MASSACHUSETTS
HEALTH POLICY COMMISSION

2022 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 2022 Annual Health Care Cost Trends Hearing.

On or before the close of business on **Monday, October 24, 2021**, please electronically submit testimony 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 2021, 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 Attorney General's Office (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 milestone anniversary in the Commonwealth's ambitious journey of health care reform. Ten years ago, through the advocacy of a broad coalition of stakeholders, Massachusetts adopted an innovative approach to slowing the rate of health care cost growth by establishing an annual cost growth benchmark and providing oversight authority to the newly established HPC.

In the first several years of benchmark oversight, the Commonwealth made notable progress in driving down health care spending growth. In recent years, however, spending growth has exceeded the benchmark (with the exception of 2020) and appears likely to continue that upward trajectory.

This trend is driven largely by persistent challenges and market failures that have not been adequately addressed in the past ten years. These challenges, which have been consistently identified by the HPC and others, include:

- Excessive provider price growth and unwarranted variation,
- Increased market consolidation and expansion of high-cost sites of care,
- High, rising, and non-transparent pharmaceutical prices, which may not reflect value,
- Steadily increasing health insurance premiums, deductibles, and cost-sharing, resulting in increased costs to businesses and consumers,
- Stalled uptake of value-based payment models and innovative plan offerings, and
- Systemic and persistent disparities in health care access, affordability, and outcomes.

The ongoing impact of the COVID-19 pandemic has only exacerbated many of these dynamics, contributing to greater health disparities, while adding to inflationary headwinds in the form of increasing labor and supply costs.

These challenges are not unique to Massachusetts, and many other states are evolving their cost containment strategies accordingly to respond to them. In order for Massachusetts to continue to be the national leader on health care cost containment, it must similarly adapt. Unless the state's health care cost containment approach is strengthened and expanded by policymakers, the result will be a health care system that is increasingly unaffordable for Massachusetts residents and businesses with growing health inequities.

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

a. Reflecting on the past ten years of the Massachusetts health care cost containment effort, and the additional context of ongoing COVID-19 impacts, please identify and briefly describe the top (2-3) concerns of your organization in reducing health care cost growth, promoting affordability, and advancing health equity in future years.

UnitedHealthcare continues to strive to enhance the performance and affordability of the Massachusetts health system and improve the overall health and well-being of the members we serve throughout the Commonwealth, despite some challenging headwinds. Three top concerns are listed below.

- Soaring inflation, wide-spread labor shortages, and global supply chain disruptions have greatly influenced what providers are requesting for reimbursement increases, including language to protect against similar occurrences in future years. This prevents evolution, modernization, and predictability in reimbursement arrangements or provider operational structure. As businesses throughout the Commonwealth also struggle with these economic factors, it is more critical now than ever we ensure our members have access to quality, affordable health care.
- UnitedHealthcare has identified several value-driven affordability initiatives and tools to address rising costs. Lack of regulatory support for these initiatives has hindered efforts to employ strategies to reduce low value care and drive innovation.
- Fee for service payment models do not adequately support initiatives to be innovative and combat health equity issues. Developing value-based payment approaches with product innovation, including pharmacy, to leverage improved total cost of care and to advance health equity.

b. Please identify and briefly describe the top strategies your organization is pursuing to address those concerns.

- UnitedHealthcare is taking firm positions during provider negotiations, recognizing current economic environment, relativity of reimbursement levels compared to CMS, historical increases, competitive position, and its impact on sustainability of medical premium rates. At the same time, we develop programs, tools and services that reduce provider burden, ensure medial efficacy and patient safety.
- Focused efforts to drive affordability for consumers through products and policies aimed at improving total cost of care (e.g., Site of Service, virtual program, specialty pharmacy programs, and network access strategies). Particular focus on our go-to-market strategy to bring affordable solutions to market based on current and new capabilities.

c. Please describe your progress in the past year on efforts to collect data to advance health equity (i.e., data capturing race, ethnicity, language, disability status, and sexual orientation/gender identity, see 2021 Cost Trends Testimony), including

specific metrics and results. Please also describe other specific activities your organization has undertaken to advance health equity.

Our mission is to help people live healthier lives and make the health system work better for everyone. To fulfill this mission, advancing health equity plays an important role. 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 eliminating unfair differences in how people access and receive health care.

For more than two decades, UnitedHealthcare, along with its affiliate, Optum, 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. The company has provided grants to community-based organizations across the country, investing in affordable housing and funding educational scholarships.

- The America's Health Ranking and our Health Disparities Reports, produced by the UnitedHealthcare Foundation, include some of the longest running state-by-state analysis of our nation's health. It provides us with actionable, data-driven insights that evaluate a comprehensive set of health, environmental and socioeconomic data to support our health policy, benefit strategies and actions to address and advance health equity.
- UnitedHealthcare continues to address social determinants of health, health disparities, health literacy, and other barriers to achieve health equity. Additional initiatives in development include: 1) using claim and utilization data to identify and understand health disparities to create appropriate plan designs. 2) Enhanced network to include inclusion and diversity. 3) Enhance programs to address SDOH through advocacy and population health, digital platforms, and consumer engagement.
- Our standard enrollment process encourages members to self-report data on their race, ethnicity, and language. This information will allow us to best serve our diverse members by developing products, programs and services that reflect their cultural and language needs.

d. Please identify and briefly describe the top state health policy changes your organization would recommend to support your efforts to address those concerns.

- Embrace policies that encourage and empower Site of Service initiatives that improve affordability for consumers while maintaining quality of care and account for medical efficacy and safety within the protocols.

- Enable and encourage use of creative product and network strategies (both virtual and physical) that provide a flexible cost structure to support needs of members, cost, access, quality, and outcomes with faster delivery to market.

- 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 2018 to 2021 according to the format and parameters provided and attached as **HPC Payer Exhibit 1** with all applicable fields completed. Please explain for each year 2018 to 2021, 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 2018	3.80%	0.29%	0.22%	0.47%	4.82%
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%	11.27%	1.34%	0.59%	18.06%

Notes:

Differences in CY2020 trend data compared to the previous year's submission is due to the inclusion of self-insured data.

Exhibit 2.0

	2019 / 2018	2020 / 2019	2021 / 2020	2021 / 2018
Change in PLRS (Adjusted)	-0.8%	-3.7%	2.3%	-2.3%
Change in Average Rating Factor	-0.8%	-0.2%	-0.1%	-1.1%
Change in Actuarial Value (AV)	-0.1%	-0.9%	-0.2%	-1.3%
Change in LG A/S Factors	0.0%	0.4%	1.9%	2.4%

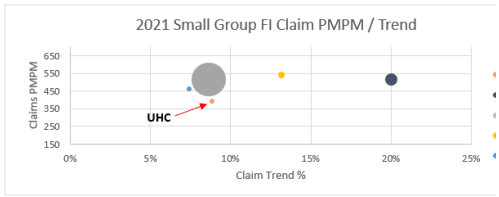
Exhibits 1.0 and 2.0 Summary: Despite significant growth in our SG FI market since 2018, the demographics and risk scores of our population have remained relatively consistent. Since 2018, we've seen a slight decrease in our Plan-Liability Risk Scores in our SG ACA market. Overall, PLRS have decreased by 2.3% since 2018, or approximately 0.8% 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 2.3%. 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 2019 when they decreased by 0.8%. Our rating factors have remained nearly unchanged since 2019. Benefit buy downs also appear to have minimal impact, as our actuarial values are only 1.3% lower than they were in 2018, 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 2.4% since 2018, with the largest change occurring in 2021 when it increased by 1.9%. The impact of demographic, benefit buy down, and health status changes would be reflected in the utilization trend in the table above.

Exhibits 3.0

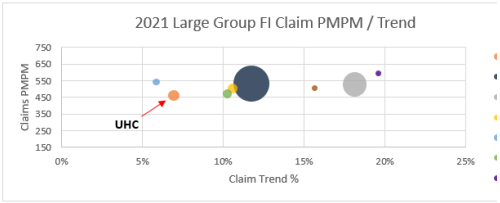
Small Group FI

	2019	2020	2021	2021 Mems	2021 Share %	2021 Claim Trend
UHC	$ 377	$ 362	$ 394	27,152	2%	9%
Payer A	$ 442	$ 430	$ 516	168,352	11%	20%
Payer B	$ 441	$ 475	$ 516	1,223,601	82%	9%
Payer C	$ 557	$ 479	$ 542	45,908	3%	13%
Payer D	$ 459	$ 431	$ 463	22,898	2%	7%
Payer E	$ 536	$ 539	$ 667	3,434	0%	24%



Large Group FI

	2019	2020	2021	2021 Mems	2021 Share %	2021 Claim Trend
UHC	$ 415	$ 432	$ 462	53,774	5%	7%
Payer A	$ 480	$ 477	$ 533	555,946	56%	12%
Payer B	$ 480	$ 447	$ 528	258,375	26%	18%
Payer C	$ 442	$ 454	$ 502	38,783	4%	11%
Payer D	$ 553	$ 512	$ 542	21,927	2%	6%
Payer E	$ 408	$ 429	$ 473	35,438	4%	10%
Payer F	$ 547	$ 495	$ 592	14,567	1%	20%
Payer G	$ 415	$ 435	$ 503	14,330	1%	16%



** Competitor data is developed from the annual Supplemental Health Care Exhibits [SHCE]. These filings support a state-leveland national view of the commercial fully insured market. Filings are reviewed for accuracy and quality is performed using additionalstatutory filings and company reports*

Exhibit 3.0 Summary: UnitedHealthcare's FI SG & LG has the lowest, or are within a few dollars of, the lowest claims PMPM in each of the years 2019 – 2021. In 2021 we had the lowest claims trend among all competitors in both FI SG and LG. Lastly, in both FI SG & LG we maintained lowest claim trend among our competitors while keeping PMPM stable and significantly growing our membership. (Circle size in the graphs represent market share. The larger the circle the larger the membership associated with the payer).

Exhibits 4.0

MA Resident Based Experience
No IBNR
Medical Only

Current Period	2021
Prior Period	2019
Funding	All

Category 1	**2 Year Annualized Trend**	**Current Period Allowed PMPM**	**Prior Period Allowed PMPM**
Inpatient Facility	3.4%	92.71	86.74
Outpatient Facility	5.7%	204.44	182.87
Physician	4.3%	164.94	151.47
Rx	18.6%	66.79	47.50
Medical Total	6.2%	528.87	468.58
COVID Costs		53.07	-
Excl COVID	0.8%	475.81	468.58

Exhibit 4.0 Summary:

Upon further analysis of our medical trend data, we felt that observing the overall trend on a 2-year annualized basis and comparing to 2019 made the most sense given that we experienced a global pandemic during this reporting period. In the above exhibit (4.0) we removed the direct impact of COVID claims to demonstrate our adjusted trend. The most notable category driver of trend is pharmacy (18.6%). Upon further investigation, we found that specialty drugs such as Stelara and Dupixent, to name a few, contributed to overall cost. The likely reasons for these observed increases include increased membership, expanded FDA label indications for these types of drugs, more patients being diagnosed with these diseases, an increased market awareness of these drugs via advertising, social media and patients seeking evaluation by specialists who are making diagnosis. Currently there are no biosimilars or generics drugs available for these types of treatment. To control costs, UnitedHealthcare performs prior authorization and medical necessity reviews to assure appropriateness of use and patient safety.

b. Reflecting on current medical expenditure trends your organization is observing in 2022 to date, which trend or contributing factor is most concerning or challenging?

The top 3 medical categories driving trend in 2022 are outpatient laboratory services (cost/utilization), outpatient surgical services (cost/utilization) and outpatient emergency (utilization); these categories represent slightly greater than 50% of the total trend. Outpatient laboratory is being driven by COVID testing. Trend results reflect the Nov/Dec 2021 COVID surge and changes in return-to-work surveillance testing, and regulatory requirements for COVID testing coverage. COVID testing includes participating and non-participating labs where non-participating costs are 2-3x higher than participating provider costs. Outpatient surgical services are comprised of outpatient surgical procedures (knees, hips and colonoscopies) and could be a result of pent-up demand from COVID abatement. Outpatient emergency continues to trend upward in utilization. More investigation is required to determine rationale and exploration of access to more cost-effective alternatives such as urgent care. Additional trend categories include outpatient physician visits and facility dispensed medications. Most physician visit encounters are for preventive services and increases in utilization most likely can be attributed to COVID "rebound" as more members were able to access care with their physician after postponing care during the height of the pandemic. Facility dispensed medication is a pre-COVID trend category for UnitedHealthcare. Specialty medications utilization/cost continues to trend in our markets. Lack of availability of non-generics and/or biosimilar medication presents additional challenges to controlling cost in this category. Our unit cost trends have increased in each of the past three years and were above 4% in 2021. In the current economic environment, 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). In addition to these primary concerns, the introduction of high-priced gene therapy drugs has also driven costs higher. Lastly, the ability to innovate against these trends within some of the New England states' regulatory framework remains increasingly challenged.

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) 2020-2022			
Year		Aggregate Number of Inquiries via Website	Aggregate Number of Inquiries via Telephone or In-Person
CY2020	Q1	13,023	
	Q2	5,088	
	Q3	6,891	
	Q4	9,481	
CY2021	Q1	17,661	
	Q2	8,227	
	Q3	9,284	
	Q4	8,073	
CY2022	Q1	10,410	
	Q2	9,049	
	TOTAL:	97,187	

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.

CERTIFICATION

The foregoing statements, opinions and data were compiled from responses provided to me by employees of UnitedHealthcare and are true and correct to the best of my knowledge and belief.

I affirm that I am legally authorized and empowered to represent UnitedHealthcare Insurance Company for the purposes of this testimony, and that the testimony is signed under the pains and penalties of perjury.

Dated this 24th day of October, 2022.

Timothy C. Archer
Chief Executive Officer
UnitedHealthcare, New England

HPC Payer Exhibit 1

All cells should be completed by carrier

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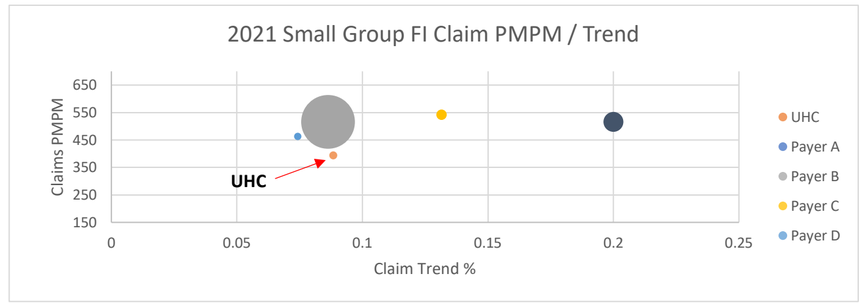

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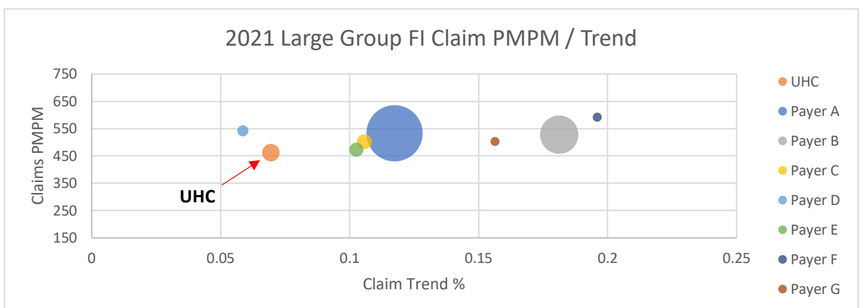

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