



Health Resources in Action
Advancing Public Health and Medical Research



Greater Boston
Interfaith Organization



Massachusetts Healthy
Communities System



May 11, 2012

RE: Prevention and Wellness Trust Fund

Dear Senator:

We write to ask for your support of dedicated funding for community-based prevention as part of health care payment reform. The bill released in the Senate on Wednesday establishes a Prevention and Wellness Trust Fund (sections 48, 104, and 192). This represents a giant leap forward in our efforts to contain health care costs, and we applaud Senate President Murray and Chairman Moore for their leadership and vision on this issue.

The Prevention Trust will help lower premiums by preventing people from developing the costly health conditions that are driving up costs – conditions like diabetes, heart disease and asthma. Data shows that an upfront investment in prevention can save hundreds of millions of dollars within just a few years. That’s just good math. The Prevention Trust will allow municipalities and community organizations to develop and implement proven public health programs that will prevent residents from developing costly, preventable diseases – saving money for state and local governments, businesses, and families.

We ask you to join us in supporting the Prevention and Wellness Trust Fund. Further, we ask for your support for Sen. Chandler’s amendment that would remove the automatic 5-year sunset of the Trust financing and replace it with a thorough evaluation of the Trust’s effectiveness and recommendation on future financing options after 5 years.

Please see the reverse of this letter for additional details. If you have questions, please do not hesitate to contact Maddie Ribble at 617-697-2107 or mribble@mphaweb.org.

Sincerely,

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The Prevention and Cost Control Trust

Prevent Disease, Lower Premiums

The Prevention and Wellness Trust Fund will lower premiums by preventing people from developing the costly health conditions that are driving up our health care costs. A small upfront investment in prevention can save hundreds of millions of dollars within just a few years.

In Massachusetts, we spend nearly \$70 billion on healthcare costs, yet rates of costly and preventable health conditions continue to rise, and health inequities based on race, income, and geography persist. We can and must do better.

The Prevention and Wellness Trust Fund (S.2260, sections 48, 104, and 192) is a critical component of payment reform. It will allow municipalities and community organizations to develop and implement proven public health programs that will prevent residents from developing costly, preventable diseases, saving money for the state, businesses, and families.

To cut costs and premiums, we must prevent health conditions that drive spending.

- Fully 97% of our health care dollars are spent caring for individuals once they've become sick, and only 3% of our health care dollars are spent to prevent diseases from developing in the first place.
- Chronic conditions such as heart disease, diabetes, and hypertension and asthma – many of which are preventable – currently make up 75% of the state's health care expenditures.

The Prevention and Cost Control Trust would be funded by a modest assessment on insurers.

- The Trust would be funded at \$20 million/year for 5 years by a small surcharge on insurers.
- The surcharge amounts to an increase of less than one-quarter of one percent (0.22%) on top of what insurers currently pay into the Health Safety Net (HSN).
- The Trust would not dip into existing HSN funds, would not assess hospitals or impact the existing hospital assessment for the HSN, and would not decrease provider payments for clinical services.

This modest surcharge could easily be absorbed without being passed onto subscribers.

- As a percentage of costs, the Health Safety Net assessment has declined considerably over time. In 2004, the surcharge was set at 3.25%, but in 2012 it is only 1.75%.
- The top four insurers in Massachusetts earned over \$350 million in combined profits last year and enjoy over \$2.7 billion in reserve funds.

The return on investment would be fast and significant.

- An Urban Institute study found that the savings associated with a mere 5% reduction in diabetes and hypertension rates could save the Commonwealth \$135 million within 1-2 years, and \$500 million a year within 5 years. That's a return we can't afford to pass up.