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MAY 16, 2011

Governor Deval Patrick testifies on health care cost-containment bill, calls for transition from fee-for-service payment system to integrated care

Governor Deval Patrick testified this morning before the Massachusetts Legislature's Joint Committee on Health Care Financing in support of a bill he filed regarding health care cost-containment and delivery. Patrick stressed that the Commonwealth needs to transition from a fee-for-service health care payment model to one of integrated care. He said that with 98 percent of its residents insured, Massachusetts can now lead the nation in another area of health care: reducing costs while upholding high quality of care. Governor Patrick highlighted four major things that his legislation would do to help accomplish his objectives:

- The state would transition from a fee-for-service model of health care that rewards high volume to alternative payment methodologies via accountable care organizations (ACOs);
- The Commissioner of the Division of Insurance would have expanded authority when deciding whether to approve or reject rate increase request from carriers and providers;
- The bill would create an 18-member advisory council to facilitate communication between lawmakers, experts and various stakeholders to ensure that the approach to global payment reform is effective; and
- The current protocol to address malpractice resolution would be updated to discourage the practice of defensive medicine.

Speaking on behalf of the Patrick Administration, Secretary of Health and Human Services JudyAnn Bigby underscored the necessity to simplify insurance billing structures for health care providers to be more inclusive. Secretary of Housing and Economic Development Greg Bialecki added that rising health care costs are the "primary roadblock" to the Commonwealth's overall economic recovery. He said that our current health care system is a significant impediment to economic development in our state and that the bill would be a crucial step to realizing new employment opportunities statewide.

Attorney General Martha Coakley also testified, urging lawmakers to address two pressing issues: the industry's lack of transparency and serious disparities in market pricing. Broadly addressing health care payment reform will not resolve these problems—rather, lawmakers must acknowledge the institutional differences across the health care industry in order to focus on these two increasingly important questions.

Numerous other stakeholders testified about the legislation as it continues to make its way through the legislative process. Speculation remains that Massachusetts Senate leaders may file their own version of cost-containment legislation, which will make for an interesting political dynamic to watch on Beacon Hill.

For more information about this Alert, please contact George Atanasov, Vice President of Government Relations & Counsel, at gatanasov@mlstrategies.com.

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