



# 2023 Pre-Filed Testimony PAYERS



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

## INSTRUCTIONS FOR WRITTEN TESTIMONY

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If you are receiving this, you are hereby required under M.G.L. c. 6D, § 8 to submit written pre-filed testimony for the [2023 Annual Health Care Cost Trends Hearing](#).

On or before the close of business on **Friday, October 27, 2023**, please electronically submit testimony as a Word document to: [HPC-Testimony@mass.gov](mailto:HPC-Testimony@mass.gov). Please complete relevant responses to the questions posed 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 pre-filed testimony responses from 2013 to 2022, if applicable. If a question is not applicable to your organization, please indicate that in your response.

Your submission 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.

You are receiving questions from both the HPC and the Office of the Attorney General (AGO). If you have any difficulty with the templates or have any other questions regarding the pre-filed testimony process or the questions, please contact either HPC or AGO staff at the information below.

### HPC CONTACT INFORMATION

For any inquiries regarding HPC questions,  
please contact:

General Counsel Lois Johnson at  
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### AGO CONTACT INFORMATION

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## INTRODUCTION

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This year marks a critical inflection point in the Commonwealth's nation-leading journey of health care reform. As documented in the [Health Policy Commission's 10th annual Cost Trends Report](#), there are many alarming trends which, if unaddressed, will result in a health care system that is unaffordable for Massachusetts residents and businesses, including:

- Massachusetts residents have high health care costs that are consistently increasing faster than wages, exacerbating existing affordability challenges that can lead to avoidance of necessary care and medical debt, and widening disparities in health outcomes based on race, ethnicity, income, and other factors. These high and increasing costs are primarily driven by high and increasing prices for some health care providers and for pharmaceuticals, with administrative spending and use of high-cost settings of care also contributing to the trend.
- Massachusetts employers of all sizes, but particularly small businesses, are responding to ever-rising premiums by shifting costs to employees through high deductible health plans. As a result, many employees are increasingly at risk of medical debt, relying on state Medicaid coverage, or are becoming uninsured, an alarming signal of the challenges facing a core sector of the state's economy.
- Many Massachusetts health care providers across the care continuum continue to confront serious workforce challenges and financial instability, with some providers deciding to reduce services, close units (notably pediatric and maternity hospital care) or consolidate with larger systems. The financial pressures faced by some providers are driven, in part, by persistent, wide variation in prices among providers for the same types of services (with lower commercial prices paid to providers with higher public payer mix) without commensurate differences in quality or other measures of value.

The HPC report also contains [nine policy recommendations](#) that reflect a comprehensive approach to reduce health care cost growth, promote affordability, and advance equity. The HPC further recommends that legislative action in 2023 and 2024 prioritize modernizing and evolving the state's policy framework, necessary to chart a path for the next decade.

This year's Cost Trends Hearing will focus these policy recommendations and on the efforts of all stakeholders to enhance our high-quality health care system in Massachusetts to ensure that it is also affordable, accessible, and equitable.

## ASSESSING EFFORTS TO REDUCE HEALTH CARE COST GROWTH, PROMOTE AFFORDABLE, HIGH-QUALITY CARE, AND ADVANCE EQUITY

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- a. Reflecting on the findings of the HPC's 2023 Cost Trends Report showing concerning trends of high and increasing health care costs and widening health disparities based on race, ethnicity, and income, please identify, and briefly describe your organization's top 2-3 strategies for reducing health care cost growth, promoting affordability, and advancing health equity for residents of the Commonwealth.

One of UnitedHealth Group's five core values is innovation. We believe strongly that innovation has to be one of the key strategies for reducing health care cost growth. Our local innovation efforts are focused on new consumer-centric benefit and product introductions across both the insured and self-insured markets, advancing new and updated technologies to our members through our mobile app and finding a path to more risk arrangements with our provider partners.

UnitedHealthcare is continuing to take a balanced approach to utilization management, supporting patient safety, care quality and affordability objectives, while reducing administrative complexity and cost where possible. In March 2023, UnitedHealthcare announced a comprehensive effort to simplify the health care experience and prior authorization for consumers and providers. To help reduce the administrative burden on health care professionals and their staff, starting September 1, 2023, we began a two-phased approach to eliminate the prior authorization requirement for hundreds of procedure codes. The second phase will begin on November 1. Together, these code removals account for nearly 20% of UnitedHealthcare's overall prior authorization volume. Additionally, in early 2024, the company will implement a national "Gold Card" Program which will reward provider groups who consistently practice evidence-based care as demonstrated by high approval levels on prior authorization requests. It will eliminate most prior authorizations for eligible provider groups — not just for individual providers. Qualifying provider groups will follow a simple administrative notification process for most procedure codes rather than the prior authorization process.

In addition to reducing provider burdens, our prior authorization changes will help support access by creating a simpler experience for our members. UnitedHealthcare is working to provide members with greater transparency into the process through various communication efforts, including simplifying the language of prior authorization letters and notifying members through myuhc.com® or the UnitedHealthcare® app on the status of their prior authorization. Where appropriate, UnitedHealthcare will also proactively call members to help guide them through their coverage options.

UnitedHealthcare will continue to make sure the system works better for everyone, by continuing to evaluate prior authorization codes and look for opportunities to limit or remove them while improving our systems and infrastructure.

In January, UnitedHealthcare expanded our behavioral health portfolio to include virtual behavioral coaching program that provides support for adults experiencing symptoms of mild depression, stress and anxiety, through digital modules and 1:1 video or telephonic conferencing and messaging with trained coaches. Behavioral health coaching aims to increase access to care and address cost barriers (zero copay) for those members needing assistance and support. Additionally, UnitedHealthcare continues to expand our network of providers to further increase access to care.

At UnitedHealthcare we know that to serve our members well, we must understand their environment and how their community impacts health outcomes. It is estimated that medical care only accounts for 20% of a person's health. The other 80% of health outcomes are driven by social determinants of health (SDOH).<sup>1</sup> UnitedHealthcare's care managers collaborate with local community resources to close gaps in SDOH for our Massachusetts members. In 2023, UnitedHealthcare donated \$1M "Empowering Health" grants to multiple organizations in Massachusetts focused on helping residents. We also encourage our employees to give back to the communities in which they live and work. Through charitable contributions and volunteering, our people are deeply and personally involved in building healthier communities. In 2022, our Massachusetts-based employees donated more than 72,000 hours of their own time and gave more than \$1M to local charities and organizations through our United for Giving Program. Through this program we support local food pantries, build playgrounds in under-served communities, and help organizations assisting individuals experiencing homelessness.

<sup>1</sup> <https://www.wolterskluwer.com/en/expert-insights/whats-zip-code-got-to-do-with-it>

**b. Please identify and briefly describe the top state health policy changes your organization would recommend to support efforts to advance health care cost containment, affordability, and health equity.**

- Create a path to bring more innovative and affordable benefit structures and products to the market that can move swiftly through statutory and regulatory approval. It would enable and encourage carrier innovation in benefits and products and drive more collaboration with providers on mutually beneficial network and product strategies. The goals would be to provide every member with access to quality care at a reasonable cost with providers the members choose.
- Following HPC's recommendation, embrace policies that encourage and empower site-neutral payment for services safely provided in both hospital outpatient locations and non-hospital settings (e.g. physician office, ASC, etc.).
- Encourage adoption of paperless healthcare system. In doing so, we could require appropriate demographic and contact information is collected and maintained as part of member enrollment which could facilitate improved data collection and investment in strategies to address inequities rooted in the social determinants of health.

**c. Many Massachusetts health care providers continue to face serious workforce and financial challenges, resulting in the closure and reorganization of care across the Commonwealth. How are these challenges impacting your organization today? What steps is your organization taking to address these challenges?**

During the recent inflationary environment, we have seen material increases in both physician and facility requested unit cost rate increases because of increasing health care input costs for health care providers. These requested increases are often more than the State's benchmark, which by definition includes both the impact from unit cost increases and the impact of utilization. As these incremental costs (e.g. temporary labor) are reflected in provider prices, health plans bear those costs through increased reimbursement rates negotiated during each contractual cycle. Provider costs increases are a direct input into the establishment

of health insurance premiums. We are employing different mechanisms to manage the requested increases including traditional negotiation tactics surrounding competitiveness and relative cost of services, alternate payment models and promoting administrative simplification for providers.

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UnitedHealthcare is committed to expanding and diversifying the healthcare workforce in Massachusetts and nationwide. Since 2007, the United Health Foundation has provided more than \$25 million in funding to support over 3,300 scholarships for students of color pursuing careers as primary care health professionals. In 2022, the United Health Foundation made a 10-year, \$100 million commitment to deepen and scale our health workforce diversity efforts. Through our new Diversity in Health Care Scholarship program, we are focused on accelerating our progress in advancing health equity. Our goal is to provide scholarships and support to 10,000 underrepresented current and future health professionals by 2033.

d. Please identify and briefly describe the policy changes your organization recommends to promote the stability and equitable accessibility of health care resources in Massachusetts?

UnitedHealthcare's mission is to help people live healthier lives and make the health system work better for everyone. Advancing health equity is foundational to fulfilling this mission. Health equity means helping people live their healthiest lives by giving them the care and support they need to achieve optimal health. This also means addressing, reducing and eliminating disparities in how people access and receive health care.

For more than two decades, UnitedHealthcare has led initiatives to advance health equity efforts — identifying, addressing, and monitoring health disparities, and collaborating with community and national organizations dedicated to health and wellness.

***America's Health Rankings*** is a longstanding platform that builds on the United Health Foundation's work to help draw attention to the cornerstones of public health and better understand the health of various populations. The United Health Foundation provides the platform to help policymakers, community leaders and health officials better understand the specific health concerns in their own communities so we can all work together to address health challenges.

[\*America's Health Rankings\*](#) releases three state health ranking reports annually: *The Annual Report*; the *Senior Report*; and the *Health of Women and Children Report*. Each provides a comprehensive look at the health of the population across the nation and on a state-by-state basis using a wealth of reputable data sources. As the longest running state-by-state analysis of our nation's health, the platform provides actionable, data driven insights that stakeholders can use to effect change either in a state or nationally.

In addition, America's Health Rankings developed a [\*Health Disparities Report\*](#) with guidance from a National Advisory Committee — comprised of leading public health and health equity experts — who informed the selection of health measures and other methodological features of the report. Building on over 30 years of data and reporting from America's Health Rankings, this report provides objective data documenting the constant and changing contours of disparities for the nation, all 50 states and the District of Columbia by gender, geography, educational attainment and race and ethnicity. The report provides a comprehensive portrait of the breadth, depth and persistence of health disparities across the nation to provide objective data to inform action for advancing health equity.

Additional UnitedHealthcare initiatives in development include:

- Using claim and utilization data to identify and understand health disparities to create appropriate plan designs.
- Enhance network agreements to include inclusion and diversity.
- Enhance programs to address SDOH through advocacy teams and population health, digital platforms, and consumer engagement.

UnitedHealthcare recommends that policymakers continue to address inequities rooted in the social determinants of health by advancing policies that support health equity, focusing resources on community health education, expanding the availability of affordable and supportive housing, and enhancing food security.

## UNDERSTANDING TRENDS IN MEDICAL EXPENDITURES

- a. Please complete a summary table showing actual observed allowed medical expenditure trends in Massachusetts for calendar years 2019 to 2022 according to the format and parameters provided and attached as **HPC Payer Exhibit 1** with all applicable fields completed. Please explain for each year 2019 to 2022, 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., unit cost, utilization, provider mix, service 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.

### Exhibit 1.0

#### Actual Observed **Total Allowed Medical Expenditure** Trend by Year

Fully-insured and self-insured product lines

Year	Unit Cost	Utilization	Provider Mix	Service Mix	Total
CY 2019	3.33%	2.97%	0.36%	0.64%	7.46%
CY 2020	3.77%	-8.65%	-0.03%	1.63%	-3.69%
CY 2021	4.09%	12.56%	1.37%	0.59%	19.47%
CY 2022	2.70%	-0.51%	0.51%	0.56%	3.27%

### Exhibit 2.0

	2020/2019	2021/2020	2022/2021	2022/2019
Change in PLRS (Adjusted)	-3.7%	3.0%	-0.7%	-1.5%
Change in Average Rating Factor	-0.2%	-0.5%	-0.3%	-1.0%
Change in Actuarial Value (AV)	-0.9%	-0.2%	0.0%	-1.2%
Change in LG A/S Factors	0.4%	1.9%	-1.9%	0.3%

#### Exhibits 1.0 and 2.0 Summary:

Despite significant growth in our SG FI market since 2019, the demographics and risk scores of our population have remained relatively consistent. Since 2019, we've seen a slight decrease in our Plan-Liability Risk Scores in our SG ACA market. Overall, PLRS have decreased by 1.5% since 2019, or approximately 0.5% annually. The most significant change in the PLRS was in 2020, when it decreased by 3.7% compared to 2019. In 2021, our PLRS increased by 3.0%. The second table above shows the changes in PLRS scores by year. Please note that PLRS scores have been adjusted below to account for model year changes. Last year, we did not adjust the PLRS for model year changes. Rating Factors have remained relatively consistent as well, with the largest decrease in rating factors occurring in 2021 when they decreased by 0.5%. Our rating factors have remained nearly unchanged since 2019. Benefit buy



downs also appear to have minimal impact, as our actuarial values are only 1.2% lower than they were in 2019, or approximately 0.4% lower annually. The most significant change in AVs occurred in 2020, when our AVs decreased by 0.9% compared to 2019. Our LG age factors have increased by approximately 0.3% since 2019, with the largest changes occurring in 2021 and 2022. The impact of demographic, benefit buy down, and health status changes would be reflected in the utilization trend in the table above.

**b. Reflecting on current medical expenditure trends your organization is observing in 2023 to date, which trend or contributing factor is most concerning or challenging?**

1. Hospital network rates continue to rise and negotiation for reasonable, competitive rates remain a challenge post Covid. These negotiations are further challenge by the current economic environment where certain hospital systems feel justified to demand higher than normal rate increases rates and are less inclined to consider parity for carriers who are not competitive with other payers. Combined with utilization that is no longer suppressed, this directly impacts our ability to keep total cost of care at reasonable levels (i.e., higher insured premiums, higher claims for self-insured customers). Lastly, the ability to innovate against these trends within some of the New England states' regulatory framework remains increasingly challenged.
2. Inability to implement our site of service initiatives in the state of Massachusetts. Outpatient surgery is one of our top five trend fully insured driver in 2023. Service categories contributing to increased trend are screening colonoscopy (new reduction in screening age band down to 45 from 55), knee and hip replacements. According to our network resources there are 58 licensed/certified ASCs in the state of MA. The average allowed amount for services in an ASC is \$1,639 compared to the average allowed amount in an outpatient hospital \$5,080. Medical necessity review allows UHC to review cases for safety, access and outcomes when making final decisions on members site of service. UnitedHealthcare has attempted to collaborate with the MA facilities on more reasonable rates for certain OP surgeries closer to average ambulatory care rates with limited success. UnitedHealthcare has implemented this same approach in the CT market with collaboration and success.
3. Infusion medication and drug therapies continue to be part of our top 5 medical trend categories. Traditional drug therapy is holding relatively flat, but the higher cost drugs are driving majority of dollars in the market. While UHC has multiple programs to support total cost of care, including discounts and value-based contracts, we are pressured with the continued introduction of new high-cost drugs, cell, and gene therapies. It is expected that there will be over 30 new gene therapies introduced in the next 2-3 years. Cost control for this treatment will become challenging because there are no cost-effective alternatives. Current lack of value-based contracts for these types of therapies is very limited. In this type of contracting, the manufacturer would be accountable for the efficacy of the drug and provide a downside risk arrangement to UHC if the treatment does not produce positive outcome would offset cost and impact to our members. UHC continues to closely monitor the inflation reduction act (IRA) and the pipeline of these product.

## QUESTION FROM THE OFFICE OF THE ATTORNEY GENERAL

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.” In the table below, please provide available data regarding the number of individuals that sought this information.

Health Care Service Price Inquiries Calendar Years (CY) 2021-2023			
Year		Aggregate Number of Inquiries via Website	Aggregate Number of Inquiries via Telephone or In- Person
CY2021	Q1	17,661	0
	Q2	8,227	0
	Q3	9,284	0
	Q4	8,073	0
CY2022	Q1	10,410	0
	Q2	9,049	0
	Q3	7,359	0
	Q4	8,631	0
CY2023	Q1	15,720	0
	Q2	9,331	0
	TOTAL:	103,745	0

UnitedHealthcare offers members mobile and online resources to give them health care cost estimates based on their health plan and location. These tools combine provider search and cost transparency, allowing members to view and better understand their healthcare estimated costs to make informed decisions. The numbers in the above table reflect the total volume of full cost estimates made for our Massachusetts Commercial members using these tools. There have been no inquiries using the Massachusetts specific process.