

COMMONWEALTH OF MASSACHUSETTS
HEALTH POLICY COMMISSION



TECHNICAL APPENDIX 6
ALTERNATIVE PAYMENT METHODS

ADDENDUM TO 2021 COST TRENDS REPORT

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1 Summary

This appendix describes the Health Policy Commission's (HPC) approach to measuring the percentage of members covered under an alternative payment method (APM) in Massachusetts, contained in section on **Alternative Payment Methods** of the chartpack released with the 2021 Cost Trends Report.

2 Commercially-insured member months under APMs in MA

2.1 Data

For **Exhibit I: Commercially-insured member months under APMs in Massachusetts (Massachusetts-based insurers and national insurers), 2017-2019**, the HPC used the Center for Health Information and Analysis' (CHIA) 2021 Annual Report Alternative Payment Methods Databook (for calendar years 2017-2019).

2.2 Analysis

CHIA's 2021 Annual Report APM Databook reports APM adoption by payer and insurance type. To calculate APM coverage by commercial plan and type, the HPC examined Blue Cross Blue Shield of MA, Harvard Pilgrim Health Plan, and Tufts Health Plan, combined other MA plans (AllWays, BMC Healthnet Plan, Fallon Community Health Plan, Health New England, Health Plans Inc, Tufts Health Public Plans, and Unicare(Anthem)), and national plans (Cigna and United, excluding Aetna due to data irregularities). HPC summed member months associated with all payment methods, excluding fee-for-service, and divided by the total member months for each payer and plan type (HMO or POS versus PPO, Indemnity, or other).

3. Trends in APM use and type of APM for HMO/POS commercial members in Massachusetts-based insurers

3.1 Data

For **Exhibit II: Trends in APM use and type of APM for HMO/POS commercial members by Massachusetts-based insurers, 2017-2019**, the HPC used the Center for Health Information and Analysis' (CHIA) 2021 Annual Report Alternative Payment Methods Databook (for calendar years 2017-2019).

3.2 Analysis

CHIA's 2021 Annual Report APM Databook reports APM adoption by payer and insurance type. To calculate coverage by type of APM and commercial plan, the HPC examined Blue Cross Blue Shield of MA, Harvard Pilgrim Health Plan, and Tufts Health Plan, and combined other MA plans (AllWays, BMC Healthnet Plan, Fallon Community Health Plan, Health New England, and Tufts Health Public Plans, excluding Health Plans Inc, and Unicare(Anthem) as they had no HMO/POS products). HPC restricted this analysis to HMO/POS commercial claims.

HPC summed member months associated with each payment method (FFS, Other APM, Global Budget (Partial), and Global Budget (Full)) and divided by the total member months for each payer.

4. Percentage of APM risk arrangements for commercial HMO/POS members that include “two-sided” risk (“upside” and “downside” risk) by large provider group

4.1 Data

For **Exhibit III: Percentage of APM risk arrangements for commercial HMO/POS members that include “two-sided” risk (“upside” and “downside” risk) by large provider group, 2017-2019**, the HPC used the Center for Health Information and Analysis’ (CHIA) 2021 Annual Report Alternative Payment Methods Databook (for calendar year 2017-2019).

4.2 Analysis

CHIA’s 2021 Annual Report APM Databook reports APM adoption by provider, insurance category, and risk arrangement type (no risk, shared savings only, upside and downside risk). HPC restricted this analysis to membership where the members were required to select a PCP by their plan, were in an HMO/POS plan, and had full commercial claims. To calculate percentage of risk arrangements that include shared losses (“downside risk” or “upside” and “downside” risk), HPC summed member months associated with downside risk and divided by total member months.