

## Exhibit A: Notice of Public Hearing

Pursuant to M.G.L. c. 6D, § 8, the Massachusetts Health Policy Commission, in collaboration with the Office of the Attorney General and the Center for Health Information and Analysis, will hold a public hearing on health care cost trends. The Hearing will examine health care provider, provider organization and private and public health care payer costs, prices and cost trends, with particular attention to factors that contribute to cost growth within the Commonwealth's health care system.

Scheduled Hearing dates and location:

**Monday, October 17, 2016, 9:00 AM**  
**Tuesday, October 18, 2016, 9:00 AM**  
**Suffolk University Law School**  
**First Floor Function Room**  
**120 Tremont Street, Boston, MA 02108**

Time-permitting, the HPC will accept oral testimony from members of the public beginning at 4:00 PM on Tuesday, October 18. Any person who wishes to testify may sign up on a first-come, first-served basis when the Hearing commences on October 17.

Members of the public may also submit written testimony. Written comments will be accepted until October 21, 2016, and should be submitted electronically to [HPC-Testimony@state.ma.us](mailto:HPC-Testimony@state.ma.us), or, if comments cannot be submitted electronically, sent by mail, post-marked no later than October 21, 2016, to the Massachusetts Health Policy Commission, 50 Milk Street, 8<sup>th</sup> Floor, Boston, MA 02109, attention Lois H. Johnson, General Counsel.

Please note that all written and oral testimony provided by witnesses or the public may be posted on the HPC's website: [www.mass.gov/hpc](http://www.mass.gov/hpc).

The HPC encourages all interested parties to attend the Hearing. For driving and public transportation directions, please visit: <http://www.suffolk.edu/law/explore/6629.php>. Suffolk University Law School is located diagonally across from the Park Street MBTA station (Red and Green lines). Parking is not available at Suffolk, but information about nearby garages is listed at the link provided.

If you require disability-related accommodations for this Hearing, please contact Kelly Mercer at (617) 979-1420 or by email [Kelly.A.Mercer@state.ma.us](mailto:Kelly.A.Mercer@state.ma.us) a minimum of two (2) weeks prior to the Hearing so that we can accommodate your request.

For more information, including details about the agenda, expert and market participant panelists, testimony and presentations, please check the Hearing section of the HPC's website, [www.mass.gov/hpc](http://www.mass.gov/hpc). Materials will be posted regularly as the Hearing dates approach.

## Exhibit B: Instructions and HPC Questions for Written Testimony

On or before the close of business on **September 2, 2016**, please electronically submit written testimony signed under the pains and penalties of perjury to: [HPC-Testimony@state.ma.us](mailto:HPC-Testimony@state.ma.us).

You may expect to receive the questions and exhibits as an attachment from [HPC-Testimony@state.ma.us](mailto:HPC-Testimony@state.ma.us). Please complete relevant responses in the provided template. If necessary, you may include additional supporting testimony or documentation in an Appendix. Please submit any data tables included in your response in Microsoft Excel or Access format.

We encourage you to refer to and build upon your organization's 2013, 2014, and/or 2015 Pre-Filed Testimony responses, if applicable. Additionally, if there is a point that is relevant to more than one question, please state it only once and make an internal reference. **If a question is not applicable to your organization, please indicate so in your response.**

The testimony must contain a statement from a signatory that is legally authorized and empowered to represent the named organization for the purposes of this testimony. The statement must note that the testimony is signed under the pains and penalties of perjury. An electronic signature will be sufficient for this submission.

If you have any difficulty with the Microsoft Word template, did not receive the email, or have any other questions regarding the Pre-Filed Testimony process or the questions, please contact HPC staff at [HPC-Testimony@state.ma.us](mailto:HPC-Testimony@state.ma.us) or (617) 979-1400. For inquiries related to questions required by the Office of the Attorney General in Exhibit C, please contact Assistant Attorney General Emily Gabrault at [Emily.gabrault@state.ma.us](mailto:Emily.gabrault@state.ma.us) or (617) 963-2636.

On or before the close of business on **September 2, 2016**, please electronically submit written testimony signed under the pains and penalties of perjury to: [HPC-Testimony@state.ma.us](mailto:HPC-Testimony@state.ma.us). Please complete relevant responses in the provided template. If necessary, you may include additional supporting testimony or documentation in an Appendix. Please submit any data tables included in your response in Microsoft Excel or Access format. If there is a point that is relevant to more than one question, please state it only once and make an internal reference.

**If a question is not applicable to your organization, please indicate so in your response.**

## 1. Strategies to Address Health Care Cost Growth.

Chapter 224 of the Acts of 2012 (Chapter 224) sets a health care cost growth benchmark for the Commonwealth based on the long-term growth in the state's economy. The benchmark has been set at 3.6% each year since 2013; however, beginning in 2017 the HPC may set a lower growth rate target.

- a. What are the top areas of concern you would identify for meeting the Health Care Cost Growth Benchmark in Massachusetts? (Please limit your answer to no more than three areas of concern)

**Required Answer:** [Click here to enter text.](#)

- b. What are the top changes in policy, payment, regulation, or statute you would recommend to support the goal of meeting the Health Care Cost Growth Benchmark? (Please limit your answer to no more than three changes)

**Required Answer:** [Click here to enter text.](#)

## 2. Strategies to Address Pharmaceutical Spending Trends.

In addition to concerns raised by payers, providers, and patients on the growing unaffordability and inaccessibility of clinically appropriate pharmaceutical treatment, the HPC's 2015 Cost Trends Report identified rising pharmaceutical prices and spending as a policy concern for the state's ability to meet the Health Care Cost Growth Benchmark.

- a. Do you contract with a pharmacy benefit manager (PBM)? **Required Answer:** [Click Here](#)

- i. If yes, please identify the name of your PBM.

[Click here to enter text.](#)

- ii. If yes, please indicate the PBM's primary responsibilities below (*check all that apply*)

- ☐ Negotiating prices and discounts with drug manufacturers
- ☐ Negotiating rebates with drug manufacturers
- ☐ Developing and maintaining the drug formulary
- ☐ Pharmacy contracting
- ☐ Pharmacy claims processing
- ☐ Providing clinical/care management programs to members

- b. In the table below, please quantify your projected per-member-per-year (PMPY) rate of growth in pharmaceutical spending for different lines of business and drug types from 2015 to 2016.

Line of Business	Total Rate of Increase (2015-2016)	Rate of Increase for Generic Drugs Only (2015-2016)	Rate of Increase for Branded Drugs Only (2015-2016)	Rate of Increase for Specialty Drugs Only (2015-2016)
Commercial				
Medicaid				
Medicare				

- c. Below, please find a list of potential strategies aimed at addressing pharmaceutical spending trends, including pricing, purchasing, prescribing, and utilization. Using the drop down menu, please specify any strategies your organization is currently implementing, plans to implement in the next 12 months, or does not plan to implement in the next 12 months.
- i. Risk-Based or Performance-Based Contracting  
**Required Answer:** [Click here](#)
  - ii. Utilizing value-based price benchmarks in establishing a target price for negotiating with drug manufactures on additional discounts  
**Required Answer:** [Click here](#)
  - iii. Providing education and information to prescribers on cost-effectiveness of clinically appropriate and therapeutically equivalent specific drug choices and/or treatment alternatives (e.g. academic detailing).  
**Required Answer:** [Click here](#)
  - iv. Monitoring variation in provider prescribing patterns and trends and conducting outreach to providers with outlier trends  
**Required Answer:** [Click here](#)
  - v. Establishing clinical protocols or guidelines to providers for prescribing of high-cost drugs  
**Required Answer:** [Click here](#)
  - vi. Implementing programs or strategies to improve medication adherence/compliance  
**Required Answer:** [Click here](#)
  - vii. Pursuing exclusive contracting with pharmaceutical manufacturers  
**Required Answer:** [Click here](#)
  - viii. Establishing alternative payment contracts with providers that includes accountability for pharmaceutical spending  
**Required Answer:** [Click here](#)
  - ix. Strengthening utilization management or prior authorization protocols  
**Required Answer:** [Click here](#)
  - x. Adjusting pharmacy benefit cost-sharing tiers and/or placement of certain drugs within pre-existing tiers  
**Required Answer:** [Click here](#)
  - xi. Shifting billing for certain specialty drugs from the medical benefit to the pharmacy benefit  
**Required Answer:** [Click here](#)
  - xii. Other: Insert Text Here  
[Click here](#)
  - xiii. Other: Insert Text Here  
[Click here](#)

### 3. Strategies to Increase the Adoption of Alternative Payment Methodologies.

Chapter 224 requires health plans to reduce the use of fee-for-service payment mechanisms to the maximum extent feasible in order to promote high-quality, efficient care delivery. In the 2015 Cost Trends Report, the HPC recommended that 80% of the state HMO/POS population and 33% of the state PPO/indemnity population be in alternative payment methodologies (APMs) by 2017.

- a. What are the top strategies your organization is pursuing to increase use of APMs, including efforts to expand APMs to other provider types including hospitals, specialists (including behavioral health providers), and new product types (e.g., PPO)? (Please limit your answer to no more than three strategies)  
**Required Answer:** [Click here to enter text.](#)
- b. What are the top barriers to increased use of APMs and how should such barriers be addressed? (Please limit your answer to no more than three barriers)  
**Required Answer:** [Click here to enter text.](#)

- c. Please describe your organization's specific efforts to support smaller providers, including ancillary and community providers, who seek alternatives to fee-for-service payment models.

**Required Answer:** [Click here to enter text.](#)

#### 4. Strategies to Align of Technical Aspects of APMs.

In the 2015 Cost Trends Report, the HPC called for an alignment and improvement of APMs in the Massachusetts market.

- a. Please describe your organization's efforts to align technical aspects of APMs with Medicare and other plans in the Commonwealth, including specifically on quality measures, patient attribution methodologies, and risk adjustment (e.g. DxCG, HCC scores).

**Required Answer:** [Click here to enter text.](#)

- b. What are the top barriers to alignment on these technical aspects and how should such barriers be addressed? (Please limit your answer to no more than three barriers)

**Required Answer:** [Click here to enter text.](#)

#### 5. Strategies to Increase Access to Pharmacologic Treatment for Substance Use Disorder.

Despite a strong evidence-base, pharmacotherapy is underutilized to treat substance use disorder. Last year, several private payers committed to covering more pharmacologic treatment to address the increasing needs of patients.

- a. What are the top strategies your organization is pursuing to increase access, including affordability and provider availability, of pharmacologic treatment for your members with substance use disorder? Please include in your answer a description of any changes to coverage policies (e.g. cost-sharing, prior authorization, utilization review, duration of treatment limitations) or reimbursement strategies you have implemented or plan to implement with regard to pharmacologic treatment. (Please limit your answer to no more than three strategies)

**Required Answer:** [Click here to enter text.](#)

- b. What are the top barriers to increasing access to pharmacologic treatment for your members and how should such barriers be addressed? (Please limit your answer to no more than three barriers)

**Required Answer:** [Click here to enter text.](#)

#### 6. Strategies to Support Telehealth.

In its 2015 Cost Trends Report, the HPC recommended that the Commonwealth be a national leader in the use of enabling technologies to advance care delivery transformation.

- a. Does your organization offer or pay for telehealth services? **Required Answer:** [Click Here](#)
  - i. If yes, in which scenarios or for which categories of care or specific populations do you pay for telehealth services (e.g. primary care, behavioral health, elderly, rural, etc.)?

[Click here to enter text.](#)

- ii. If yes, how do you pay for these services (e.g. equivalent FFS rates as office visits, partial FFS rates, as part of a global budget, etc.)?

[Click here to enter text.](#)

- iii. If no, why not?

[Click here to enter text.](#)

#### 7. Strategies to Encourage High-Value Consumer Choices.

In the 2015 Cost Trends Report, the HPC recommended that payers continue to innovate and provide new mechanisms that reward consumers for making high-value choices. The HPC highlighted strategies such as

providing cash-back incentives for choosing high-value providers and offering members incentives at the time of primary care provider selection.

- a. Do you currently offer cash-back incentives to encourage members to seek care at high-value providers? **Required Answer:** [Click Here](#)

- i. If yes, please describe the types of cash-back incentives offered.

[Click here to enter text.](#)

- ii. If no, why not?

[Click here to enter text.](#)

- b. Do you currently offer incentives (e.g. premium differential) at the point of enrollment or the point of primary care provider (PCP) selection to encourage members to select high-value PCPs?

**Required Answer:** [Click Here](#)

- i. If yes, please describe the types of incentives offered.

[Click here to enter text.](#)

- ii. If no, why not?

[Click here to enter text.](#)

## 8. Strategies to Increase Health Care Transparency.

Chapter 224 requires payers to provide members with requested estimated or maximum allowed amount or charge price for proposed admissions, procedures and services through a readily available “price transparency tool.”

- a. Please provide available data regarding the number of individuals that seek this information in the following table:

Health Care Service Price Inquiries CY2015-2016			
Year		Aggregate Number of Inquiries via Website	Aggregate Number of Inquiries via Telephone or In Person
CY2015	Q1		
	Q2		
	Q3		
	Q4		
CY2016	Q1		
	Q2		
	TOTAL:		

## 9. Information to Understand Medical Expenditure Trends.

Please submit a summary table showing actual observed allowed medical expenditure trends in Massachusetts for CY2013 to CY2015 according to the format and parameters provided and attached as **HPC Payer Exhibit 1** with all applicable fields completed. Please explain for each year 2013 to 2015, the portion of actual observed allowed claims trends that is due to (a) demographics of your population; (b) benefit buy down; (c) and/or change in health status of your population. Please note where any such trends would be reflected (e.g., utilization trend, payer mix trend).

**Required Answer:** [Click here to enter text.](#)

**10. Optional Supplemental Information.** On a voluntary basis, please provide any supplemental information on topics addressed in your response including, for example, any other policy, regulatory, payment, or statutory changes you would recommend to: a.) address the growth in pharmaceutical prices and spending; b.) increase the adoption of APMs; c.) support alignment of APMs; d.) increase access to pharmacologic treatment; e.) support the adoption of telehealth; f.) encourage high-value consumer choices; and, g.) enhance consumer price transparency and utilization of transparency tools.

[Click here to enter text.](#)

## Exhibit C: AGO Questions for Written Testimony

The following questions were included by the Office of the Attorney General. For any inquiries regarding these questions, please contact Assistant Attorney General Emily Gabrault, [Emily.Gabrault@state.ma.us](mailto:Emily.Gabrault@state.ma.us) or (617)963-2636

1. Please answer the following questions related to risk contracts and pharmaceutical spending for the 2015 calendar year, or, if not available for 2015, for the most recently available calendar year, specifying which year is being reported. (Hereafter, “risk contracts” shall mean contracts that incorporate a budget against which claims costs are settled for purposes of determining the withhold returned, surplus paid, and/or deficit charged to a provider, including contracts that subject the provider to limited or minimal “downside” risk.)

- a. What percentage of your business, determined as a percentage of total member months, is HMO/POS business? What percentage of your business is PPO/indemnity business? (Together, HMO/POS and PPO/indemnity should cover your entire book of business.)

HMO/POS

**Required Answer:** Click here to enter text.

PPO/Indemnity Business

**Required Answer:** Click here to enter text.

- b. What percentage of your HMO/POS business is under a risk contract? What percentage of your PPO/indemnity business is under a risk contract?

HMO/POS

**Required Answer:** Click here to enter text.

PPO/Indemnity Business

**Required Answer:** Click here to enter text.

- c. What percentage of your HMO/POS business that is under a risk contract has carved out the pharmaceutical benefit? What percentage of your PPO/indemnity business that is under a risk contract has carved out the pharmaceutical benefit?

HMO/POS

**Required Answer:** Click here to enter text.

PPO/Indemnity Business

**Required Answer:** Click here to enter text.

- d. For your risk contracts that include the pharmaceutical benefit, how is the provider’s pharmacy budget set? How is the budget trended each year?

**Required Answer:** Click here to enter text.

- e. For your risk contracts that include the pharmaceutical benefit, how, if at all, are pharmaceutical discounts and/or rebates (e.g., from the manufacturer) incorporated into the provider’s pharmacy budget?

**Required Answer:** Click here to enter text.