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**Statement from Massachusetts Hospital Association (MHA) President & CEO  
Lynn Nicholas Regarding Gov. Patrick's Proposal to Limit Health Insurance  
Premium and Provider Rates:**

In today's economy, healthcare costs are deservedly center stage. As Governor **Deval Patrick** pointed out in his address this morning, we are currently enduring the worst economy in living memory, although Massachusetts is starting to show signs of recovery – led by the state's main economic drivers – life sciences, biotech and healthcare.

In Massachusetts, our hospitals have stepped up to endorse bold, comprehensive reform of the healthcare system – including a voluntary transition to global payment. And we are already taking steps to help control costs by lowering the rate at which care expenses grow. The latest data show that increases in hospital operating expenses are down 35 percent year-to-year. We look forward to reviewing the details of the Governor's proposal as he seeks to take immediate short term steps to address rising health care premiums for small businesses.

All stakeholders - hospitals, other healthcare providers, insurers, the business sector and government- play an important role in mitigating the cost of healthcare. However, **the specific concern of ever-increasing premiums for small employers is clearly a business decision being made by many of the state's insurers.** Under current Division of Insurance regulations, insurers can charge small businesses as much as 76 percent more in premiums than they charge their “big business” counterparts. But hospitals and other providers get paid exactly the same regardless of whether a patient works for a large or small employer.

We know that insurers add billions of dollars to healthcare costs through their billing and claims requirements, which create reams of red tape for hospitals and patients alike without contributing to care delivery. We also know that government stakeholders expect providers to care for tens of thousands of uninsured or under-insured residents, but still don't give adequate financial support to cover the costs of such care.

Finally, we know that **the biggest component of hospital costs is employing caregivers – the nurses, doctors, technicians, and other workers who actually deliver care to our patients in their time of need.** Additional limits on provider payments could well result in a negative impact on the healthcare workforce at a time when Massachusetts is counting on the healthcare community to be adding, not losing, jobs.

Just as there is an acknowledged variation in the financial solvency of individual healthcare providers, so too there will need to be a nuanced approach to managing providers' costs. Bay State hospitals will continue to work with the Governor and other elected officials to find and adopt short-term steps that complement the state's large-scale sustainable healthcare reform efforts and simultaneously keep our economy moving forward.