WellSense HEALTH PLAN

October 25, 2023

Mr. David Seltz
Executive Director
Health Policy Commission
50 Milk Street
Boston, MA 02109

Re: WellSense Health Plan – Health Care Cost Trends Pre-Filed Testimony

Dear Mr. Seltz:

This is in response to your request for written testimony in connection with the upcoming health care cost trends hearing to be held by the Health Policy Commission.

On behalf of WellSense Health Plan, please find our written testimony responding to the questions set forth in the 2023 Pre-filed Testimony for payers. I am legally authorized and empowered to represent WellSense Health Plan, Inc. for purposes of the written testimony herein, and sign this testimony under the pains and penalties of perjury.

If you have any questions, please do not hesitate to contact me.

Sincerely,

Heather Thiltgen

Heather Thiltgen
President, WellSense Health Plan

Enclosures

MASSACHUSETTS
HEALTH POLICY COMMISSION

2023 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

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 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. 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 HPC-Testimony@mass.gov or lois.johnson@mass.gov.

AGO CONTACT INFORMATION

For any inquiries regarding AGO questions, please contact:
Assistant Attorney General Sandra Wolitzky at sandra.wolitzky@mass.gov or (617) 963-2021.

INTRODUCTION

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

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.

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Pharmacy

WellSense Health Plan has continued to observe significant growth in pharmacy spending, particularly in the areas of specialty and branded drugs. The spending increase is a result of increased utilization, price increases, and drug mix changes. WellSense is addressing increases in pharmacy spending via several initiatives, including, but not limited to: adopting pass-through terms in our contract with our pharmacy benefit manager, incentivizing high performing pharmacies with a program overlay based upon specific quality measures, establishing a biosimilar drug strategy, enhancing network performance through incentives, promoting 90-day fills for chronic medications and positively impacting quality measure performance through medication adherence and other quality incentives.

WellSense also partners with Express Scripts (ESI) to help reduce costs. Through re-procurement, WellSense has reduced baseline pharmacy cost and continues to build upon the savings with appropriate utilization management strategies. Regarding specialty drugs, WellSense partners closely with a network of specialty pharmacies geared towards disease management activities to achieve optimal outcomes, given the cost and complexities of specialty drugs. We are also working closely with ESI on a biosimilar strategy which should yield significant savings over the next several years. WellSense remains committed to positively impacting patient care by focusing on health equity, key quality measures, and promoting medication adherence. Laslty, WellSense is committed to enhanced data transparency with regulators in order to facilitate continued communication and collaboration on pharmacy-related efforts around cost containment.

Population Health

Wellsense operates a robust suite of Population Health programs and initiatives with our ACO partners as part of our participation in the MassHealth ACO program. The incentives created in the MassHealth ACO program – to improve health equity, improve quality, and lower total cost of care – combine to create a platform for creativity and innovation in the programs and services we offer to our Medicaid patients. We utilize sophisticated data and analytic tools to understand areas of need and trends in our population. A multi-disciplinary team of physician, nursing, pharmacy, behavioral health, and administrative staff in Population Health partner together with leaders across the payor and provider landscape to translate analytic insights into programs and services. The lynchpin of our population health strategy is the Complex Care Management program which targets the highest risk cohort of Medicaid patient. We have shown that the CCM care model supports our mission, meaningfully improves patient health and wellbeing, reduces utilization, and improves total cost of care performance. We have invested in transitions of care programs, developed care coordination and navigation programs that focus on SDOH needs, and forged partnerships with community based agencies.

Behavioral Health

In line with the Massachusetts Behavioral Health Roadmap, WellSense, through and with our Behavioral Health partner, is collecting data related to social determinants of health, race and ethnicity, and other applicable pieces of information in order to understand persistent gaps. This data also allows us to identify disparities in care, share this information with providers and work to help providers engage more effectively with WellSense members through closely targeted interventions. We continue to advocate for the expanded use of peers, especially with minority populations, to ensure greater access to culturally appropriate care, which in turn helps ensure more equitable outcomes.

With the assistance of our BH partner, WellSense conducts annual evaluations on membership linguistic and cultural needs and preferences to ensure that our provider network meets the linguistic and cultural needs of our members. As a result, we have expanded our ability to provide crisis stabilization services in various languages and cultural competencies.

In addition to our efforts to ensure equitable opportunities, treatment, and care, WellSense is advancing alternative payment models and value based payment systems as a means of cost containment. We are also focused on Whole Health with a commitment to looking at more integrative models of care appreciating that containing costs will require addressing comorbidity and approaching members' needs holistically. Additionally, we are exploring digital behavioral health solutions that have potential to decrease total cost of care.

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.

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Pharmacy

For several years, WellSense has identified the increasing cost of pharmaceuticals as a top concern. We have implemented several strategies and solutions to attempt to contain costs and continue to be able to provide low or no-cost options to those shopping for plans through the Connector.

In recent years, WellSense has enhanced our network performance, we have targeted clinical outreach education aimed at influencing prescribing towards improved quality and cost-effectiveness and we have improved medication adherence through the expansion of 90-day refills.

However, the state could take steps to more directly incorporate drug manufacturers and other stakeholders within the pharmacy environment into the cost growth benchmark, and cost containment strategy discussions. We support expanding the HPC's drug pricing review authority and authorizing CHIA to collect data from pharmacy manufacturers and PBMs to gain greater insight into the pricing mechanisms driving cost growth.

Health Plan Tools

WellSense has heard increased discussion around limiting or eliminating prior authorization as well as limited network capabilities, both in the medical and pharmacy space. While these issues have been positioned differently, by various stakeholders in the health care environment, we

believe strongly that they are some of the strongest tools enabling plans (who are also accountable to the cost growth benchmark) to reduce waste and abuse, drive lower pricing models, and play a role in the overall efforts to contain cost growth. WellSense is continuously looking for ways to streamline decision-making, improve turnaround times and provide our members with the services they need, but overall elimination of necessary tools would be devastating to the industry, and counter to the role that health plans can play in reducing unnecessary spend.

WellSense also supports policies that would foster more pure competition in the individual and small group markets, through the Connector. For example, policies preventing plans from creating unique and appropriate networks for non-Silver level offerings prevents plans from offering lower cost options as appropriate. In addition, the Connector's policy of providing premium smoothing, which has a short-term impact of lowering the sticker price to consumers shopping for a plan, also has the long-term impact of increasing the underlying cost of health insurance as plans have less incentive to provide lowest cost options. WellSense advocates for eliminating these two cost-inflationary policies.

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?

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Temporary Workers

Inflation, retirements, relocations, workforce shortages, and other changes in the workforce exacerbated by the COVID-19 pandemic have all impacted the health care industry. With providers relying on temporary labor costs, which have risen dramatically, payers in the system are experiencing the challenges through increased health care costs. Health plans bear those costs through reimbursement rates that are discussed during negotiations of each contractual cycle. In turn, plans must bake those increasing rates into health insurance rates which are ultimately felt by employers, individuals and the Health Connector.

According to CHIA's 2023 Acute Hospital and Health System Financial Performance report, workforce spending represented 44% of total expenses in hospital fiscal year (HFY) 2022, 8.9% of which was temporary labor costs[1]. Specifically, acute hospitals in Massachusetts reported $1.5 billion in temporary staffing costs, more than double the amount reported in the prior HFY. To address these challenges, WellSense has expanded its ACO footprint to include more than 300,000 new members and we are working closely with our provider partners, rethinking care delivery methods, focusing on delivering appropriate care and keeping our members healthy through enhanced use of preventive care.

Health plan staffing

Staffing shortages have not just impacted providers, but have also hit all healthcare organizations. Health plans employ clinical staff to ensure that utilization management decisions are appropriate and care management is effective. WellSense has attempted to cope with these challenges by expanding the geography from which we recruit talent.

[1] https://www.chiamass.gov/assets/Uploads/mass-hospital-financials/2022-annual-report/Acute-Hospital-Financial-Performance-2022-Report.pdf

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?

Click or tap here to enter text.

Behavioral Health

WellSense continues to observe troubling trends related to Behavioral Health, including increased prevalence and acuity among our members, as well as increases in the cost of services and reductions in ready access to providers.

In recent years, we have seen that across all of our varied product offerings, 80% of our total cost of care is associated with members that have some behavioral health complexity, and almost half is driven by members that are homeless and/or are suffering from substance use disorder or severe mental illness.

Given access challenges, it can be difficult to ensure that members receive the care that they need. Workforce challenges throughout the healthcare system, including staffing shortages in acute care facilities, has resulted in reductions in available beds for individuals who are ready to be discharged from the ED. The reduction in available beds combined with the increase in patient need has resulted in a significant increase in ED boarding.

WellSense would support incentives designed to attract more behavioral health workers and the opening of more behavioral health facilities, which would also encourage more behavioral and mental health providers to participate in insurance networks.

Health Equity

Boston Medical Center Health System, and WellSense Health Plan are well-attuned to the needs of traditionally underserved populations. Wellsense is a full and active participant in BMC Health System's Health Equity Accelerator , which seeks to identify the root causes of healthcare inequities and address them by implementing action plans that facilitate change. Wellsense has also embraced the equity work required of us as part of the new 1115 waiver and is engaged with our provider partners on meeting those benchmarks. WellSense's ability to partner with multiple hospital systems to meet the needs of diverse and economically challenged communities is why we were selected to expand our Accountable Care Organization (ACO) footprint to double the number of ACOs in which we partner, as of April 1, 2023. Our long history and focus on equity is central to our approach in the way we build our networks and achieve price leadership.

We have recommended that the Connector phase out, or end the practice of "premium smoothing" which subsidies health plans that are more focused on higher-margin segments. In addition, we have cautioned that the current approach to "silver loading" in pricing disadvantages carriers that have more low-income enrollees in their member mixes.

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.

Click or tap here to enter text.

The following supplemental chart shows our Health Status Adjusted (HSA) trends for Massachusetts in total:

Time Period	Unadjusted TME Trend	Risk Score Trend	HSA TME Trend
CY 2019	10.0%	13.2%	-2.4%
CY 2020	-1.8%	1.6%	-3.0%
CY 2021	-0.9%	-4.0%	2.8%
CY 2022	1.3%	0.8%	0.5%

Trend from 2021 to 2022 is 1.3% on an unadjusted basis and .5% on a Health Status Adjusted basis. From 2021 to 2022, WellSense Health Plan membership increased 2.6%, mostly due to pause on redeterminations in the MassHealth program required by the federal government during the Public Health Emergency.

As a reminder, WellSense growth and population changes from the prior waiver ACO implementation led to increasing risk scores and unadjusted trends from 2018 to 2019. However, after adjusting for the increasing risk scores, adjusted trends were -2.4%. The WellSense QHP membership increase during that same time period was a result of WellSense offering one of the lowest premium options on the Connector Exchange. Beginning in 2020, WellSense risk scores leveled off and our TME trend also decreased due to COVID. Through 2022, the WellSense MassHealth membership continued to increase, while our TME and risk scores increased slightly. Concurrently, from 2020 to 2022, the WellSense QHP membership decreased as the market size of the Connector Exchange population shrunk and competition increased among the lowest cost carriers.

The HSA view shows our demographic changes. WellSense does not believe benefit buy down to be a driver of trend due to our product design. MassHealth and SCO are zero premium products, while the majority of QHP members have highly subsidized premiums.

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?

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Medical expenditures in 2023 are emerging lower than 2022, both before and after Health Status Adjustment. In April 2023, the WellSense MassHealth population doubled with the addition of four new ACO's. Notably, one of our new ACO's (Boston Children's Hospital) has over 100,000 children members, which substantially changes our adult/child mix for our MassHealth population, and is contributing to our lower emerging PMPM in 2023.

With the end of the Public Health Emergency and the resumption of eligibility redeterminations in MassHealth, we have already observed a net 5% population decrease between April and October 2023. We anticipate that the downward trend in overall membership will continue through the completion of the initial round of redeterminations in early 2024, despite the fact that we retain a portion of those members who join our QHP product after losing MassHealth eligibility.

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	1	0
	Q2	0	0
	Q3	0	0
	Q4	3	3
CY2022	Q1	0	9
	Q2	1	15
	Q3	4	1
	Q4	2	2
CY2023	Q1	3	1
	Q2	4	1
	TOTAL:	18	32

HPC Payer Exhibit 1

All cells shaded in BLUE should be completed by carrier*

Actual Observed Total Allowed Medical Expenditure Trend by Year
Fully-insured and self-insured product lines

	Unit Cost	Utilization	Provider Mix	Service Mix	Total
CY 2019	-1.0%	13.5%	0.0%	-2.0%	10.0%
CY 2020	1.0%	-3.1%	0.0%	0.4%	-1.8%
CY 2021	0.4%	0.6%	0.9%	-2.7%	-0.9%
CY 2022	2.7%	-3.3%	0.4%	1.6%	1.3%

Notes:

1. ACTUAL OBSERVED TOTAL ALLOWED MEDICAL EXPENDITURE TREND should reflect the best estimate of historical actual allowed trend for each year divided into components of unit cost, utilization, , service mix, and provider mix. These trends should not be adjusted for any changes in product, provider or demographic mix. In other words, these allowed trends should be actual observed trend. These trends should reflect total medical expenditures which will include claims based and

2. PROVIDER MIX is defined as the impact on trend due to the changes in the mix of providers used. This item should not be included in utilization or cost trends.

3. SERVICE MIX is defined as the impact on trend due to the change in the types of services. This item should not be included in utilization or cost trends.

4. Trend in non-fee for service claims (actual or estimated) paid by the carrier to providers (including, but not limited to, items such as capitation, incentive pools, withholds, bonuses, management fees, infrastructure payments) should be reflected in Unit Cost trend as well as Total trend.