MASSACHUSETTS
HEALTH POLICY COMMISSION

2017 Pre-Filed Testimony

Payers

Health Policy Commission
50 Milk Street, 8th Floor
Boston, MA 02109

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 2, 2017, 9:00 AM
Tuesday, October 3, 2017, 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 3:30 PM on Monday, October 2. Any person who wishes to testify may sign up on a first-come, first-served basis when the Hearing commences on October 2.

Members of the public may also submit written testimony. Written comments will be accepted until October 6, 2017, and should be submitted electronically to HPC-Testimony@state.ma.us, or, if comments cannot be submitted electronically, sent by mail, post-marked no later than October 6, 2017, to the Massachusetts Health Policy Commission, 50 Milk Street, 8th 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.

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. The event will also be livestreamed on the HPC's homepage and available on the HPC's YouTube channel following the Hearing.

If you require disability-related accommodations for this Hearing, please contact Andrew Carleen at (617) 757-1621 or by email Andrew.Carleen@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 Annual Cost Trends Hearing section of the HPC's website, www.mass.gov/hpc. Materials will be posted regularly as the Hearing dates approach.

Exhibit B: Instructions for Written Testimony

On or before the close of business on **September 8, 2017**, please electronically submit written testimony signed under the pains and penalties of perjury to: HPC-Testimony@state.ma.us.

You may expect to receive the questions and exhibits as an attachment from 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, 2015, and/or 2016 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 or (617) 979-1400.

Exhibit B: HPC Questions

On or before the close of business on **September 8, 2017**, please electronically submit written testimony to: 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 SPENDING 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. For 2013-2016, the benchmark was set at 3.6%. Following a public hearing, the Health Policy Commission set the benchmark at 3.1% for 2018. To illustrate how the benchmark could be achieved, the HPC presented at the public hearing several exemplar opportunities for improving care and reducing costs, with savings estimates of between $279 to $794 million annually.

a. From the drop down menus below, please select your organization's top two priorities to reduce health care expenditures.
   i. **Priority 1**: Reduce growth in prescription drug spending
   ii. **Priority 2**: Reduce over-utilization of institutional post-acute care
   iii. If you selected "other," please specify: Click here to enter text.

b. Please complete the following questions for **Priority 1** (listed above).
   i. What is your organization doing to advance this priority and how have you been successful?
   Health New England has re-examined our pharmacy contracts and re-engaged our Pharmacy Benefit Management partner to assist in refining the focus of the pharmacy program. Renewed focus on preferred drugs as well as drug and rebate effectiveness has also been expanded to the currently established financial report review meetings with our larger provider groups and Provider Hospital Organizations.
   ii. What barriers does your organization face in advancing this priority?
   Ever-changing pharma priorities make keeping our internal resources and providers informed a difficult and fluid task.
   iii. What are the top changes in policy, payment, regulation, or statute you would recommend to advance this priority?
   We would like to see regulations to promote transparency of drug prices. Many states are considering enacting such regulations. This would require drug manufacturers to give notice to health plans and state purchasers several months in advance of a major price hike. It would also require manufacturers to lay out rationale for such price increases and for the prices of newly approved specialty drugs along with documentation of any improvement in clinical efficacy that their drugs offer over alternative treatments.

c. Please complete the following questions for **Priority 2** (listed above).
   i. What is your organization doing to advance this priority and how have you been successful?
   We have been developing support and education to increase understanding by our network providers of the effectiveness of recovery at home and have entered into bundled contracts for Total Joint Replacements (based on CMS bundle model). We created a post-acute rounding program in partnership with an independent physician group to manage care planning and transition to home. This program has resulted in a 4-day reduction in length of post-acute stay per admission on average.
   ii. What barriers is your organization facing in advancing this priority?
   Changing the status quo. The conversation between providers and members in advance of the procedures for a better understanding of the benefits of a member's recovery at home with home therapy visits.

iii. What are the top changes in policy, payment, regulation, or statute you would recommend to advance this priority?
Required Answer: Click here to enter text.

2. STRATEGIES TO IMPROVE CLINICAL DATA COLLECTION

In each of its four annual reports, the HPC has called for the improvement and alignment of quality measures, particularly for the measures used in APM contracts, and has recognized the burden of reporting different quality measures for different purposes. Please answer the following questions regarding how your organization collects clinical quality data.

a. How does your organization currently collect clinical data from contracted provider organizations for the purposes of outcome quality measures for provider contracts and the NCQA accreditation process? [check all that apply and explain the purpose for which you collect the data for each] Required Answer.

☐Excel document or equivalent
Purpose: Click here to enter text.
☒Direct data feed
Purpose: Health New England has established Standard Supplemental Data File feeds from some of its providers to support HEDIS and Quality Incentive programs.
☐Chart reviews by third-party vendor
Purpose: Click here to enter text.
☐Web-based portal
Purpose: Click here to enter text.
☒Other: Internal Medical Record Review
Purpose: **Response:** Due to the high level of providers who are not able to send Standard Supplemental Data Files to HNE, we still manually abstract and review 10,000+ medical records on an annual basis to support HEDIS and other Quality Incentive programming.

b. How frequently do you collect clinical quality data from contracted providers? Required Answer.

☐Ongoing
☒Monthly
☐Quarterly
☒Annually
☐Other: Click here to enter text.

c. What is the estimated cost of staff and resources to collect and report on provider clinical quality data each year?
   i. Estimated cost (in dollars): $400,000
   ii. Estimated FTEs: 6

3. STRATEGIES TO ADDRESS DRUG SPENDING

The HPC, other state agencies, payers, providers and others have identified increases in drug spending as a major driver of health care spending in Massachusetts in the past few years. In its 2016 Annual Cost Trends report, the HPC highlighted a range of strategies to reduce drug spending increases, including value-based contracting.

a. Are you pursuing value-based drug contracting? Required Answer.

☒ Yes ☐No

If yes, with whom?
We are pursuing value based contracting with our PBM OptumRx. Initial phone discussions were held in late spring, followed by an onsite meeting in August of 2017. We are still working on narrowing the potential options to bring the best value to Health New England and its members.

b. If yes, have you found that your value-based contracts have resulted in meaningful cost savings and/or quality improvement? Required Answer

☐Yes, cost-savings only
☐Yes, quality improvement only
☐Yes, both
☐No
☒Unknown (insufficient time to measure improvement)

c. If no, what is/are the reason(s) you have not pursued value-based drug contracting? Check all that apply. Required Answer.

☐Lack of appropriate quality measures
☐Administrative and operational implementation costs
☐Inability to negotiate performance incentives with manufacturers
☐Other (please specify): Click here to enter text.

4. STRATEGIES TO SUPPORT INNOVATIVE CARE DELIVERY THROUGH PAYMENT POLICIES

Public payers are implementing new payment policies to support the development and scaling of innovative, high-quality and efficient care delivery, such as, for example, Medicare's readmissions penalty for acute care hospitals, new billing codes for the collaborative care model and telehealth visits under Medicare Part B, and MassHealth's new flexible services spending allocation in its new ACO program to address patients' non-medical needs.

a. Has your organization adopted any new payment policies related to the following areas of care delivery improvement and innovation? [check all that apply] Required Answer.

☒Readmissions
☒Avoidable ED visits
☒Serious reportable events
☐Behavioral health integration into primary care (e.g. collaborative care model)
☐Care management (e.g., serious or chronic illnesses)
☒Telehealth/telemedicine
☒Non-medical transportation
☐Services to maintain safe and healthy living environment
☐Physical activity and nutrition services
☐Services to remove/protect patients from violence
☒Other: Claims editing, Audit Program and Fraud, Waste and Abuse Policies

b. For each area identified above, please describe the payment policy in more detail, including whether it is a payment penalty or non-payment, fee-for-service reimbursement for new service codes, per-member-per-month fee, etc.

Readmissions:

Response: When the defined criteria are met that identify a readmission, the subsequent admission will be considered an extension of the initial admission. For services reimbursed on a case-rate methodology, payment will be denied for readmission occurring within 72 hours of discharge from the same facility. All readmissions are subject to review and potential payment retractions may occur under certain circumstances up to and including premature discharge, medical necessity and complications related to Serious Reportable Events.

Avoidable ED Use:

Response: Health New England developed a Payment Policy for Urgent, Extended and Walk-in Care which also highlights payment for our physician practice partners for extended office hours. We have also

contracted with Teladoc to provide our members with another alternative for off-hours and/or out-of-area care.

Serious reportable events:

Health New England's payment policy reflects both regulations and contract requirements with respect to reporting and reimbursement for Serious Reportable Events (SREs) or Provider Preventable Conditions (PPCs). This policy further details when payment would be adjusted or withheld.

Behavioral health integration into primary care (e.g. collaborative care model):

Click here to enter text.

Care management (e.g. serious or chronic illnesses):

Click here to enter text.

Telehealth/telemedicine:

In addition to our Teladoc contract referenced above, there is also a pilot policy currently in effect within our larger health system for specialty and behavioral health visits to improve access to care. The policy includes billing and payment guidelines.

Non-medical transportation:

Health New England has a managed transport policy that defines payment for transportation services including non-payment when policy is not followed for non-emergent transports.

Services to maintain safe and healthy living environment:

Click here to enter text.

Physical activity and nutrition services:

Click here to enter text.

Services to remove/protect patients from violence:

Click here to enter text.

Other:

Response: Health New England has policies to document our current practices around claims editing, audits and fraud, waste and abuse monitoring. Policies include allowance for non-payment, payment retractions and adjustments.

5. 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 CY2016-2017			
Year		Aggregate Number of Inquiries via Website	Aggregate Number of Inquiries via Telephone or In Person
CY2016	**Q1**	481	3
	Q2	456	0
	Q3	396	1
	Q4	451	1
CY2017	**Q1**	569	0
	Q2	404	0
	TOTAL:	2757	5

6. INFORMATION TO UNDERSTAND MEDICAL EXPENDITURE TRENDS

Please submit a summary table showing actual observed allowed medical expenditure trends in Massachusetts for CY2014 to CY2016 according to the format and parameters provided and attached as **HPC Payer Exhibit 1** with all applicable fields completed. Please explain for each year 2014 to 2016, 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).
Response: See attached Exhibit.

7. INFORMATION ABOUT APM USE AND STRATEGIES TO EXPAND APMS

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 2016 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 2018. The HPC also called for an alignment and improvement of APMs in the Massachusetts market.

a. Please answer the following questions related to risk contracts spending for the 2016 calendar year, or, if not available for 2016, 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.)

   i. 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	96%
PPO/Indemnity Business	4%

   ii. 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 — Eighty-two percent of Health New England's HMO/POS business is under a risk contract as documented in the 2016 Annual Statement / Summary of Transaction with Providers.

   PPO/Indemnity Business — Due to the identification of primary care affiliations and therefore connection to contracts, at this time Health New England can only identify that 1% of our PPO/Indemnity business is tied to a risk contract.

b. Please answer the following questions regarding APM expansion.

   i. How is your organization increasing the use of APMs? Are you expanding the participation in risk contracts to providers other than primary care providers (e.g., hospitals, specialists, behavioral health providers) or into new product types (e.g., PPO)?
   Health New England has been working towards expanding risk arrangements not only to additional providers but to incorporate providers other than primary care in the same systems.

   ii. What are the top barriers you are facing and what are you doing to address such barriers?
   Provider sophistication and tolerance towards risk will continue to be Health New England's largest barriers to increasing risk arrangements. We will continue to partner with our contracted providers to understand their needs regarding data, reporting, care management coordination and support to assist them in developing a level of sophistication that would allow steps towards risk.

   iii. Currently, most APM contracts pay providers on a FFS basis with reconciliation at the end of the year. Is your organization taking steps to move payment toward population-based models (e.g. capitation) and away from FFS as the basis for the APM contracts?
   ☒ Yes ☐No
   If no, why not? Click here to enter text.