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**: Shift care from high-cost settings (e.g., academic medical centers) to lower-cost settings (e.g., community hospitals)
   ii. **Priority 2**: Reduce unnecessary hospital utilization (e.g., avoidable emergency department use, admissions, readmissions)
   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?
   United has been expanding its use of Telemedicine and expanding its contracting efforts with Federally Qualified Health Centers and including incentives in the form of reduced copayments for the use of Ambulatory Care Centers. Additionally, United is expanding its use of Ambulatory Surgery Centers and has provided a preferred list of procedures that United believes are appropriate to be performed in these centers.
   ii. What barriers does your organization face in advancing this priority?
   The continued growth of academically lead mergers and acquisitions creating larger systems in MA
   iii. What are the top changes in policy, payment, regulation, or statute you would recommend to advance this priority?
   Establishing a moratorium on the creation of large systems and policies that encourage and support community hospitals

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?
   Encouraging physicians to use Ambulatory Surgery Centers and Members to use Urgent Care Centers
   ii. What barriers is your organization facing in advancing this priority?
   Gravitation of members to ER setting for non-urgent care.
   iii. What are the top changes in policy, payment, regulation, or statute you would recommend to advance this priority?
   Changes in listing of procedures that are allowed in Ambulatory settings. Consistent reminders and mailings to members regarding the benefits of using Urgent Care Centers. Additionally, encouragement by the Massachusetts Medical Society to endorse utilization of alternative sites would be welcome.

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:
☒Direct data feed
Purpose: HEDIS data collection – lab claims and values
☒Chart reviews by third-party vendor
Purpose: HEDIS data collection
☐Web-based portal
Purpose:
☒Other: Fax
Purpose: HEDIS data collection – fax requests to providers from internal UHC staff

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): MA specific data is unavailable at this time
ii. Estimated FTEs: MA specific data is unavailable at this time

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?
Pharmaceutical companies

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: Click here to enter text.

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:
For readmissions within 30 days of a discharge for the same or like discharge diagnosis United has implemented payment penalties that closely follow the CMS model

Avoidable ED Use:
Click here to enter text.

Serious reportable events:
For SRE's(Seriously Reportable Events), United is accepting initial and follow-up reports from Massachusetts Hospitals and, after final disposition on whether or not the event was avoidable or not, holding back payment.

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:
United has just recently started to reimburse and, depending upon the circumstances, encourage the utilization of telemedicine primarily to obtain a faster diagnosis and reduce Emergency Room Utilization for symptoms that can be diagnosed over the Web.

Non-medical transportation:
Click here to enter text.

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:

Click here to enter text.

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**	7,612	For telephone we are not able to track cost estimates, just overall benefits/coverage related calls, which cost estimates are unfortunately lumped into.
	Q2	6,016	
	Q3	5,522	
	Q4	6,449	
CY2017	**Q1**	7,745	
	Q2	5,632	
	TOTAL:	38,976	

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).

See HPC Payer Exhibit 1 attached

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 0%
      PPO/Indemnity Business 100%

   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 0%
      PPO/Indemnity Business 0%

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)?

      United is expanding its use of Performance Based Contracts (PBC) where applicable for both acute care hospitals as well as large multi-specialty physician groups.

   ii. What are the top barriers you are facing and what are you doing to address such barriers?

      Primarily the high Self-Insured percentage of our business

   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? Self-Insured business does not inherently lend itself to the capitation form of reimbursement.

The foregoing statements, opinions and data were compiled from responses provided to me by employees of UnitedHealthcare and are true and correct to the best of my knowledge and belief.

I affirm that I am legally authorized and empowered to represent UnitedHealthcare Insurance Company for the purposes of this testimony, and that the testimony is signed under the pains and penalties of perjury.

Dated this 8th day of September, 2017

UNITEDHEALTHCARE INSURANCE COMPANY

Signed:

Stephen J. Farrell
Health Plan CEO