

FTC/DOJ Hearings on Health Care and Competition Law and Policy

Testimony of

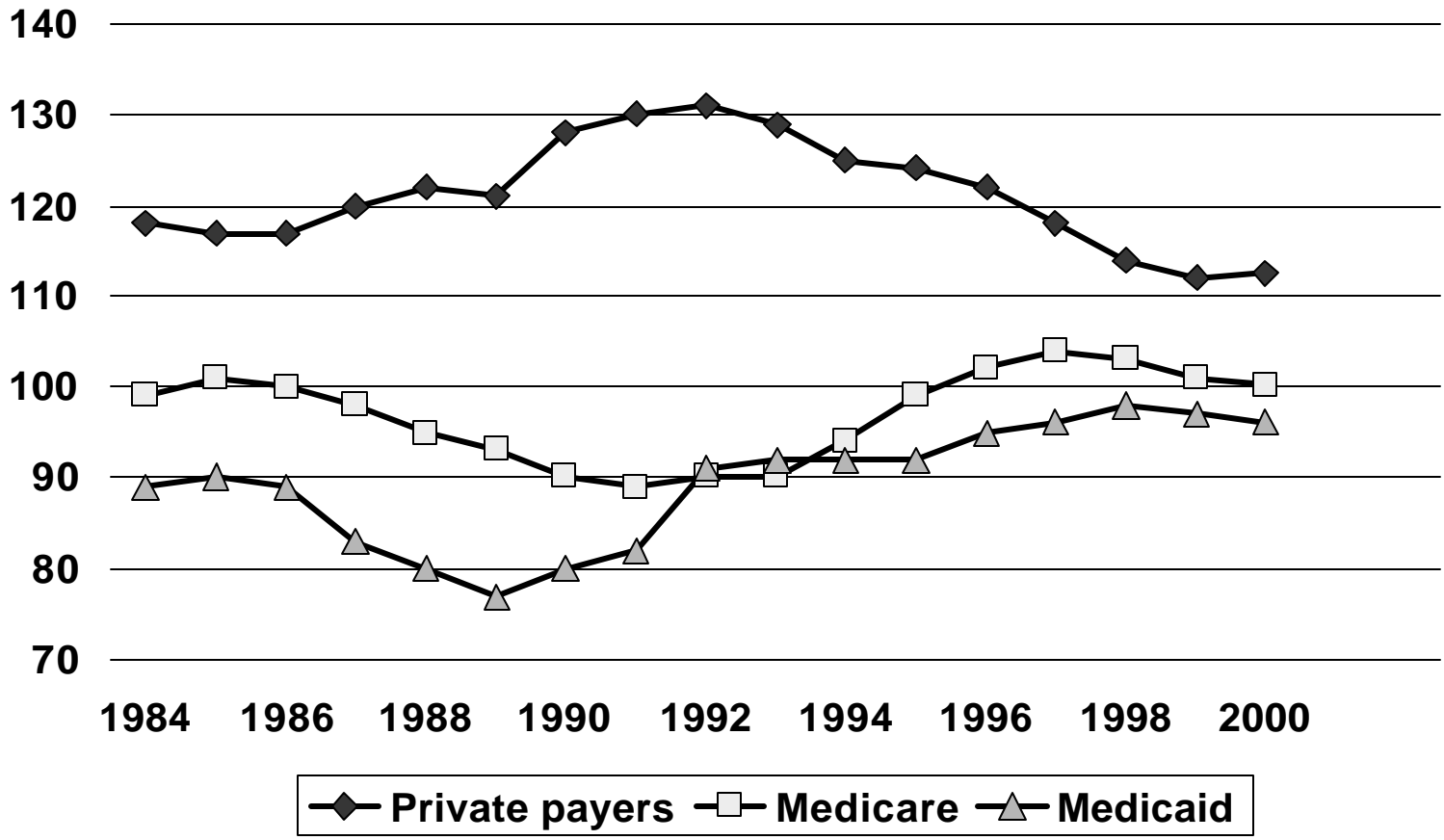
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Heller Graduate School for Social Policy and
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February 28, 2003

Chart 1:

Hospital Payment-to-Cost Ratios By Type Of Payer



Source: 1984-1997 figures: AHA TrendWatch Chartbook, 2001. 1998-2000 Figures: Medpac March, 2002

Chart 2:

Growth Rates In Private Per Capita Health Care Spending

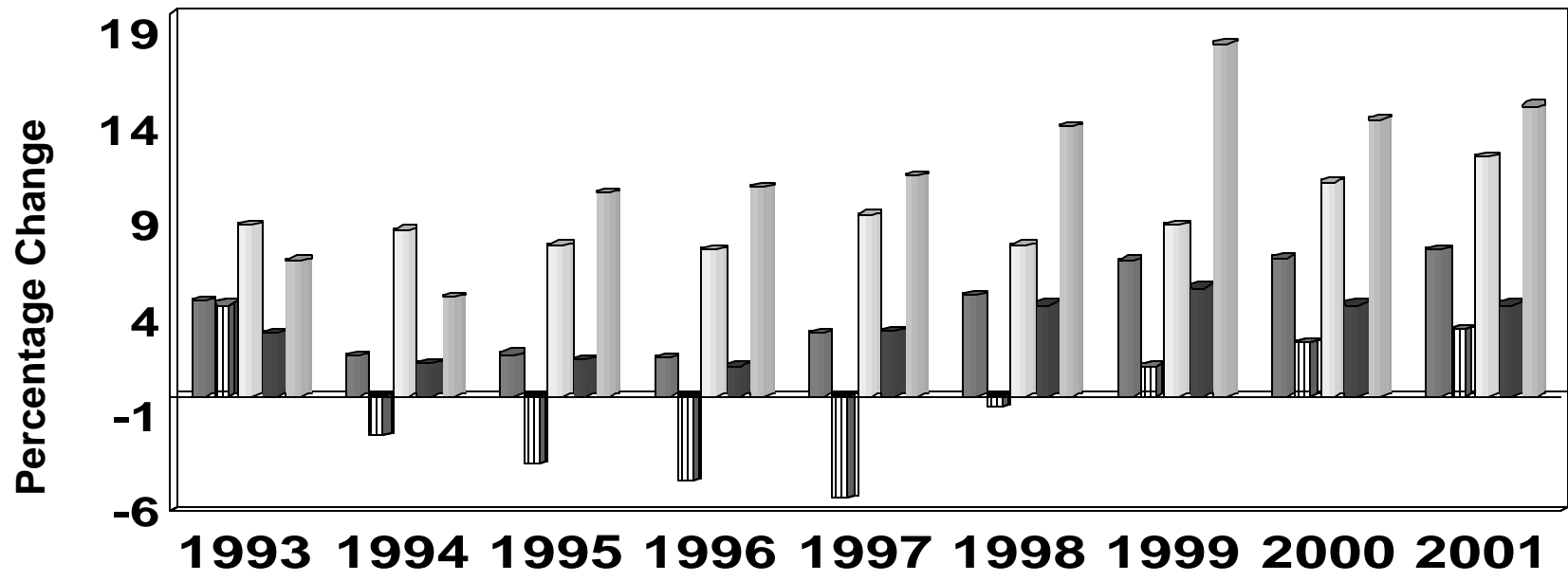
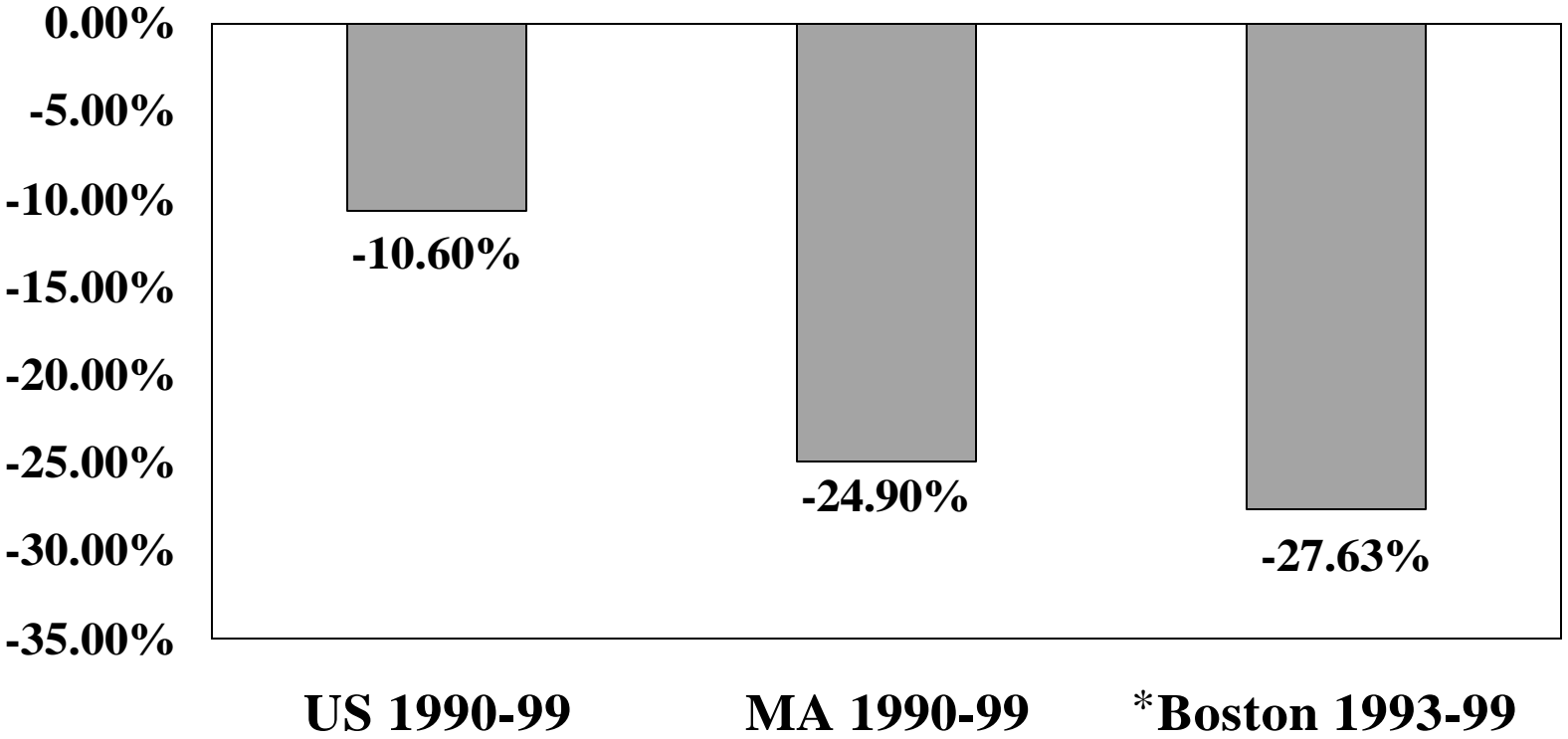


Chart 3:

In MA and Boston, Hospital Bed Capacity Reduction Deeper Than National Average

Percent Change Between 1990 - 1999



Source: Figures for US and MA hospital beds: Statistical Abstract 2001, Boston figures are calculated based on data from the MA DHCFP. * Boston data available only since 1993.

Chart 4:

Hospital Merger Activity Declining

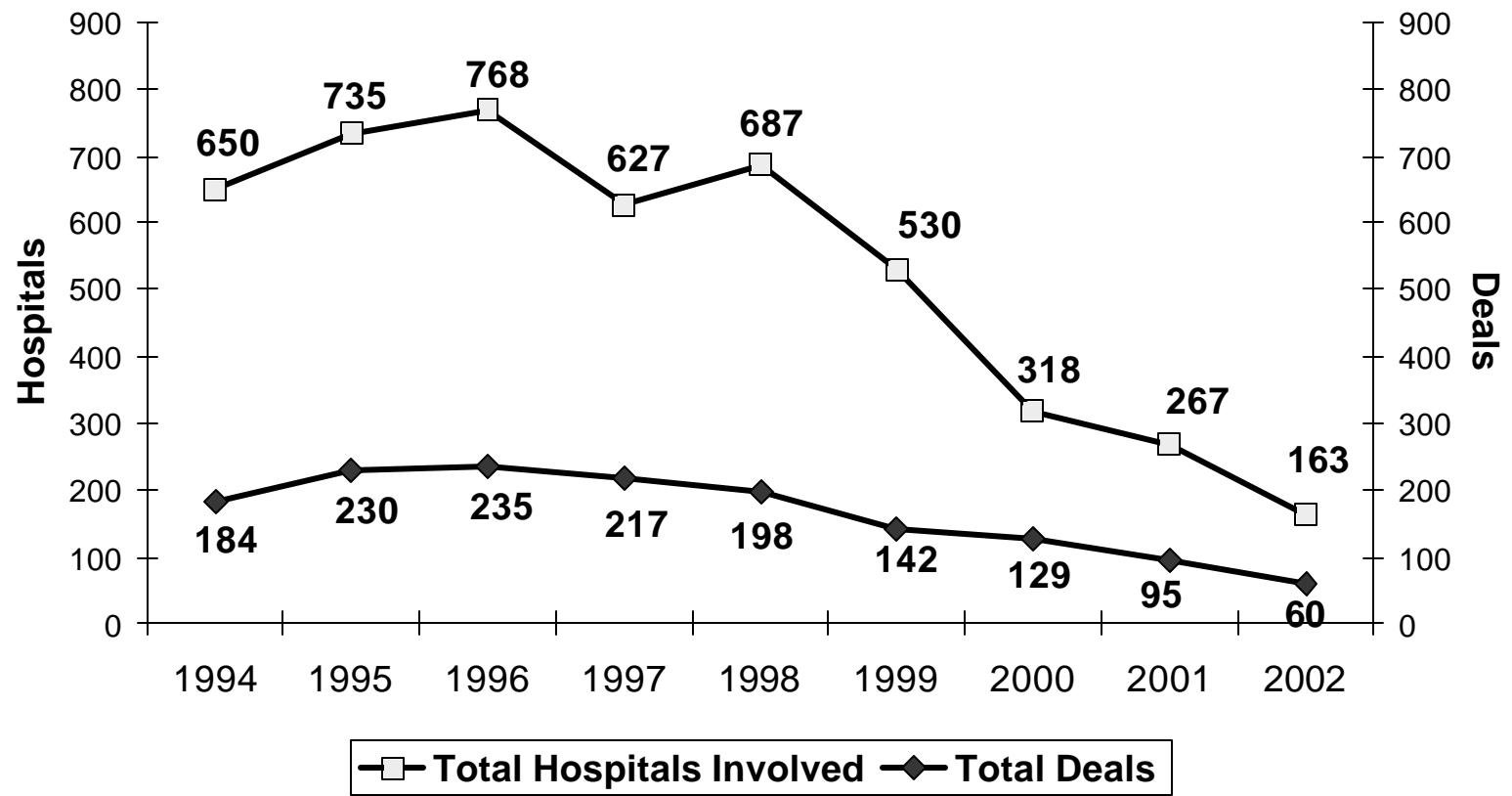
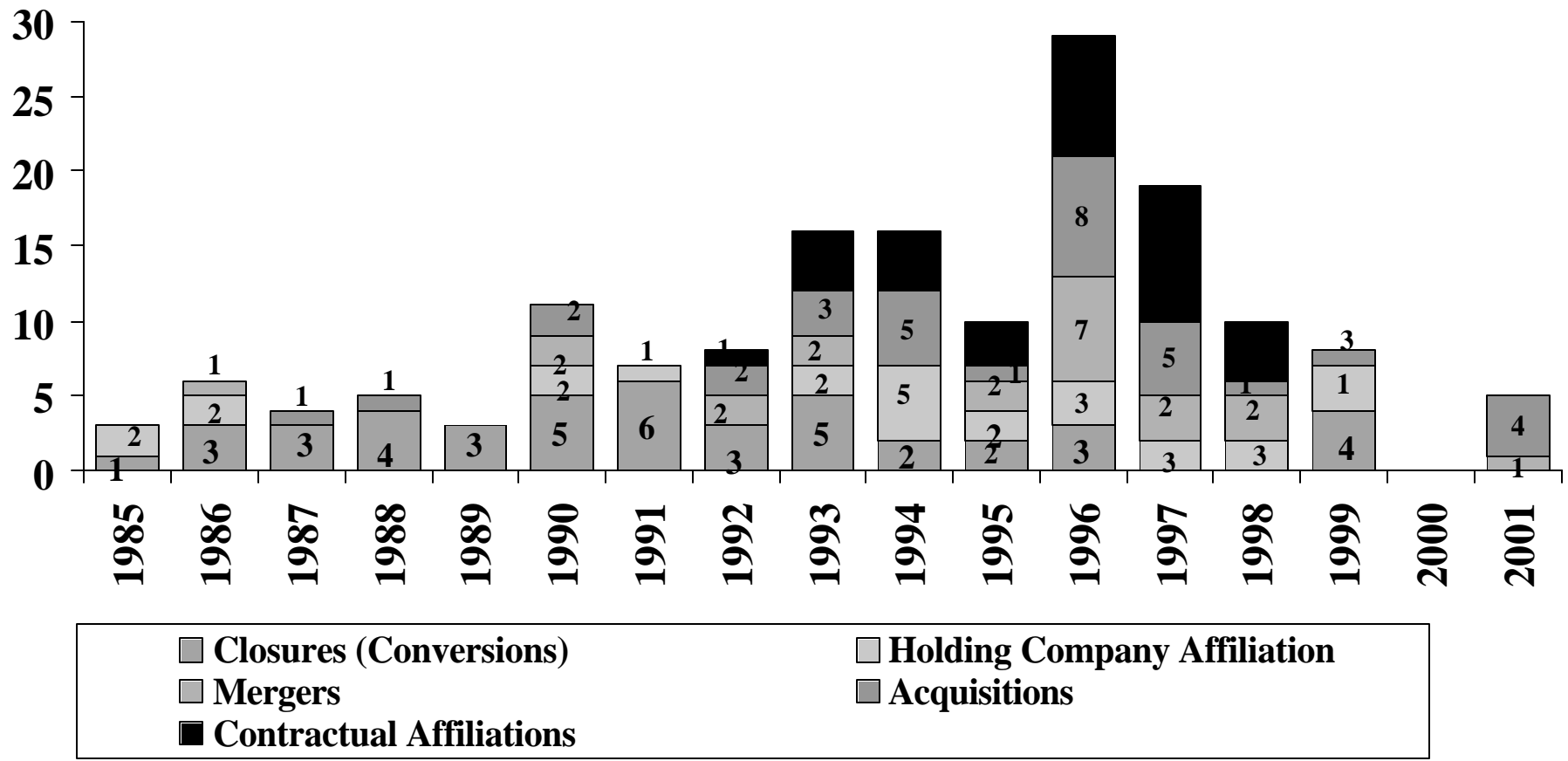


Chart 5:

Hospital Consolidations In Massachusetts 1985-2001



Source: MA Health Care Task Force Final Report, 2002

Chart 6:

In MA Real Physician Income Declining

Inflation Adjusted New England Median Physician Income

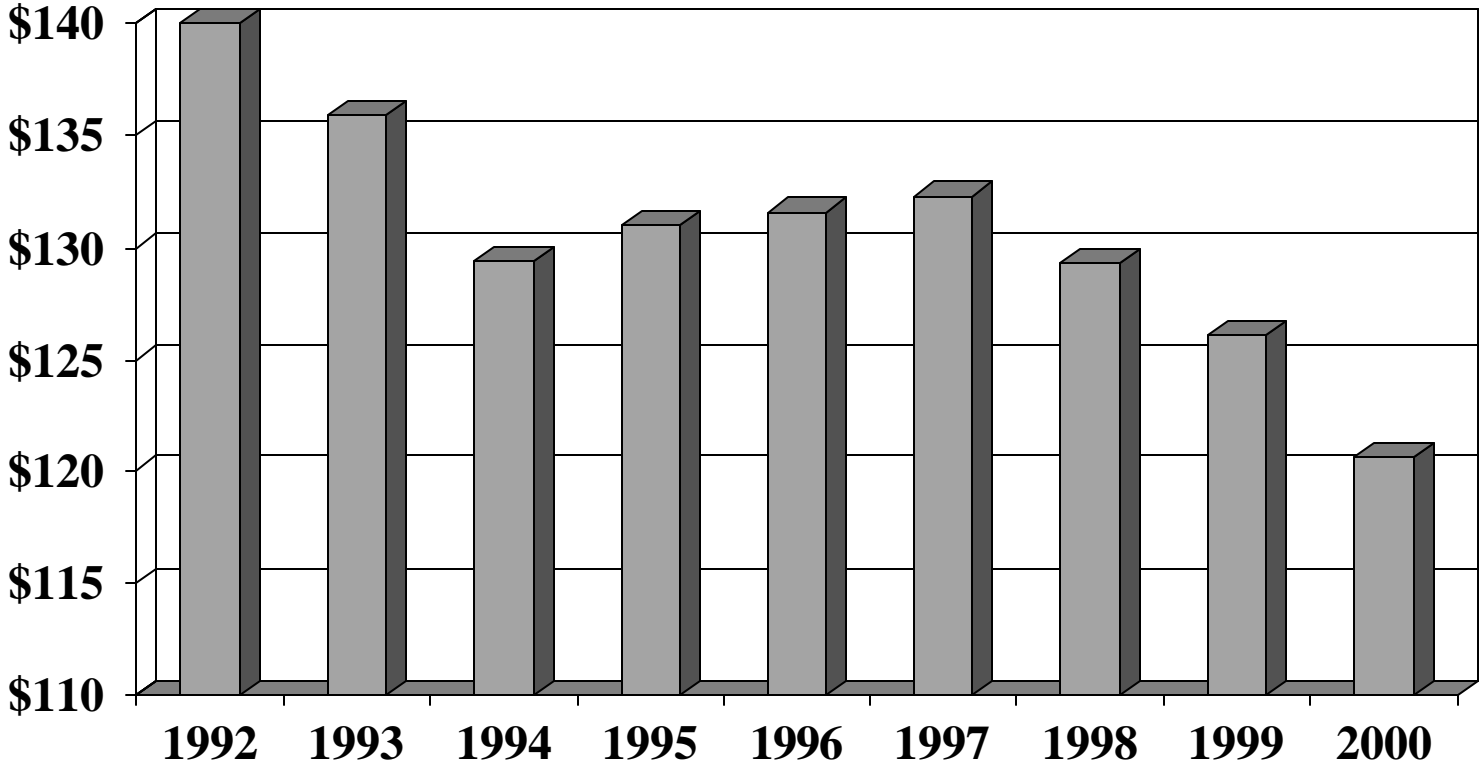
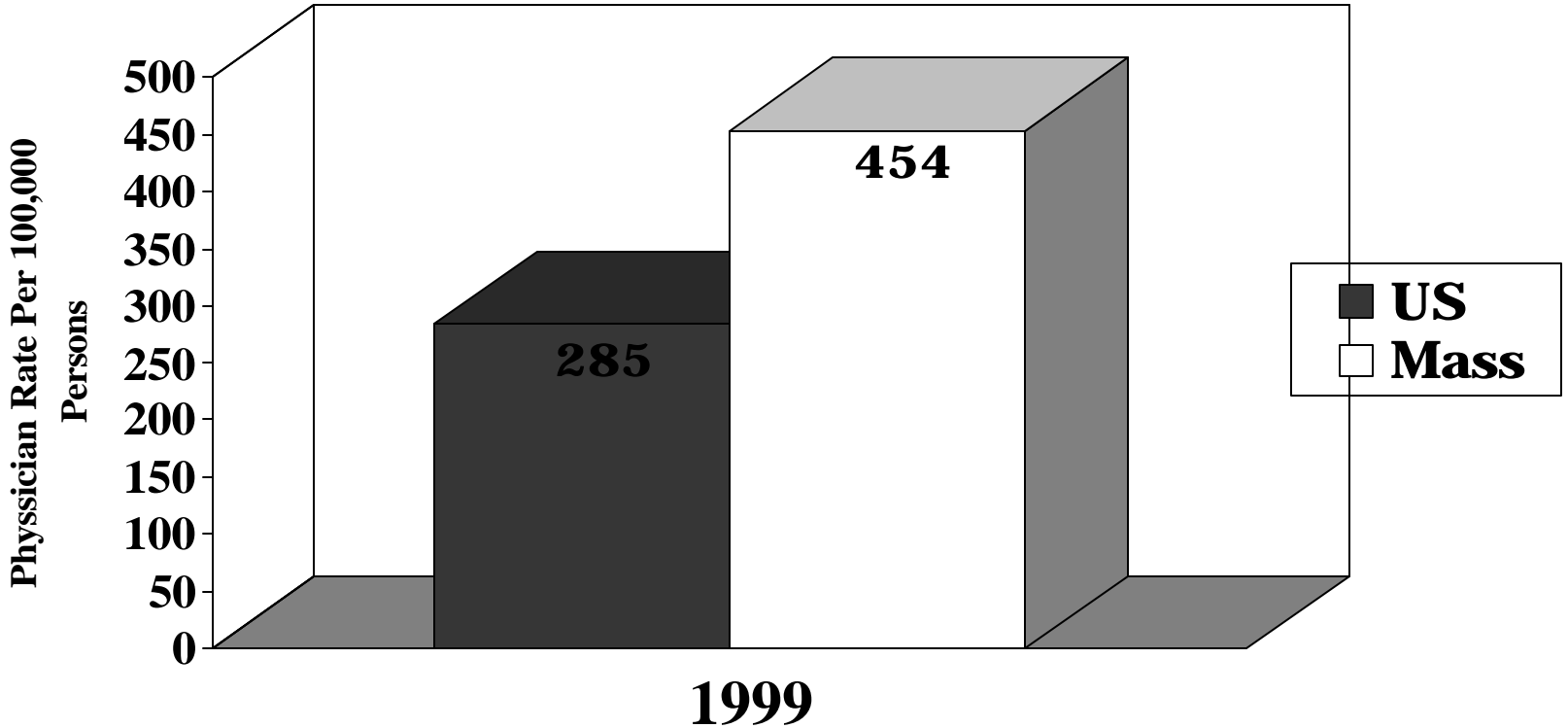


Chart 7:

Non Federal Physician Rate Is Higher Than US Average (Highest In The Nation)



Source: AMA, taken from www.statehealthfacts.kff.org

Table 1:

Hospital Bed Capacity In Boston Area By Teaching Status

Chart 8:

Teaching Hospital Spending per Capita (1998)

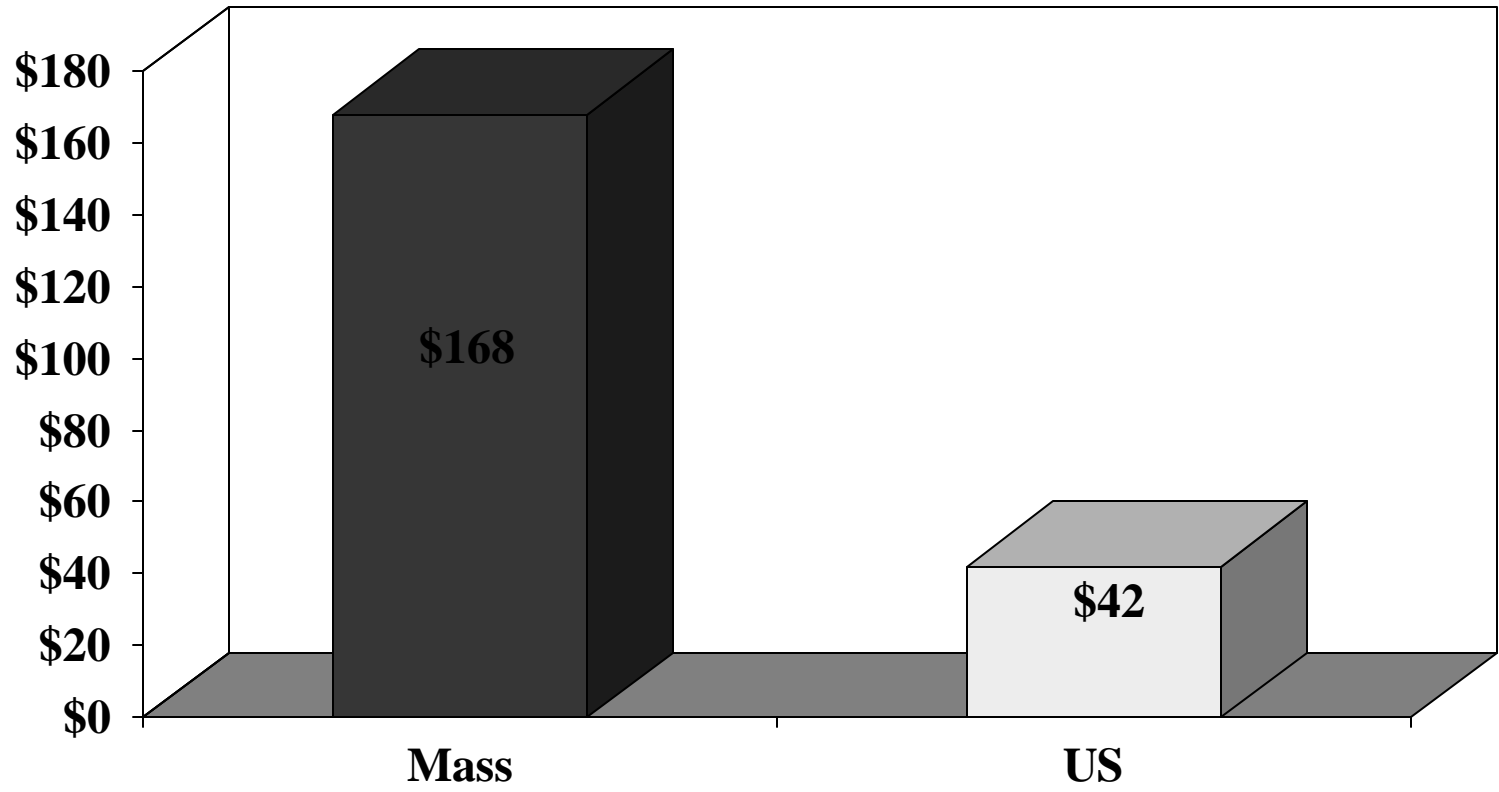
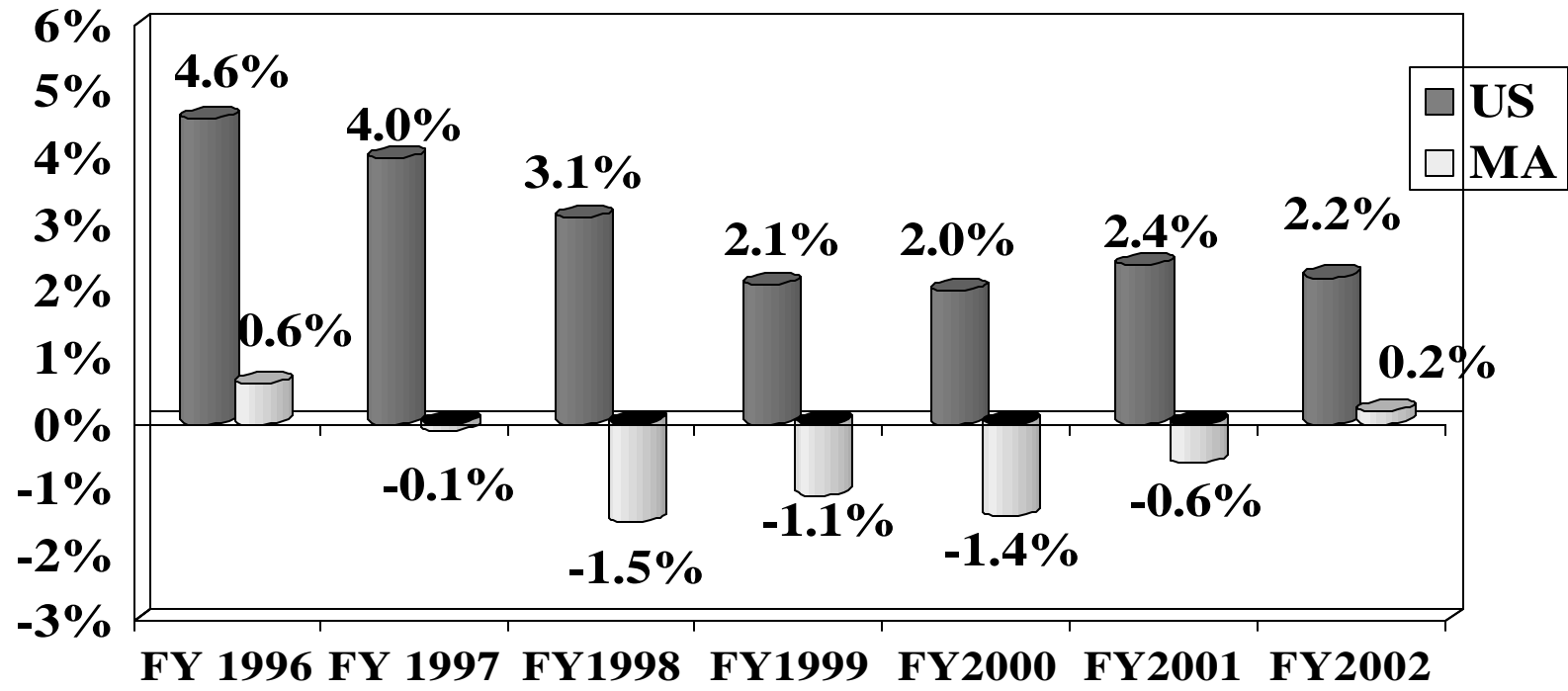


Chart 9:

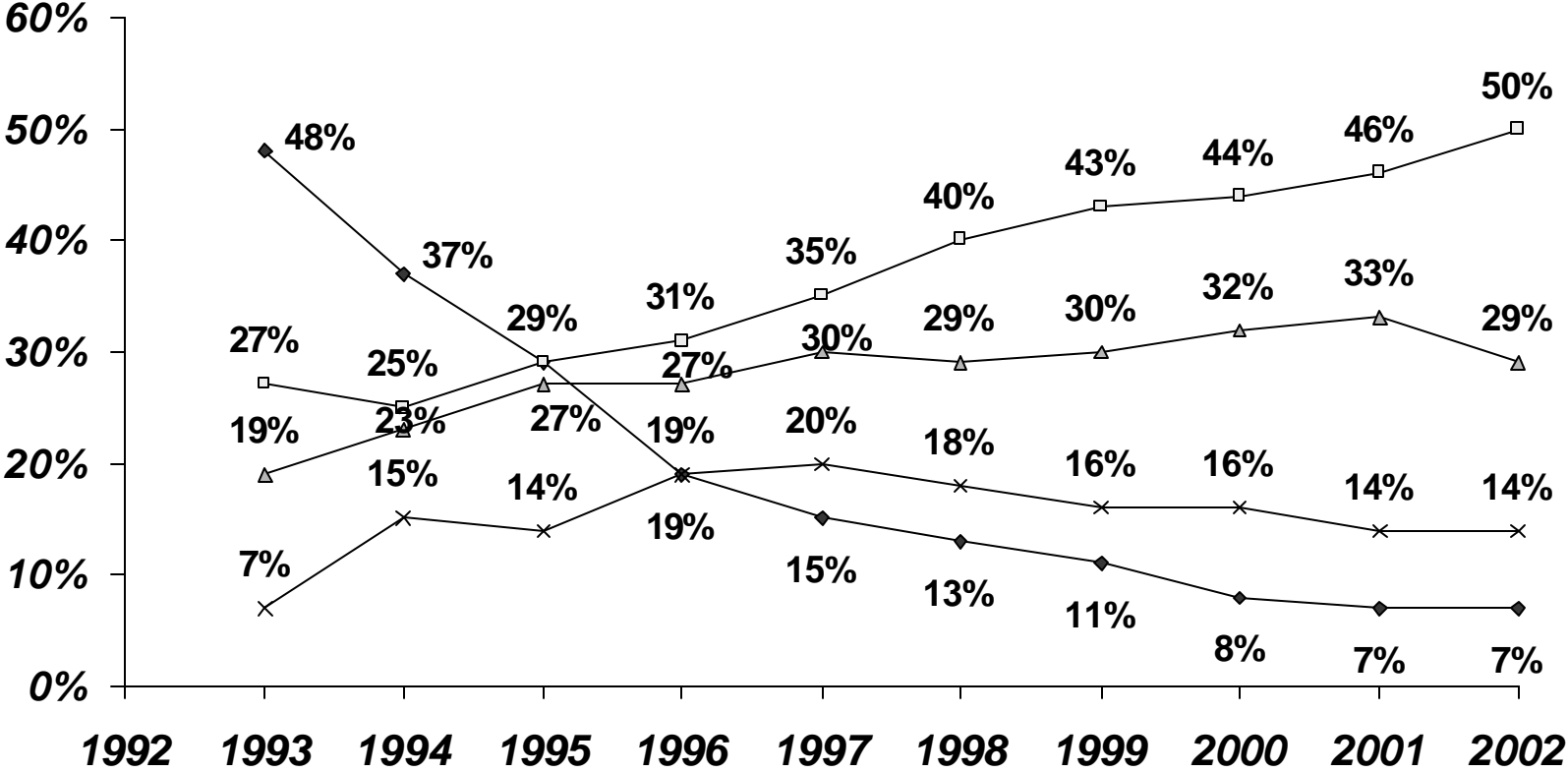
Massachusetts Hospital Operating Margins - Although Improving - Consistently Below US Average



Sources: MA Figures based on audited DHCFP financial statements (1996-1998) and Quarterly Acute Hospital Financial Report (1999-2002). US Figures are taken from AHA TrendWatch Chartbook, 2001. 2000 figure is calculated from AHA Hospital Statistics, 2002.

Chart 10:

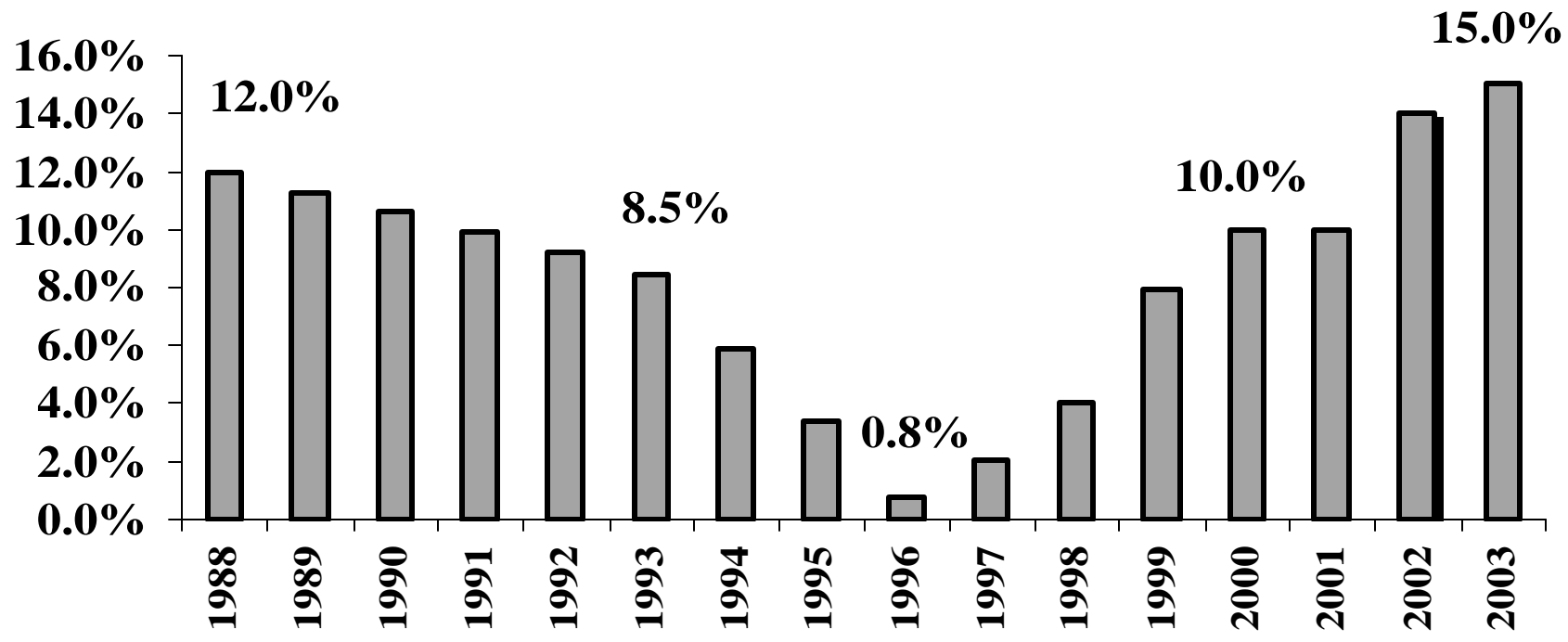
National Employee Health Plan Enrollment By Plan Type



◆ Traditional Indemnity Plans □ PPOs ▲ HMOs × POS

Chart 11:

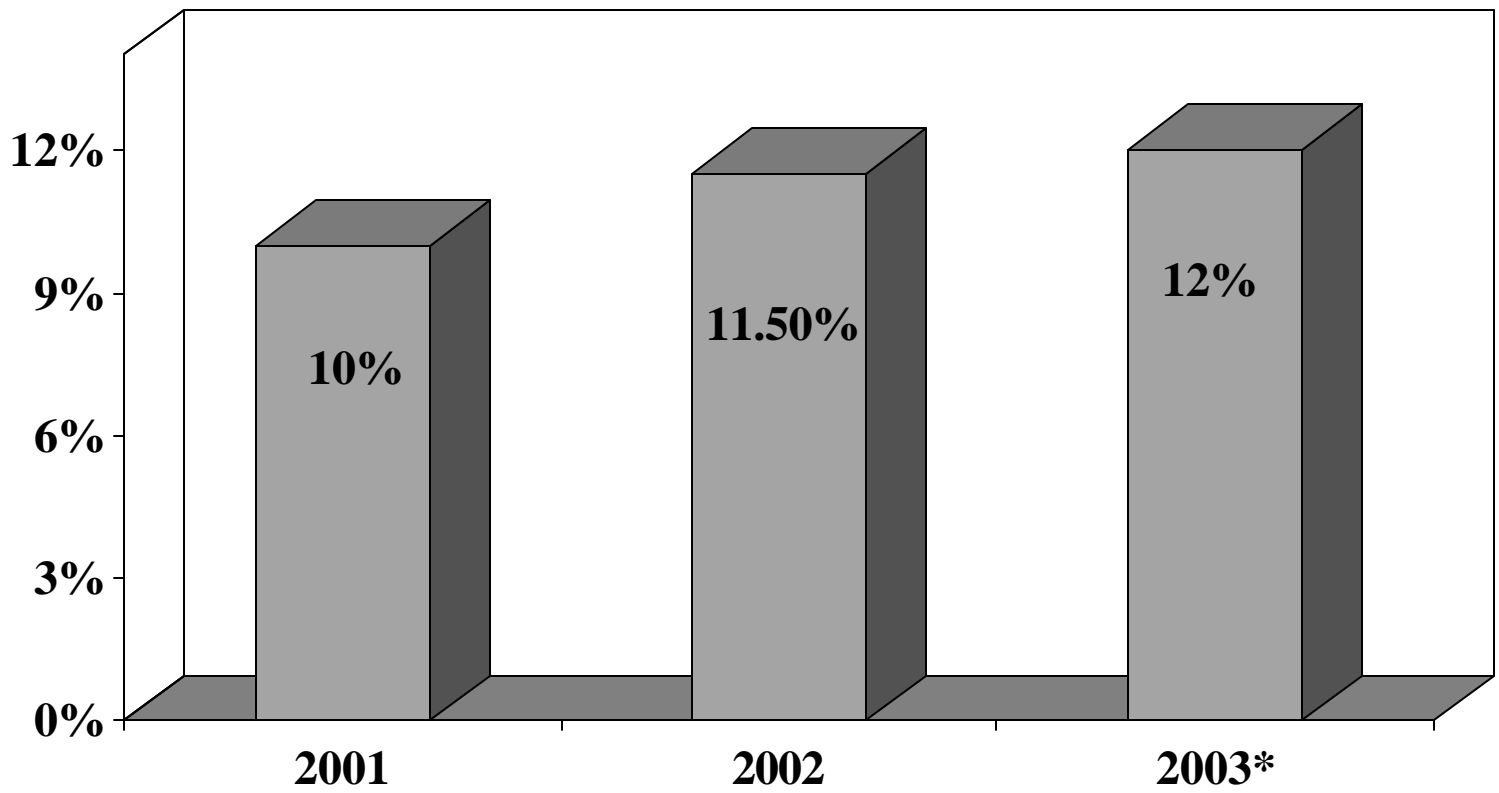
National Health Insurance Premiums Are On The Rise



Source: 1988-1997 ???, 1998-2003:Source: Hewitt Associates at: Modern Health Care, "Outlook '03" Jan. 6, 2003

Chart 12:

Increases in MA Health Insurance Premiums 2001-2003

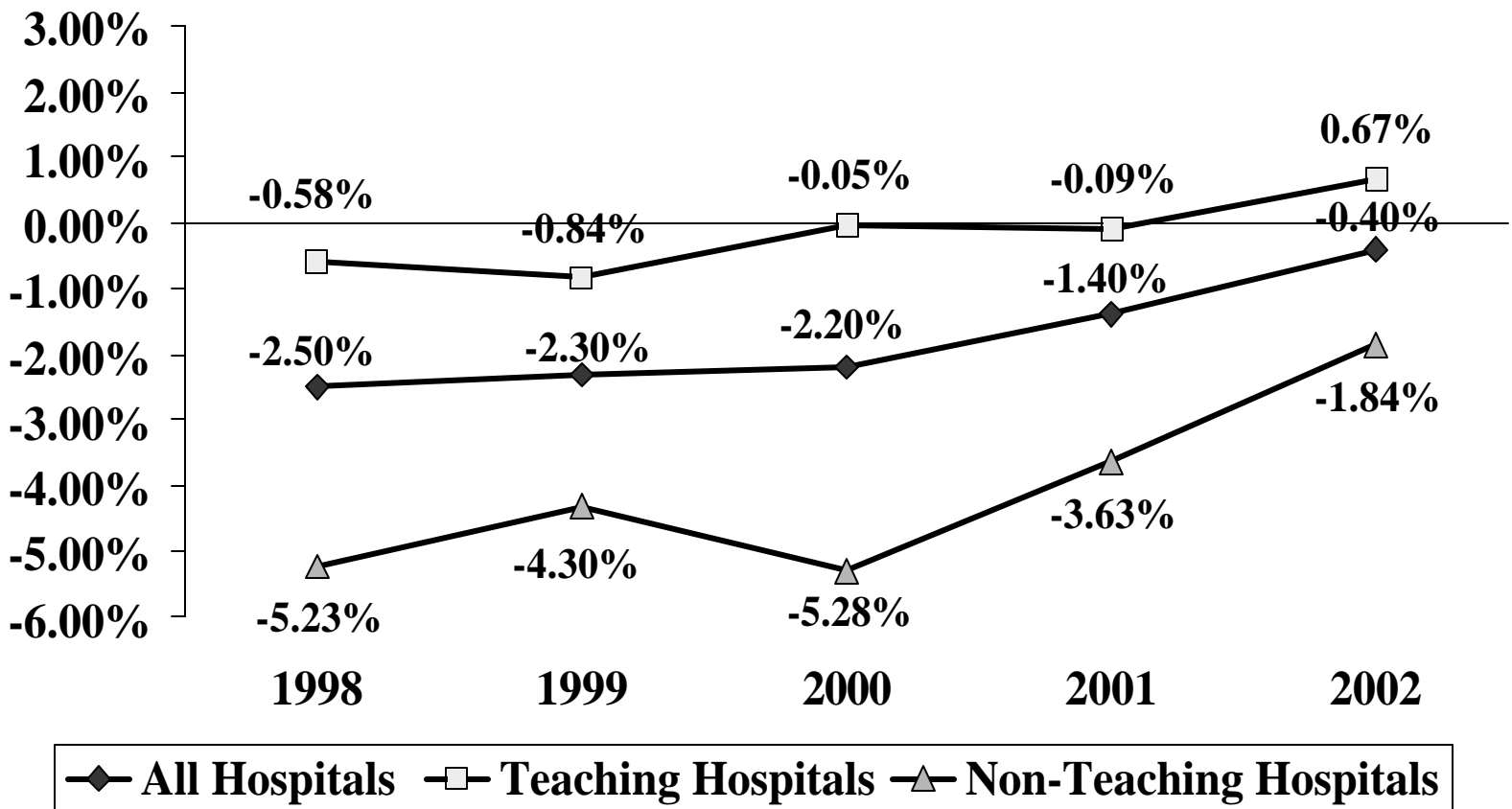


Source: MA HMO Rate Analysis, DHCFP, December, 2002.

* 2003 is projected by DHCFP.

Chart 13:

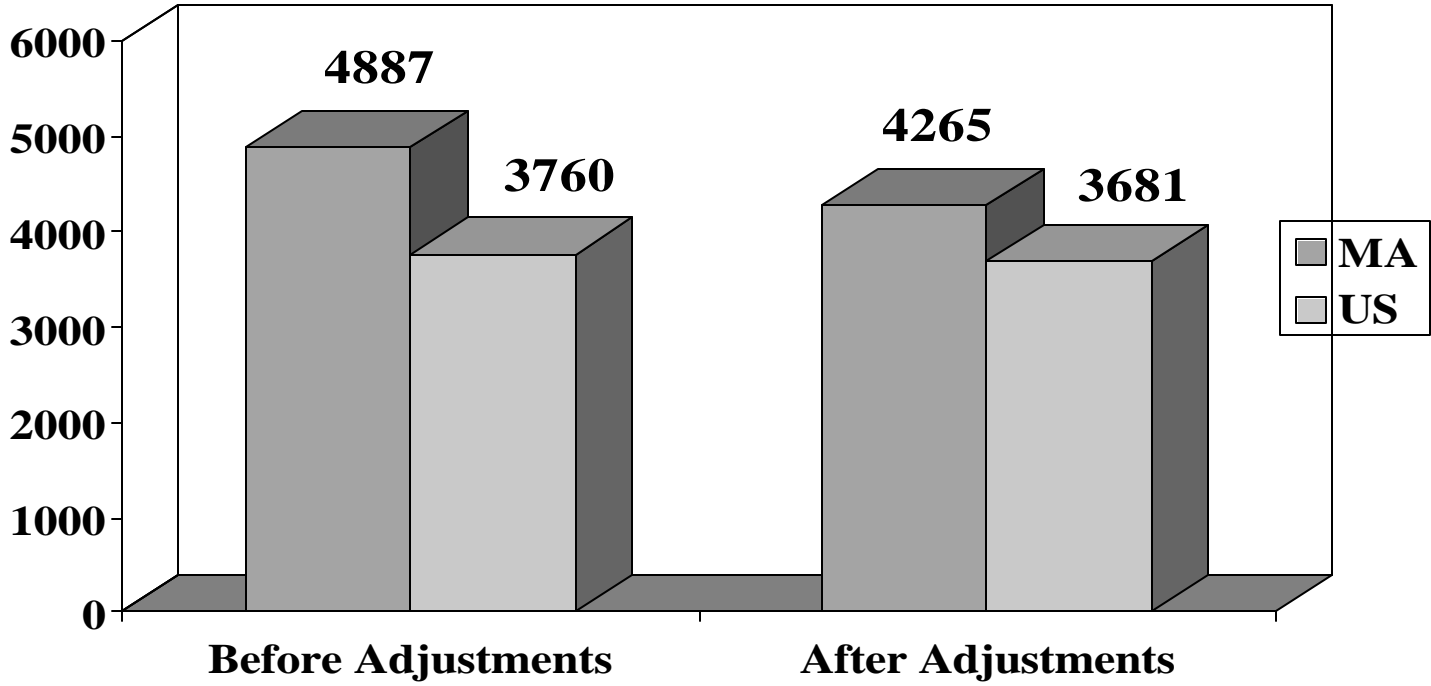
Hospital Operating Margins in Boston Area By Teaching Status



Source: MA DHCFP

Chart 14:

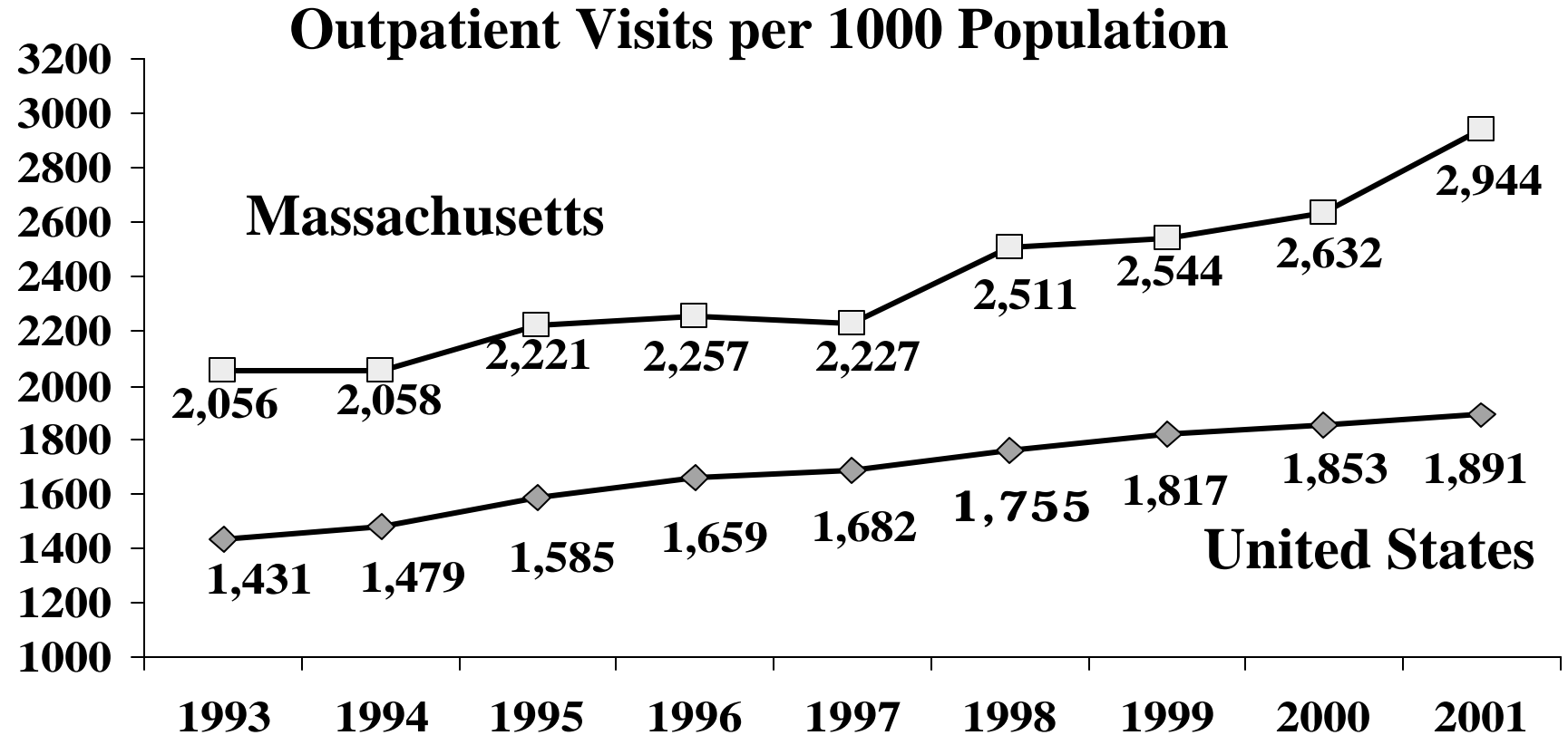
Health Care Expenditure Per Capita In MA And The US (1998)



Source: Expenditures before adjustments are taken from MA Health Care Task Force Final Report, 2002. Adjustments include reductions for higher payments in MA for research and teaching, and cost-of-living & case-mix differences.

Chart 15:

MA Outpatient Hospital Utilization Consistently Higher Than The National Average



Source: AHA hospital statistics, 2003

Table 2:

Hospital Payment-to-Cost Ratios By Type of Payer, 1999 MA vs. US

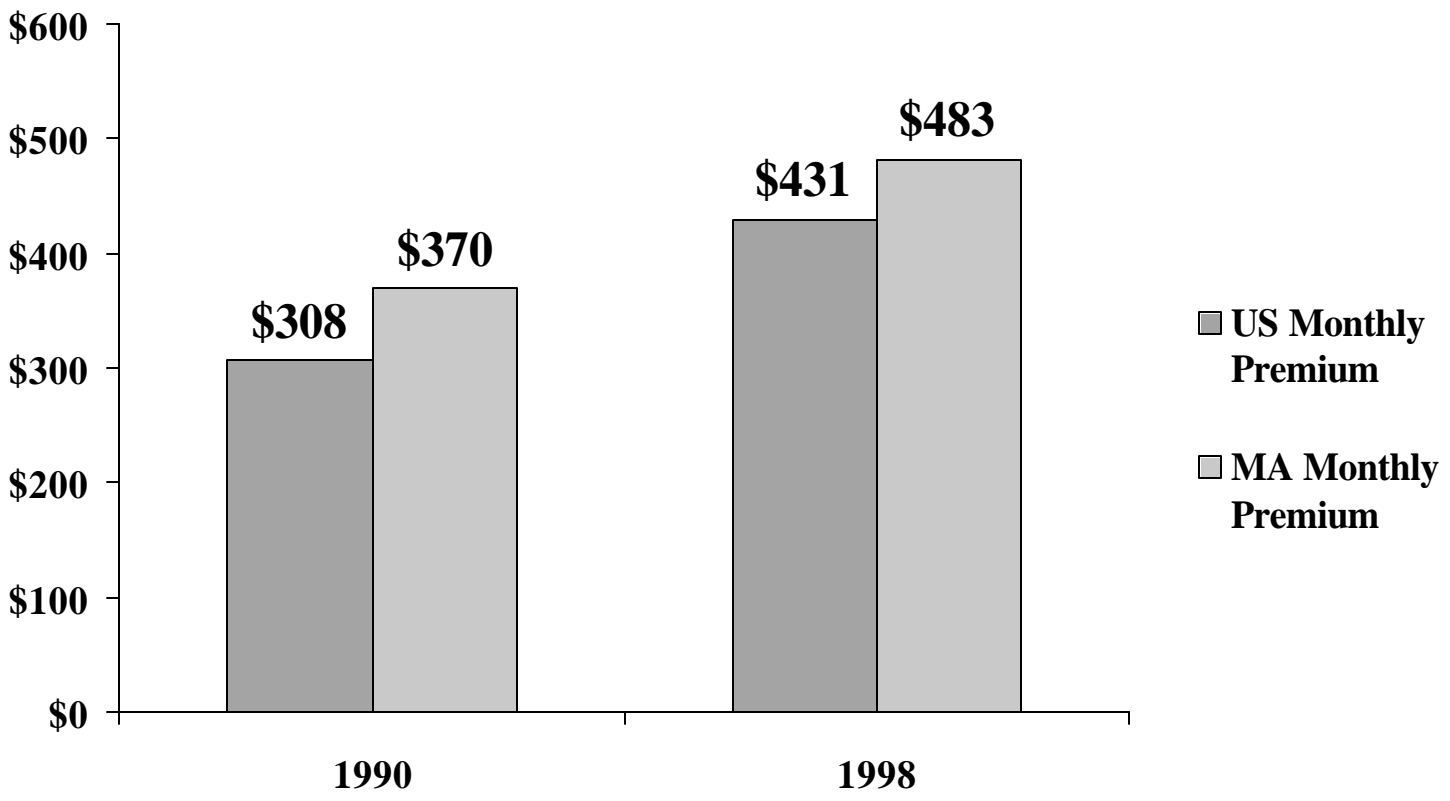
	Massachusetts	United States
Medicaid	75.0	96.7
Medicare	99.0	101.1
Private Payer	96.4	112.3

Sources: Medpac, Report to Congress: Medicare Payment Policy, March 2001.

MA Medicare Figure: MA Health Care Task Force Final Report, 2002.

Chart 16:

HMO Monthly Premium: US and Massachusetts

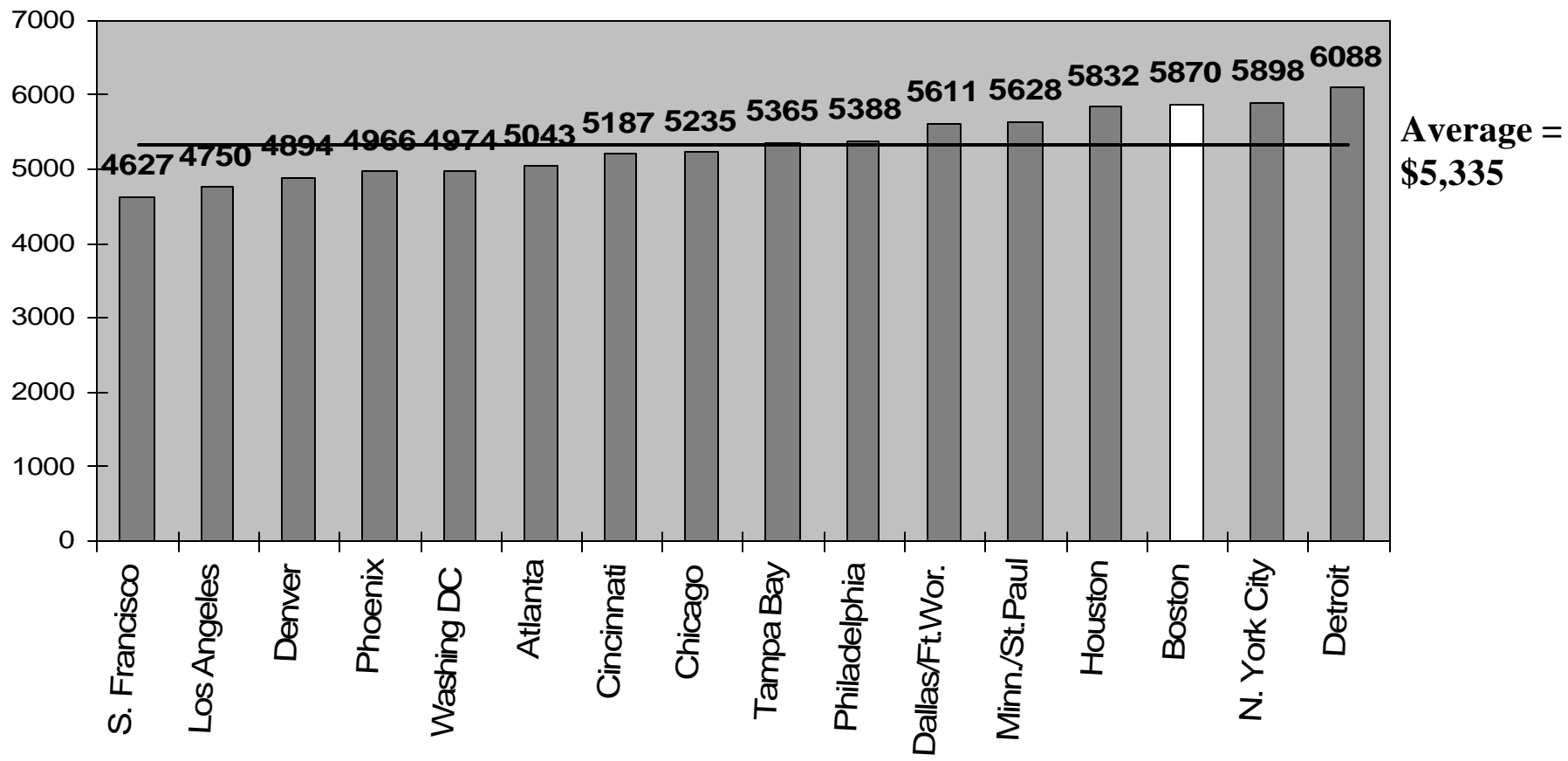


Source: " Massachusetts Health Care Trends: 1990-1999," MA DHCFP, October, 2000.

Chart 17:

In 2002, Health Insurance Costs Per Employee In Boston 10% Above Average Metropolitan Cities*

Before Cost Of Living Adjustment



Source: Hewitt Health Value Initiative at: <http://was.hewitt.com/hewitt/resource/newsroom/pressrel/2002/10-14-02.pdf>
* Average Based on 16 cities reporting in survey