting standards and meeting expectations, and getting the savings down to the premium payers. That is where we are going. And we need to get there quickly.

Now, how are we going to get there?

In a minute, the panel will talk about the efforts currently underway to address these challenges, and as I said, I want you to get into it, refine it, tell us about what is working and what's not. I've heard so much of this conversation. So many layers of for so long. And even with this bill, I hear some people say that the government doesn't go far enough. I hear other people say we're going to have too much government. Let me tell you something. I am a private marketer. Not a market fundamentalist. I don't think the market always gets it right, and I don't think the market has got it right this year. We are going to have to solve this problem of health care—public and private, working together. And we have got to stop being defeated by the complexity of it because while we may not have all the answers there are small businesses and working families and local communities going under because of this unsustainable rate and you know it. You know it, how complicated it is to and how urgent it is. As we work together going forward, bear in mind two of the profoundly important lessons from the first round of health care reform.

First, don't let the perfect be the enemy of the good. One of the phenomenal accomplishments of the first round of health care reform is that we stopped limiting ourselves to the same old two competing choices: a perfect solution or no solution at all. We chose to try something and we moved. And it worked.

Second, stick together – with us and with each other. For years before the 2006 legislation, folks said that health reform would never happen. And for years it didn't. It took a broad coalition of business, labor and health care leaders, patient advocates and policy makers, working with a Democratic legislature and a Republican governor to get it done. They didn't get distracted by drama or overheated rhetoric. And not only did they come together to pass the bill, but they stuck together to adjust it as we implemented and refined it.

That, I think, must be the model for what we're doing now and this session is an important step in shaping that outcome. The details of health care reform may be complicated, but our goals and our values are simple – even universal. Better, more affordable health care for us all.

Lastly, and mindful that the health care industry parses everything I say with a fine tooth comb, like the ancient Greeks reading entrails, let me leave no doubt about this: we are moving. We are not going to let inertia stand in the way stand in the way of relief for working families and businesses. We have already used the regulatory authority of the Insurance Commissioner, and new tools in last summer's Economic Development legislation, to curb premium increases. But our communities and our neighbors need us to do more. And it's up to all of us to deliver.

Just as in the first round of health care reform, this is about what kind of Commonwealth we want to live in. If we want a better, stronger Commonwealth for ourselves and for the generations to come, we need to work together to get this right.

Thank you again for your participation today and going forward.

05.16.11 Testimony on Behalf of Health Care Cost-Containment Legislation

Testimony of Governor Deval Patrick

In support of House No. 1849

An Act Improving the Quality of Health Care and Controlling Costs by Reforming Health Systems and Payments

May 16, 2011

Chairman Moore, Chairman Walsh and Members of the Joint Committee:

Thank you for your commitment to this issue, for convening this hearing and the series that follow, and for permitting me to testify in support of our proposal to reduce health insurance premiums.

In 2006, Massachusetts enacted a landmark health care reform bill. Many of you here were part of that historic Act. The primary goal of that bill was to expand access to health insurance to everyone in the Commonwealth.

It has been a resounding success. You know the facts:

- 98% of residents now have insurance, including 99.8% of children.
- More private companies offer their employees insurance now than before the bill was passed.
- People no longer have to fear having their insurance cancelled when they got very sick and needed it most, or that a serious illness would leave them bankrupt.
- It's affordable, having added roughly 1% to state spending.
- And it stands as a values statement, that in Massachusetts we believe health is a public good and every man, woman and child deserves quality care.

But that bill was not an end in itself. It was a marker we put down about the kind of community we wanted to live in. That's why a broad range of interests came together to get a good bill, and then stuck together as we worked to implement and refine it - even in the face of an economic collapse.

Now it's time to do it again.

Health insurance premiums continue to increase at an unsustainable rate. This is not a challenge unique to Massachusetts and it has nothing to do with our 2006 reform. Premiums increased across the Nation on average 130 percent over the last decade. Mississippi, a state that has no public commitment to universal care, has seen premiums increase 113 percent in the same period. The point is that, across the

Nation, just like across the Commonwealth, working families, small businesses and governments alike are being squeezed every year by ever-higher premiums. If the first phase of reform was about reaching the 400,000 or more uninsured, this phase is about relief for all six and half million Massachusetts residents.

Secretary Bialecki will address the impact on our economy. I meet many small business owners all across the state who see their commercial activity picking up and are ready to start hiring again - until they get their annual health insurance hike. Double digit increases send them scrambling to find new carriers, with less coverage at the same price or the same coverage with higher deductibles, in an annual ring-around-the-rosy of shifting plans. I have yet to meet a business owner in the state, especially a small business owner, who doesn't see health care costs as a significant impediment to adding jobs. And with small businesses making up 85 percent of the businesses in this state, there is an unyielding economic truth we have to face: if they don't start hiring, we don't get a recovery.

This is to say nothing about the burden rising premiums place on municipal governments. Plan design, which the Legislature is grappling with now, is critical. But that is about cost shifting, not cost reduction. We must do both. I know that the Members understand and share this sense of urgency and I thank them for that. The challenge before is big but we cannot be defeated by its complexity. We have solved problems like this before and we can do it again.

The good news is that there's an emerging consensus about solutions. By most accounts, higher quality care -- meaning well integrated, "whole person" care -- equates to lower cost. Instead of the fragmented, fee-for-service system we have today, we ought to pay for integrated care. Paying for that kind of care will encourage different kinds of behaviors in the delivery of care - with the added benefit of restraining cost increases. We believe increases can and should be limited to about the rate of GDP growth. Secretary Bigby will cover this in more detail.

The bill I filed will to hasten the move to integrated, high quality care and lower costs to consumers. The bill proposes specifically

1. To provide a common set of standards and benchmarks for the formation of integrated care organizations, commonly known as ACOs, and alternative payment methodologies;
2. To clarify the authority of the Commissioner of Insurance to consider a wider array of factors when considering whether to disapprove excessive premium increases, including the underlying provider rates and how they compare to medical cost inflation and GDP growth;

3. To organize an advisory council of stakeholders and consumer voices to monitor the progress of this next stage of reform and other experiments in cost control; and

4. To modernize the system of resolving claims of medical malpractice in favor of an apology and prompt resolution, to de-emphasize so-called "defensive medicine."

Many existing agencies have a role today. But for simplicity through this transition we propose to make the Department of Health Care Finance and Policy a one-stop shop for innovators in the medical community. This Department would work closely with the community to expand the integrated care groups that are being formed now, monitor the creation of new ones, and set up guidelines for insurers and providers. And we will require that the savings generated benefit consumers -- those families and businesses paying the premiums -- not just improve the margins of the health care industry.

Under our plan, integrated care organizations and insurers that pay for healthy outcomes, not just the volume of service, will predominate in our Commonwealth by June of 2015.

I want to address two concerns that you may hear in the course of these proceedings, one concerning the powers of the Insurance Commissioner and the other concerning the salutary effects of the market. When the Insurance Commissioner disapproved proposed premium increases last spring, many objected. But after years of asking and even cajoling, it was the only option we had - - and it worked. That disapproval lowered premium rates to single digits last year and again this year. It also jumpstarted the movement we now see in the industry towards integrated care. While I hope that we can lower health insurance premiums through the other provisions in this bill and through a transition to integrated, accountable care, the Division of Insurance review remains a valuable and necessary tool to protect small businesses and individuals. The language in our bill makes the authority of the Commissioner more explicit to consider all of the relevant criteria in making his or her decision to disapprove excessive premium increases.

Some in the industry say that the state needs only to lay out a framework for reforming the way we deliver care, and the market will take care of the rest. And it is true that there are many good things happening in the market right now, in providers large and small, in care settings across Massachusetts. Blue Cross Blue Shield is modeling a new global payment system that pays doctors for quality, not quantity. Mass General has a pilot program underway with Medicare that provides intensive management of some of their sickest patients to avoid readmission; and in a year, they've seen healthier outcomes and markedly lower costs. There are doctors in Springfield and MetroWest working in integrated care settings, and patient-centered medical homes sprouting up around the state. These are good steps; but we need to scale these up, we need a set of common expectations and standards, and we need to assure that the savings are passed on to consumers and patients in the form of lower premiums. Legislation will maintain

a needed sense of urgency and accountability.

The goal is not to punish any part of the industry or to return to the days of price regulation. I believe that everyone in the Massachusetts health care industry is sincere in their efforts and desire to deliver lower cost and better health care. The goal of this proposal is to keep the pressure on all of us - including the state - to move as fast we can to bring the cost savings we need to keep our economy growing.

Taken as a whole, these measures make up the next phase for health care reform in Massachusetts. The details may be complicated, but let's not be defeated by complexity. Higher quality, well integrated, "whole person" care means lower cost. From now on, we propose to pay for that rather than the fragmented system we have today.

Every day I appreciate more the phenomenal accomplishment of the first round of health care reform. A broad coalition joined together to try something, to get off the dime and move. I also understand more clearly every day why cost control was put off to another day: because if you think access was hard, wait until you take on cost control. But just like with the first round of health care reform, this is about what kind of Commonwealth we want to live in. The goal is more affordable, higher quality care. The legislation I am filing gives us some tools to get there. Once enacted, it is going to take partnership with you and commitment on the part of the many important interests you will hear from to make it real.

You and I both know that some of those interests are powerful, and have deep stakes in maintaining the status quo. Our job is to balance all the interests, but always to strike the balance in favor of the public good. That's how, with the Speaker's and Senate President's partnership, we delivered meaningful reforms in transportation, the pension system, the ethics and lobbying rules, and education after decades of failed attempts. It's also how Massachusetts devised the most successful model yet in America for universal coverage. And that is how we here will be the ones to crack the code on cost control.

You all know by now how strongly I feel about bearing our generational responsibility - that old-fashioned idea that each of us in our time must do all we can to leave things better for those who come behind us. This is that challenge. I look forward to working with you to meet it.

Thank you.

06.23.11 Testimony before Senate Finance Committee on Health Entitlement Reform

Testimony of Massachusetts Governor Deval L. Patrick

Before the Senate Finance Committee

United States Congress, Washington, DC

Thursday, June 23, 2011

Chairman Baucus, Ranking Member Hatch and Members of the Committee:

Thank you for the opportunity to appear before this Committee to address the impact that proposed reforms of our health care entitlement programs would have on the states and our citizens.

Reforming the Medicare and Medicaid programs to ensure their long-term sustainability is a priority that I share with the members of this Committee, with many other governors, and with the Obama Administration. It's also a necessary element in the effort to reduce the national budget deficit, a goal I believe is both important and achievable. But how we reform these programs is about people, not abstract policies. It's about what kind of country we want to live in, and what kind of future we are building for the next generation.

My comments come from that perspective because I do my job with that perspective. And although Medicaid is a small part of the medical cost picture, I want to focus my comments mainly on that.

Like nearly every state in the last few years, in Massachusetts we have had to make tough choices to manage through the global economic collapse. We have cut billions of dollars in spending and thousands of state jobs. We have imposed furloughs and pay freezes, and negotiated concessions from public employee unions. We have also prudently used our "rainy day" funds, modestly increased our sales tax, and benefited, like every other state, from the support of the American Recovery and Reinvestment Act.

We have at the same time invested significantly in education, health care and job creation -- because we all know that educating our kids, securing people's health care, and putting people to work is the best way to climb out of our economic hole and build a better future.

Because we made those choices, on both the spending and the revenue side, the Massachusetts economy is now growing twice as fast as the Nation's. Our unemployment rate, at 7.6%, is well below the national average and declining. Our annual budgets have been responsible, balanced and on time; our decades-long structural deficit has been eliminated; and our bond rating has not only remained strong,

but gotten stronger. In fact, we are one of only three states in America whose fiscal outlook is currently positive.

The Massachusetts experience may offer a lesson for the national discussion today. We were able to cut spending, reform government and invest in a stronger future because we did not leave our values at the door, because we kept asking ourselves whether the choice before us moved us closer to the kind of community we wanted to be.

In that spirit, we have made a number of changes to enable us better to control costs in our Medicaid program. We are also working on an exciting strategy to reduce medical costs across the system, well beyond the Medicaid program, that will benefit all of our citizens, help our state's economy, and further improve our competitiveness. We have pursued these reforms and savings in the firm belief that health is a public good, and that everyone deserves access to quality care - including the poor and disabled.

Flexibility in the administration of the Medicaid program has made all the difference. So, first, like many of my fellow governors, I strongly support the states having the flexibility to innovate costs down. The current Medicaid program, as administered today, gives states precisely that: a high degree of flexibility to design a program that suits an individual state's needs.

Massachusetts has taken advantage of that and we have several innovative programs deployed right now that show a lot of promise. For example, "dual eligibles" - folks who fall under both Medicaid and Medicare -- account for 40 percent of Medicaid's national spending even though they only make up 15 percent of its members. When you add in Medicare, spending on this group alone accounts nationally for over \$300 billion per year. Because of the regulatory maze in which these patients are treated and the complexity of their conditions, dual eligibles are a major cost driver in Massachusetts -- just as in the rest of the country.

In partnership with the Obama administration and the Center for Medicare and Medicaid Innovation, we are creating a demonstration program that integrates the delivery of Medicare and Medicaid for dual eligibles, finding more cost effective pathways to get patients the care they need. The preliminary analysis suggests this will lead to decreased emergency visits, fewer unnecessary hospitalizations, and better access to and use of appropriate medications. That will translate into real savings for both the state and federal sides of the Medicaid equation. Under this strategy, we estimate at least a 2 percent savings on the \$4 billion we expect to spend on "dual eligibles" in the first year of the program.

Other working models for addressing dual eligibles are already in use. New Mexico and Texas, for example, use managed care programs to bring better coordination to services. Enrollment plans like PACE and Special Needs Plans, currently being used in Massachusetts as well as in New York, New Mexico and Wisconsin, are further examples of states using the considerable existing administrative

flexibility to achieve savings in the Medicaid program. Wider adoption by the states would help significantly curb Medicaid costs.

Rising costs in the health care system across the Nation are a serious national problem. In fact, Medicaid spending has been growing more slowly than the dramatic health care cost increases in the rest of the economy. For that reason, we have turned our attention there, to the broader question. Everyone has a stake in that solution. And just as Massachusetts is the home of the nation's most successful universal health care law, we are poised to crack the code on cost containment. To get there, we are doing more to encourage integrated, whole person care: paying providers for the quality of health care they deliver, not just the quantity. There are many good models being tried in the market today. We are working on scaling them up and making sure the savings are passed along to businesses, families and government in the form of lower premiums.

Medicaid currently allows us this flexibility. We need the Congress to encourage more states to take advantage of that flexibility, and embrace our role as policy laboratories -- not just around entitlements, but in health care spending generally. That is the larger policy challenge we face as a Nation. Fix that, and not only do the Medicaid and Medicare programs become fiscally sustainable, but the prospects for a strong, sustained economic recovery improve dramatically.

Second, let's stick with what works. The Affordable Care Act works. We know from experience with our own health care reform measure that getting people insured and having them receive their care in primary care settings as opposed to emergency rooms is cost effective and will reduce illness and death. According to the Congressional Budget Office, the Affordable Care Act will reduce the deficit by \$124 billion through 2019 and by more than \$1 trillion in the subsequent decade. Indeed, the ACA provides for even more Medicaid and Medicare flexibility than under current law. Efforts to repeal it take us in exactly the opposite direction from fiscal responsibility.

Third, put revenues on the table. Our federal government has been running two wars and a costly prescription drug benefit for nearly a decade with borrowed money. Meanwhile, thousands of industries and special constituencies -- from oil to agriculture -- find favorable treatment and loopholes in our tax code. I know small "mom and pop" stores and college students who pay more taxes than global companies with billions in revenue. Some of these loopholes ought to be closed. If we believe that even the poor and disabled -- the people Medicaid serves -- should get adequate health care, it is only fair to ask everyone to help close a gap other policy choices have created. We cannot and should not get out of the deficit hole with spending cuts alone.

Finally, I wish to respectfully object to the budget proposal that has come out of the House. That proposal represents a radically different set of values. It embraces a voucher program that effectively ends Medicare, and replaces it with minimal coverage security for seniors and the disabled. It would put

Medicaid on a path to denying coverage to millions of the poor. It would repeal the Affordable Care Act, denying coverage to millions of working American families. Yet it includes \$1.1 trillion in tax benefits for the wealthy, benefits they have not asked for and which recent history shows have not been effective in spurring economic growth.

Ultimately that is a vision for the future of our country that retreats from our values as Americans. It is about abstract policy or politics. But our job as leaders is to be about people.

Dispersing federal Medicaid funding in the form of block grants, as some have proposed, won't reform the system. It will starve it. By failing to account for changes over time in a state's economic needs or demographics, or innovations in how health care is delivered, the proposed block grants lock states into a fiscal bind that forces us to deny coverage or make other changes to services. It passes a burden from the federal government to the state level, knowing that states cannot carry the load. Block granting Medicaid would constitute nothing more than an accounting device for the federal budget, while dealing a crushing fiscal blow to states that are already struggling.

This latter point cannot be overstated. Right now 33 states are projecting a cumulative budget gap of \$75.1 billion or more in Fiscal Year 2012. The Kaiser Family Foundation estimated that Massachusetts would lose more than \$23 billion over ten years if Medicaid moves to a block grant formula. By 2021, this could mean denying close to 540,000 residents of the Commonwealth of their health care coverage. And the payment model that compensates hospitals for care would be gutted by more than 30% in the same period. In a state where 98% of our residents currently have access to health care, well ahead of other states, this would be a public health catastrophe and an utter failure of leadership. There is no way the Commonwealth would be able to absorb such a shift without seriously curtailing critical programs and services, including the most successful experiment in America in universal health care. And it would cost tens of thousands of jobs. Asking states to pick up more of the tab in a time of unprecedented fiscal challenges is unrealistic as well as unwise.

Some states advocate for block granting in the name of "flexibility" or repealing the Affordable Care Act as "the first step for a successful Medicaid transformation," as 29 Republican governors propose in a recent letter to Congressional leaders. But the data suggest that doing either is really a formula for limiting coverage, not sustaining the program. For states to sustain current eligibility for the Medicaid program, under these governors' proposal, would require states to spend approximately \$241 billion, or 71% more than current levels over the next ten years. No state is fiscally prepared to deal with that. Tactics like these will reduce the federal deficit on paper -- on the backs of the working families and small businesses who are making our economic recovery possible.

Medicare and Medicaid have helped generations of Americans help themselves. They are commitments that the federal government has made to the American people and they have contributed mightily to the

economic prosperity and success that our Nation has enjoyed.

Our challenge today is to modernize and refine these commitments, not to squeeze them out of existence with accounting tricks and political rhetoric. The strategies being proposed from some corners will not lead to better Medicare or Medicaid, but will simply mean less Medicare and Medicaid.

Working together we can meet our obligations to our most vulnerable citizens, put America on a fiscally sustainable path and build a better, stronger Nation for the next generation. That is the responsibility with which our constituents have entrusted each of us and I look forward to working with you and your colleagues to fulfill that obligation.

Thank you again for inviting me here today and I look forward to taking your questions.

GOVERNOR PATRICK SIGNS MUNICIPAL HEALTH CARE REFORM TO SAVE MILLIONS FOR MASSACHUSETTS COMMUNITIES

BOSTON - Tuesday, July 12, 2011 -- Governor Deval Patrick today signed municipal health care reform legislation that will provide significant and immediate savings to cities and towns, while preserving a meaningful role for organized labor in the process. This bill, "An Act Relative To Municipal Health Insurance," builds on the Patrick-Murray Administration's success in reducing rising health care costs for thousands of small businesses and working families across the Commonwealth, and is an important step in the Administration's efforts to bring health care system costs down.

"This is the biggest step yet in our efforts to deliver millions of dollars in savings to cities and towns, while assuring a meaningful role for labor in determining how to achieve those savings," said Governor Patrick. "This has been no small accomplishment, and it came with cooperation from leaders in the Legislature, labor, and municipalities all working together to get a positive result."

"This bill is a testament of our Administration's long-standing commitment to providing cities and towns with cost-saving measures," said Lieutenant Governor Timothy Murray. "By partnering with the state Legislature, labor, and municipal managers, this reform offers municipalities another tool in the toolbox that will help to support the continued delivery of critical local services."

"Everyone came together and made this work," said Senate President Therese Murray. "Municipal, business and labor leaders, along with the Legislature and the Administration, agreed that these improvements will further protect retirees from cost increases and support an ongoing voice for employees while maintaining the reform's primary goal of creating significant savings for cities and towns."

"In these difficult fiscal times we have to give cities and towns the tools they need to manage tight budgets," said House Speaker Robert A. DeLeo. "This major reform will provide municipalities with a process to effectively manage rising municipal healthcare costs. And, by spending less on the healthcare costs of municipal employees, our cities and towns will be able to fund vital municipal services like education and public safety."

The municipal health care reform law will help communities collectively save more than \$100 million, while protecting health care quality for retirees and municipal employees. Cities and towns will have the choice to implement health care plan design changes under a newly-created process. The process will

include expedited collective bargaining to negotiate a new health insurance benefit plan for employees. If the municipalities and unions fail to reach agreement within 30 days, the case is submitted to a three-person review panel, with one member appointed by unions, one by the municipality and one selected by the Secretary of Administration and Finance.

Municipalities will be able to use this process to adopt co-pays and deductibles, along with other cost-sharing health care plan design features that are not higher than those offered by the Group Insurance Commission (GIC). Alternatively, municipalities can transfer employees to the GIC if it would result in at least 5 percent more savings than could be achieved through a local health care plan. The law also allows a portion of savings to be returned to employees and includes protections for retirees and employees with existing health concerns, who are likely to incur higher co-pay and deductible costs.

"This reform will deliver material savings in health care costs to cities and towns at a time when they need it most," said Jay Gonzalez, Secretary of Administration and Finance. "This means that many teachers, firefighters, and other public employees will be able to keep their jobs and continue to deliver the critical local services taxpayers expect and deserve."

"Governor Patrick's municipal health insurance proposal offers cities and towns financial relief, while ensuring labor a meaningful seat at the negotiating table," said Joanne Goldstein, Secretary of the Executive Office of Labor and Workforce Development. "Unions representing municipal workers and municipalities will have the opportunity to collaborate on how to continue to provide quality health care for workers while ensuring meaningful savings for cities and towns."

"I am proud to have been able to work with Governor Patrick, Speaker DeLeo, and Senate President Murray to ensure meaningful reforms for our cities and towns while providing a seat for our labor leaders at the table. These reforms will help keep more teachers in classrooms, more police officers and firefighters on our streets, and will allow us to continue to provide services that keep our neighborhoods clean and vibrant," said Boston Mayor Thomas M. Menino.

"The landmark municipal health insurance reform in the FY 2012 budget was achieved through the hard work and good will of Governor Patrick, Speaker DeLeo, Senate President Murray and many legislators, municipal officials and labor leaders who have come together to deliver a reform package that will preserve essential local government jobs and services, while protecting taxpayers and employee alike," said Joshua Ostroff, President of the Massachusetts Municipal Association. "As a culmination of years of effort and debate, this is a proud moment for Massachusetts and its cities and towns and will be a cornerstone of our economic recovery."

"This reform is one of the most significant measures to assist cities and towns in the past 30 years," said Geoff Beckwith, Executive Director of the Massachusetts Municipal Association. "Thanks to the Governor,

Speaker, and Senate President, it is strong, fair, and balanced for all stakeholders. This is a good day for communities, taxpayers, and municipal employees."

The Public Employees' Coalition on Municipal Health Insurance released a statement recognizing the historic shared sacrifice pledged by a coalition of public employee unions and retirees. The statement notes that as a result of this legislation, Massachusetts cities and towns will save an estimated \$100 million in health insurance costs while preserving a voice for labor. The coalition believes that now that this distraction has been eliminated from the public debate, the focus can shift to the real crisis, which is the ever-spiraling cost of health care for all residents of Massachusetts. The coalition stands ready to work with the Legislature and governor to address this critical issue.

"The rising costs of municipal health insurance threaten the viability of every local government in the Commonwealth," said Scott W. Lang, Mayor of New Bedford and President of the Massachusetts Mayor's Association. "The Governor, Speaker and Senate President's bold leadership has created an equitable law that will help hold down the cost of health insurance for taxpayers while providing municipal employees and their families with the finest health care plans. This will stabilize municipal services throughout the state which will lead to new growth."

"The action by Governor Patrick and the Legislature provides meaningful reform to the municipal health insurance process and will ensure that local taxpayer dollars go more towards direct services instead of getting eaten up by employee overhead costs," said Jay Ash, City Manager for the city of Chelsea. "In this municipal finance environment, delivering cities and towns the potential for \$100 million in savings will surely save police jobs, keep libraries open and reduce the pressure to raise class sizes, all in the name of balancing the budget."

07.12.11 Municipal Health Care Reform Bill Signing

Governor Deval L. Patrick

Municipal Health Care Reform Bill Signing

Governor's Council Chambers, State House

Tuesday, July 12, 2011

Good Morning everyone, thank you all for coming. It is a great day.

We have the opportunity today to sign a bill which balances two very important interests to all of us. First of all, the need to deliver meaningful savings to cities and towns to enable them to maintain services for local residents and at the same time to preserve a meaningful role for labor and determining how those savings will be achieved.

It is fashionable in politics today, I have noticed to bully people; you say more about how you are going to stick it to somebody and that is what seems to attract all the attention, all the media attention, all the excitement about being reformed, so called.

What we have shown here in the Commonwealth time and time again is that we can make change meaningful, lasting, far-reaching change with all of the interest at the table and we have shown it over and over again. We have had labor at the table first round or two of pension reform. We have had teachers work with us on education reform. We have had labor at the table on transportation reform.

And in that same spirit today, we are delivering real savings to cities and towns through a municipal health reform.

I want to thank all of those who have shown the political courage to come to the table and stay at the table to move this bill, the Speaker and the Senate President, all the members of the House and Senate, the mayors and the municipal leaders who have participated from the outside, labor leaders who have come to the table, stayed at the table even at times when they knew the public was saying take it all and take it now.

They understood from the beginning that they needed to be a part of this reform. It is an example, I believe, of what distinguishes our brand and approach to politics in this Commonwealth and I am proud of it. I am proud to stand with all of those who have helped bring this day to bear.

GOVERNOR PATRICK ANNOUNCES \$26.75 BILLION MEDICAID WAIVER AGREEMENT

State gains additional \$5.69 billion in spending authority to support alternative payment models and integrated care; ensure ongoing success of reform

BOSTON – Tuesday, December 20, 2011 – Governor Deval Patrick today announced that the federal government will renew the Commonwealth’s Medicaid waiver, setting the stage for a new round of innovations that build on the success of health care reform in Massachusetts. The three-year, \$26.75 billion agreement with the Centers for Medicare and Medicaid Services (CMS) will help the Patrick-Murray Administration’s efforts to integrate and improve the quality of health care while controlling costs.

“Massachusetts has proven itself as a national leader in health care reform, with more than 98 percent of our residents insured, including 99.8 percent of children,” said Governor Patrick. “This new federal agreement will help us build on our success and tackle the next phase of our work – cracking the code on health care costs. We are thankful for the strong support of our partners in Washington, D.C., particularly Secretary Sebelius, Senator Kerry and Congressman Markey, for sharing our commitment to health care reform.”

The \$26.75 billion agreement, which represents a \$5.69 billion increase over the previous waiver, preserves existing eligibility and benefit levels in the Medicaid and Commonwealth Care programs and includes more than \$13.3 billion in revenue to the Commonwealth through federal financial participation. During the three-year waiver period, the Commonwealth will fully implement the federal Affordable Care Act, whose major provisions go into effect on January 1, 2014.

The waiver includes several innovative programs that expand services for certain children, develop integrated systems of care and alternative payment systems, and position the Commonwealth to reduce the cost of medical care and the rate of growth over time.

Key components of the agreement include:

- **Delivery System Transformation.** The waiver provides \$120 million annually in new federal funding to support investments in health care delivery systems that will transform Massachusetts’ safety net hospitals and primary care providers into integrated care delivery systems, with the ultimate goal of transitioning away from fee-for-service payments toward alternative payment arrangements that reward high-quality, efficient and integrated systems of care. This feature of the waiver agreement reflects the principles outlined in the Governor’s comprehensive health care cost containment bill, which he filed earlier this year.
- **Pediatric Asthma Bundled Payment Pilot.** This pilot will enable the Commonwealth to improve the quality and delivery of care a bundled payment methodology that includes services not traditionally

covered, such as home visits by community home health workers and supplies for mitigating environmental triggers in the home.

- **Health care reform remains fully funded.** The waiver includes more than \$500 million annually in federal support for Commonwealth Care and the Health Safety Net, and more than \$300 million annually in other federal support for services to low income and uninsured populations.
- **First-of-kind Express Lane Eligibility Program.** The Commonwealth will utilize streamlined eligibility procedures to renew eligibility for parents with children who are enrolled in the SNAP (food stamp) program. Approximately 140,000 MassHealth members may be eligible for Express Lane renewal to receive the vital safety net services they need.
- **Early Intervention.** The agreement includes enhanced services for early intervention programs including medically necessary Applied Behavioral Analysis-based (ABA) treatment services and programs that address the core symptoms of Autism Spectrum Disorders (ASD).

“The MassHealth Demonstration will be a strong step forward for Massachusetts’ health reform efforts,” said Cindy Mann, Deputy Administrator of the Centers for Medicare and Medicaid Services and Director of the Center for Medicaid and CHIP Services (CMCS). “The demonstration will support the Commonwealth’s delivery and payment reforms while also helping it to move forward on several innovative new programs. We are pleased to be able to support these important initiatives.”

“This is the result of one hell of a team effort. We all stayed at the table so Massachusetts received what we needed to keep revolutionizing quality, affordable care,” said Senator Kerry. “This couldn’t have happened without former CMS Administrator Don Berwick, Secretary Sebelius, our hospital CEOs, and our congressional delegation under the leadership of Governor Patrick coming together as stakeholders around an agreement that will strengthen coverage, protect safety-net providers, and support innovative approaches to improving payment systems and the value of health care.”

“I applaud the efforts of all parties—providers and the state—to negotiate the terms of Massachusetts’ Medicaid waiver, which is critical to ensuring the success of Massachusetts state health reform and access to care for every Bay Stater,” said Senator Scott Brown.

“The Medicaid waiver serves as the cornerstone of Massachusetts’s health reform, and I’m pleased that the agreement announced today will provide the resources our health care providers need to care for our residents and will allow the Commonwealth to continue leading the nation in innovative health care solutions,” said Congressman Edward Markey. “Governor Patrick and Secretary Sebelius are health care heavyweights, and I applaud their leadership in reaching an agreement that provides strong support to the safety-net hospitals that serve low-income and uninsured residents.”

“Massachusetts is already a national model for health care coverage and reform, with a strong track record of innovative programs,” said Congressman James McGovern. “We need to build on that success. The initiatives supported by this waiver will continue to provide affordable access to high quality care for all patients while containing costs.”

“This is good news for Massachusetts and will help our health care providers continue to deliver quality services, maintain access to care and find ways to reduce cost that maintain the excellent health care for which our state is so well-known,” stated Congressman Michael Capuano.

“I commend the partnership between federal and Massachusetts state authorities in reaching the Medicaid grant waiver agreement,” said Congressman Bill Keating. “At a time when we are increasingly seeing some of the neediest segments of our communities neglected, this agreement represents a silver lining for children and families throughout the Commonwealth. It successfully reaches a common ground between cost containment and the undeniable right to a healthy, happy, life – particularly for the 99.8 % of Massachusetts’ youngest patients.”

“This new waiver agreement helps Massachusetts maintain its commitment to achieving universal coverage and also provides several mechanisms for establishing more integrated systems of care and tying payments to improved outcomes,” said Massachusetts Secretary of Health and Human Services Dr. JudyAnn Bigby. “We are grateful for the support of the Obama Administration and our congressional delegation throughout the waiver renewal process and look forward to working together to reform how we pay for health care, while maintaining access and ensuring high quality care.”

"I applaud my colleagues and the Patrick-Murray Administration in finalizing the Medicaid waiver agreement," said House Speaker Robert A. DeLeo. "In these tough fiscal times, controlling health care costs while still providing the best quality health care remains of the utmost importance."

Insurance enrollment has grown by more than 411,000 since the passage of health care reform in June 2006, including an increase of 193,000 members whose primary coverage is through MassHealth. Overall, more than 1.3 million people have some level of Medicaid coverage. In addition, nearly 159,000 individuals are newly insured through Commonwealth Care since the implementation of health care reform.

Earlier this year, Governor Patrick filed comprehensive health care cost containment legislation that encourages the creation of "integrated care organizations" comprised of groups of providers that work together to achieve improved health outcomes for patients at lower costs; provides benchmarks, standards and guidance for the transition to integrated care and global payments; and allows the Division of Insurance to consider more criteria when making the decision to either approve or reject rate increase requests from both carriers and providers. Other innovative state payment and delivery system reform initiatives include the development of patient-centered medical homes, bundled payments, and accountable care organizations (ACOs).

MASSACHUSETTS CELEBRATES SIX YEARS OF HEALTH CARE REFORM

Governor Patrick joins diverse group of leaders at site of 2006 bill signing to discuss how law ensured near-universal access to quality health care, more employer-sponsored coverage and improved health outcomes for Massachusetts residents



Governor Patrick with business, health care and community leaders discussing why Health Care Reform is working for Massachusetts residents. (Photo credit: Eric Haynes / Governor's Office). View additional [photos](#). View a video from the event [here](#).

BOSTON – Wednesday, April 11, 2012 – In advance of the sixth anniversary of the Commonwealth's landmark health care reform law, Governor Deval Patrick today joined a diverse group of business, health care and community leaders to discuss why the law is working for Massachusetts residents. The group reconvened at historic Faneuil Hall, the location where the bill was signed into law on April 12, 2006.

“Health care reform is a values statement, and it is working in Massachusetts,” said Governor Patrick. “As a result of our successful implementation of the 2006 law, more people are covered, more businesses are

offering insurance, we have healthier residents and we've done it all in a cost-effective and responsible manner.”

“The Commonwealth is proud to have increased access to quality health care through the landmark reform of 2006,” said Lieutenant Governor Timothy Murray. “This demonstrates a significant bi-partisan achievement that supports the health and well-being for all residents in Massachusetts.”

Today’s event included key stakeholders from the worlds of business, health care, patient advocacy, labor and government. Leaders focused on how the passage and implementation of the law has made Massachusetts number one in the nation for coverage, encouraged more businesses to offer employees insurance and made the public healthier, all while adding about one percent to state spending and encouraging the market to embrace cost-savings initiatives.

Also on Wednesday, the Massachusetts Health Care Connector - the state's version of the type of "exchange" created by the federal Affordable Care Act – announced that their Board will vote tomorrow on a plan to approve contracts with health insurers for 2013 – a plan which will provide private health insurance to a record number of people in 2013, with an average per-person cost five percent lower than 2012 levels, and ten percent lower than 2011 levels.

Health care reform has been a success in Massachusetts because:

More people have access to quality care:

More people are covered by health insurance in the Commonwealth than anywhere else in the country: 98.1 percent of the total population is covered, including 99.8 percent of children. While the number of people *without* health care in America grew by millions from 2006 to 2010, more than 400,000 people in Massachusetts *gained* coverage over the same period.

More businesses are offering coverage:

Massachusetts health care reform, like the federal Affordable Care Act, takes a hybrid approach to increasing coverage, encouraging people to get health insurance in the private market and subsidizing the cost for those who can’t afford it. More businesses in Massachusetts offer their employees private health care today than did before the law was signed by Governor Romney in April 2006, and the 77 percent of the state’s businesses who offer their employees private insurance is well above the national average.

People are healthier:

People in the Commonwealth are healthier and getting better treatment thanks to health care reform. More than 90 percent of residents have a primary care physician and four out of five have seen their doctor in the last 12 months. Preventative care has also increased, with more people receiving cancer screenings and more women receiving pre-natal care, while visits to emergency rooms have decreased.

150,000 people stopped smoking after Massachusetts expanded coverage for smoking cessation. A recent study published by the National Bureau of Economic Research documented improvements in

physical health, mental health, functional limitations and joint disorders as a result of the law. That study found the biggest health improvements in women, minorities and low-income residents.

Health Care Reform is cost-effective:

Massachusetts health care reform has proven to be cost effective. An independent analysis by the Massachusetts Taxpayers Foundation estimated the law was responsible for about a one percent increase in net spending. Spending on the uncompensated care pool is down since the law passed. Growth in health insurance premiums throughout the market has slowed from an average of about 16 percent two years ago to less than two percent today.

04.11.12 Health Care Reform Anniversary

Governor Deval L. Patrick

Health Care Reform Anniversary

Faneuil Hall

Wednesday, April 11, 2012

Thank you all for coming. We have had a robust conversation about our successes to date in health care reform and how to sustain that success going forward.

You see the people here today. We come from business and government, from community groups and non-profits, from hospitals, community health centers, insurance companies, unions and advocacy groups. There is a great diversity of opinion in this room on almost everything.

But we are joined today – just as we were in 2006 and have remained since – because we all believe that health is a public good and that everyone deserves access to affordable, high-quality health care.

Thanks to the law signed in this building in 2006, we are closer to that ideal in Massachusetts than anywhere else in America. That is a good thing and we are proud of it.

By any measure, health care reform has been a success in Massachusetts. We have virtually universal coverage. Businesses have embraced the law. Preventative care is up, emergency room visits are down and people are healthier. And all of this with a 1 percent impact on the state budget and a nation-leading drop in the growth of premiums.

Most important of all, I've met the people whose lives have been saved or improved because of the access to care our reforms made possible. If policy matters most where it touches people, this policy matters a whole lot. Health care reform is working in Massachusetts.

This is about making a real difference in people's lives. This is about confronting a challenging problem and finding a real solution.

There is more work to do, no doubt. The cost of health care is a national challenge – and while we've made much progress there, we must do more. We must also be open to new technologies and payment methods to continually improve the quality of care. We are tackling these challenges next, with help from the tools of the Affordable Care Act and the people in this room. But today is about celebrating a great success. I am proud to be here and I'd like to introduce someone who was instrumental in making this happen, my friend, Jack Connors.

05.15.12 Greater Boston Chamber of Commerce—CC11

Governor Deval L. Patrick

Greater Boston Chamber of Commerce - As Delivered

Seaport Hotel - One Seaport Lane

Tuesday, May 15, 2012

Thank you very, very much, Bob, for your leadership and for the warm introduction. Paul, to you and all of the team here at the Greater Boston Chamber, and ladies and gentlemen, thank you all for coming out this morning. I want to especially acknowledge the members of my cabinet and my team who are here. Two of whom, I should just say, are among the chamber's ten outstanding young leaders. Kate Cook is here, being outstanding in the back, and Secretary Richard Davey is here as well. Thank you both. Very proud of you guys. I think our whole team would qualify on a list of outstanding leaders, not all of them on a list of young outstanding leaders, but, so be it.

As I think about the last couple of times we have been together at a Chamber breakfast, I realize I seem to come here and talk about health care. It makes some sense to do so in this company. Health care reform is one of the most important public-private accomplishments in the history of the Commonwealth. Many of you helped create it, and now help sustain it, and all of you deal with the challenge of rising premium costs. So you will understand if I return to the subject again this morning, especially given the developments of the past two weeks – and the past two years, for that matter.

We have a lot to be proud of when it comes to health care reform. We started with the belief that health is a public good and that everyone, everyone deserves access to affordable, quality care. That, for us, is a basic value, an expression of the kind of Commonwealth we want to live in, meaningful enough to motivate a broad coalition of legislators, and business leaders and labor leaders and patient advocates and policy makers in 2006 to reform the way we access health care.

And that reform is working. I just want to review some of the facts:

Almost everyone has access to health insurance. 98.2 percent of our total population is insured. 99.8 percent of children. No other state in America can touch that. You should be proud of that. While the national trend between 2006 to 2010 was going in the other direction, we increased the number of people insured in Massachusetts by more than 400,000 people.

Over 90 percent of our residents have a primary care physician, and four out of five have seen their

physician in the last 12 months.

More businesses offer health insurance to their employees today than before our reforms took effect, some 78 percent of Massachusetts businesses as compared to the national average of about 69 percent.

We are healthier, too. Preventive care is up: more people are receiving cancer screenings, more women are getting pre-natal care, visits to emergency rooms have decreased. 150,000 people stopped smoking once we expanded coverage for smoking cessation programs. A recent study by the National Bureau of Economic Research documents improvements in physical health, mental health, functional limitations, and joint disorders as a result of increased access to care. Women, minorities and low-income people have experienced the biggest health improvements.

Expanding coverage added just over one percent to net state spending – meaning that the expansion of coverage has not busted the budget.

And it's popular. Nearly two-thirds of Massachusetts residents support our reforms.

Health care reform is working in Massachusetts. It's especially important to acknowledge that truth since we see a lot of misrepresentation about this on the national political scene these days.

Our approach favors the purchase of insurance through the private market with public subsidies for those unable to pay. But health care and health insurance remain costly, not just in overall terms but when compared to everything else. Nationally, spending on health care increased 6.5 percent annually in the last ten years, while real incomes fell in the period by more than seven percent over that period. In Massachusetts, per capita health care spending has grown almost three times as fast as median family income in that time. This problem predates and is unrelated to health care reform. And it is unsustainable.

It's also unnecessary. Experts estimate that as much as 20 to 30 percent of current health care spending is wasted on overtreatment, avoidable hospital readmissions, preventable errors, unnecessary administration and things like that. All in, spending on health care is \$67 billion every year here in Massachusetts; so, that means you and I spend somewhere between \$13 and \$20 billion that we do not have to every single year. The unhealthy choices we make in our own lives also add to cost. And we all pay for it -- with or without a system of universal access. A lot of good work has gone into identifying and addressing these issues over the years. There is clearly more to do.

Instead of just complaining about rapid premium or cost growth, we have started to do something about it. When I say "we," I mean we, all of us: government, insurers, the medical industry, business groups, doctors and other health professionals, patient advocates. Everyone has acknowledged the problem and

everyone has worked on a part of the solution. And it's working. We are certainly bending the cost curve here in the Commonwealth.

Small businesses and working families have saved over \$600 hundred million since 2010 as average increases in health insurance rates have dropped from about 16 percent on average to less than one percent today.

Providers and insurers have reopened contracts and reduced preset increases, cutting millions out of future cost growth.

The Coordinated Care Model at Tufts Health Plan and the Alternative Quality Contract at Blue Cross Blue Shield are new ways to encourage better and more cost effective care.

The intensive care-management program at Mass General that I highlighted here just last year has since been adopted by the Brigham, Faulkner Hospital and North Shore Medical Center.

Fallon and Steward came together with the Retailer's Association and created a small business purchasing cooperative to offer significantly lower cost options for small retailers across the state.

Sturdy Hospital has had all of its primary care practices certified as Level 3 Patient Centered Medical Homes. SouthCoast Health Systems has used lean management techniques to find \$20 million in operational efficiencies and waste reduction.

Of the 32 newly created so-called Pioneer ACO's in the United States – organizations pioneering cost-saving partnerships with the federal government – five of them are here in the Commonwealth. One other state has more, and that's six in California.

State government is modeling the move toward more efficient models of care. As a result, the Connector has reduced premiums in the past two years by 10 percent. Nearly a third of employees insured through the Group Insurance Commission opted for limited network plans, saving themselves and the state more than \$30 million. Through these and other moves we shaved nearly a billion dollars off of the projected growth in health care costs in the current fiscal year. We are projected to shave another \$700 million off next year's growth as well.

The point is that, in the past two years, a lot of very promising activity has been undertaken here in the Commonwealth. And that's very good news. The recession has played a part in some of it, there's no doubt about it. But most health care economists agree there is more to it than that. That's especially clear when you consider that most of the results I just cited measure from 2010 to the present. In other words, the results occurred not during the depth of the recession but during the time when we got serious about confronting this challenge together.

Since that time, as I am often assured, the market has been moving in the right direction. And that's true. But the market didn't start moving all on its own. Government took action. We started pushing back against insurance increases, yes, but we also worked hand-in-hand with insurers and businesses to create limited network plans and small business co-ops, and are working today with hospitals, community health centers, doctors and other providers to pilot patient-centered medical homes.

The fact is, we have seen progress because both the private sector and government are working at it. And that is critical to keep in mind.

I am a capitalist. I think I have told you that before, but let me remind you. I respect the opportunity of people to create jobs and wealth, and have spent most of my working life in the private sector. I can't imagine a world without the freedom of people to develop and test competing ideas. But I am not a market-fundamentalist. I don't believe the market always gets everything just right, at just the right time. And the health care industry is most certainly not a perfectly rational market. Consumers don't always know what they are buying, how much it actually costs, or what the intrinsic value or outcome will be. People just don't choose a surgeon the way they do soap. For the sellers in the market there are huge barriers to entry. Most of the major players are not-for-profits. And the product sold or resource allocated by this market is often not optional.

So, the question is not whether there is a role for government. The question is what is the proper role for government. Just as the public and private sectors came together to solve the challenge of health care access, we are going to find a solution together to containing health care costs. We have already shown we can. Now, we have to figure out how to sustain that progress for the next decade or more.

There's more than one way to "skin a cat," as they say, especially when it comes to public policy. I made a proposal last year. The House and Senate are preparing to debate their own approaches now. While I don't agree with everything in either bill, there is a lot to like in each of them. The Speaker and Chairman Walsh, the Senate President and Chairman Moore, and everyone else who played a role in crafting these bills, deserve to be recognized for the good and serious work they have done.

As they and we work together over the next few weeks, there are a few core principles that I expect to see reflected in a final bill. They are (1) a cost containment goal, (2) flexibility in how to achieve it, (3) accountability for failing to do so, and (4) sensible tort reform.

First, the goal. The House and the Senate bills set goals for total health care expenditures as a proportion of Gross State Product. Tying the goal to the overall growth of the state's economy makes sense to me, since all we're trying to do is make sure health care costs don't outgrow everything else. In business, they shouldn't crowd out the ability to add more people to the payroll or to invest in innovation. In government, that means that they shouldn't crowd out investments in education and public safety and

job creation.

Candidly, I'm not that interested in total health care expenditures as an end in itself. I care about what people are actually experiencing. How much of their take home pay is going to health care? How much of a small business's budget is devoted to higher premiums? How do premium increases effect a company's decision to hire somebody or a family's ability to meet their other household needs? Most of the experts involved seem to believe that "total health care expenditures" will serve as a reasonable proxy for achieving the results we want. If basing the goal on that helps make a difference in reducing premium, and other health care costs, then I will support it. If there is a better measure, let's hear it.

What goal is reasonable is a fair subject for debate. When you hear that per capita spending has grown three times as fast as median income and that 20 percent or more of current medical spending may be unnecessary. . . well, that suggests to me that an industry as dynamic and innovative as our health care industry should be able to find a way both to reduce costs and pass those savings on to you. In other words, an ambitious goal ought to be realistic. The Senate proposed limiting growth to growth in GSP. The House proposed GSP minus a half of a percent. The Associated Industries of Massachusetts and at least one Republican leader have pushed for keeping growth 2 percentage points below the growth in GSP.

I look forward to working with the Legislature and all of you on a final goal. I think the industry can do better than GSP. I certainly could not imagine accepting GSP plus anything, for three reasons: (1) the industry has already shown us they can do better than that; (2) they have shown they can do so without jeopardizing the quality of care; and (3) any goal that foresees increases above GSP just postpones the day when health care is all we can afford to buy.

Whatever the goal, the health care industry will need flexibility and may need new tools in order to meet it. The consensus among health practitioners is that transitioning to integrated care will improve the quality of care and also be more cost effective. The industry is moving in that direction and we have and will continue to help support these moves. But mandating global payments or any other specific means is unnecessarily limiting. The bill I filed required all state agencies to move away from fee-for-service (basically as a way to assure we are using the state's buying power to move the market and modeling the change that works), but we left room for fee-for-service in the private market so long as costs were controlled. I do think it is important to allow that kind of flexibility. It's lowering premiums and maintaining quality we care about, not necessarily the details of every method of care delivery.

Thirdly, it is critical that the industry be accountable for reaching the goal. Government has a role in that, obviously working with health care experts and allowing sufficient latitude and time to get there. I'm not interested in government intervention for the sake of government intervention. I am interested in completing the vision of health care in Massachusetts: accessible, high quality and affordable care for

everyone. That is the public's interest, and government's job is to serve the public interest.

The legislation I proposed last year had a relatively simple mechanism for government's role in the market. Currently, if insurance rate increases are unjustifiably high, the Commissioner can disapprove them. My bill would have given the Commissioner of Insurance explicit factors to consider in determining whether rate increases were justified. What is appealing about that is it focuses on the impact most of us care most about: how much premium costs are going up for individuals, families and businesses. My bill also gave the health care industry more tools and infrastructure to help facilitate a move toward higher-quality, lower-cost integrated care. In short, we proposed to use a familiar, existing framework and let the market figure out the means so long as, at the end of the day, insurance rates come down and quality goes up.

Both the House and the Senate bills propose new state agencies to do this. The bill I filed last February created no such agency and I have yet to be convinced that we need one. I am all for making things more efficient. There are a whole host of different touch points for the health care industry and state government today. I would support consolidating what we have under one umbrella, and sharpening the mission. That much makes sense to me. I am not convinced, however, that consolidation requires a new quasi-independent agency. Creating new quasi-independent agencies with less accountability to the public is a bad Massachusetts habit. If there is a new agency, it is vitally important that it be as accountable to the public as other branches of government or other successful quasies, like the Health Care Connector.

The fourth principle for the final bill is sensible tort reform. I don't think I need to say much about this because I think everyone is in agreement that we need it in this bill. We proposed a mechanism in our bill last year and the House and Senate have each proposed similar language.

So that's what I am looking for: a realistic goal, assured flexibility in how best to achieve it, a means to hold the industry accountable for meeting it, and a mechanism to reform medical malpractice. We can accomplish that within the framework of the various proposals pending before the Legislature today, and without, as one friend likes to put it, "killing the golden goose." Let me say a bit more about that.

The health care industry is important to Massachusetts, to me. It is a source of jobs and economic development, a source of healing and miracles, and a source of enormous civic pride for all of us. It stretches across all sorts of different disciplines and all corners of the state. No one wants to cause undue harm to the industry. The goal of the initiative to contain costs is to help bring balance and efficiency so that we can improve our economic competitiveness for everyone, not harm it. I have no doubt that the solutions to these challenges will come largely from the innovative, creative and caring women and men who work in the industry. I am proud of the strong partnership we have built and I am certain we will reach a good legislative conclusion together in the next few weeks. And I have no doubt

that the future of the health care business in Massachusetts is bright.

We have challenged each other to make a big change. That's what we do in the Commonwealth of Massachusetts. I know we can accomplish this. My confidence comes from the undeniable fact that, working together with many of you in this room, we have addressed problem after tough problem that had been talked about and yet left unresolved for decades.

From shutting down the Turnpike Authority, collapsing six different state agencies into one and saving a quarter billion dollars in transportation; to lifting the charter school cap and raising teacher and student performance; to eliminating the abuses and saving \$5 billion in the public pension system; to strengthening the municipal health care system and the ethics laws; to fixing the criminal records system so that a minor record doesn't serve as a life sentence; to putting civilian flaggers at construction sites, we have imagined a better Commonwealth, and then together we have reached for it. Time after time we have moved beyond stale and tired slogans, false choices and political expediency to meet our responsibility to leave the Commonwealth better for those who come behind us. We have more work to do but let's recognize how far we have come – and take some confidence from the fact that, as it turns out, our biggest challenges are not beyond our capacity to care about and to solve.

The point is this: we can solve problems when we hope – yes, hope – for the best and then work for it.

That's what I love about this job. That's why I ran for a second term and why I'm not going anywhere. That's why I'll be back in front of you next year and the year after that, with an equally ambitious agenda, pushing hard for more progress until I take my farewell walk down the front steps of the State House at the end of my term.

I am thankful to my Cabinet and staff, and to everyone here who has been a part of that work. And I ask you to keep working together and with us for a better future for our neighbors and our nation.

Thank you very much for having me.

05.15.12 Greater Boston Chamber of Commerce

Governor Deval L. Patrick

Greater Boston Chamber of Commerce - As Delivered

Seaport Hotel - One Seaport Lane

Tuesday, May 15, 2012

Thank you very, very much, Bob, for your leadership and for the warm introduction. Paul, to you and all of the team here at the Greater Boston Chamber, and ladies and gentlemen, thank you all for coming out this morning. I want to especially acknowledge the members of my cabinet and my team who are here. Two of whom, I should just say, are among the chamber's ten outstanding young leaders. Kate Cook is here, being outstanding in the back, and Secretary Richard Davey is here as well. Thank you both. Very proud of you guys. I think our whole team would qualify on a list of outstanding leaders, not all of them on a list of young outstanding leaders, but, so be it.

As I think about the last couple of times we have been together at a Chamber breakfast, I realize I seem to come here and talk about health care. It makes some sense to do so in this company. Health care reform is one of the most important public-private accomplishments in the history of the Commonwealth. Many of you helped create it, and now help sustain it, and all of you deal with the challenge of rising premium costs. So you will understand if I return to the subject again this morning, especially given the developments of the past two weeks – and the past two years, for that matter.

We have a lot to be proud of when it comes to health care reform. We started with the belief that health is a public good and that everyone, everyone deserves access to affordable, quality care. That, for us, is a basic value, an expression of the kind of Commonwealth we want to live in, meaningful enough to motivate a broad coalition of legislators, and business leaders and labor leaders and patient advocates and policy makers in 2006 to reform the way we access health care.

And that reform is working. I just want to review some of the facts:

Almost everyone has access to health insurance. 98.2 percent of our total population is insured. 99.8 percent of children. No other state in America can touch that. You should be proud of that. While the national trend between 2006 to 2010 was going in the other direction, we increased the number of people insured in Massachusetts by more than 400,000 people.

Over 90 percent of our residents have a primary care physician, and four out of five have seen their

physician in the last 12 months.

More businesses offer health insurance to their employees today than before our reforms took effect, some 78 percent of Massachusetts businesses as compared to the national average of about 69 percent.

We are healthier, too. Preventive care is up: more people are receiving cancer screenings, more women are getting pre-natal care, visits to emergency rooms have decreased. 150,000 people stopped smoking once we expanded coverage for smoking cessation programs. A recent study by the National Bureau of Economic Research documents improvements in physical health, mental health, functional limitations, and joint disorders as a result of increased access to care. Women, minorities and low-income people have experienced the biggest health improvements.

Expanding coverage added just over one percent to net state spending – meaning that the expansion of coverage has not busted the budget.

And it's popular. Nearly two-thirds of Massachusetts residents support our reforms.

Health care reform is working in Massachusetts. It's especially important to acknowledge that truth since we see a lot of misrepresentation about this on the national political scene these days.

Our approach favors the purchase of insurance through the private market with public subsidies for those unable to pay. But health care and health insurance remain costly, not just in overall terms but when compared to everything else. Nationally, spending on health care increased 6.5 percent annually in the last ten years, while real incomes fell in the period by more than seven percent over that period. In Massachusetts, per capita health care spending has grown almost three times as fast as median family income in that time. This problem predates and is unrelated to health care reform. And it is unsustainable.

It's also unnecessary. Experts estimate that as much as 20 to 30 percent of current health care spending is wasted on overtreatment, avoidable hospital readmissions, preventable errors, unnecessary administration and things like that. All in, spending on health care is \$67 billion every year here in Massachusetts; so, that means you and I spend somewhere between \$13 and \$20 billion that we do not have to every single year. The unhealthy choices we make in our own lives also add to cost. And we all pay for it -- with or without a system of universal access. A lot of good work has gone into identifying and addressing these issues over the years. There is clearly more to do.

Instead of just complaining about rapid premium or cost growth, we have started to do something about it. When I say "we," I mean we, all of us: government, insurers, the medical industry, business groups, doctors and other health professionals, patient advocates. Everyone has acknowledged the problem and

everyone has worked on a part of the solution. And it's working. We are certainly bending the cost curve here in the Commonwealth.

Small businesses and working families have saved over \$600 hundred million since 2010 as average increases in health insurance rates have dropped from about 16 percent on average to less than one percent today.

Providers and insurers have reopened contracts and reduced preset increases, cutting millions out of future cost growth.

The Coordinated Care Model at Tufts Health Plan and the Alternative Quality Contract at Blue Cross Blue Shield are new ways to encourage better and more cost effective care.

The intensive care-management program at Mass General that I highlighted here just last year has since been adopted by the Brigham, Faulkner Hospital and North Shore Medical Center.

Fallon and Steward came together with the Retailer's Association and created a small business purchasing cooperative to offer significantly lower cost options for small retailers across the state.

Sturdy Hospital has had all of its primary care practices certified as Level 3 Patient Centered Medical Homes. SouthCoast Health Systems has used lean management techniques to find \$20 million in operational efficiencies and waste reduction.

Of the 32 newly created so-called Pioneer ACO's in the United States – organizations pioneering cost-saving partnerships with the federal government – five of them are here in the Commonwealth. One other state has more, and that's six in California.

State government is modeling the move toward more efficient models of care. As a result, the Connector has reduced premiums in the past two years by 10 percent. Nearly a third of employees insured through the Group Insurance Commission opted for limited network plans, saving themselves and the state more than \$30 million. Through these and other moves we shaved nearly a billion dollars off of the projected growth in health care costs in the current fiscal year. We are projected to shave another \$700 million off next year's growth as well.

The point is that, in the past two years, a lot of very promising activity has been undertaken here in the Commonwealth. And that's very good news. The recession has played a part in some of it, there's no doubt about it. But most health care economists agree there is more to it than that. That's especially clear when you consider that most of the results I just cited measure from 2010 to the present. In other words, the results occurred not during the depth of the recession but during the time when we got serious about confronting this challenge together.

Since that time, as I am often assured, the market has been moving in the right direction. And that's true. But the market didn't start moving all on its own. Government took action. We started pushing back against insurance increases, yes, but we also worked hand-in-hand with insurers and businesses to create limited network plans and small business co-ops, and are working today with hospitals, community health centers, doctors and other providers to pilot patient-centered medical homes.

The fact is, we have seen progress because both the private sector and government are working at it. And that is critical to keep in mind.

I am a capitalist. I think I have told you that before, but let me remind you. I respect the opportunity of people to create jobs and wealth, and have spent most of my working life in the private sector. I can't imagine a world without the freedom of people to develop and test competing ideas. But I am not a market-fundamentalist. I don't believe the market always gets everything just right, at just the right time. And the health care industry is most certainly not a perfectly rational market. Consumers don't always know what they are buying, how much it actually costs, or what the intrinsic value or outcome will be. People just don't choose a surgeon the way they do soap. For the sellers in the market there are huge barriers to entry. Most of the major players are not-for-profits. And the product sold or resource allocated by this market is often not optional.

So, the question is not whether there is a role for government. The question is what is the proper role for government. Just as the public and private sectors came together to solve the challenge of health care access, we are going to find a solution together to containing health care costs. We have already shown we can. Now, we have to figure out how to sustain that progress for the next decade or more.

There's more than one way to "skin a cat," as they say, especially when it comes to public policy. I made a proposal last year. The House and Senate are preparing to debate their own approaches now. While I don't agree with everything in either bill, there is a lot to like in each of them. The Speaker and Chairman Walsh, the Senate President and Chairman Moore, and everyone else who played a role in crafting these bills, deserve to be recognized for the good and serious work they have done.

As they and we work together over the next few weeks, there are a few core principles that I expect to see reflected in a final bill. They are (1) a cost containment goal, (2) flexibility in how to achieve it, (3) accountability for failing to do so, and (4) sensible tort reform.

First, the goal. The House and the Senate bills set goals for total health care expenditures as a proportion of Gross State Product. Tying the goal to the overall growth of the state's economy makes sense to me, since all we're trying to do is make sure health care costs don't outgrow everything else. In business, they shouldn't crowd out the ability to add more people to the payroll or to invest in innovation. In government, that means that they shouldn't crowd out investments in education and public safety and

job creation.

Candidly, I'm not that interested in total health care expenditures as an end in itself. I care about what people are actually experiencing. How much of their take home pay is going to health care? How much of a small business's budget is devoted to higher premiums? How do premium increases effect a company's decision to hire somebody or a family's ability to meet their other household needs? Most of the experts involved seem to believe that "total health care expenditures" will serve as a reasonable proxy for achieving the results we want. If basing the goal on that helps make a difference in reducing premium, and other health care costs, then I will support it. If there is a better measure, let's hear it.

What goal is reasonable is a fair subject for debate. When you hear that per capita spending has grown three times as fast as median income and that 20 percent or more of current medical spending may be unnecessary. . . well, that suggests to me that an industry as dynamic and innovative as our health care industry should be able to find a way both to reduce costs and pass those savings on to you. In other words, an ambitious goal ought to be realistic. The Senate proposed limiting growth to growth in GSP. The House proposed GSP minus a half of a percent. The Associated Industries of Massachusetts and at least one Republican leader have pushed for keeping growth 2 percentage points below the growth in GSP.

I look forward to working with the Legislature and all of you on a final goal. I think the industry can do better than GSP. I certainly could not imagine accepting GSP plus anything, for three reasons: (1) the industry has already shown us they can do better than that; (2) they have shown they can do so without jeopardizing the quality of care; and (3) any goal that foresees increases above GSP just postpones the day when health care is all we can afford to buy.

Whatever the goal, the health care industry will need flexibility and may need new tools in order to meet it. The consensus among health practitioners is that transitioning to integrated care will improve the quality of care and also be more cost effective. The industry is moving in that direction and we have and will continue to help support these moves. But mandating global payments or any other specific means is unnecessarily limiting. The bill I filed required all state agencies to move away from fee-for-service (basically as a way to assure we are using the state's buying power to move the market and modeling the change that works), but we left room for fee-for-service in the private market so long as costs were controlled. I do think it is important to allow that kind of flexibility. It's lowering premiums and maintaining quality we care about, not necessarily the details of every method of care delivery.

Thirdly, it is critical that the industry be accountable for reaching the goal. Government has a role in that, obviously working with health care experts and allowing sufficient latitude and time to get there. I'm not interested in government intervention for the sake of government intervention. I am interested in completing the vision of health care in Massachusetts: accessible, high quality and affordable care for

everyone. That is the public's interest, and government's job is to serve the public interest.

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Both the House and the Senate bills propose new state agencies to do this. The bill I filed last February created no such agency and I have yet to be convinced that we need one. I am all for making things more efficient. There are a whole host of different touch points for the health care industry and state government today. I would support consolidating what we have under one umbrella, and sharpening the mission. That much makes sense to me. I am not convinced, however, that consolidation requires a new quasi-independent agency. Creating new quasi-independent agencies with less accountability to the public is a bad Massachusetts habit. If there is a new agency, it is vitally important that it be as accountable to the public as other branches of government or other successful quasis, like the Health Care Connector.

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The point is this: we can solve problems when we hope – yes, hope – for the best and then work for it.

That's what I love about this job. That's why I ran for a second term and why I'm not going anywhere. That's why I'll be back in front of you next year and the year after that, with an equally ambitious agenda, pushing hard for more progress until I take my farewell walk down the front steps of the State House at the end of my term.

I am thankful to my Cabinet and staff, and to everyone here who has been a part of that work. And I ask you to keep working together and with us for a better future for our neighbors and our nation.

Thank you very much for having me.

06.28.12 Remarks on the Affordable Care Act Decision

Governor Deval L. Patrick
Affordable Care Act Remarks - As Delivered
Room 157, State House
Thursday, June 28, 2012

Today's decision is a victory for the American people, a victory for the proper role of government and a victory for our system of constitutional checks and balances.

It's a victory for the American people because it sustains a law that gives families security, holds insurers accountable and helps Americans get the care they need.

- Thirty million Americans without health care will now have it.
- Over 5 million people on Medicare save more than \$3.7 billion on their medications.
- Over 3 million young adults get coverage through their parents' health plans.
- People – 130 million by some estimates – won't be locked out of the insurance market because of a preexisting health condition or go bankrupt because of a chronic illness.
- Health care costs for individuals, families, small business and local governments go down.

That's all good news for the American people.

This is also a victory for the role of government in helping people help themselves. High health care costs and inadequate access to care are significant national economic and social challenges in this country. Congress acted in 2009 for the same reasons our legislature and Governor Romney acted in 2006: because health is a public good and everyone deserves access to it, and because reforming the system brings costs down and improves care for everyone. Today the Court upheld that power.

And finally this is a victory for our system of constitutional government. Federal judges are often vetted these days for their political views. The Court's majority made an important point today by reaffirming that it is not the role of the Court to opine on whether they like what Congress has done, but rather whether Congress has the constitutional power to do what it has done. By affirming that principle, the system worked.

We have already shown here in Massachusetts how economically important and morally right health care reform can be. We live in a state right now where 99.8% of children have access to quality care – why should it be any other way?

Since Governor Romney signed health care reform here in Massachusetts, more private companies are offering health care to their employees, fewer people are getting primary care in an expensive emergency room setting and hundreds of thousands of our friends and neighbors have access to care they didn't have before. We're seeing improvements in health, especially among women and poor people. It has not busted the state budget. Massachusetts health care reform has become a competitive advantage, attracting young people and entrepreneurs who know they can come here and take a chance on a new company and still have access to the best care in the world. And premiums are stabilizing or are going down, not growing. In other words, each and every one of the list of horrors Governor Romney now says will happen in America because of Obamacare did not happen in Massachusetts because of Romneycare.

The Affordable Care Act gives Massachusetts tools to improve the quality of care and lower costs for everyone. One of the great outcomes of today's ruling is allowing that work to go forward. We are using the Affordable Care Act to improve health IT, enabling digital medical records that are easier to move through the system; we are using the Affordable Care Act to move to more integrated, higher quality, lower cost care; we are also using the Affordable Care Act today to streamline coverage for the working poor across Massachusetts.

Because of this law, and because of today's ruling, our work in Massachusetts and in this country will move forward.

Today's ruling I believe is an affirmation of basic American ideals. The Affordable Care Act is not ultimately about President Obama or Chief Justice Roberts or any other member of the Court or of the Congress. It's about Americans, all across this country, who are trying to make their way forward. It's about helping people help themselves. Because of this law, and because of today's ruling, this is a more perfect union.

GOVERNOR PATRICK SIGNS 'NEXT BIG STEP FORWARD' ON HEALTH CARE REFORM, MASSACHUSETTS POISED TO LEAD NATION ON COST CONTROL

At State House ceremony, Governor credits broad coalition for making landmark law possible; Cites better care at lower costs, savings of nearly \$200 billion over 15 years & increase in take home pay for workers, savings for families



Governor Patrick signs the health care reform bill in Nurses Hall at the State House. (Photo Credit: Eric Haynes / Governor's Office) [View full size photo.](#)

BOSTON – Monday, August 6, 2012 – Governor Deval Patrick today launched the next phase of health care reform, signing legislation that builds on the Commonwealth's nation-leading access to care through landmark measures that will lower costs and make quality, affordable care a reality for all Massachusetts residents.

"Today, we take our next big step forward. Massachusetts has been a model to the nation for access to health care. Today we become the first to crack the code on cost. And we have come this far together," said Governor Patrick. "The law I have signed makes the link between better health and lower costs, that we need a real health care system in place of the sick care system we have today. What we're really doing is moving towards a focus on health outcomes, and a system to reward that. We are ushering in the end of fee-for-service care in Massachusetts in favor of better care at lower cost."[\(Read the Governor's full remarks here.\)](#)

During a ceremony at the State House, Governor Patrick joined medical, business and labor leaders, caregivers and patient advocates, and legislators and policy makers, crediting the broad coalition for delivering on the promise of the Commonwealth's 2006 health care reform law that expanded coverage to over 98% of residents, including 99.8% of children. The Governor noted that the first phase of health care reform, which the Patrick-Murray Administration successfully implemented, has led to more residents having a primary care physician, more businesses offering coverage and an increase in preventive care.

"Our Administration has worked to increase access to quality health care for Massachusetts residents, and we have built a strong partnership with providers, consumers, and other stakeholders to address the affordability of care within the system," said Lieutenant Governor Timothy Murray. "We thank the state legislature and all who have been dedicated to working with us as we prepare for the next phase of health care reform, reducing the rising cost within our health care system and easing the burden on Massachusetts families, businesses, and residents."

"By striking just the right balance, this bill will help slow the spiraling health care costs faced by businesses and individual consumers while also allowing the marketplace to grow and function," said Attorney General Martha Coakley. "We are proud to be part of this first-in-the-nation effort and are prepared to ensure the law's fair and effective implementation. I thank Governor Patrick for his leadership on this issue and applaud the Legislature, particularly the work of Chairmen Walsh and Moore, as well as Senate President Murray and Speaker DeLeo, for this landmark health care bill."

"Since we passed health care reform and became a model for the country, we have been working toward this moment," said Senate President Therese Murray. "Health care costs are a burden on businesses and many individuals and families, despite recent successes in bringing down premiums in some cases. With this bill, we are once again showing the nation that shared concerns and a willingness to work together can provide answers. This bill will reel in health care costs, removing a major roadblock to long-term job growth and allowing essential investments in education and transportation without harming our number one industry or patient care."

"I am proud of the health care cost containment legislation we worked together to craft. Our collective focus is on cutting health care costs for businesses and families," said House Speaker Robert A. DeLeo. "I am confident this bill will lower our health care costs in a way that maintains our historic strengths, among them high quality patient care and medical innovation. As we have done previously with municipal health care reform and the sound management of our state budget and other pieces of legislation, we are putting Massachusetts at the top of states for people to live and work."

The Governor also noted ways in which government and the private sector have worked together to make progress on controlling costs in advance of this bill becoming law. Small businesses and working families saved over \$600 million in the last two years as the Administration slowed the average annual increase in health insurance premiums from over 16% to less than 1%. Over the same period, the Health Connector reduced rates by 10% without sacrificing scale or quality of coverage. Providers and insurers reopened contracts and reduced preset increases to cut millions out of future cost growth. Thanks to legislation passed by the Legislature in 2010, small businesses can now band together into health insurance cooperatives to improve their buying power and limited network plans are available at up to 12% less than ordinary rates.

The legislation the Governor signed today makes this progress sustainable, advances the market innovation already on full display and strengthens the state's world-renowned health care sector so that patients receive better care at lower costs and businesses and working families benefit from long-term savings.

The new law will:

Achieve Billions in Savings:

- Sets a first-in-the-nation target for controlling the growth of health care costs. The law holds the annual increase in total health care spending to the rate of growth of the state's Gross State Product (GSP) for the first five years, through 2017, and then even lower for the next five years, to half a percentage point below the economy's growth rate, and then back to GSP.
- Results in nearly \$200 billion in health care cost savings over the next 15 years, which will lead to up to \$10,000 in additional take-home pay, per worker, over 15 years.
- The average family will see an estimated savings of \$40,000 on their health care premiums over 15 years.

Move to Alternative Payments:

- To control costs and improve quality of care, the law requires government agencies like MassHealth, the GIC and the Connector to use global and other alternative payments to achieve savings for taxpayers.
- Encourages alternative delivery systems across health care fields to deliver additional savings for patients, business owners and working families.

Increase Transparency:

- The law also gives consumers better information about the price of procedures and health care services by requiring health insurers to provide a toll-free number and website that enables consumers to request and obtain price information.

Address Market Power:

- To monitor and address the market power and price disparities that can lead to higher costs, the law allows a Health Policy Commission to conduct a cost and market impact review of any provider organization to ensure that they can justify price variations. The law identifies triggers for when a provider or provider organization will be referred to the attorney general for investigation. An independent Center for Health Information and Analysis will conduct data collection and reporting functions.

Promote Wellness:

- The law creates a Wellness Fund of \$60 million administered by the Massachusetts Department of Public Health for competitive grants to community-based organizations, health care providers and regional planning organizations.

Enact Malpractice Reform:

- The law includes malpractice provisions proposed by Governor Patrick, requiring a “cooling-off” period before a party may initiate a suit, while making providers’ apologies inadmissible as evidence. Many studies show that an apology can prevent a lawsuit but due to the threat of litigation, providers have oftentimes remained silent.

Support Health Information Technology

- Massachusetts is already a national leader in adopting electronic health records and health IT efforts. The law complements these efforts, by advancing several health information technology programs, including the Executive Office of Health and Human Services’ work with the Obama Administration to build and operate the statewide health information exchange.

Over 90% of Massachusetts residents have a primary care physician, and four out of five have seen their doctor in the last 12 months. 78% of Massachusetts businesses offer health insurance to their employees today, compared to the national average of about 69%. More people are receiving cancer screenings, more women are getting early prenatal care and visits to emergency rooms have decreased for non-emergencies.

SUPPORTIVE QUOTES

“The passage of today’s bill is all about seeing our health care system through the eyes of the patient,” said Representative Steven M. Walsh, House Chair of the Joint Committee on Health Care Financing.

“We have the highest quality medical system in the nation and the highest percentage of health care coverage, yet it is a struggle for families to afford their health insurance premiums. This legislation focuses on increasing efficiency and cutting costs within our system, while enhancing the quality of care that our patients receive and empowering them to make the best personal health decisions.”

“Today, we take another big step forward towards achieving affordable health care for all of our residents,” said Secretary of Health and Human Services Dr. JudyAnn Bigby. “We are moving towards a health care system that is more focused on better care and better health at lower cost. I am proud of Governor Patrick for signing this historic legislation.”

"This groundbreaking legislation takes on the biggest threat to fiscal sustainability for government, businesses and families - growth in health care costs," said Secretary of Administration and Finance Jay Gonzalez. "We're proud of the many successes we have had containing health care costs and today's announcement brings us one step closer to a permanent solution to that challenge."

"Making Massachusetts more affordable for businesses is a priority in the Patrick-Murray Administration's long-term economic plan, and this law signed by Governor Patrick is a significant step forward on this important issue," said Greg Bialecki, Secretary of Housing and Economic Development. "Small businesses are the driving force of our economic recovery, and business owners can be assured that we are doing everything we can to put the brakes on escalating health care costs now and in the future."

08.06.12 Health Care Bill Signing

AS DELIVERED

Governor Deval L. Patrick

Health Care Cost Containment Bill Signing

Monday, August 6, 2012

Nurse's Hall, The State House

In this Commonwealth, we believe that health is a public good, an expression of the kind of community we want to live in. Through the years, this central value has motivated a broad coalition of medical, business and labor leaders, caregivers and patient advocates, legislators and policy makers -- many of whom stand with us today -- to rethink and reshape our health care system in order to make quality, affordable care a reality for everyone.

By any measure, our progress has been impressive.

Today, over 98% of our residents are insured. 99.8% of children. No other state in America can touch that.

Over 90% of our residents have a primary care physician, and 4 out of 5 have seen their doctor in the last 12 months.

More businesses offer health insurance to their employees today than before our reforms took effect -- some 78% of Massachusetts businesses as compared to the national average of about 69%.

We are healthier, too. Preventive care is up: more people are receiving cancer screenings, more women are getting pre-natal care, and non-emergency visits to emergency rooms have decreased.

We've made progress containing cost in the last few years as well.

Average annual increases in health insurance rates have dropped from over 16% to less than 1% in the last two years, saving small businesses and working families over \$600 hundred million.

The Health Connector has reduced premiums by 10% in the past two years without sacrificing the scale or quality of coverage.

Providers and insurers have reopened contracts and reduced preset increases, cutting millions out of

future cost growth.

Small businesses can now band together into health insurance cooperatives to improve their buying power, and limited network and tiered plans are now available on the market at up to 12% less than ordinary rates; and those discounts improve with this new legislation.

Because of a robust collaboration between government and the private sector, there is a tremendous level of innovation in the Massachusetts market today, driving toward lower costs. And it's being noticed nationally: of the 32 newly-created organizations in the United States pioneering cost-saving partnerships under the Affordable Care Act, 5 of them are here in Massachusetts. Again, no other state quite like us.

Today, we take our next big step forward. And like the ones before this one, we take it together. The bill I am about to sign makes the link many have long recognized between better health and lower costs, that we need a real health care system in place of the sick care system that we have today. What we're really doing is moving towards a focus on health outcomes, and a system to reward that. We are ushering in the end of the fee-for-service care in Massachusetts in favor of better care at lower cost.

Through a series of tools ranging from enabling new care delivery models to capping the rate of overall cost growth to medical malpractice reform, this bill will result in nearly \$200 billion in health care cost savings over the next 15 years.

Massachusetts has been a model to the nation for access to health care. Today we become the first to crack the code on cost.

And importantly, we have come this far together.

I want to start by thanking Chairman Steve Walsh and Senator Dick Moore, and their staff, for the seriousness of purpose, thoughtfulness and flexibility that they each brought to this work. David Seltz of the Senate President's office deserves special mention for his consistent creativity.

From the start, Secretary Jay Gonzalez and Secretary JudyAnn Bigby showed exceptional leadership on this legislation and the thinking behind it. We would not have a bill this good without each of them. I want to also acknowledge Secretary Greg Bialecki and his team for their work on behalf of consumers and small businesses throughout this process.

The Attorney General stepped up and was critical to getting this bill over the finish line. Her enforcement role going forward will also be critical.

The Speaker and the Senate President pledged to get me a bill I could sign before the end of the Session. And while I did not think that would mean the very end of the Session, there was little nail biting

on my part because they brought us in and made my team a part of their team in working through the toughest issues. I thank you, Mr. Speaker, and the Senate President for your leadership and all the members for their votes.

And finally, I thank this coalition of leaders and advocates, of disparate and sometimes competing interests, for coming together and sticking together for the greater good. That's not only what it has taken and will take to lower health care costs. That's what it takes to make a real community – and it's one of which I am proud to be a part.

Congratulations, one and all.

10.18.12 Massachusetts Medical Society Leadership Forum Remarks

AS DELIVERED:

Governor Deval L. Patrick

Massachusetts Medical Society Leadership Forum Remarks

Waltham, MA

Thursday, October 18, 2012

Thank you, Judy, for that introduction. And thank you, Dick, for having me here today. I am grateful for the time and thoughtfulness you and Alice devoted to our recent health care legislation. Thanks to you both, it's a better bill.

In my six years in office, health care has been a central issue: how to expand access, how to improve quality, how to control cost. In one form or another, health care affects government, business and household budgets; people's ability to get a job; a child's readiness to learn. Given the significance of health care to every aspect of our lives, I think we have been right to pay attention to these issues. Six years in, let me give you my perspective on where we are and where we're going. I'll be brief so that we can spend most of our time in conversation.

Let's start with where we are. Six years after we passed the 2006 law, health care reform is working in Massachusetts. We have expanded coverage to 98.2 percent of our total population. 99.8 percent of children. No other state in the country can touch that. While the national trend was going in the other direction, we increased the number of insured in Massachusetts by more than 400,000 people. When you listen to all the tortuous debate about the wisdom of universal care around the country, step back and ask yourself: what can be wrong about 99.8% of children having health coverage? Why should it be any other way?

There was fear that our health care law would result in fewer employers offering coverage, but the opposite has happened. More businesses offer health insurance to their employees today than before our 2006 reforms took effect, some 78 percent of Massachusetts businesses as compared to the national average of about 69 percent.

So-called Minimum Creditable Coverage in Massachusetts includes not only primary care, but also cancer screenings, emergency care, mental health and substance abuse programs and lifesaving medications and treatments. This was the right approach both to help keep people healthy and to save

the system money in the long run. And we're healthier because of it.

Preventive care is up: more people are receiving cancer screenings, more women are getting pre-natal care and visits to emergency rooms have decreased. 150,000 people have stopped smoking because we expanded coverage for smoking cessation programs. A recent study by the National Bureau of Economic Research documents improvements in physical health, mental health, functional limitations, and joint disorders as a result of increased access to care in Massachusetts. Women, minorities and low-income people have experienced the biggest health improvements.

For example, among Hispanic males, a notably under-insured population in Massachusetts before health care reform, the detection of testicular cancer has more than doubled and the majority of cases are now detected at an early stage. And with wider access to screenings, we've seen a 36 percent decrease in cervical cancer in women.

By the way, the capacity shortage is real, but less profound than we expected. Over 90 percent of our residents have a primary care physician, and 4 out of 5 have seen their doctor in the last 12 months.

And I should add that expanding coverage to 98% of our residents added about 1% more of state spending to our budget.

Those are the stats. But even better are the stories. I remember meeting a young woman named Jaclyn Michalos, a cancer survivor who got the care she needed to save her life through the Commonwealth Connector. She had no affordable way before Massachusetts's health care reform – it saved her life.

A self-employed man named Ken Brynildsen ignored his gastrointestinal symptoms for 3 years because he could not afford to see a doctor or pay for possible treatments. Once insured, he was seen and treated for Stage III colon cancer and is cancer free today.

The expansion of access has been a policy success in Massachusetts, I believe, because we started with the belief that health is a public good and that everyone deserves access to affordable, quality care. For us, it's an expression of the kind of Commonwealth we want to live in. That understanding, that belief, was meaningful enough to compel a Republican Governor, a Democratic legislature and a Democratic United States Senator to work together with organized labor, business groups, medical professionals, and patient advocates to develop and pass a landmark health care reform law -- and then to stick together to refine it as we went along. So, in my view, it's a pretty good model for good politics, too.

I am also proud that what we have here in Massachusetts serves as the model for what the President and the Congress have done for the country. Over the next few years, the whole country will begin to see the benefits of what we pioneered here.

For all the success of health care reform in Massachusetts, there was and is still a separate challenge: the rising cost of health care, especially the rapid increases in premiums for families and small businesses. Having insurance premiums that rise sharply year after year, even during the Recession, is a national problem, not unique to us. Some of the conservative commentators want you to believe that this is happening because of our health care reform, but they are wrong. In Mississippi, a state with no commitment to universal care, premium rates increased faster in the last six years than they did here.

Nationally, spending on health care increased 6.5 percent annually in the last ten years, while real incomes fell by more than 7 percent over that period. Spending on health care makes up 18% of all spending in the United States -- one of the largest single sectors of our economy. In recent years, growth in health care costs has outstripped growth in GDP even as the share of Americans with health insurance has fallen. Across the Nation, just like across the Commonwealth, working families, small businesses and governments are being squeezed by cost increases that we could do little about. As spending on health care programs and emergency care grows, it weakens our ability to compete and slows job growth.

This problem predates and is unrelated to health care reform. And it is unsustainable.

This is especially true for small businesses. I meet many small business owners who are beginning to see their commercial activity pick up and are ready to start hiring again – until they get their annual health insurance hike. Double-digit increases sent businesses scrambling to find new carriers, with less coverage at the same price or the same coverage with higher deductibles, in an annual ring-around-the-rosy of shifting plans. I have yet to meet a business owner in Massachusetts, especially a small business owner, who didn't see health care costs as a significant impediment to adding jobs. And with small businesses making up 85 percent of the businesses in Massachusetts, if they don't start hiring, we don't get a recovery.

The growth in health care spending is also unnecessary. Experts estimate that as much as 20 to 30 percent of current health care spending is wasted on over-treatment, avoidable hospital re-admissions, preventable errors and unnecessary administration. All in, spending on health care is \$67 billion every year in Massachusetts; so, that means we spend somewhere between \$13 billion and \$20 billion annually that we need not be spending.

That's why we have been working hard to find new ways to lower health care spending without hurting the quality of care.

In April of 2010, I directed the Commissioner of Insurance to disapprove nearly all of the proposed rate increases put forward by private insurers. It was ham-fisted, I know, but it got the ball rolling. We simply couldn't accept another year of unexplained double-digit increases in premiums. That decision set in motion a series of negotiations and settlements that led to a \$106 million reduction in the base rates

carriers originally proposed.

Then, later that year, I signed a law creating limited network health plans to give consumers opportunities to get great care in neighborhood settings at lower cost. There are now new plans tailored for small businesses, an especially exposed part of our economy, that promise to be as much as 20 percent cheaper than current rates. We also worked to end administrative duplication by requiring common codes and forms from insurers and providers. And now hospitals and insurance carriers have reopened their contracts and cut rate increases, in some cases by more than half.

We've seen the savings already. Two years ago, average premium increases were over 16 percent. Today, they are less than 2 percent.

We worked hand-in-hand with insurers and businesses to create limited network plans and small business co-ops, and are working with hospitals, community health centers, doctors and other providers to pilot patient-centered medical homes.

I am a capitalist. I respect the opportunity of people to create jobs and wealth, and have spent most of my working life in the private sector. I can't imagine a world without the freedom of people to develop and test competing ideas. But I am not a market-fundamentalist. I don't believe the market always gets everything just right. And the health care industry is most certainly not a perfectly rational market. Consumers don't always know what they are buying, how much it actually costs, or what the intrinsic value or outcome will be. People just don't choose a surgeon the way they do soap. For the sellers in the market there are huge barriers to entry. Most of the major players are not-for-profits. And the product sold or resource allocated by this market is often not optional. The fact is, we made this progress because the private sector and government worked together. And that's critical to keep in mind.

With all that we had accomplished, we needed to find a way to sustain the savings we had created for the next decade or more.

I have heard, time and again, from doctors and patients, from economists and health care executives, that one of the main reasons for the high cost of health care is the way we deliver health care. Many of you and your colleagues have emphasized how a "fee-for-service" model creates financial incentives for the quantity of care a patient receives, not necessarily the quality. We pay for individual procedures and appointments, not for coordinated care that treats the whole patient. Doctors who treat patients well or help them manage chronic medical problems are not rewarded for those outcomes. There is no financial incentive in the current system for good care, only for more care. What we have is an expensive system that fails to provide the best care to patients or give doctors the tools they need to take control. That has to change. And I believe that the health care cost containment bill I signed this summer will help us make that change real.

First, we have established a cost containment goal. With families and small businesses being squeezed with health care costs, we needed to set a goal that was both ambitious and attainable. It made sense to tie the growth in health care costs to the growth of the state's economy since all we were trying to do was make sure health care costs don't outgrow everything else. And so that's what we did. The bill sets a goal for health care costs to rise at the same rate as the state economy for the next five years and then at half a percentage point below that for five years after that.

Second, whatever the goal, we understood that the health care industry needs flexibility and may need new tools in order to meet it. It's lowering premiums and maintaining quality we care about, not necessarily the details of every method of care delivery. So we kept faith with that principle in the final bill.

Third, it was, and still is critical that the industry be accountable for reaching these goals. Government has to have a role in that, obviously working with health care experts and allowing sufficient latitude and time to get there. I am not interested in government intervention for the sake of government intervention. I remain committed to completing the vision of health care in Massachusetts: accessible, high quality and affordable care for everyone. Doing so is in the public's interest, and that's what government is for. That's why the bill I signed gives my administration the ability to work with all the players to make sure they are doing what they need to do to meet our growth goal.

And finally, but importantly, we included sensible tort reform to reduce unnecessary costs for so-called "defensive medicine" in the system. That is one point I heard time and again from many of you in this room.

All of this remains about more than just laws. This is all still about values, about who we are as a Commonwealth. What we codified was the fundamental belief that health care is a public good and that everyone in Massachusetts deserves access to quality, affordable care.

Policy matters only at the point when it touches people. For Jaclyn and Ken and hundreds of thousands of others whose lives are better because of it, these policies matter.

GOVERNOR PATRICK FILES LEGISLATION TO FREEZE UNEMPLOYMENT INSURANCE RATES, LOWER HEALTH INSURANCE CONTRIBUTIONS FOR EMPLOYERS

Legislation will help align state health programs with Affordable Care Act to maintain quality, affordable care

BOSTON - Tuesday, January 8, 2013 – Governor Deval Patrick today filed legislation that will lower business costs and encourage job growth by freezing unemployment insurance rates for employers and reducing or eliminating the contributions they make to fund health care programs for low-income residents. Today’s announcement, which was cheered by members of the business community, is part of a series of reforms the Patrick-Murray Administration is proposing to make government work better.

“This common sense legislation is good for businesses and good for the Commonwealth,” said Governor Patrick. “Our people need jobs and these further measures will help employers create those jobs.”

“We want all businesses to succeed in Massachusetts, and this legislation proposes resources that will provide relief and a supportive business climate for companies across the state,” said Lieutenant Governor Timothy Murray.

Governor Patrick’s legislation will:

Freeze the UI Contribution Rate

- Freezing the employer Unemployment Insurance (UI) contribution for 2013 at “E” will save employers an estimated \$500 million. This marks the fourth year in a row that Governor Patrick has advocated for freezing the UI rate in order to provide economic relief to employers. If passed, the Patrick-Murray Administration and the Legislature will have saved employers approximately \$1.7 billion over the last four years alone. Even with the freeze, the Unemployment Insurance Trust Fund balance will end 2013 with approximately \$600 million dollars.

Eliminate the Fair Share Contribution Program and Medical Security Program

- Effective June 30, 2013, the legislation will eliminate the Fair Share Contribution Program. The Fair Share Contribution program was established under the Commonwealth’s 2006 health care reform law and mandates that employers with 11 or more full-time equivalent employees (FTE) make a “fair and reasonable” contribution toward the health care costs of its full-time workers, or pay a \$295 per FTE assessment. The federal Affordable Care Act (ACA) has a similar policy for employers with over 50 employees, effective in 2014, that could result in double-penalties if the two policies were to coexist.

- By eliminating the Fair Share Program, this bill will save significant administrative costs for Massachusetts employers; allow time to prepare for the implementation of the ACA provision; and ensure the state is streamlining possibly duplicative programs and assessments.
- The legislation will also eliminate the Medical Security Program (MSP) by the end of this calendar year. MSP provides qualifying individuals receiving unemployment insurance benefits health care coverage. Like the Fair Share Program, MSP will no longer be necessary under the ACA.
- Through the ACA, individuals currently enrolled under MSP will be able to access subsidized health coverage through our existing state insurance programs like MassHealth and those offered at the Health Connector.

Continue to Maintain Quality Health Care, Employer Contribution

- In order to ensure employers are contributing their share to maintain quality, affordable health care for all residents, the legislation creates an “employer responsibility contribution” for employers which will, starting in 2014, help finance the cost of subsidized care for low-income residents. Unlike previous programs, the employer responsibility contribution will be streamlined, efficient and less burdensome for both small and large businesses. This contribution will be lower than the current employer assessment funding level for the Medical Security Program. By retooling this contribution, the Commonwealth maintains an original tenet of the 2006 health care reform law – that everyone has a stake in its success - and continues the Commonwealth’s commitment to quality, affordable care for all residents.

“Today, this Administration struck the right balance between supporting Massachusetts employers and ensuring the fiscal stability of both our UI Trust Fund and subsidized health care insurance programs,” said Joanne F. Goldstein, Secretary of the Executive Office of Labor and Workforce Development.

Governor Patrick is committed to maintaining a strong business climate in Massachusetts for businesses to expand and grow. On Monday, Governor Patrick announced legislation to streamline and improve the licensing process and business climate for thousands of professional licensees throughout Massachusetts. The legislation is part of the Patrick-Murray Administration’s comprehensive regulatory reform effort to conduct a fresh analysis of existing regulations and determine what still makes sense in the 21st century. To date, the unprecedented effort has removed unnecessary barriers to starting a small business, enhanced efficiencies of state government operations and aligned state practices with widely accepted national models or best practices.

Supportive Quotes:

“Since 2009 I have worked closely with the Administration on the issues involved with the Fair Share contribution and its effects on businesses in the Commonwealth,” said Senator Michael Moore. “We have already passed many reforms to support our small business community and I am very pleased that the Governor has submitted this critical piece of legislation to address these concerns.”

"For the past six years, Governor Patrick has demonstrated his commitment to support small businesses and create jobs for our residents," said Rep. Linda Dorcena Forry, the House Chair of the Joint

Committee on Community Development and Small Business. “These initiatives are just one more example of positive changes he has made, in partnership with the legislature, to ensure Massachusetts remains a top place to do business.”