MASSACHUSETTS
HEALTH POLICY COMMISSION

2018 Pre-Filed Testimony

Payers

As part of the *Annual Health Care Cost Trends Hearing*

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

Notice of Public Hearing

Pursuant to M.G.L. c. 6D, § 8, the Massachusetts Health Policy Commission (HPC), 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:

Tuesday, October 16, 2018, 9:00 AM
Wednesday, October 17, 2018, 9:00 AM
Suffolk University Law School
First Floor Function Room
120 Tremont Street, Boston, MA 02108

The HPC will call for oral testimony from witnesses, including health care executives, industry leaders, and government officials. Time-permitting, the HPC will accept oral testimony from members of the public beginning at approximately 3:30 PM on Tuesday, October 16. Any person who wishes to testify may sign up on a first-come, first-served basis when the hearing commences on October 16.

Members of the public may also submit written testimony. Written comments will be accepted until October 19, 2018, and should be submitted electronically to HPC-Testimony@mass.gov, or, if comments cannot be submitted electronically, sent by mail, post-marked no later than October 19, 2018, 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 HPC staff at (617) 979-1400 or by email at HPC-Info@mass.gov 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 witnesses, testimony, and presentations, please check the Annual Cost Trends Hearing section of the HPC's website. Materials will be posted regularly as the hearing dates approach.

Instructions for Written Testimony

If you are receiving this, you are hereby required under M.G.L. c. 6D, § 8 to submit written pre-filed testimony for the 2018 Annual Cost Trends Hearing. On or before the close of business on **September 14, 2018**, please electronically submit written testimony to: HPC-Testimony@mass.gov. 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, 2016, and/or 2017 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 templates, 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@mass.gov or (617) 979-1400.

Pre-Filed Testimony Questions

1. STRATEGIES TO ADDRESS HEALTH CARE SPENDING GROWTH

To address excessive health care costs that crowd out spending on other needs of government, households, and businesses alike, the Massachusetts Health Policy Commission (HPC) annually sets a statewide target for sustainable growth of total health care spending. From 2013 to 2017, the benchmark rate was set at 3.6% growth. For the first time for 2018 and again for 2019, the HPC exercised its authority to lower this target to a more ambitious growth rate of 3.1%, the lowest level allowed by state law. Achieving this reduced growth rate in the future will require renewed efforts by all actors in the health care system, supported by necessary policy reforms, to achieve savings without compromising quality or access.

a) What are your organization's top areas of concern for the state's ability to meet the 3.1% benchmark? Please limit your answer to no more than three areas of concern.

1) The MassHealth ACO model is relatively new

Tufts Health Public Plans (THPP) has approximately 180,000 members in MassHealth Accountable Care Organizations (ACOs) with four provider partners – Boston Children's Hospital, Cambridge Health Alliance, Atrius Health and the Beth Israel Deaconess Care Organization (BIDCO). This represents about 40% of our THPP covered lives in Massachusetts. We commend MassHealth for taking a thoughtful approach to the ACO design, including the financing of the program. The state has established financial guardrails that will help facilitate success, such as separate risk corridors around high-cost drugs like Hepatitis C and capping certain provider reimbursement rates. That said, the ACO program is relatively new, having launched in March 2018, and represents a significant change in how Medicaid services are provided for not only THPP but also the entire delivery system. Additional time will be needed to determine if the ACO program is succeeding in the state's goals to better coordinate care and reduce health care spending trend.

2) Pharmaceutical Cost Trends

The rising cost trend in pharmaceutical prices poses a challenge to meeting the cost growth benchmark. Providers and health plans have worked diligently to control many areas of medical cost and utilization, but we believe that neither has control over pharmaceutical pricing decisions. Both unwarranted increases in prices for existing drugs and high prices for new drugs on the market have caused pharmaceutical trend to increase at a rate nearly double the cost growth benchmark. Although THPP believes that providers and health plans still play an important role in managing pharmacy trend through prescription choices, care management and pharmacy reconciliation, we also believe that, without systemic change in this area, this trend has the potential to derail cost control efforts.

3) Provider Consolidation

Provider consolidation and changing affiliation of health systems and provider groups is one of THPP's principle concerns with the state's ability to meet the cost growth benchmark. Provider consolidation can increase health care costs through both enhanced bargaining leverage and steerage of utilization into higher-priced facilities and provider groups. This challenge is particularly acute for a payer like THPP that uses a reduced provider network for its commercial/QHP product. Provider consolidation can also increase costs when professional

office-based services are billed with the addition of facility fees solely due to affiliation. While provider consolidation may theoretically create better communication and coordinated patient care among a provider ecosystem, the benefits are uncertain and it requires significant time and investment in technology, infrastructure and organizational processes for this to occur after an affiliation.

a. What are the top changes in policy, market behavior, payment, regulation, or statute would your organization recommend to address these concerns?

1. Pharmaceutical Cost Trends

While a federal policy response is likely needed to address pharmaceutical pricing, we support state-based transparency initiatives to gather more information on how pharmaceutical prices are set and how they impact the state's ability to meet the cost growth benchmark. This should include participation in the annual Cost Trends Hearings and the ability for the Attorney General to require pharmaceutical manufacturers to produce data and testify under oath. There needs to be shared accountability among health plans, providers and pharmaceutical manufacturers for meeting the benchmark.

2) Provider Consolidation

THPP supports policies that provide greater oversight of provider consolidation transactions. This would include authority for the Health Policy Commission to conduct deeper, more longitudinal evaluations on cost, quality and value. THPP supports a regular, ongoing process by which regulators could evaluate and assess completed transactions to determine if providers are meeting their stated goals for pursuing consolidation, which often include increasing efficiency and quality, reducing health care unit costs for insurers and customers, and assuming greater accountability under value-based reimbursement.

b. What are your organization's top strategic priorities to reduce health care expenditures? Please limit your answer to no more than three strategic priorities.

Working with our ACO Partners

THPP believes in the value of payer-provider integration. By rationalizing our respective capabilities and complementing each other's strengths, we believe we can collectively do more with less. This is the core strategic vision underlying our participation in the MassHealth ACO program and the priority of our execution.

Our vision is to break down the traditional silos between payers and providers, capitalize on the aligned financial incentives and membership concentration embedded in these partnerships, and build integrated solutions that are truly patient-centered. Avenues of collaboration include: 1) performance management, which entails data aggregation and exchange, joint performance analytics, and joint decision-making on ACO program investment; and 2) clinical integration, where both payer and provider resources are leveraged to "meet patients where they are," improving the efficiency and outcomes of clinical interventions. Finally, by working in close partnership with providers, we have opportunities to design and implement workflows that improve administrative efficiency on both sides through better communication and streamlined interactions.

Progress will take time, the development of competencies, and changes in culture. We are encouraged by the ACO governance structure that promotes integration and the broad commitment to collaboration that we see in our partners and across the market. We hope to build

on the critical learning around payer-provider integration not just within the construct of the MassHealth ACO program, but for other product types as well.

2. INFORMATION ON PHARMACY BENEFIT MANAGERS

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. Pharmacy benefit managers (PBMs) play a major role in the market, significantly impacting drug pricing and access. Furthermore, PBM policies that restrict the ability of pharmacies and pharmacists to share certain information with patients have been an increasing area of focus.

a) Please identify the name of your organization's contracted PBM(s), as applicable.
CVS Health

b) Please indicate the PBM's primary responsibilities below [check all that apply]
☒ Negotiating prices and discounts with drug manufacturers
☒ Negotiating rebates with drug manufacturers
☐ Developing and maintaining the drug formulary
☒ Pharmacy contracting
☒ Pharmacy claims processing
☒ Providing clinical/care management programs to members
☐Other: Click here to enter text.

c) Briefly describe the Massachusetts member populations managed by your PBM (commercial, Medicaid, fully-insured, self-insured, etc.).
CVS Health is the PBM for the entire Tufts Health Plan enterprise. For Public Plans, this includes fully-insured QHP/commercial, MassHealth (both ACO and MCO), and the OneCare program for dually-eligible members under the age of 65. Public Plans does not have any self-insured business.

d) Does your organization or any PBM with which you contract have policies that restrict the information a pharmacy or pharmacist can share with a covered person on the amount of the covered person's cost share for the prescription drug compared to self-pay (so-called "gag clause")? If yes, briefly describe this policy.
No.

e) Does your organization or any PBM with which you contract have policies requiring a pharmacy to charge or collect a copayment from a covered person even if that amount exceeds the total charges submitted by the network pharmacy? If yes, briefly describe this policy.
No.

f) Does your organization or any PBM with which you contract have policies requiring a pharmacy to proactively disclose to a covered person if the total charges submitted by the network pharmacy are less than the required copayment? If yes, briefly describe this policy.
No. However, the member is automatically charged the lower amount if the pharmacy charges are less than the required copayment.

3) STRATEGIES TO PROMOTE INNOVATIVE CARE DELIVERY THAT INTEGRATES BEHAVIORAL, SOCIAL, AND MEDICAL CARE

Public and private payers alike are implementing new policies to support the development and scaling of innovative, high-quality, and efficient care delivery, such as, for example, new billing codes for the collaborative care model and telehealth visits under Medicare Part B, reimbursement for services rendered by peers and community health workers, and incentives for patients and providers to engage in evidence-based treatment for substance use disorder.

Has your organization adopted policies related to any the following areas of care delivery improvement and innovation? [check all that apply, and describe your primary incentive related to the care delivery innovation in the fields below]

☒Readmissions Payment Penalty or Non-Payment
☒Avoidable emergency department (ED) visits Payment Penalty or Non-Payment
☐Behavioral health integration into primary care (e.g., collaborative care model)
Required Answer: Click Here
☐Pharmacologic or other evidence-base therapies for substance use disorder
Required Answer: Click Here
☒Peers and/or community health workers Fee-for-Service Reimbursement
☐Telehealth/telemedicine Required Answer: Click Here
☐Non-medical transportation Required Answer: Click Here
☒Supportive temporary or permanent housing Other (please describe in a text box)

Supportive temporary or permanent housing
Tufts Health Public Plans participates in the state-run Social Innovation Funding (SIF) program which provides stable housing and support for 400 to 600 chronically homeless individuals. The program began in 2013 and is scheduled to run through the end of this year.

4) STRATEGIES TO INCREASE HEALTH CARE TRANSPARENCY

Chapter 224 of the Acts of 2012 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) In the table below, please provide available data regarding the number of individuals that sought this information:

Health Care Service Price Inquiries CY2017-2018			
Year		Aggregate Number of Inquiries via Website	Aggregate Number of Inquiries via Telephone or In-Person
CY2017	**Q1**	4,532	15,521
	Q2	3,826	13,720
	Q3	1,448*	7,450
	Q4	3,532	1,594
CY2018	**Q1**	4,983	2,430
	Q2	4,353	2,570

	TOTAL:	22,674	43,285

** Data from September 2017 is currently missing from contracted vendor*

b) What barriers do you encounter in accurately/timely responding to consumer inquiries for price information on admissions, procedures, and services? How have you sought to address each of these barriers?

Barriers for accurate/timely responses to members are most often due to the need for more information from the provider to confirm the exact services being requested or to obtain more details to provide an accurate estimate. Member services representatives reach out to providers to obtain CPT codes, when needed, and additional information to process the request. Timeliness in response time is sometimes impacted by the date of services being rendered, and the member's initial outreach, while contacting the provider to obtain more information, if needed. (e.g. The member may reach out on the same day with limited information.)

Educating members at first contact regarding the information needed to provide accurate estimates and explaining the process can help address this barrier.

c) What barriers do you encounter in accurately/timely responding to provider inquiries for price information on admissions, procedures, and services? How have you sought to address each of these barriers?

Provider inquiries related to price information for the specified services are infrequent, but, when a provider requests such information, we work to respond to providers in a timely and accurate manner. Providers who require additional price information may call THPP directly with their specific inquiry.

5) INFORMATION TO UNDERSTAND MEDICAL EXPENDITURE TRENDS

Please submit a summary table showing actual observed allowed medical expenditure trends in Massachusetts for CY2015 to CY2017 according to the format and parameters provided and attached as **HPC Payer Exhibit 1** with all applicable fields completed. Please explain for each year 2015 to 2017, the portion of actual observed allowed claims trends that is due to (a) changing demographics of your population; (b) benefit buy down; (c) and/or change in health status/risk scores of your population. Please note where any such trends would be reflected (e.g., utilization trend, payer mix trend). To the extent that you have observed worsening health status or increased risk scores for your population, please describe the factors you understand to be driving those trends.

In January 2015, subsidized QHP was introduced for the first time in Massachusetts, and there was substantial turnover in the population and an influx of new members to THPP. This transition had a downward impact on utilization and unit cost/mix trends. In 2016 and 2017, the membership began using more services, which had an upward impact on trend

The Unify product (under 65, dually-eligible) membership grew each year during this reporting period. This is a high utilizing population, and, as such, the increase in membership had an upward impact on trends.

6) INFORMATION ABOUT APM USE AND STRATEGIES TO EXPAND AND ALIGN 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 2017 Cost Trends Report, the HPC recommended the Commonwealth continue to promote the increased adoption of alternative payment methodologies (APMs) from present levels of 59% of HMO patients and 15% of PPO patients in 2016. The HPC also called for an alignment and improvement of APMs in the Massachusetts market.

a) Please answer the following questions related to risk contract spending for the 2017 calendar year, or, if not available for 2017, for the most recently available calendar year, specifying which year is being reported. (Hereafter, a "risk contract" shall mean a contract that incorporates a budget against which claims costs are settled for purposes of determining the surplus paid or deficit charged to a provider organization.)

Please note that the following percentages exclude approximately 3,900 covered lives, or 1% of membership, that Public Plans had at the end of 2017 as part of its Rhode Island Medicaid contract. These numbers include both MassHealth covered lives and QHP/commercial lives combined.

i) What percentage of your organization's covered lives, determined as a percentage of total member months, is HMO/POS business? What percentage of your covered lives is PPO/indemnity business? (Together, HMO/POS and PPO/indemnity should cover your entire book of business.)
   1. HMO/POS 100%
   2. PPO/Indemnity Business 0%

ii) What percentage of your HMO/POS lives is covered under a risk contract? What percentage of your organization's PPO/indemnity lives is under a risk contract?
   1. HMO/POS 16%
   2. PPO/Indemnity Business N/A

iii) What percentage of your organization's HMO/POS lives is covered under a risk contract with downside risk? What percentage of your PPO/indemnity lives is under a risk contract with downside risk?
   1. HMO/POS 6%
   2. PPO/Indemnity Business N/A

b) Please answer the following questions regarding quality measurement in APMs.

i) Does your organization plan to implement the core and menu quality measure set in all of your future global-budget based APM contracts, as applicable, with Accountable Care Organizations (ACOs) as defined by the Executive Office of Health and Human Services' Quality Alignment Taskforce (see Appendix A)?
   (a) If yes, what is your timeline for implementing the measures in contracts? If no, why not?

   THPP's primary quality focus is with the MassHealth ACO program. We will report on the quality measures as defined and required by the ACO Quality Program and in accordance with the ACO program's established timelines for reporting.

ii) What are your organization's priority areas, if any, for new quality measures for ACOs?
   (a) For MassHealth, we would support and prioritize additional HEDIS measures which are relevant to the Medicaid population, such as preventive care and cancer screening.

For QHP, we are working with provider groups to send increased EMR files in order for THPP to more accurately run, analyze and improve outcome measurement.