

Examination of Health Care Cost Trends and Cost Drivers

Pursuant to G.L. c. 6D, § 8

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Examination Focus

1. Are consumer-driven health insurance products lowering costs?
2. What is the behavioral health reimbursement landscape?



Preliminary Findings

I. Impact of Tiered Network Products on Costs

Plan Design
Membership
Utilization Case Study



Tiered Network Plan Designs

- Designed to shift health care volume to efficient providers.
- Efficient providers provide health care at low cost and high quality (“Tier 1”).
- Tiered network plan designs are developed to encourage members to use Tier 1 (and sometimes Tier 2) providers.

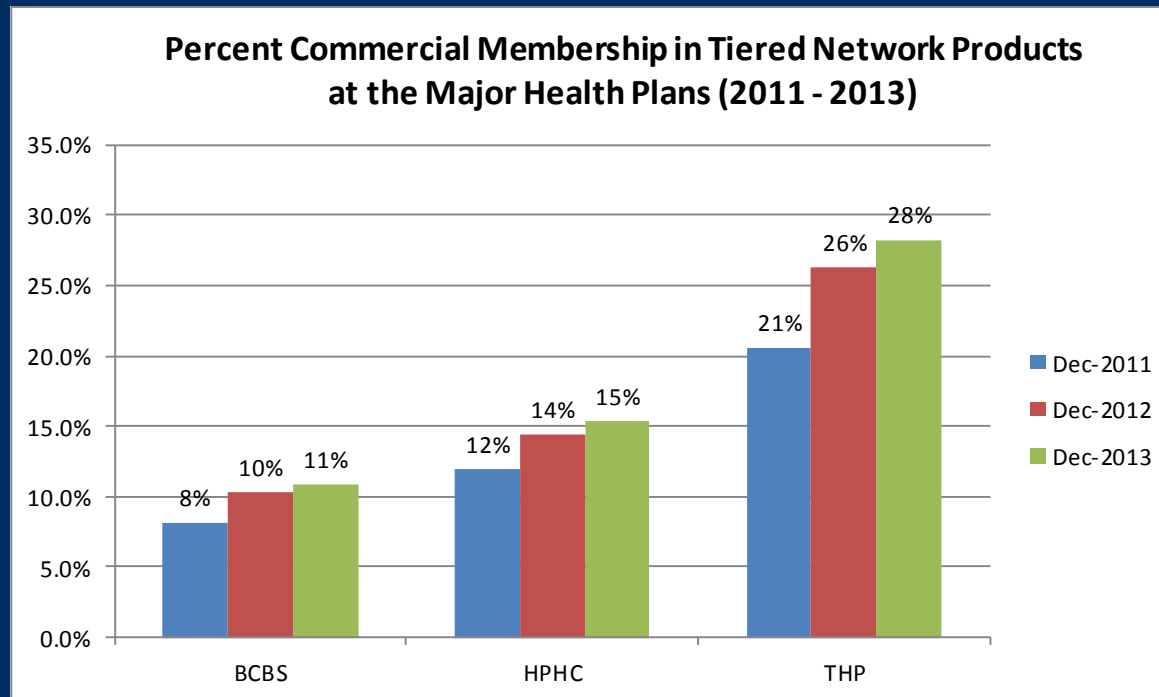


Current Tiered Network Plan Offerings

- Inpatient copay differentials span \$250 - \$1000 between tiers, which may result in incentives of various strength to obtain care at high value facilities.
- Customized tiering methodologies result in conflicting tiers and competing incentives for members within and across carriers.



Overall Membership Growth in Tiered Network Products

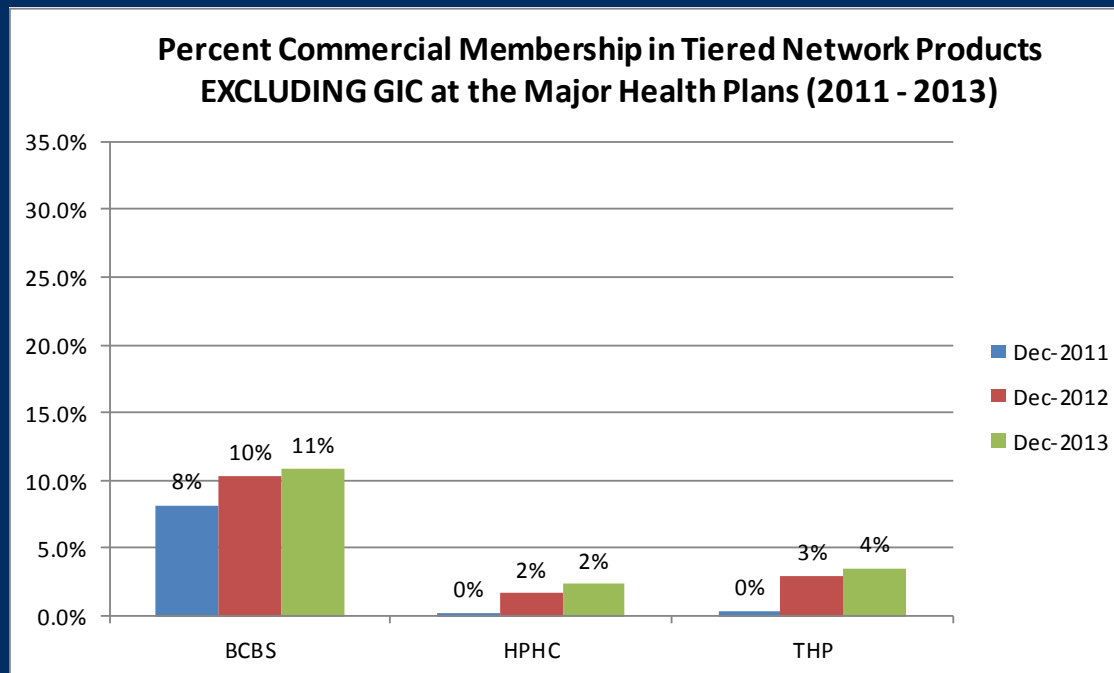


Notes:

1. Tiered network membership reflects membership of Massachusetts residents in products that, in a given year, included financial incentives for hospital services (e.g., lower copayment or deductibles) for members to obtain in-network health care services from providers that are most cost effective.
2. BCBS data reflects enrollment in Blue Options and Hospital Choice Cost Sharing.
3. HPHC data reflects enrollment in Tiered Choice Net, GIC Independence, GIC Primary Choice (limited and tiered network) and Hospital Prefer to the extent the product was in place in a given year (e.g., HPHC introduced Hospital Prefer in 2012).
4. THP data reflects enrollment in Your Choice, GIC Navigator and GIC Spirit (limited and tiered network).



Low Membership in Non-GIC Tiered Network Products



Notes:

1. BCBS data reflects enrollment in Blue Options and Hospital Choice Cost Sharing.
2. HPHC data reflects enrollment in Tiered Choice Net and Hospital Prefer to the extent the product was in place in a given year (e.g., HPHC introduced Hospital Prefer in 2012).
3. THP data reflects enrollment in Your Choice.



Tiered Network Utilization Case Study

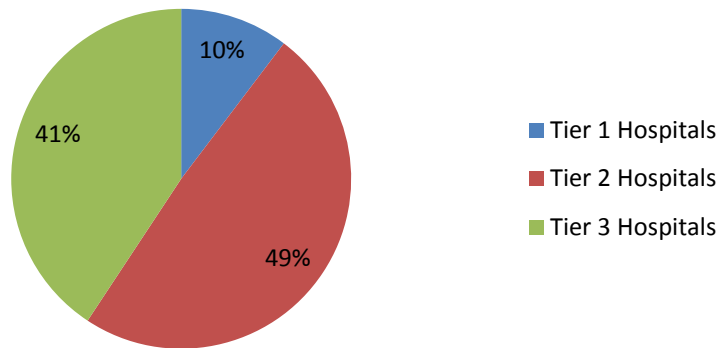
A Major Health Plan's Tiered Network Offering Member Cost Sharing by Tier

Service	Copay		
	Tier 1	Tier 2	Tier 3
Primary Care	\$20	\$20	\$20
Specialist	\$20	\$35	\$45
Inpatient Hospital	\$250	\$500	\$750
Outpatient Surgery	\$150	\$150	\$150
High Tech Imaging	\$100	\$100	\$100
ED Room	\$100	\$100	\$100

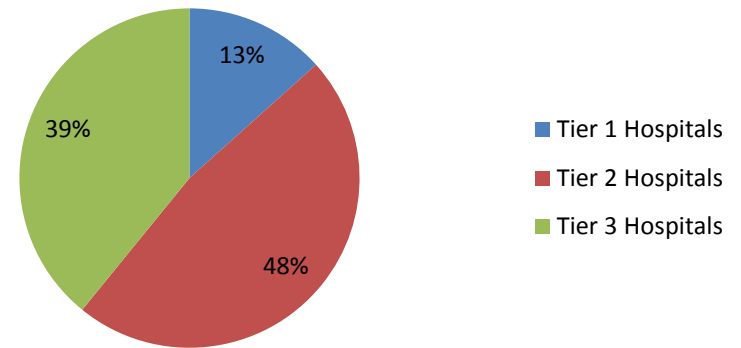


Case Study: Small Shift in Inpatient Utilization to Tier 1 Facilities

A Major Health Plan's 2011 Acute Inpatient Discharge Distribution for Tiered Members at Massachusetts Hospitals



A Major Health Plan's 2013 Acute Inpatient Discharge Distribution for Tiered Members at Massachusetts Hospitals



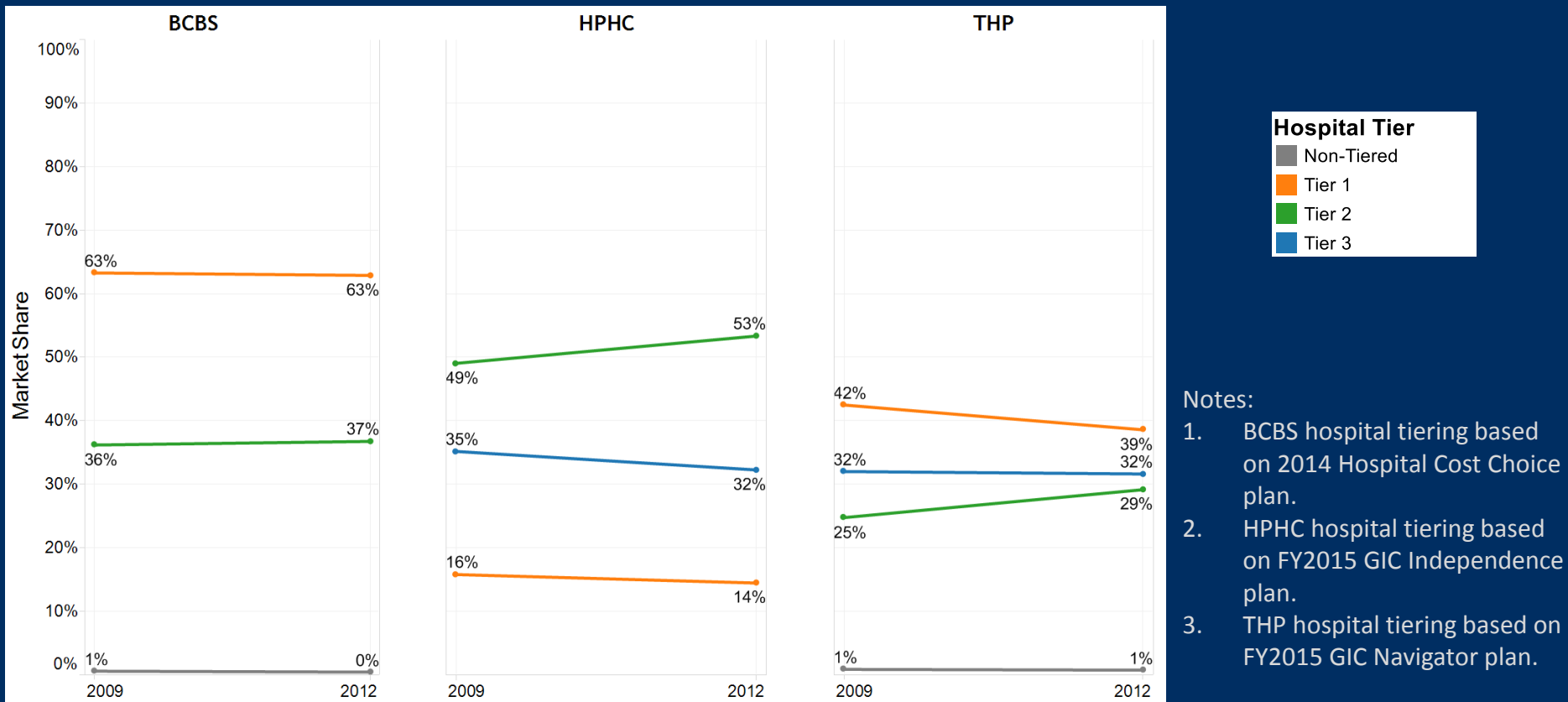
Note:

1. Data reported as visits assumed to equal discharges.



Case Study Results in Context of Total Inpatient Market Share for Tiered and Non-Tiered Plans

2009-2012 Market Share Distribution of Inpatient Discharges By Tier For Major Commercial Health Plans Across All Products





Areas of Further Exploration on Product Design

- Continued examination of impact of tiered networks on provider market share.
- Utilization trends for members before and after enrollment in a tiered network product.
- Impact of various cost share differentials on member utilization (e.g., \$250 copay differential between tiers vs. \$1000).
- Cost impact of other product design initiatives (e.g., limited networks, high cost sharing products).



Preliminary Findings

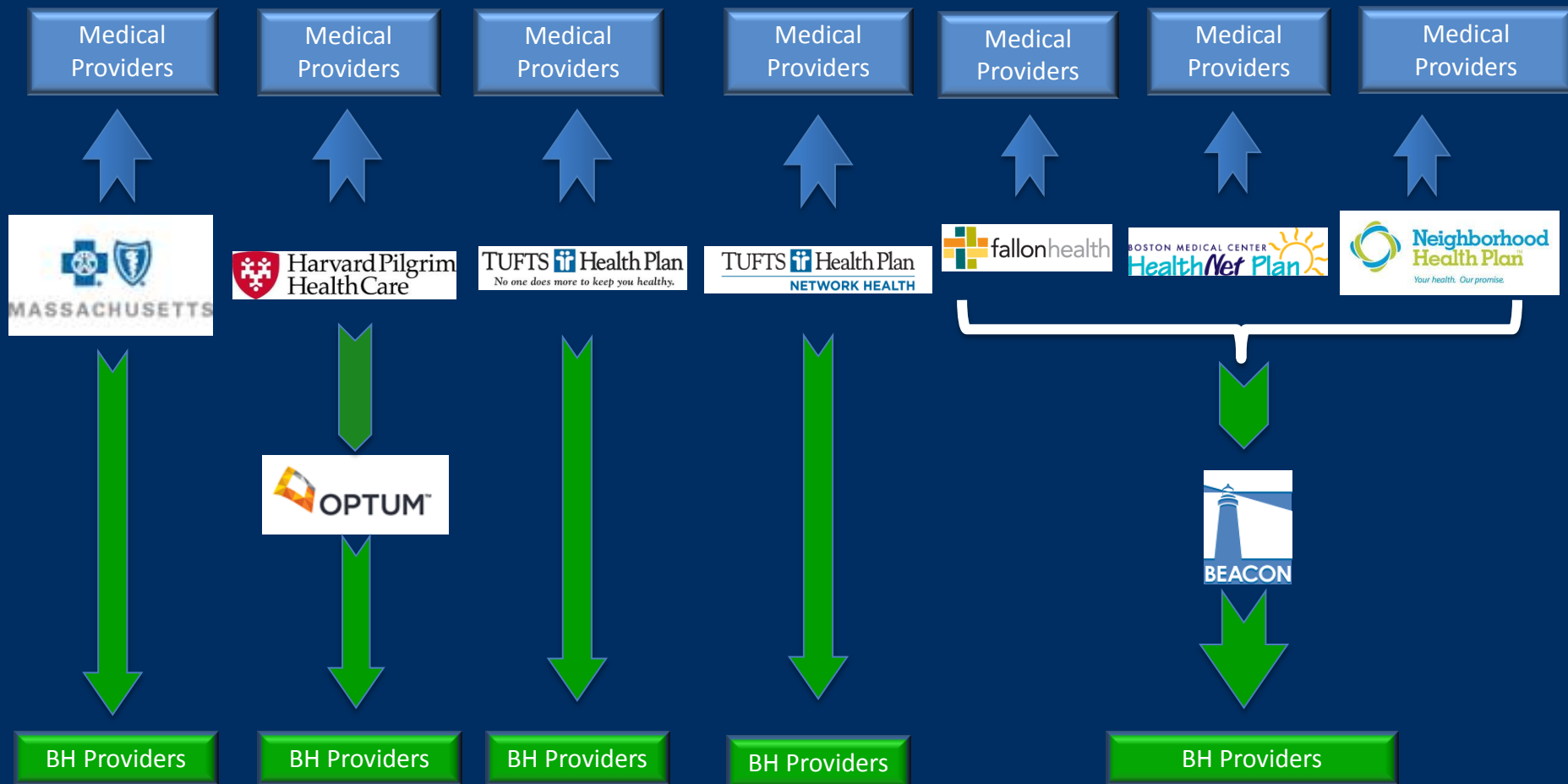
II. Behavioral Health Reimbursement Landscape

Major Players
Reported Behavioral Health Spending



Behavioral Health Management Players

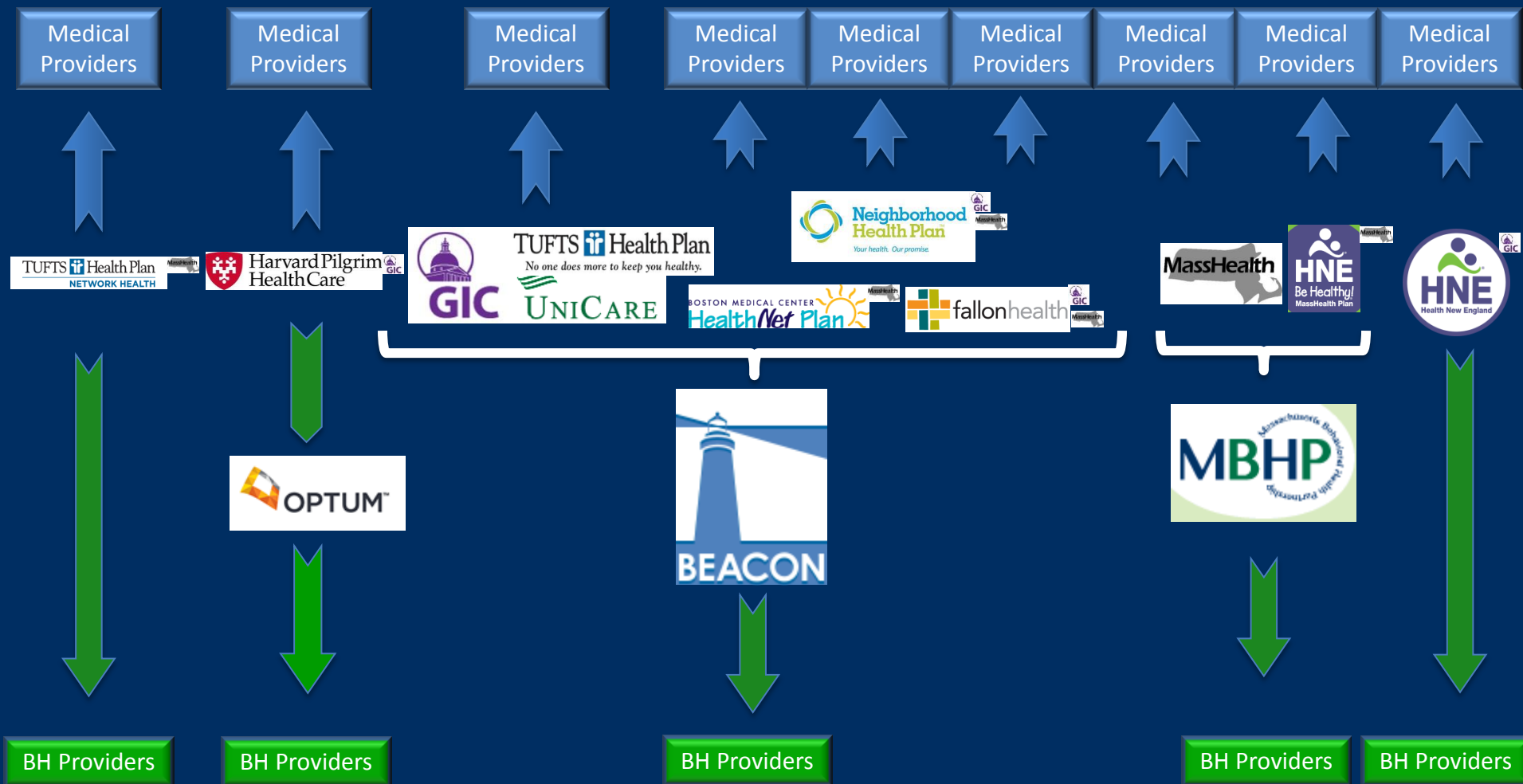
Commercial


























Behavioral Health Management Players

Commonwealth-Sponsored Plans





























Fragmented Behavioral Health Benefit Administration and Financial Risk - Commercial

Carrier	BH Administrative Responsibility		BH Primary* Financial Risk Responsibility			
	HMO	PPO/Indemnity	HMO		PPO/Indemnity	
 MASSACHUSETTS	 MASSACHUSETTS	 MASSACHUSETTS	 MASSACHUSETTS FI Risk Bearing Provider Organizations	SI Plan Sponsor	 MASSACHUSETTS FI	SI Plan Sponsor
 Harvard Pilgrim HealthCare	 OPTUM™	 OPTUM™	 OPTUM™	Plan Sponsor	 OPTUM™	Plan Sponsor
 TUFTS  Health Plan No one does more to keep you healthy.			 Designated Facilities	Plan Sponsor		Plan Sponsor
 fallonhealth	 BEACON	 BEACON	 BEACON	Plan Sponsor	 BEACON	Plan Sponsor



Fragmented Behavioral Health Benefit Administration and Financial Risk – Medicaid MCOs and MassHealth

Carrier	BH Administrative Responsibility		BH Primary* Financial Risk Responsibility	
	Commercial	Government	Commercial	Government
				
				
				
			 Plan Sponsor	 
	N/A		N/A	



Snapshot of a Consumer's Experience in a Fragmented System



55 year old man with high cholesterol, high blood pressure and chronic depression.

Employer-Sponsored Health Plan

Behavioral Health Manager

Pharmacy Benefit Manager

PCP manages high cholesterol and high blood pressure and prescribes ACE-inhibitors and Beta-blockers.

Blood pressure and cholesterol medication supplies are low. PBM leaves phone message reminder. Worsening depression makes patient non-responsive.

Psych Unit adjusts anti-depressants.

PCP continues to manage high cholesterol and high blood pressure.

Stable Condition

Depression Worsens

Discharge

Psychiatrist manages chronic depression and prescribes anti-depressants.

As condition worsens and suicidal ideations surface, patient presents at ED and MBHO coordinates admission to Inpatient Psych Unit.

Internist consult in Psych Unit addresses ACE-inhibitor and Beta-blocker use.

Psychiatrist continues to manage chronic depression.



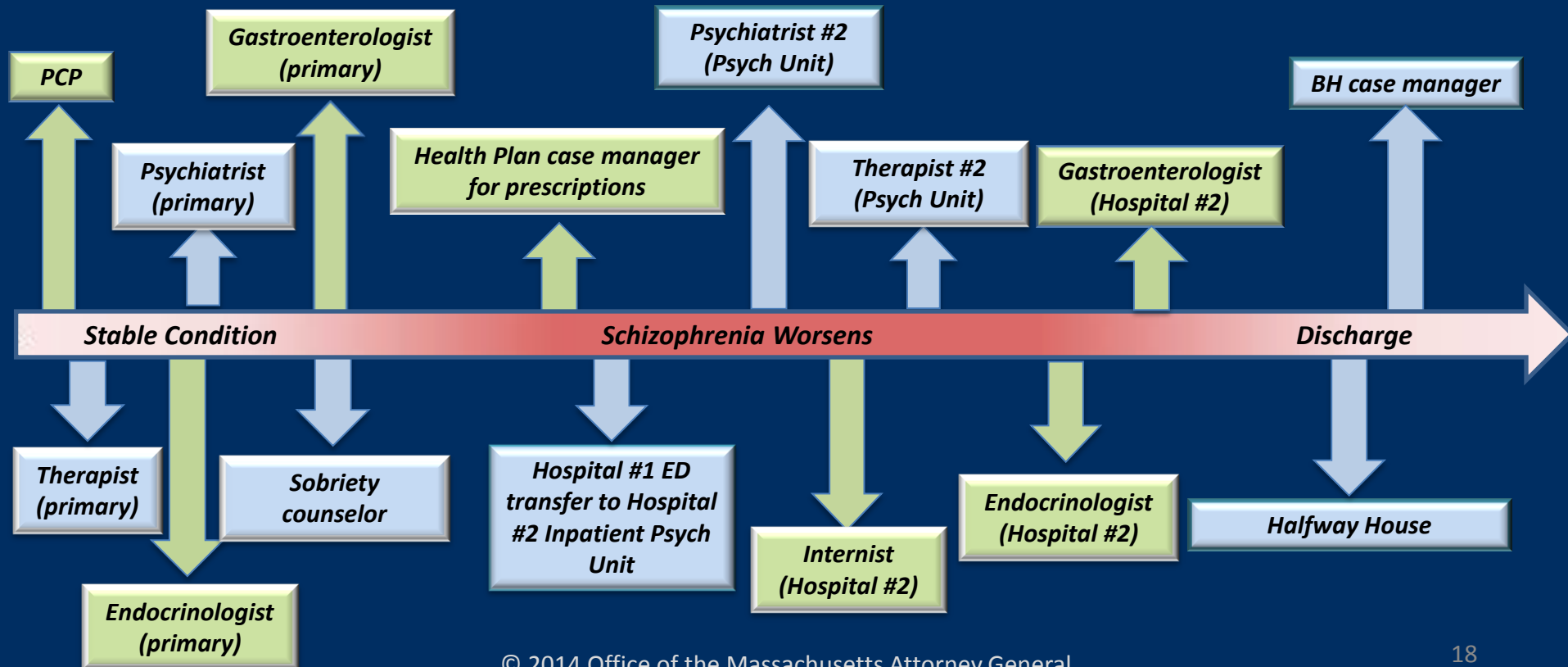
Snapshot of a Consumer's Experience in a Fragmented System



55 year old overweight man with diabetes, schizophrenia, and alcoholism

Medicaid MCO Health Plan

Behavioral Health Manager





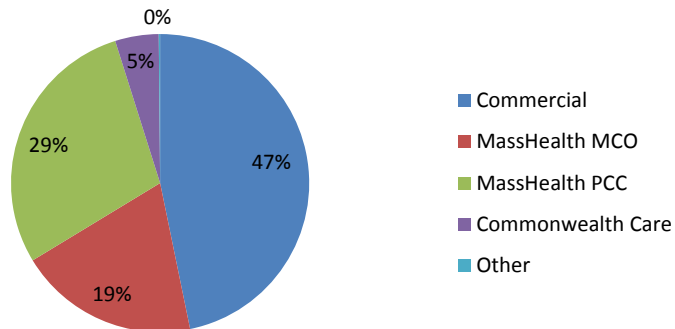
Reported Behavioral Health Expenditures Lack Consistent Definitions

- There is no consistent definition of behavioral health.
- There is no consistent way of reporting behavioral health spending.
- It is difficult to compare behavioral health spending across entities due to differing definitions and methodologies.

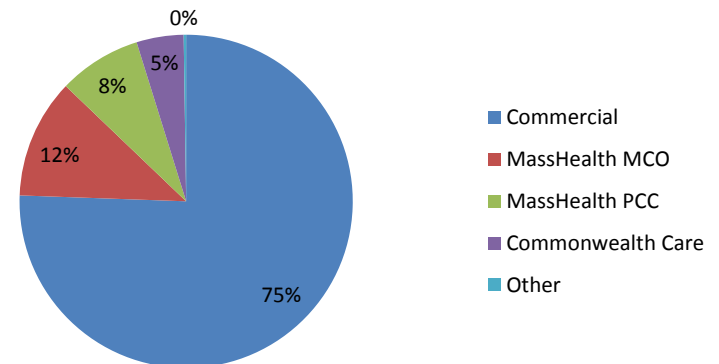


Reported Expenditures on Behavioral Health Services for Massachusetts Insured Population

2013 Estimated Expenditures for Behavioral Health Services by Market



2013 Estimated Member Distribution by Market



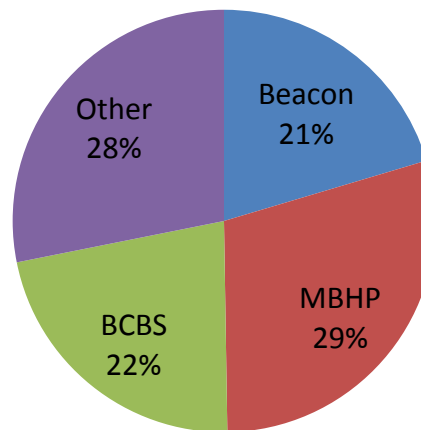
Note:

1. Medicare, dual eligible, VA populations excluded from analysis.
2. MassHealth FFS, Premium Assistance and Senior Care Options populations excluded from analysis. FFS includes people with other coverage (employer-sponsored or Medicare) as primary coverage, seniors not enrolled in SCO, and people who are institutionalized.
3. MassHealth PCC PMPM reflects average that includes children in DCF or DYF custody whose behavioral health benefits are administered by MBHP through MBHP's contract with MassHealth.



Reported Expenditures on Behavioral Health Services Broken Out by Entity Managing Expenses

2013 Estimated Expenditures for Behavioral Health Services by Managing Entity

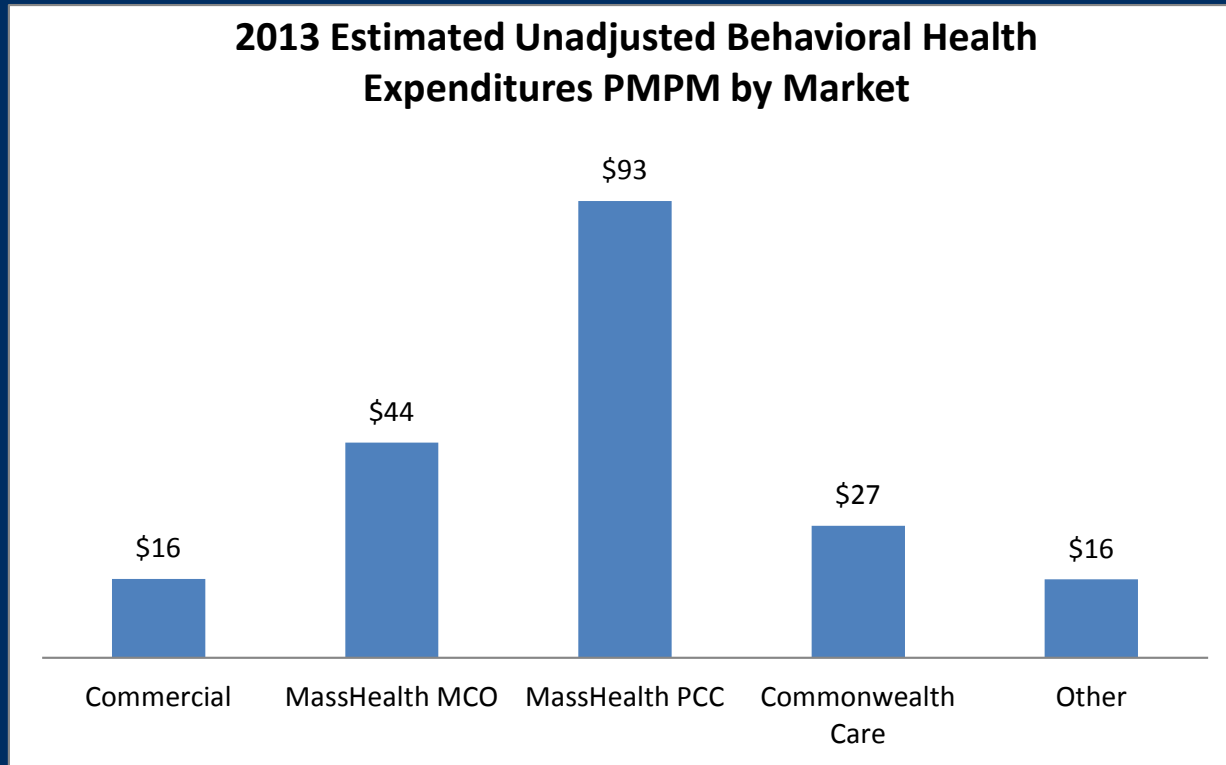


Note:

1. GIC entered into contract with Beacon for Beacon to manage behavioral health expenses for GIC's THP and Unicare members as of July 1, 2013. This chart assumes movement of THP and Unicare GIC members to Beacon occurred in January 2013.



Managed Medicaid Patients Have Highest Estimated PMPM Behavioral Health Expenses



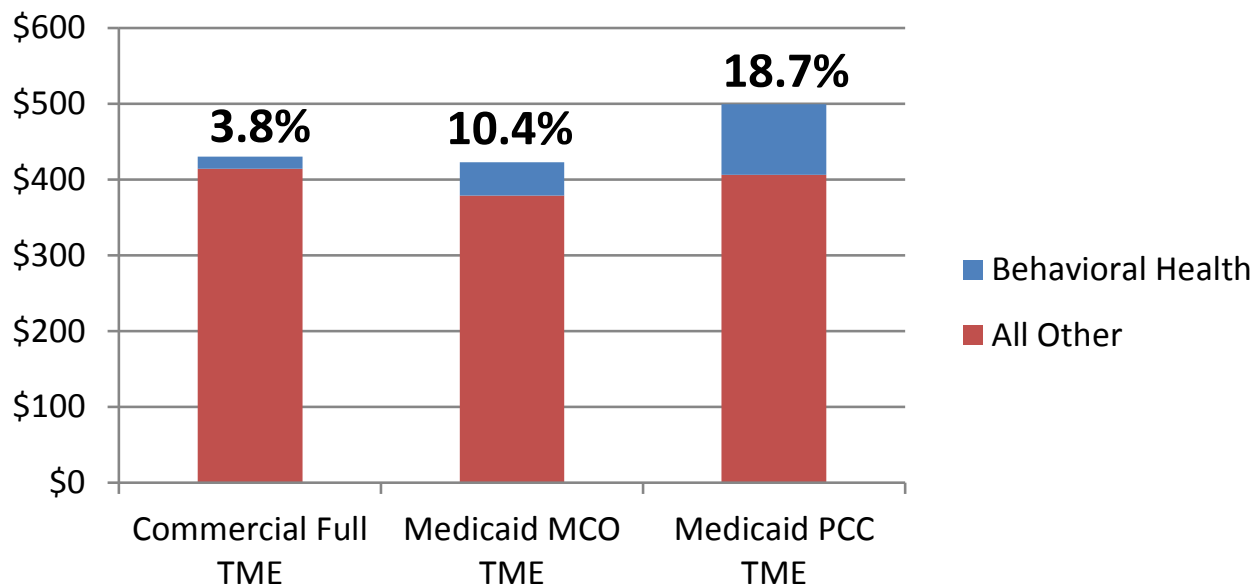
Note:

1. Not adjusted for differences health status.



Larger Portion of TME Attributable to Behavioral Health Services for Managed Medicaid Patients

Percent of 2013 TME Attributable to Estimated Behavioral Health Expenditures





Areas of Further Exploration in Behavioral Health

- Continued examination of behavioral health spending levels and trends.
- Behavioral health provider payment arrangements and payment levels within and across payers.
- Structural components and financial performance of health plan and MBHO risk arrangements.