

# 2022 HEALTH CARE COST TRENDS HEARING

## POLICY PRESENTATION

State Policy Solutions to  
Advance Affordability

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## Priorities for Action: The HPC recommends immediate action to improve state oversight and accountability.



- **Target Above Benchmark Spending Growth.** The Commonwealth should take action to strengthen the Performance Improvement Plan (PIP) process, the HPC's primary mechanism for holding providers, payers, and other health care actors responsible for health care spending growth. Specifically, the HPC recommends that the metrics used by CHIA to identify and refer organizations to the HPC should be expanded to include measures that account for the underlying variation in provider pricing and baseline spending, and by establishing escalating financial penalties to deter excessive spending.
- **Constrain Excessive Provider and Pharmaceutical Prices.** The Commonwealth should take action to constrain excessive price levels, variation, and growth for health care services and pharmaceuticals, by imposing hospital price growth caps, enhancing scrutiny of provider mergers and expansions, limiting hospital facility fees, and expanding state oversight and transparency of the entire pharmaceutical sector, including how prices are set in relation to value.
- **Limit Increases in Health Insurance Premiums and Cost-Sharing.** The Commonwealth should take action to hold health insurance plans accountable for affordability and ensure that any savings that accrue to health plans are passed along to businesses and consumers, including by setting affordability targets and standards as part of the annual premium rate review process.

**The 2022 Policy Recommendations reflect a comprehensive approach to reduce health care cost growth, promote affordability, and advance equity.**

- 1 Strengthen Accountability for the Health Care Cost Growth Benchmark.** As recommended in past years, the Commonwealth should strengthen the mechanisms for holding providers, payers, and other health care actors responsible for health care spending performance to support the Commonwealth's efforts to meet the health care cost growth benchmark.
  - A. Improve Metrics and Referral Standards for Monitoring Health Care Entity Spending**
  - B. Strengthen Enforcement Tools in PIPs Process**
  
- 2 Constrain Excessive Provider Prices.** Prices continue to be a primary driver of health care spending growth in Massachusetts, and the significant variation in prices for Massachusetts providers (without commensurate differences in quality) continues to divert resources away from smaller and/or unaffiliated community providers, many of which serve vulnerable patient populations, and toward generally larger and more well-resourced systems.
  - A. Establish Price Caps for the Highest-Priced Providers in Massachusetts**
  - B. Limit Facility Fees**
  - C. Enhance Scrutiny and Monitoring of Provider Expansions**
  - D. Adopt Default Out-of-Network Payment Rate**

- 3 Enhance Oversight of Pharmaceutical Spending.** As drug spending continues to grow in Massachusetts, patients are acutely feeling rising out-of-pocket costs and other barriers to access in their insurance plan design.
  - A. Enhance Transparency and Data Collection
  - B. PBM Oversight
  - C. Expand Drug Pricing Reviews
  - D. Limit Out-of-Pocket Costs on High-Value Drugs
  
- 4 Make Health Plans Accountable for Affordability.** As both health insurance premiums and the use of higher deductibles increase, further squeezing families in Massachusetts, the Commonwealth should require greater accountability of health plans for delivering value to consumers and ensuring that any savings that accrue to health plans (e.g., from provider price caps as described above or reduced use of high-cost care) are passed along to consumers.
  - A. Set New Affordability Targets and Affordability Standards
  - B. Improve Health Plan Rate Approval Process
  - C. Reduce Administrative Complexity
  - D. Improve Benefit Design and Cost-Sharing
  - E. Alternative Payment Methods (APMs)

**5 Advance Health Equity for All.** Achieving health equity for all will require focused, coordinated efforts among policymakers, state agencies, and the health care system to ensure that the Commonwealth addresses inequities in both the social determinants of health (SDOH) and in health care delivery and the impact of those inequities on residents. As such, all stakeholders should have both a role in and accountability for efforts to achieve health equity for all.

- A. Set and Report on Health Equity Targets
- B. Address Social Determinants of Health
- C. Use Payer-Provider Contracts to Advance Health Equity
- D. Improve Data Collection

**6 Implement Targeted Strategies and Policies.** To further advance cost containment, affordability, and health equity, the Commonwealth should adopt the following additional strategies and policies.

- A. Improve Primary and Behavioral Health Care
  - i. Focus Investment in Primary Care and Behavioral Health Care
  - ii. Improve Access to Behavioral Health Services
- B. Examine Increases in Medical Coding Intensity and Improve Patient Risk Adjustment
- C. Support Efforts to Reduce Low-Value Care

**Among the seven other states that have now established statewide health care cost growth targets, many are adopting new strategies to promote transparency, oversight, and accountability.**

