



MASSACHUSETTS HOSPITAL ASSOCIATION



# Massachusetts Hospitals:

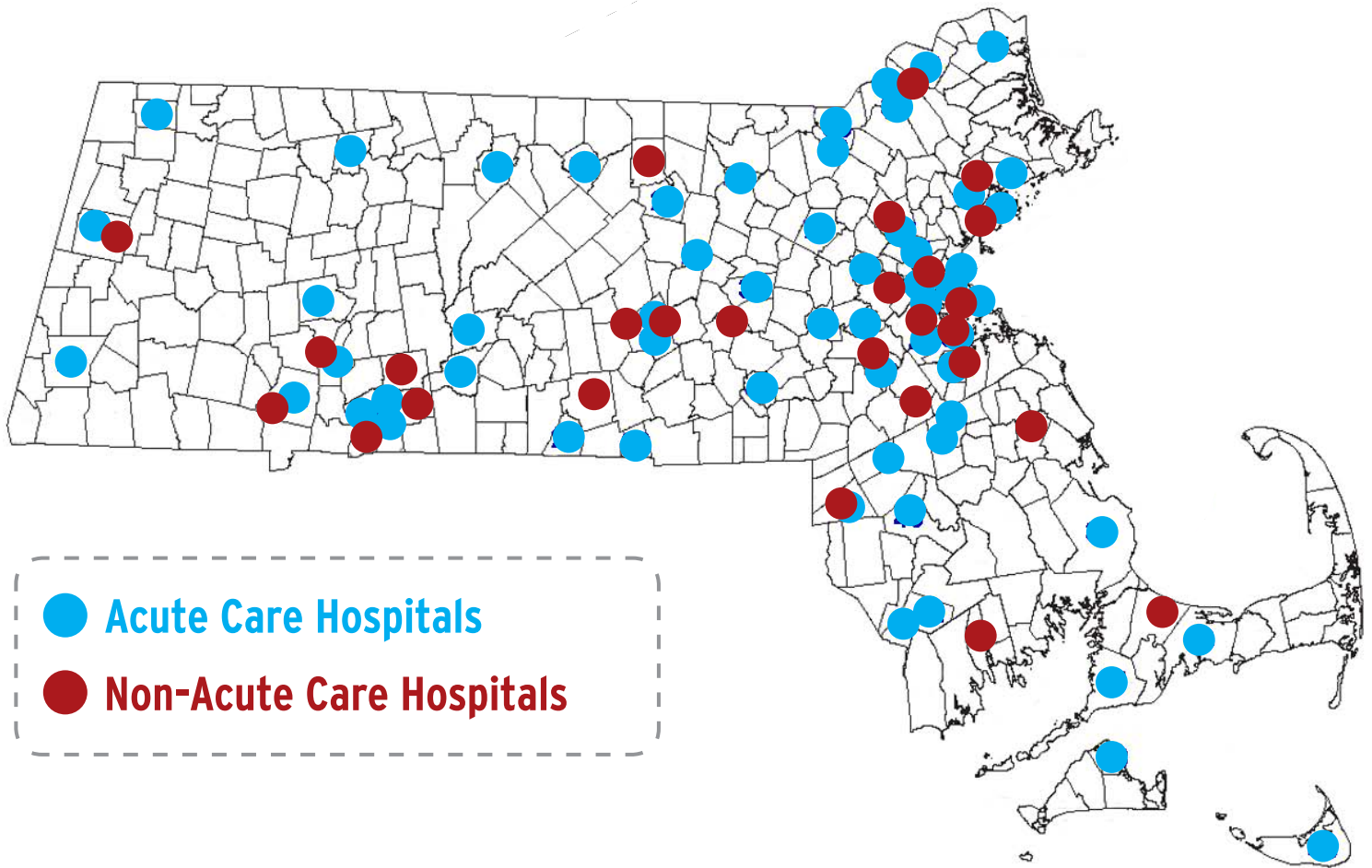
*A snapshot of their importance to patients,  
communities, and the Commonwealth*

## ABOUT MHA: OUR MISSION

The Massachusetts Hospital Association is a voluntary, not-for-profit organization comprised of hospitals and health systems, related organizations, and other members with a common interest in promoting the health of the people of the Commonwealth. Through leadership in public advocacy, education, and information, MHA represents and advocates for the collective interests of its member hospitals and health systems, and supports their efforts to provide high-quality, cost-effective, and accessible care.

### OUR HOSPITAL MEMBERS:

Anna Jaques Hospital, Newburyport  
Athol Memorial Hospital, Athol  
Baystate Franklin Medical Center, Greenfield  
Baystate Mary Lane Hospital, Ware  
Baystate Medical Center, Springfield  
Berkshire Medical Center, Pittsfield  
Beth Israel Deaconess Hospital-Needham Campus, Needham  
Beth Israel Deaconess Medical Center, Boston  
Beverly Hospital, Beverly  
Boston Medical Center, Boston  
Braintree Rehabilitation Hospital, Braintree  
Brigham and Women's Hospital, Boston  
Cambridge Health Alliance, Cambridge  
Cape Cod Hospital, Hyannis  
Carney Hospital, Dorchester  
Children's Hospital Boston, Boston  
Clinton Hospital, Clinton  
Cooley Dickinson Hospital, Inc., Northampton  
Dana-Farber Cancer Institute, Inc., Boston  
Emerson Hospital, Concord  
Fairlawn Rehabilitation Hospital, Worcester  
Fairview Hospital, Great Barrington  
Falmouth Hospital, Falmouth  
Faulkner Hospital, Boston  
Franciscan Hospital for Children, Brighton  
Good Samaritan Medical Center, Brockton  
Hallmark Health Corporation, Medford  
Harrington Memorial Hospital, Southbridge  
HealthAlliance Hospitals, Inc., Leominster  
HealthSouth Rehabilitation Hospital of Western MA, Ludlow  
Hebrew Rehabilitation Center, Roslindale  
Heywood Hospital, Gardner  
Holy Family Hospital and Medical Center, Methuen  
Holyoke Medical Center, Holyoke  
Jordan Hospital, Inc., Plymouth  
Kindred Hospital Boston, Brighton  
Kindred Hospital Boston North Shore, Peabody  
Kindred Hospital Northeast-Stoughton, Stoughton  
Kindred Hospital Park View, Springfield  
Lahey Clinic Hospital, Inc., Burlington  
Lawrence General Hospital, Lawrence  
Lemuel Shattuck Hospital, Boston  
Lowell General Hospital, Lowell  
Marlborough Hospital, Marlborough  
Martha's Vineyard Hospital, Oak Bluffs  
Massachusetts Eye & Ear Infirmary, Boston  
Massachusetts General Hospital, Boston  
Massachusetts Hospital School, Canton  
Mercy Medical Center, Springfield  
Merrimack Valley Hospital, Haverhill  
MetroWest Medical Center, Framingham  
Milford Regional Medical Center, Milford  
Milton Hospital, Milton  
Morton Hospital and Medical Center, Inc., Taunton  
Mount Auburn Hospital, Cambridge  
Nantucket Cottage Hospital, Nantucket  
Nashoba Valley Medical Center, Ayer  
New Bedford Rehabilitation Hospital, New Bedford  
New England Baptist Hospital, Boston  
New England Rehabilitation Hospital, Woburn  
New England Sinai Hospital, Stoughton  
Newton-Wellesley Hospital, Newton  
Noble Hospital, Westfield  
North Adams Regional Hospital, North Adams  
North Shore Medical Center (NSMC), Salem  
Norwood Hospital, Norwood  
Quincy Medical Center, Quincy  
Radius Specialty Hospital Boston, Roxbury  
Rehabilitation Hospital of the Cape and Islands, East Sandwich  
Saint Anne's Hospital, Fall River  
Saint Vincent Hospital, Worcester  
Saints Medical Center, Lowell  
Shaughnessy-Kaplan Rehabilitation Hospital, Salem  
Shriners Hospital for Children, Springfield  
Shriners Hospital for Children-Boston Burns Unit, Boston  
Signature Healthcare Brockton Hospital, Brockton  
South Shore Hospital, South Weymouth  
Southcoast Hospitals Group, Fall River  
Spaulding Hospital Cambridge, Cambridge  
Spaulding Rehabilitation Hospital Boston  
St. Elizabeth's Medical Center, Boston  
Sturdy Memorial Hospital, Attleboro  
Tewksbury Hospital, Tewksbury  
Tufts Medical Center, Boston  
UMass Memorial Medical Center, Worcester  
VA Boston Healthcare System, West Roxbury  
VA Medical Center, Leeds  
Western Massachusetts Hospital, Westfield  
Winchester Hospital, Winchester  
Wing Memorial Hospital & Medical Centers, Palmer



- Acute Care Hospitals
- Non-Acute Care Hospitals

## Who We Care For

- » 911,934 Inpatient Admissions at Massachusetts Hospitals (FY09 data)
- » 5,543,949 Inpatient Days (FY09 data)
- » 77,542 babies were born at our hospitals (2008 data)
- » 3,167,941 Emergency Room Visits (FY09 data)
- » 15,662,687 Outpatient Visits (FY09 data)
- » Hospitals provide a significant amount of care to low-income uninsured Massachusetts residents. In FY2009, the Health Safety Net - which is funded by hospitals, insurers, and government - covered \$372 million in care provided at hospitals to low-income patients. The actual cost of care is greater, however, as the Health Safety Net reimburses care below cost and not all uninsured patients qualify. In FY2010 and FY2011, the Health Safety will also experience significant funding shortfalls - paid for solely by hospitals.
- » Hospitals are front-line enrollees of the uninsured into the state's Health Reform Coverage programs.



# Employment

- » **191,900:** The number of people employed at Massachusetts hospitals
- » **525,000:** People employed in direct care + medical industry + research - that's 16.8% of Massachusetts employment
- » Hospitals provide nearly \$500,000,000 of Community Benefits to the public - everything from free cancer screenings, mammograms, in-school health programs and more.
- » **\$9.12 Billion:** Annual employee benefits to Massachusetts hospital workers (non-MDs)
- » **\$1.96 Billion:** Annual employee benefits to Massachusetts hospital workers
- » **\$11.08 Billion** in Wages and Benefits

## Healthcare is a cornerstone of the Massachusetts Economy:

- » 8.4 X computer/electronics and manufacturing
- » 4.1 X construction
- » 2.6 X finance, insurance and real estate
- » 2.1 X all manufacturing
- » 1.9 X education services
- » 1.4 X all federal, state and local government

# Federal Research Dollars in Massachusetts

Based on the unparalleled excellence of our hospital community, working in concert with our vaunted institutions of higher education and the life sciences industry, the state ranks second (to California) in grants from the National Institutes of Health (NIH), receiving \$2.23 billion in 2007.



## FUNDING FROM NIH, CDC, NSF AND AHRQ, 2009

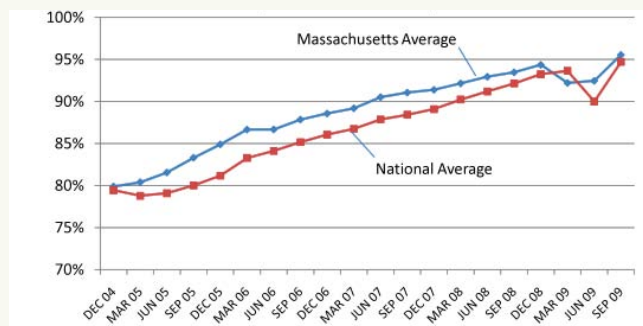
Agency	Funding (in thousands)	State Rank
National Institutes of Health	\$2,833,926,000	2
Centers for Disease Control & Prevention	\$138,270,000	14
National Science Foundation Agency for Healthcare	\$560,567,000	3
Research and Quality	\$29,125,000	1
<b>Total</b>	<b>\$3,561,888,000</b>	<b>2</b>
Population, July 1, 2009	6,593,587	15



## Did You Know About These Quality and Safety Efforts in Massachusetts Hospitals?

- » Did you know that MHA's *PatientCareLink* website: [www.patientcarelink.org](http://www.patientcarelink.org) is designed to make it easier for patients in Massachusetts, families, and providers alike to find meaningful information about the quality and levels of care individual hospitals provide, as well as facts about the work environment at healthcare facilities in the Bay State. By using this site you can learn more about what your hospital is doing to improve care, and how you can participate in making your care safer.
- » Did you know that Massachusetts hospitals have taken the lead nationally in transparency of patient care by voluntarily posting indicators of quality nursing care endorsed by the National Quality Forum (NQF)? These measures include the number of patient falls and the prevalence of pressure ulcers. In *PatientCareLink's* section on *Improving Patient Care*, you will find state specific work on healthcare acquired infections, readmissions, patient falls and pressure ulcers. Additionally, colleagues from across Mass. Hospitals are networking and sharing "best practices", tools, and resources to provide high-quality, preventative care.

### Hospital Quality Alliance/Hospital Compare All Process Indicators Composite Scores Massachusetts Hospitals & All U.S. Hospitals 2004-2009



Source: Commonwealth Fund analysis of HQA/Hospital Compare data at [www.whynotthebest.org](http://www.whynotthebest.org); composite score from 27 process of care measures; each date represents 4 rolling-quarters of data ending in the month displayed. Measures indicate how often hospitals delivered recommended care processes in the following four areas: heart attack, heart failure, pneumonia and surgical care improvement. Only measures for which there are four quarters' worth of data are reported. This includes three "legacy" measures, which CMS has retired and for which hospitals are no longer required to report data.

## The Nursing Workforce

### NURSING AND THE FUTURE SHORTAGE

During 2008, Massachusetts acute care hospitals employed:

- » **20,635** full-time Registered Nurses (RNs)
- » **857** full-time Licensed Practical Nurses (LPNs)
- » **21,666** part-time RNs
- » And **814** part-time LPNs
- » There is a forecast for long-run shortages as large numbers of nurses begin to reach retirement age and actually do retire at the end of this decade.
- » MHA projects the shortage to reach nearly 16,000 nurses by 2015 and to surpass 25,000 by the year 2020.  
(Source: *AHA Hospital Statistics, 2010 Edition*)

### NURSING FACULTY

- » Contributing to the RN shortage is the nursing faculty shortage at colleges and universities. Many potential nurses are being denied the training they need to fill the shortages in the healthcare system.
- » Nationally, more than **54,000** qualified applications to nursing schools are being turned away annually from baccalaureate and graduate nursing programs, according to the American Association of Colleges of Nursing

### NURSING WORKFORCE DEVELOPMENT

- » Since 2003, the Massachusetts Hospital Association has worked with the Massachusetts Department of Higher Education (DHE) and other healthcare stakeholders to develop the **Massachusetts Public Higher Education Initiative in Nursing Education**. The initiative has made significant progress in addressing a dual problem: the acute shortage of nurses and the shortage of nursing educators.

# Understanding Health Care Costs

Massachusetts hospitals have been juggling inflation pressures; universal demands for increased accountability and transparency in patient safety and quality (many of which require investments in information technology); and demands for the latest technology in medicine. In addition, hospitals are faced with substantial government payer shortfalls, labor market forces, and physician recruitment challenges. Rising health insurance company premiums are a symptom of the underlying challenges that hospitals face to deliver care that communities have come to expect.

The hospital community recognizes the need to address rising healthcare costs, and are engaged on a number of fronts to improve quality, accountability, transparency, efficiency, and affordability. Hospitals have made up-front investments in quality and safety initiatives and information technology, which are expected to yield cost savings in the long term, much of which will accrue to payers, not hospitals.

Massachusetts hospitals have stepped up to endorse bold, comprehensive long-term reform of the healthcare system - including a voluntary transition to a global payment system. Long-term payment and delivery reform will not only result in a more integrated and coordinated system of care, but will have positive results in terms of bending the cost curve. To further this goal and educate policymakers and stakeholders, MHA has issued a series of white papers on various aspects of payment and delivery reform, including the influence of benefit design; formation of accountable care organizations and the need to support societal needs. These papers are available on the MHA website [www.mhalink.org](http://www.mhalink.org).

Moderating the growth of healthcare costs will require all constituencies to continue to collaborate on information sharing and problem solving.

## MassHealth Reimbursement

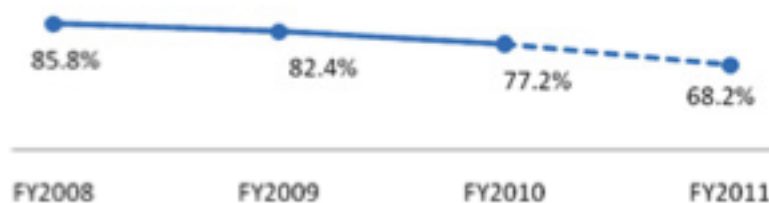
MHA is particularly concerned about the effect of further rate cuts to hospital payments paid directly by MassHealth, as well as by MassHealth and Commonwealth Care Managed Care Organizations (MCOs). The magnitude of the budget cuts implemented in FY2009 and FY2010 have forced many hospitals to cut services, workforce, and facility investments. We believe these cutbacks pose serious concerns for both patients and the state's economy.

A key priority of the state's healthcare reform law (Chapter 58 of the Acts of 2006) was to increase Medicaid payments to hospitals and physicians. This commitment recognized that inadequate public payer rates had a direct effect on increasing premiums in the private pay market. However, while initial progress was made in 2007 and 2008, MassHealth has since initiated dramatic payment reductions to inpatient and outpatient rates, medical education funding, and pay-for-performance payments, and has eliminated special payments for pediatric and high public payer hospitals.

MHA estimates the current underpayment gap will be 77.2% in FY2010, which *includes* scheduled pay-for-performance payment increases. If these payments are ultimately not paid, the payment gap is significantly greater. Not counting pay-for-performance payments, MHA estimates that fee-for-service payment rates alone have declined by more than \$120 million through FY2010.

**MassHealth reimbursement for hospitals now stands further below cost than when the Health Care Reform Law was enacted in 2006.**

### MHA ESTIMATE OF MASSHEALTH HOSPITAL PAYMENT-TO-COST RATIO



In FY2011, further payment reductions to acute hospitals are assumed in the state budget. Specifically, the administration has stated that it will eliminate adult outlier payments - that is, payments for cases that have extraordinarily high costs relative to average inpatient costs, which includes cancer and burn patients, and other trauma victims. MHA estimates the impact will total approximately \$30 million. The administration has also stated recently that it will end additional pay-for-performance payments to hospitals totaling \$75- \$100 million. Pay-for-

performance payments were introduced as a key component of the Massachusetts healthcare reform law. Further reductions are possible due a projected MassHealth budget shortfall. MHA estimates that the MassHealth hospital underpayment gap in FY11 will fall below 70%.

### MassHealth Managed Care Reimbursement

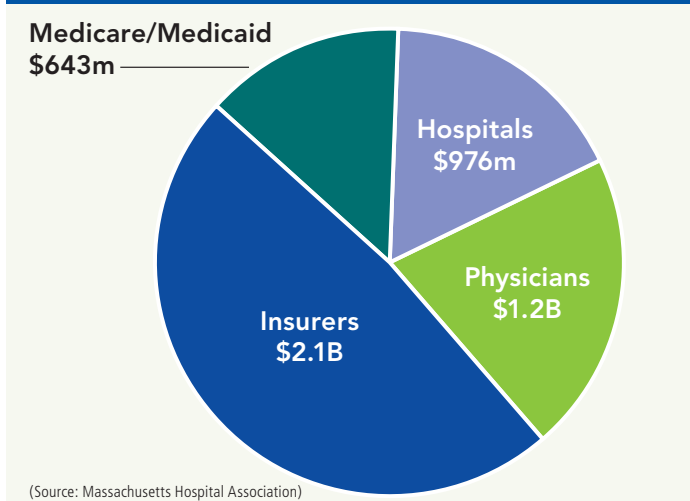
Over the years, most of the MassHealth payment reductions to hospitals were related to the acute hospital "Request for Application (RFA)" - the MassHealth fee-for-service contract with hospitals. But hospitals are also reimbursed for care provided to MassHealth and Commonwealth Care patients by Medicaid MCOs. They too have experienced the state's financial limitations and have in turn required many hospitals to accept reduced reimbursement. When MCOs and hospitals negotiate, the MassHealth RFA rates often serve as the basis point. While the reductions are difficult to estimate, it is important to keep in mind that many acute hospitals have suffered from reduced payments by the MCOs on top of the reductions in their MassHealth RFA payments. MHA estimates that in FY2010 hospital payment rates were reduced by Medicaid MCOs to the effect of \$66 million.

### Health Safety Net

Hospitals are currently experiencing increased financial losses associated with the Health Safety Net (HSN) program. MHA estimates that the FY2010 funding shortfall will be approximately \$62 million. Hospitals alone are responsible for the shortfall. In addition, the reimbursement rates pay below cost. The Division of Health Care Finance and Policy estimates that hospitals are paid 92 percent of cost based on the HSN reimbursement methodology. This does not factor into the hospital assessment or the shortfall allocation assigned to each hospital. Hospitals on average are paid below 40 percent for the cost of services.

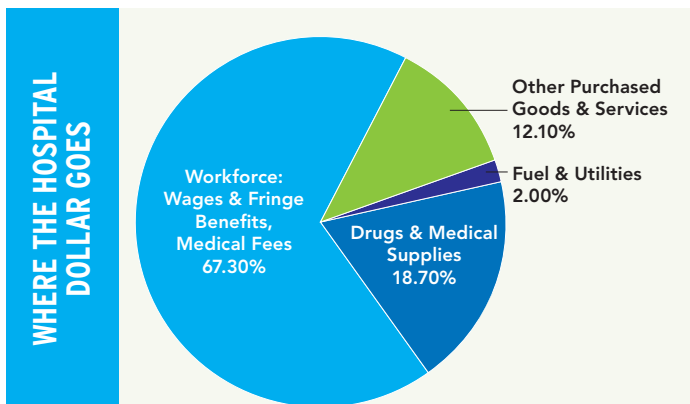
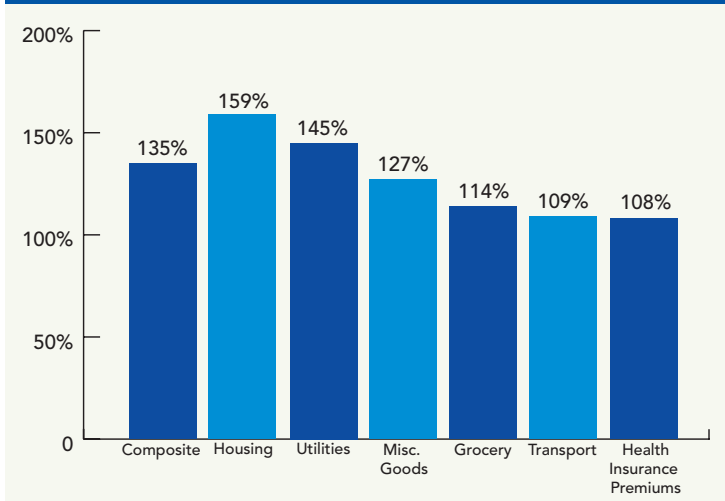
MHA projects FY2011 HSN funding will be short by approximately \$130 million, a cost that will be allocated to every acute care hospital.

### ADMINISTRATIVE COSTS FOR BILLING AND INSURANCE-RELATED ACTIVITIES IN MASSACHUSETTS EXCEED \$5 BILLION A YEAR



### COST OF LIVING COMPARISON

Showing how costs in Mass. compare to rest of U.S. Note: Premiums are 8% higher than U.S. average.



### MASSACHUSETTS PREMIUMS & COSTS ARE IN LINE WITH THE NATION

» During the last 12 years, the difference between health insurance premiums in the U.S. and Mass. has declined dramatically, from a high of 21.15% in 1996 to a low of 7.99% in 2006.

**Average Family Premium**  
 1996 = 21.15% higher in MA  
 2006 = 7.99% higher in MA

**Average Single Premium**  
 1996 = 16.92% higher in MA  
 2006 = 8.01% higher in MA

- » When compared to general cost-of-living differences, health premiums in Massachusetts actually stack up favorably.
- » **Housing** = 59% higher in Boston    **Utilities** = 45% higher in Boston
- » Massachusetts inpatient hospital costs per discharge are in line with the national average.
- » After adjustment for higher compensation, Mass. costs & payments are much lower.

**M H A** MASSACHUSETTS HOSPITAL ASSOCIATION

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The leading voice for hospitals.

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