#CTH23

2023

HEALTH CARE COST TRENDS HEARING

THE NEXT PHASE OF MASSACHUSETTS HEALTH REFORM: ACHIEVING AFFORDABILITY AND HEALTH EQUITY FOR ALL

WEDNESDAY, NOVEMBER 8, 2023

MASSACHUSETTS
HEALTH POLICY COMMISSION

#CTH23

2023

HEALTH CARE COST TRENDS HEARING

MASSACHUSETTS
HEALTH POLICY COMMISSION

UP NEXT:

WELCOME

DEBORAH DEVAUX,
HPC BOARD CHAIR

DAVID SELTZ,
HPC EXECUTIVE DIRECTOR

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2023

HEALTH CARE COST TRENDS HEARING

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UP NEXT:

WELCOME REMARKS

THE HONORABLE
ANDREA CAMPBELL,
ATTORNEY GENERAL

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2023

HEALTH CARE COST TRENDS HEARING

MASSACHUSETTS
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UP NEXT:

COMMUNITY VOICES ON HEALTH CARE AFFORDABILITY AND EQUITY

Pastor "Keke" Dieufort Fleurissaint, President and Executive Director, True Alliance Center

Sheila Och, Chief Engagement and Equity Officer, Lowell Community Health Center; Member, Health Equity Compact

Jose de la Rosa, Business Owner and CEO, Guardian Healthcare; Member, Health Equity Compact

Damaris Velasquez, Co-Founder and Director of Programs, Agencia ALPHA

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HEALTH CARE COST TRENDS HEARING

MASSACHUSETTS
HEALTH POLICY COMMISSION

UP NEXT:

KEYNOTE REMARKS

THE HONORABLE
MAURA HEALEY, GOVERNOR

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2023

HEALTH CARE COST TRENDS HEARING

MASSACHUSETTS
HEALTH POLICY COMMISSION

UP NEXT:

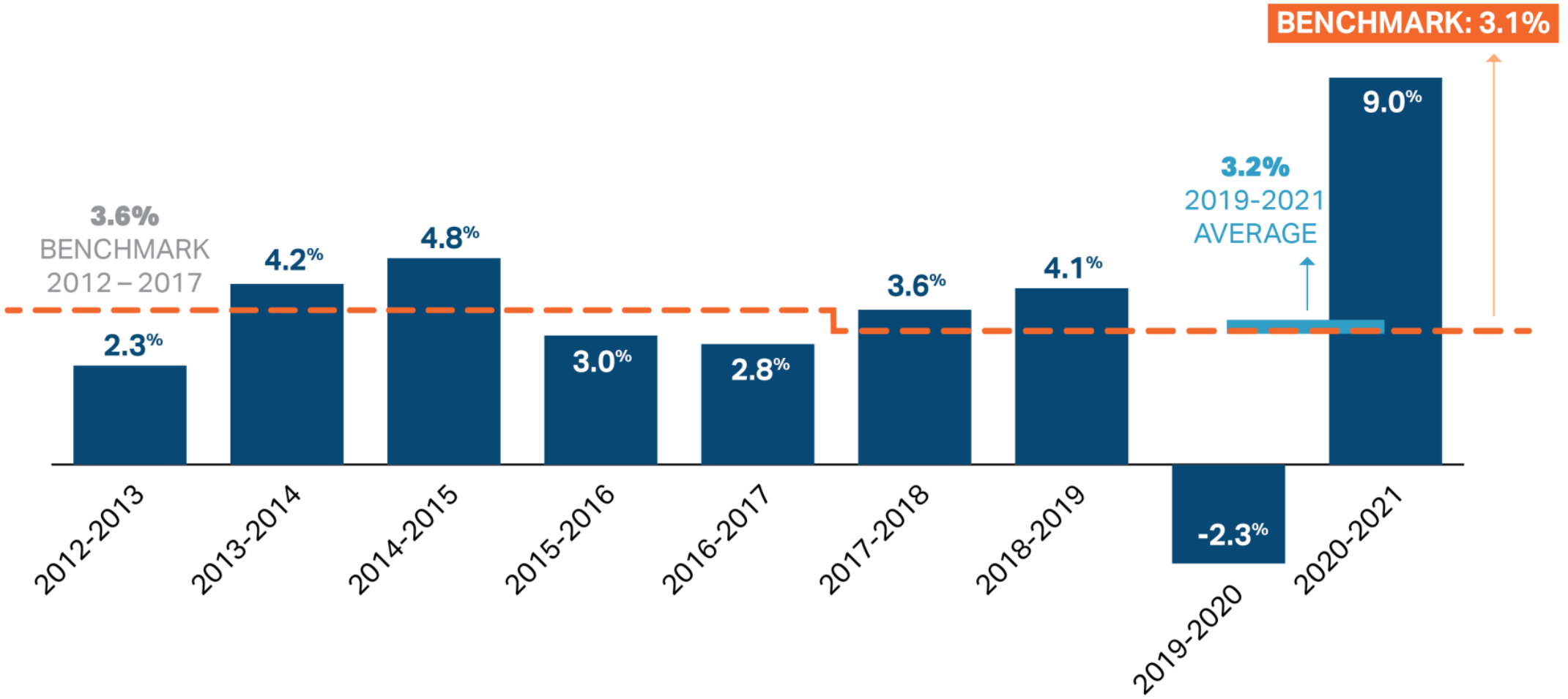
AFFORDABILITY TRENDS IN MASSACHUSETTS AND HPC POLICY RECOMMENDATIONS

Dr. David Auerbach, HPC Senior Director of Research and Cost Trends

Caitlin Sullivan, Deputy Executive Director, Center for Health Information and Analysis

David Seltz, HPC Executive Director

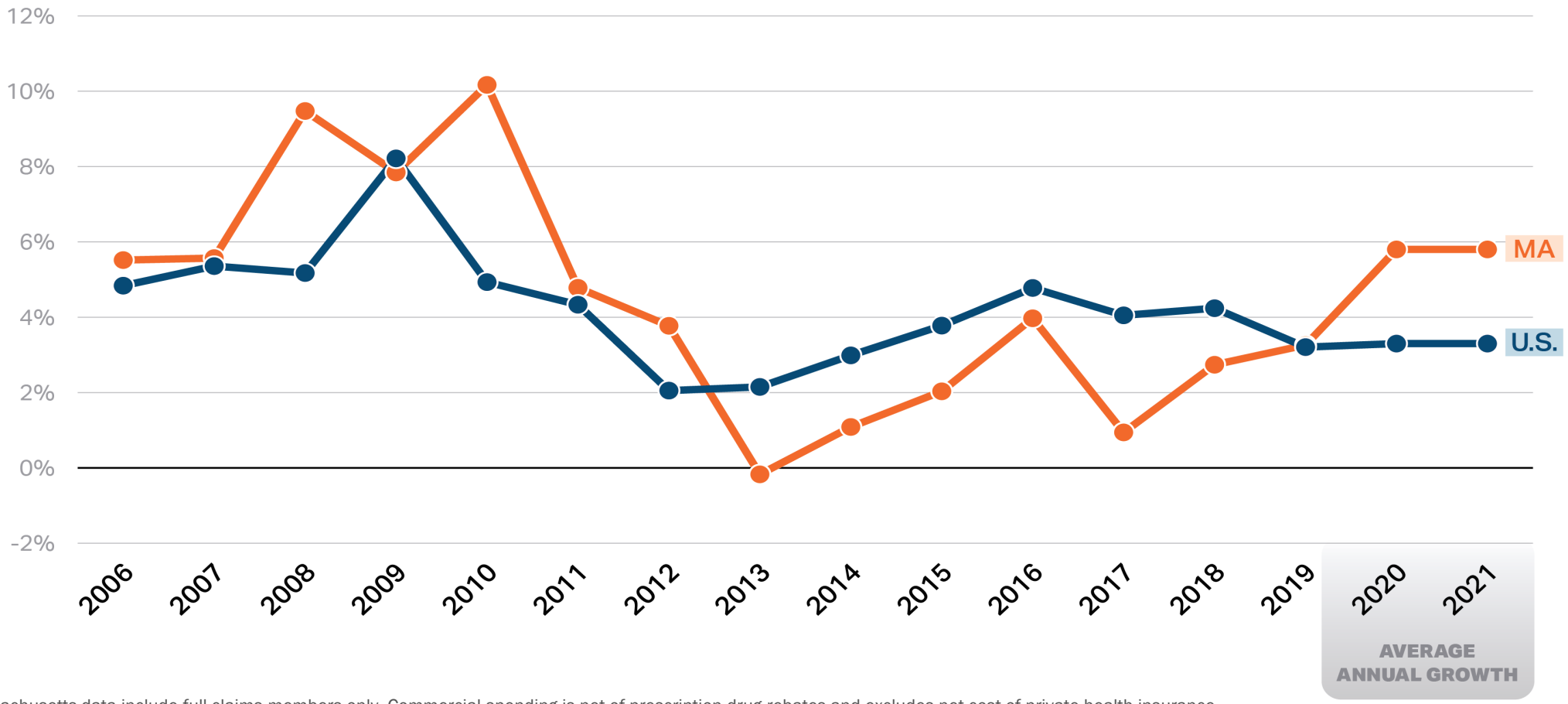
Total health care spending growth in Massachusetts was above the benchmark, on average, from 2017 – 2021.



Source: Massachusetts Health Policy Commission 2023 Annual Cost Trends Report

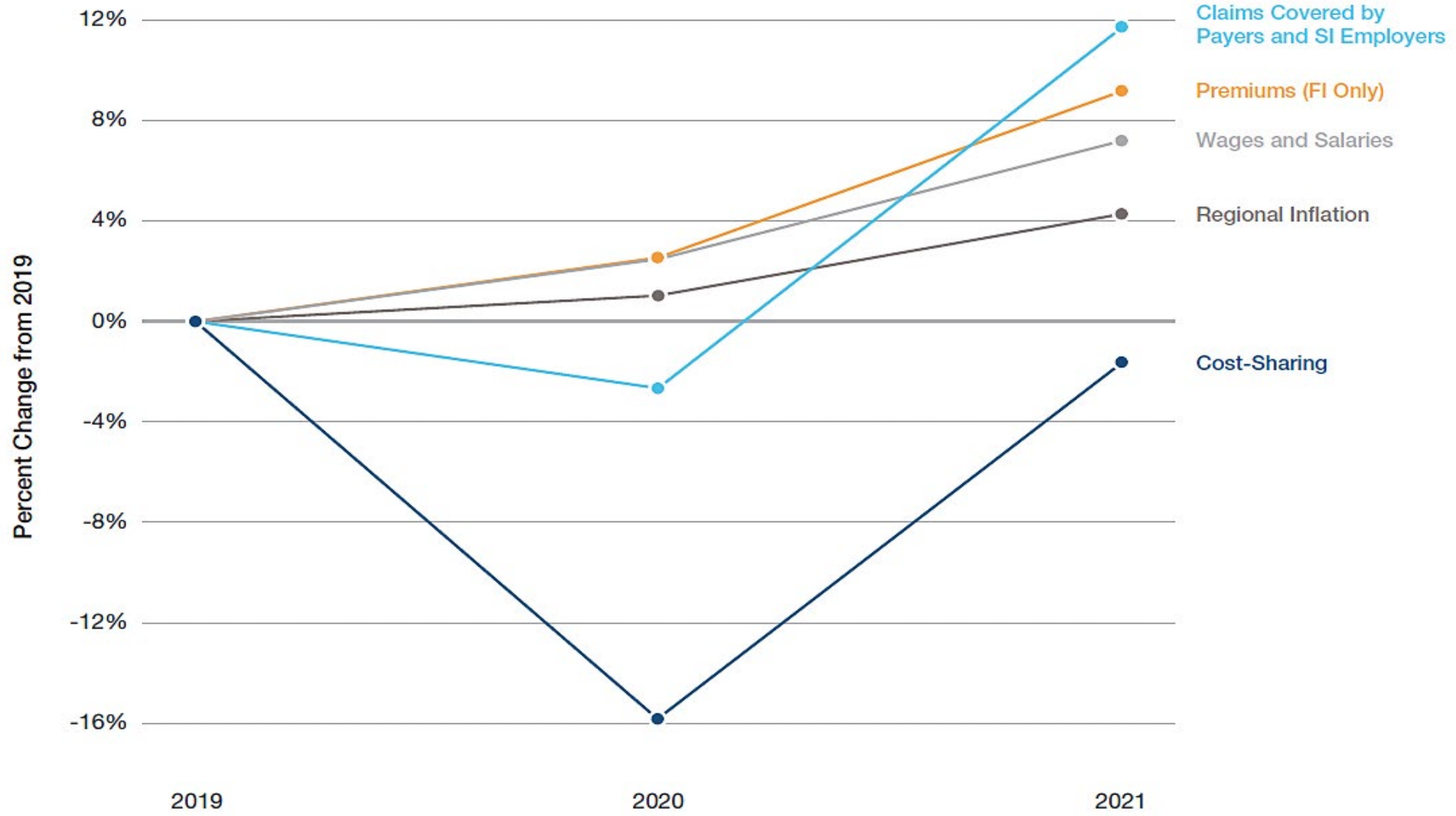
Commercial spending growth was substantially above the benchmark and the U.S. average from 2019 – 2021.

Annual growth in per capita commercial health care spending, Massachusetts and the U.S., 2006-2021. Data for 2020 and 2021 represent average annual growth from 2019-2021. Other data points represent growth from the previous year to the year shown.



Notes: Massachusetts data include full-claims members only. Commercial spending is net of prescription drug rebates and excludes net cost of private health insurance.
Sources: Centers for Medicare and Medicaid Services, National Healthcare Expenditure Accounts Personal Health Care Expenditures, 2014-2021 and State Healthcare Expenditure Accounts 2005-2014; Center for Health Information and Analysis, Total Health Care Expenditures, 2014-2021.

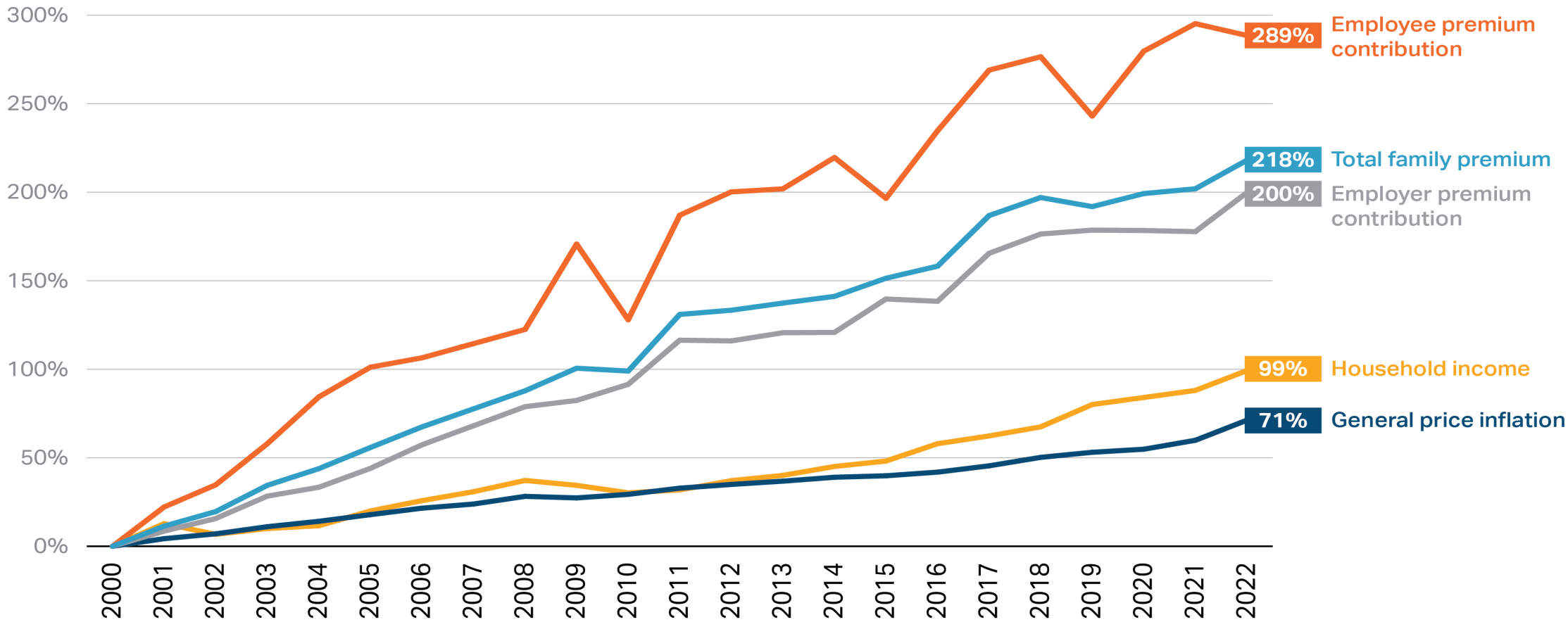
Growth in health insurance premiums and claims spending outpaced wages and inflation in Massachusetts from 2019 – 2021.



Source: CHIA Annual Report on the Performance of the Massachusetts Health Care System, 2023: https://www.chiamass.gov/annual-report/.

In total, Massachusetts health insurance premiums have grown more than twice as fast as income and three times as fast as inflation since 2000.

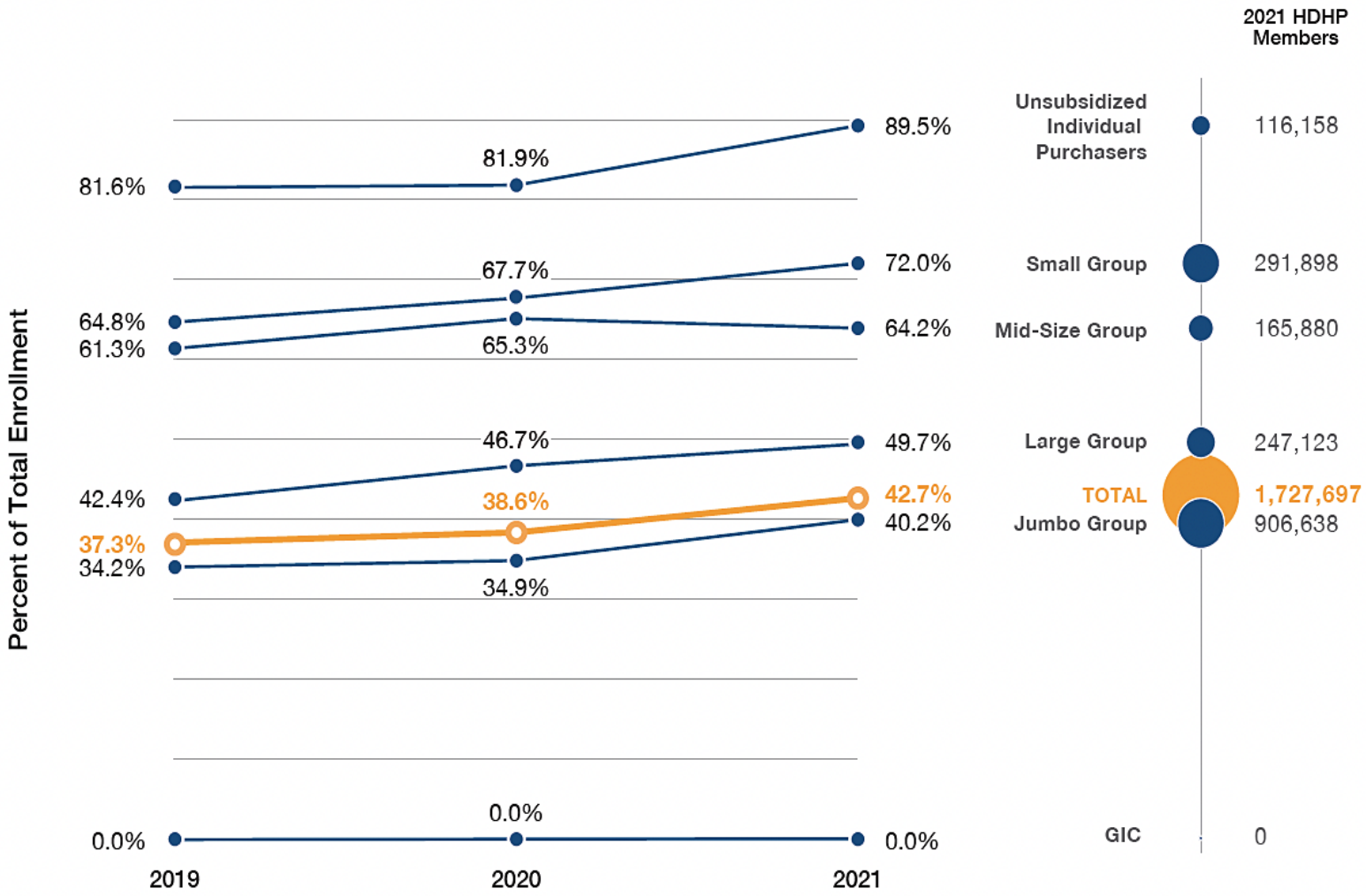
Cumulative growth in each indicator, 2000-2022



Notes: Employee contributions to family health insurance premiums have increased as a share of the total premium from 21% in 2000 to 25% in 2022.
Sources: Agency for Healthcare Research and Quality: Medical Expenditure Panel Survey-Insurance Component; Census Bureau Current Population Survey (2000-2004); American Community Survey, 1-year (2005-2022); Bureau of Labor Statistics, CPI-U.

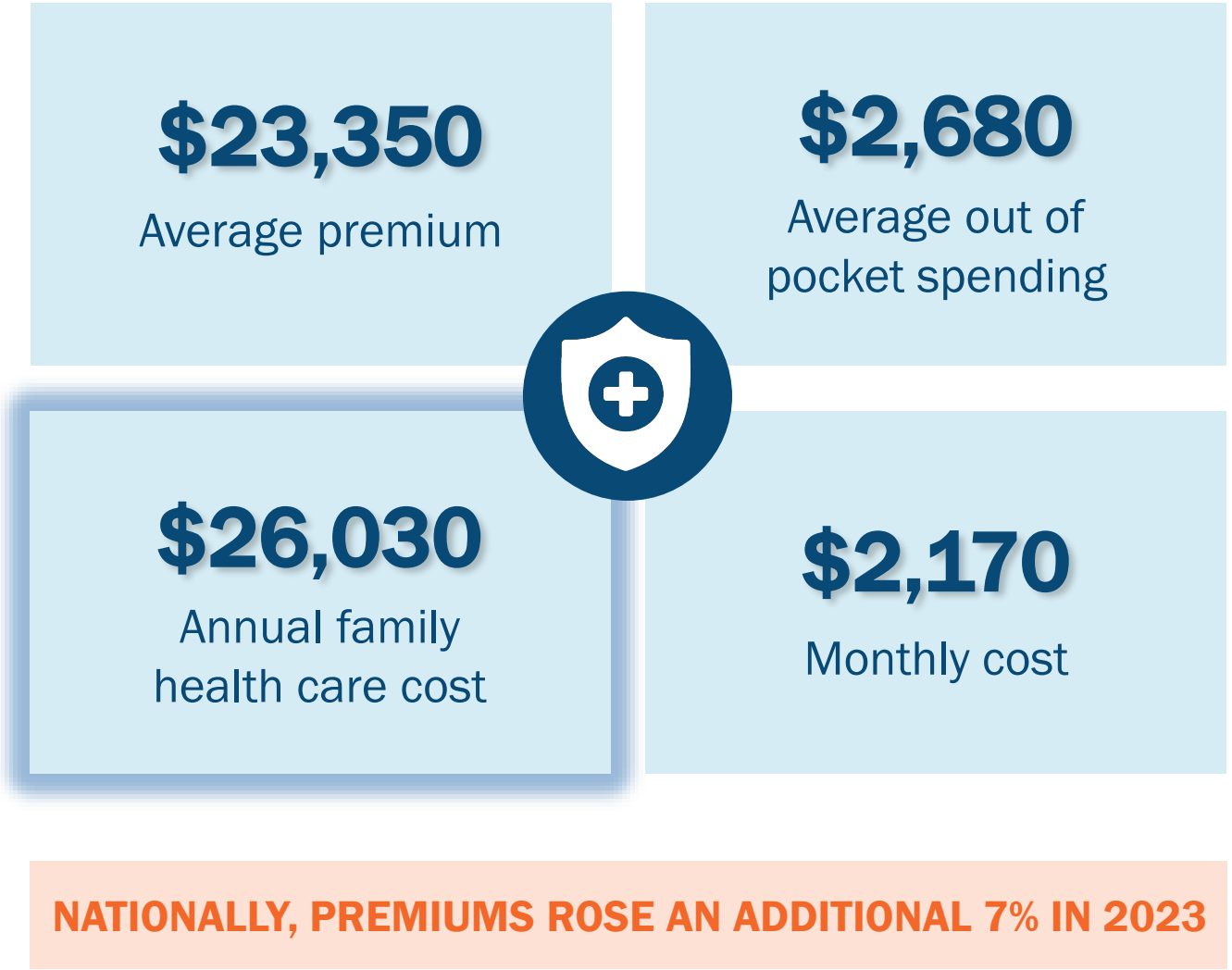
Premiums have continued to grow, even as costs have shifted to patients in the form of higher deductibles. 43% of privately insured had high deductible plans in 2021.

Percentage of commercially-insured Massachusetts residents with high-deductible plans



Source: CHIA Annual Report on the Performance of the Massachusetts Health Care System: https://www.chiamass.gov/annual-report/.
Notes: High deductible defined as individual deductibles greater than $1,400 in 2020 and 2021 and $1,350 in 2019.

After years of growth, the average cost of insurance for a family in Massachusetts reached $26,000 in 2022.

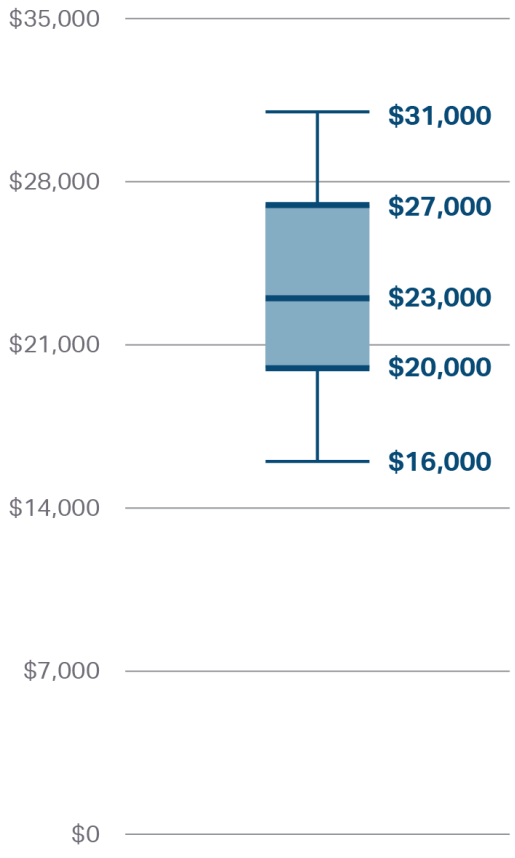


NATIONALLY, PREMIUMS ROSE AN ADDITIONAL 7% IN 2023

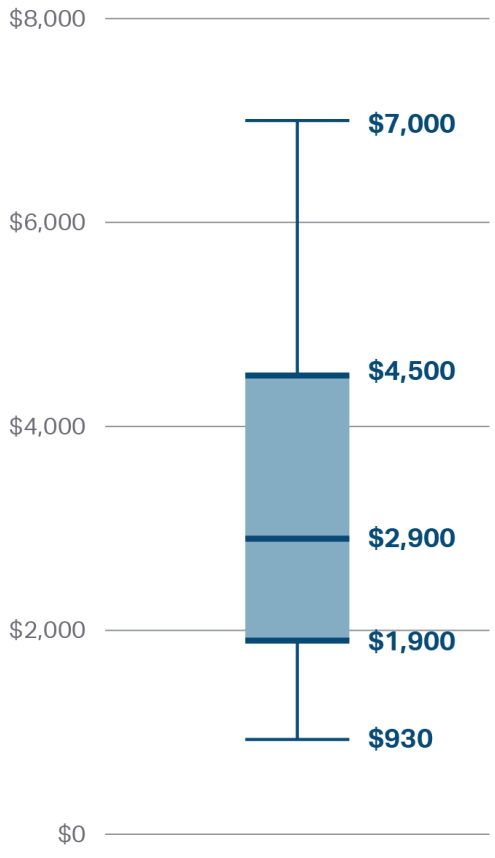
Notes: Cost sharing amount based on data on cost sharing relative to premium payments in 2021 from CHIA Annual Report, 2023. Source: Agency for Healthcare Research and Quality: Medical Expenditure Panel Survey-Insurance Component and Center for Health Information and Analysis, Annual Report, 2023.

Many residents face premiums and deductibles much higher than these averages. 10% of residents had premiums over $31,000 and/or deductibles over $7,000.

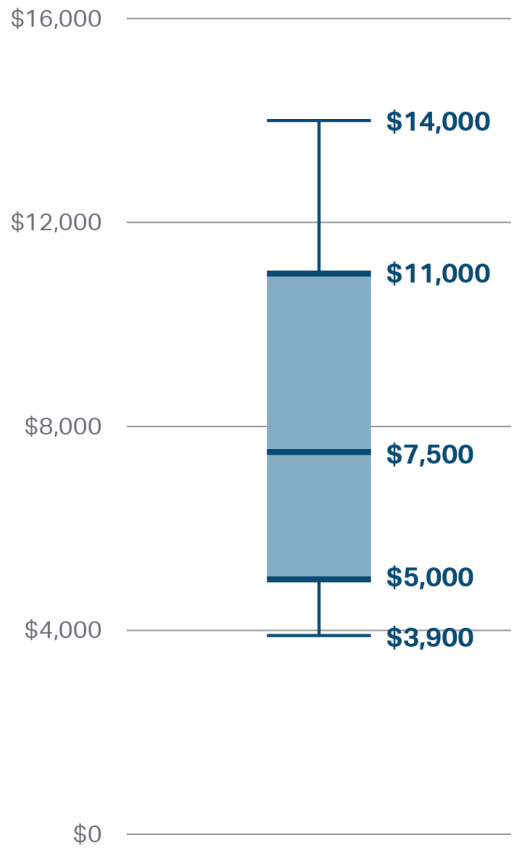
Premiums

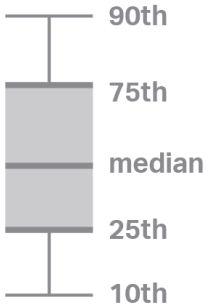


Deductible



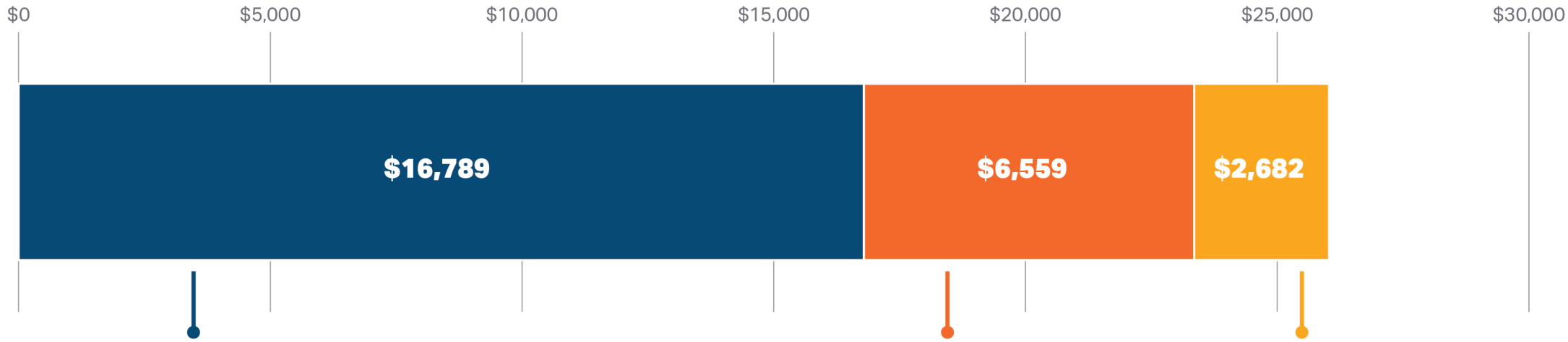
Out-of-Pocket Maximum





Source: Agency for Healthcare Research and Quality: Medical Expenditure Panel Survey-Insurance Component. Data for Massachusetts, 2022.

Where does the $26,000 in average family health care costs come from?



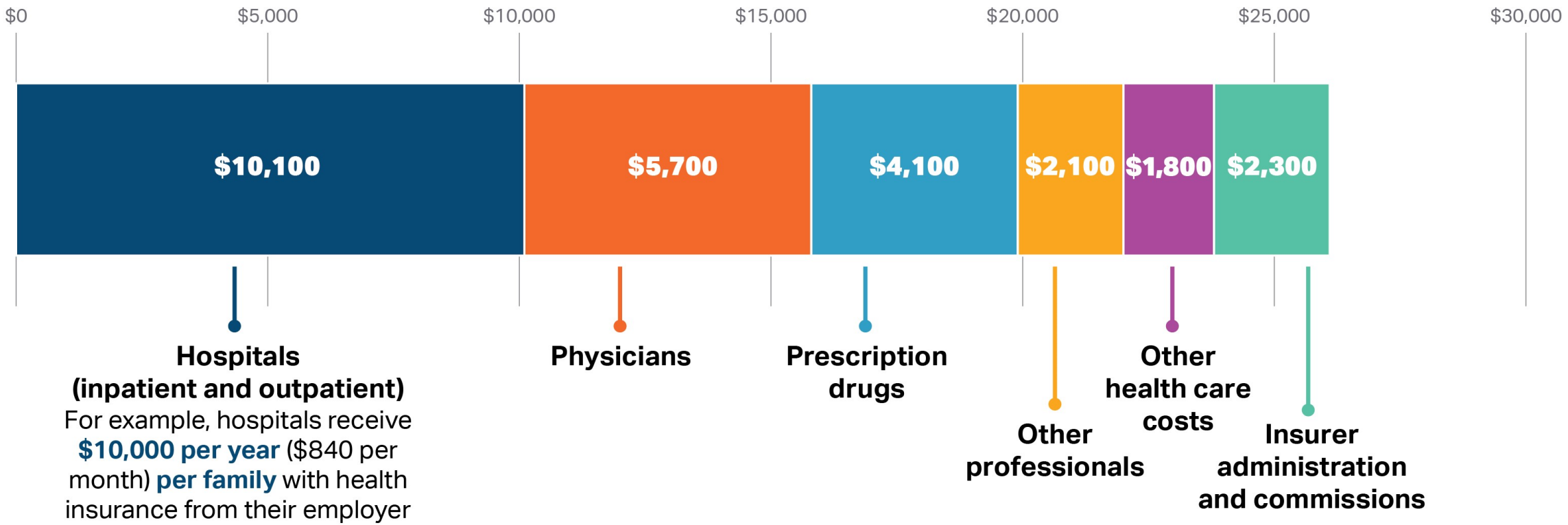
Employer contribution
The amount 'paid' by the employer **subtracted** from money that would otherwise be paid as wages or other employee benefits

Employee contribution
The amount **deducted from the paychecks** of employees who elect insurance from their employer

Cost sharing
Family members pay this **when they use care**

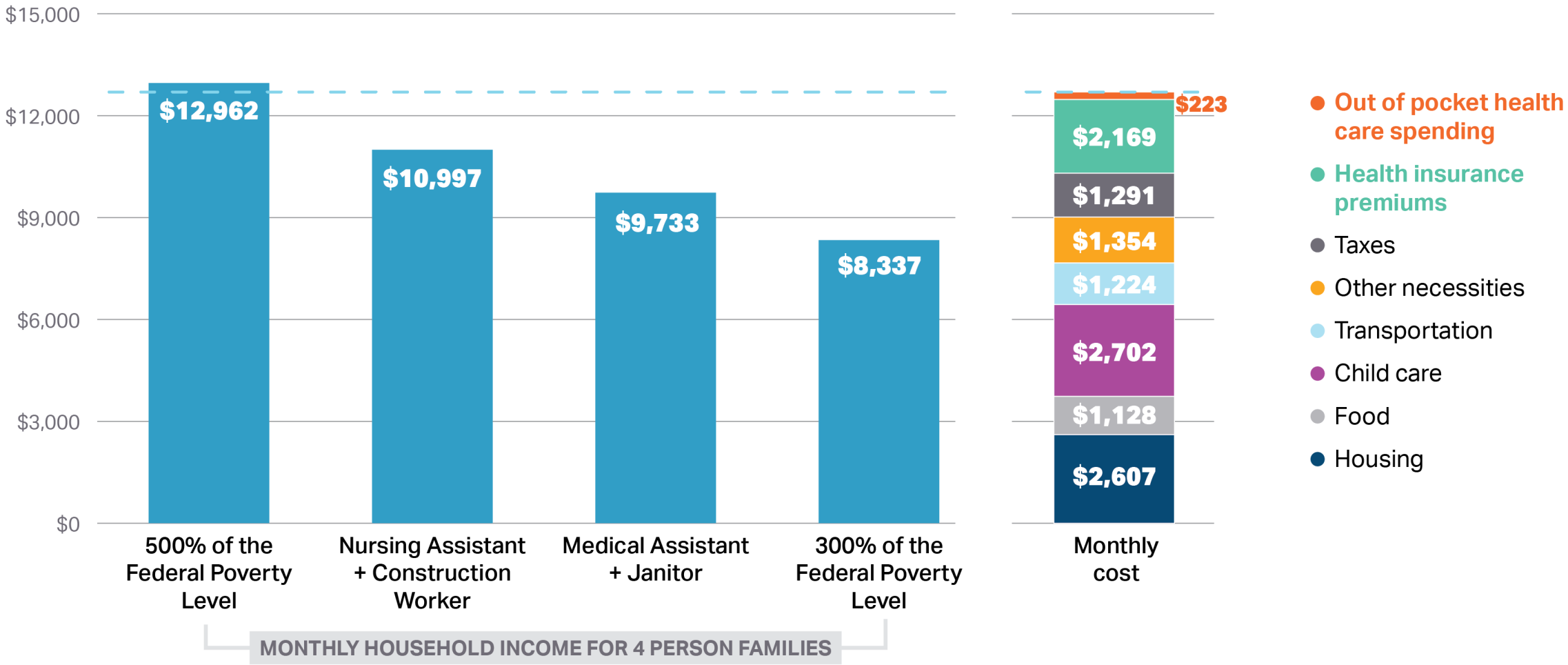
Notes: Cost sharing amount based on data on cost sharing relative to premium payments in 2021 from CHIA Annual Report, 2023.
Source: Agency for Healthcare Research and Quality: Medical Expenditure Panel Survey-Insurance Component and Center for Health Information and Analysis, Annual Report, 2023.

Where does the $26,000 in average family health care costs go?



Notes: Prescription drug spending is net of rebates. Figures are based on breakdown of 2021 commercial spending applied to 2022 premium and out of pocket spending. Professional fees associated with care provided in hospitals or other facilities is included in the "Physicians" or "Other professionals" categories.
Source: Total Medical Expenditures data obtained from the Center for Health Information and Analysis. CHIA Annual Report on the performance of the Massachusetts health care system, 2023.

Added to other basic costs of living, health care costs at this level require sacrifices in other areas of life for many Massachusetts families.



Notes: The average employer premium contribution is added back to income. Health insurance premiums include employer portion. Family of 4 includes a 4 year old, an 8 year old, and two adults. Costs are for a family in the Boston metro area.
Data sources: Economic Policy Institute (cost of living for Boston Metro Area family of 4) https://www.epi.org/resources/budget/. AHRQ MEPS-IC (premiums), CHIA Annual Report (out of pocket).

According to a 2023 national survey, high health care costs often result in further consequences for those with insurance from their employer.

DROPPED HEALTH INSURANCE DUE TO COST

Considered dropping: **15%**

Dropped insurance: **4%**

% WITH MEDICAL DEBT

All: **30%**

200-400% FPL: **35%**

SKIPPED CARE BECAUSE OF COST: 29%

Of those, health problems got worse as a result: **54%**

MEDICAL DEBT

SOURCE

54% from hospital care

AMOUNT

22% >$5,000 in debt

CONSEQUENCES

39% cut back on basic necessities like food, heat, rent

25% took another job or worked more

https://www.commonwealthfund.org/publications/surveys/2023/oct/paying-for-it-costs-debt-americans-sicker-poorer-2023-affordability-survey

In Massachusetts, small businesses have lower-income employees, often do not offer a choice of plans, and the uptake of high deductible plans doubled between 2012 and 2021.

SMALL FIRM EMPLOYEES

2012

35%
HDHP

$16,400
Annual family premium

$1,500
Annual family cost-sharing

2021

72%
HDHP

$23,100
Annual family premium

$3,100
Annual family cost-sharing

Small Firms

69%
Offer only one health plan

22.0%
% of households below 300% of FPL

Large Firms

26%
Offer only one health plan

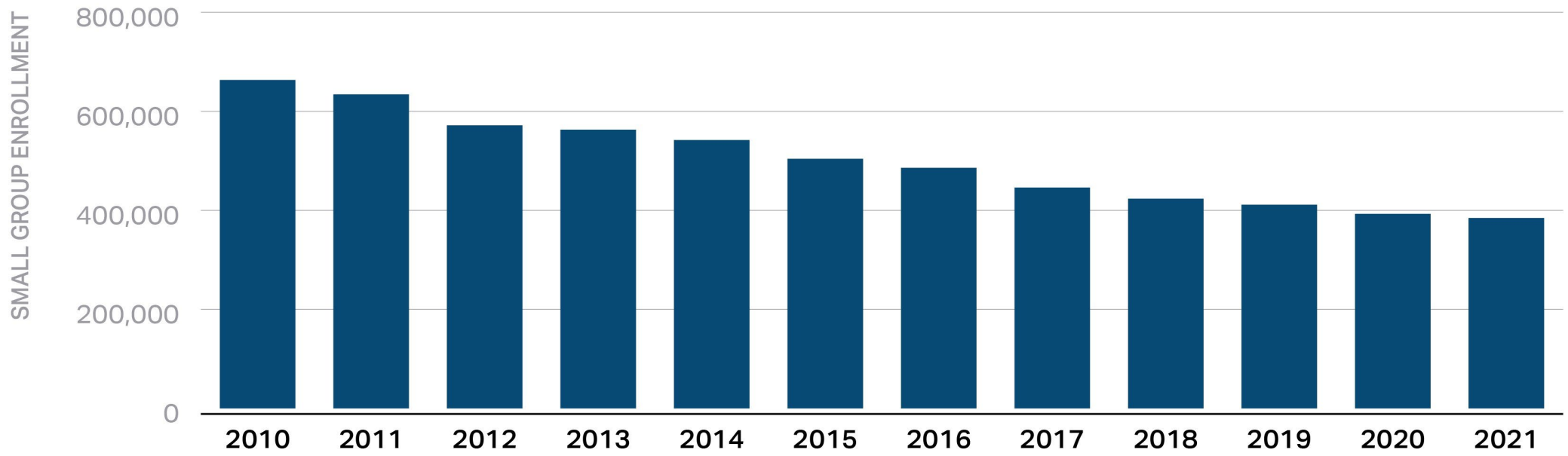
17.7%
% of households below 300% of FPL

Notes: High Deductible plans were defined as single/family plans with a deductible of more than $1,200/$2,400 in 2012 and of $1,400/$2,800 in 2021.
Sources: HDHP data from CHIA Annual Reports. Premiums from the AHRQ MEPS-IC. Plan offering data from CHIA Massachusetts Employer Survey, 2014 as reported in HPC 2016 Annual Cost Trends Report. Cost-sharing data from CHIA Annual Reports on the Performance of the Health Care System. Income data from the Current Population Survey, ASEC, 2019-2021.

With health care premiums exceeding wage growth and steadily declining enrollment, the small group market faces unique challenges.

Small group (firms with between 1 and 50 employees) health insurance enrollment, 2010-2021

From 2012-2019, growth in small group premiums (27%) outpaced the growth in small firm employee wages (17%).



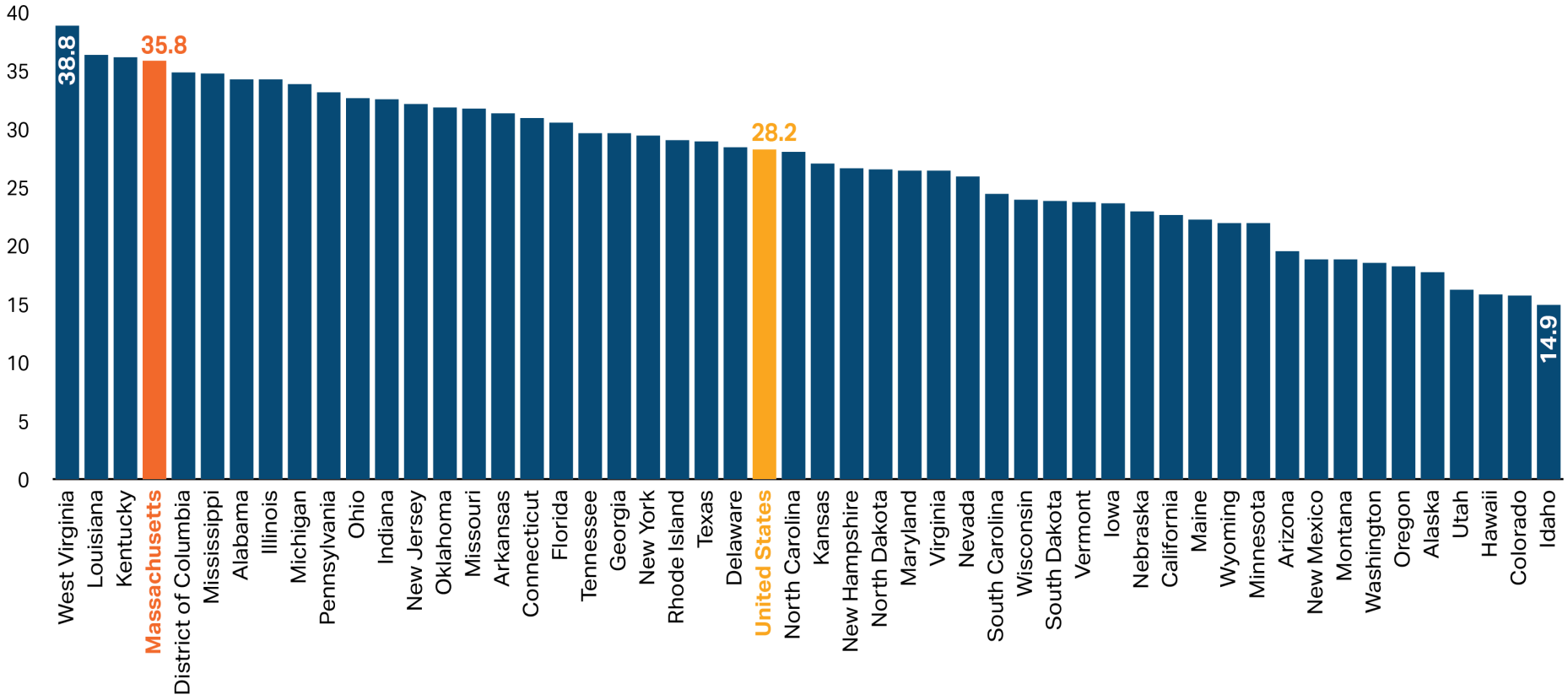
Notes: Enrollment reflects membership with commercial carriers and health maintenance organizations.
Sources: Wage data from the CPS-ASEC. Premium and HPHC data from CHIA Annual Reports. PMPM premium data from the CHIA Annual Reports were converted to family premiums using data from the Agency for Healthcare Resources and Quality (the MEPS-IC). Enrollment data from Massachusetts Division of Insurance, Small Employer & Individual Membership Highlights, 2010-2021 https://www.mass.gov/info-details/individualsmall-group-membership.

Reducing excessive health care spending is essential to achieving an affordable, equitable, and accessible health care system for all residents of Massachusetts.

- **These trends are unsustainable for government, employers (particularly small businesses), and residents.**
  - The current trajectory of commercial spending growth will continue to **erode take-home pay, increase avoidance of care, worsen health outcomes**, and will require more and more residents to **choose between health care and other basic needs**.
- Limiting the future growth of health care spending will require identifying **areas where spending growth can be moderated without harming access to and quality of care**, particularly as policymakers and the HPC have identified the **need for investments** in **primary care, behavioral health care, health equity, the health care workforce,** and in **under-resourced providers**.

Massachusetts had the fourth highest rate of avoidable Medicare hospitalizations in 2021.

Annual avoidable hospital admissions per 1,000 FFS Medicare beneficiaries in 2021 among beneficiaries age 65+, by state

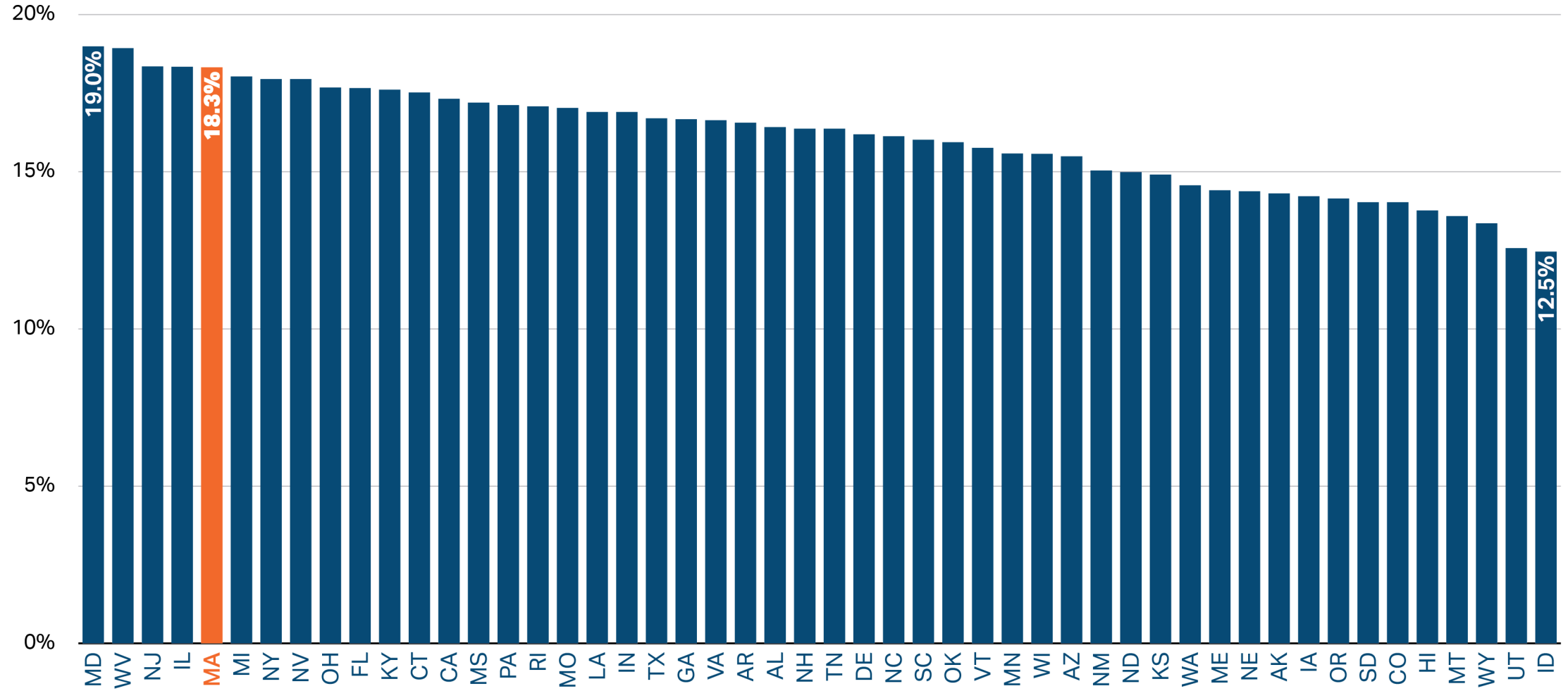


Notes: Data includes only beneficiaries enrolled in Medicare fee-for-service (FFS) aged 65+and combine admissions for the following ambulatory care-sensitive conditions: diabetes, chronic obstructive pulmonary disease (COPD), asthma, hypertension, congestive heart failure (CHF), dehydration, bacterial pneumonia, urinary tract infection (UTI), and lower extremity amputation.
Sources: HPC analysis of the Center for Medicare and Medicaid Services Geographic Variation Public Use file, 2021.

Avoidable hospitalizations are those for certain chronic conditions (diabetes, COPD, asthma, hypertension, CHF, dehydration, bacterial pneumonia, UTI, and lower extremity amputation) that could have been prevented or treated outside of an inpatient hospital setting.

Massachusetts had the fifth highest 30-day Medicare readmission rate in 2021.

Medicare all-cause, 30-day readmission rate, by state, 2021



Notes: Represents the share of inpatient readmissions within thirty days of a reference acute hospital stay (within same calendar year). Hospitalization data is based on 100% of Medicare fee-for-service (FFS) claims.
Sources: HPC analysis of CMS Medicare Geographic Variation Public Use File, by National, State, and County, 2021.

Massachusetts spends tens of millions annually on care identified as low value.

NON-PRESCRIPTION DRUG LOW VALUE CARE MEASURES

Screening

- T3 (Thyroid) screening for patients with hypothyroidism
- Cardiac stress testing for patients with an established diagnosis of ischemic heart disease or angina
- Vitamin D screening for patients without chronic conditions

Testing

- Baseline labs in patients without significant systemic disease undergoing low risk surgery
- Pre-operative EKG, chest X-ray, and pulmonary function Testing

Procedures

- Spinal injections for lower back pain

Imaging

- Low value DEXA bone density scans
- Brain imaging for simple syncope
- Imaging for low back pain
- Imaging for heel pain

LOW VALUE CARE PRESCRIPTION DRUG MEASURES

- Antibiotics for acute upper respiratory and ear infections
- Concurrent use of two or more antipsychotic drugs
- Chronic use of benzodiazepines for more than 180 days
- Gabapentinoids for non-neuropathic pain
- Concurrent use of two or more anticholinergic drugs

257,507
Total # of patients with at least 1 LVC service

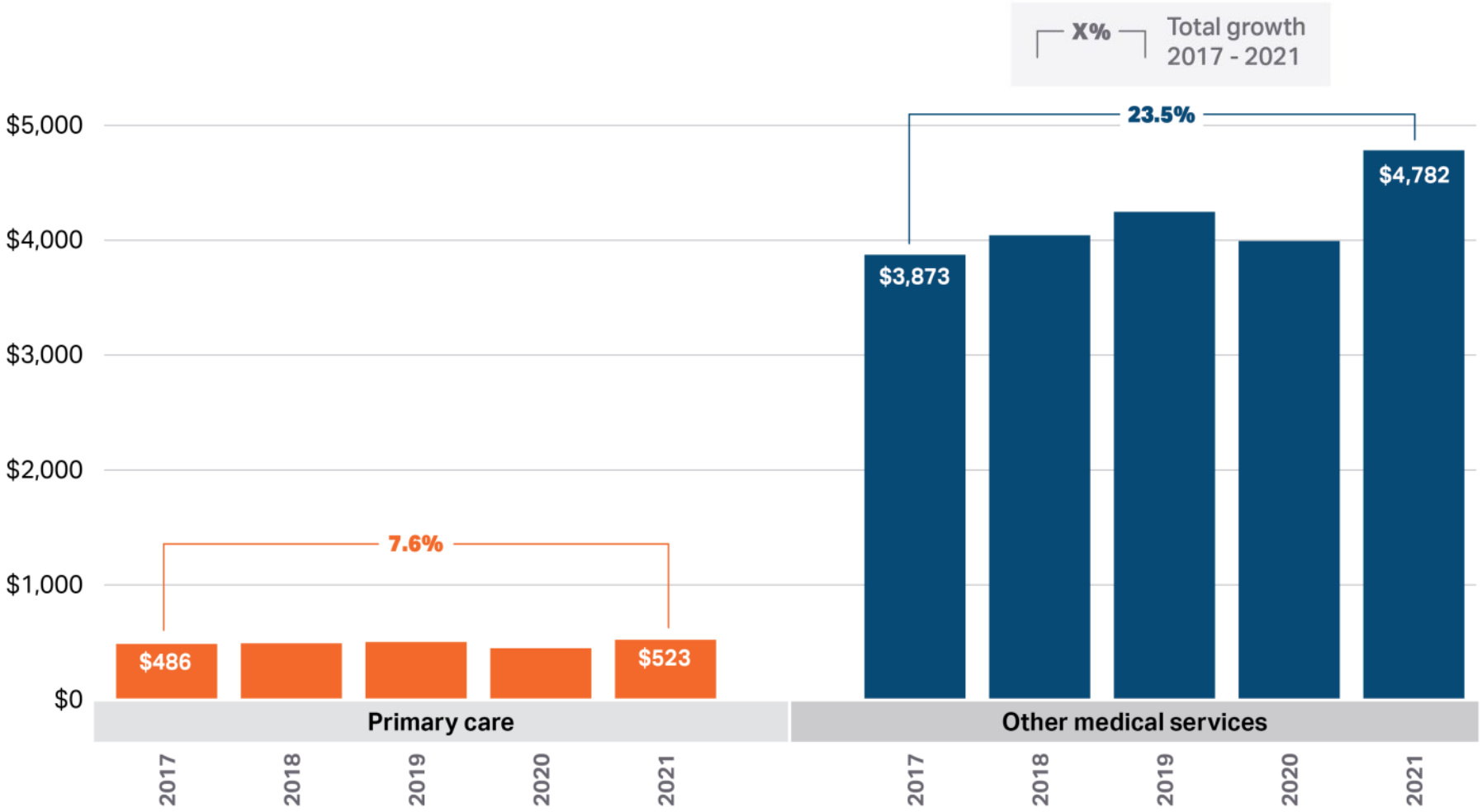
399,061
Total # of LVC services identified

$31,341,792
Total spending for LVC services

1.8:1
Spending variation across provider organizations

Notes: Data on commercial members identified in the All payer claims database are extrapolated to represent the full Massachusetts commercial population.
Source: Massachusetts Health Policy Commission 2023 Annual Cost Trends Report based on HPC analysis of All Payer Claims Database.

Spending on primary care grew much more slowly than spending on other medical services from 2017-2021, now accounting for 8% of all commercial spending.



Primary care declined as a percentage of all commercial spending from 9.1% in 2017 to 8.1% in 2021.

Massachusetts HPC 2023 Annual Cost Trends Report based on HPC analysis of All Payer Claims Database. Prescription drug spending and non-claims based expendistures are excluded from main graphic.

Prescription drugs and hospital outpatient services were leading drivers of commercial spending growth from 2019-2021.

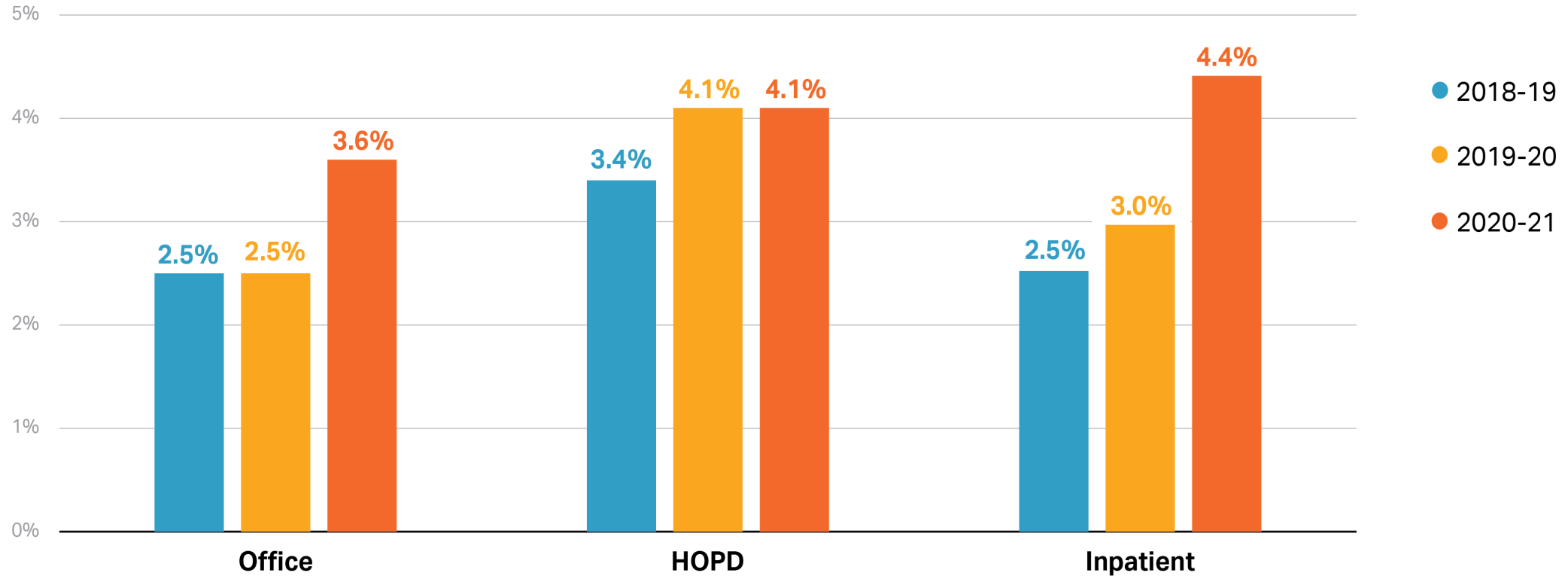
Annual per-member growth rate in spending between 2019-2021

- **Retail prescription drugs (net of rebates): 7.7%**
- **Hospital outpatient services: 5.4%**
  - Facility spending: 6.5%
  - Professional spending: 1.7%
- **Hospital inpatient services: 4.3%**
  - Facility spending: 4.8%
  - Professional spending: 1.6%
- **Office, urgent care, retail clinic: 1.2%**

Notes: Average rebate percentages are applied to retail prescription drug spending but not clinician-administered drug spending. Clinician-administered drug spending includes the professional spending associated with these encounters. Hospital outpatient spending includes some additional settings that bill on facility claims (UB-04) such as Ambulatory Surgical Centers.
Sources: HPC analysis of the Massachusetts All Payer Claims Database. Retail drug analysis and per-member spending analysis examining retail and clinician-administered drug exclude Anthem.

Price growth accelerated in 2021 and accounts for the majority of commercial spending growth.

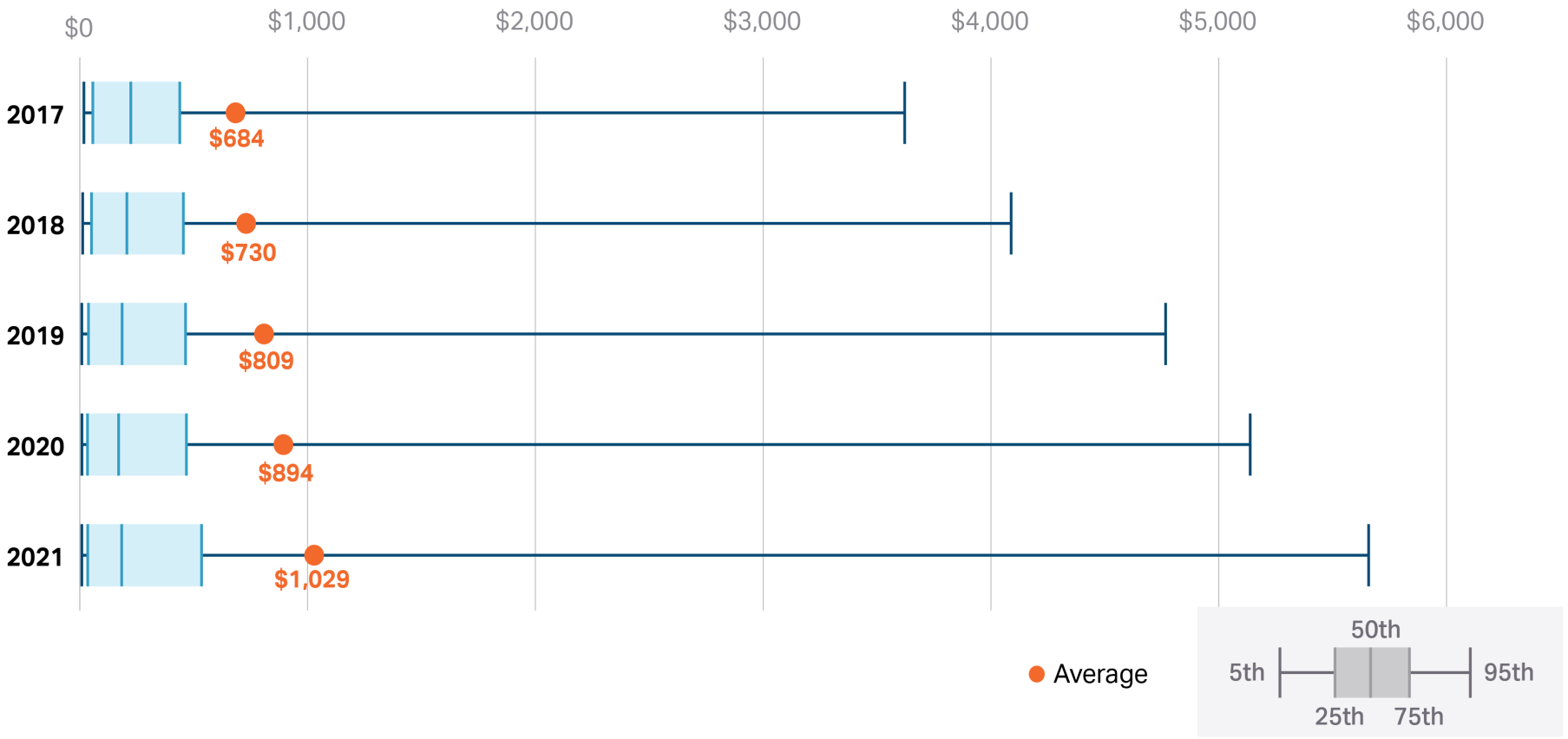
Annual percentage increase in aggregate prices by setting, 2018-2021



Notes: Only procedure codes that were billed from 2018 through 2021 were included (thus, COVID-related services are excluded). HOPD and office price growth includes both facility and professional spending. Price growth is computed at the level of a procedure code encounter. Procedure code encounters are defined as the same person, same date of service, and the same procedure code to capture the potential for both facility and professional claims billed on the same day for the same service based on the setting. The inpatient stay price growth reflects change in payment for inpatient stay divided by APR-DRG weight (case-mix adjusted). Payment growth for inpatient stays include all services provided during the hospital stay. Procedures codes with fewer than 20 services or $1,000 in aggregate spending during the period were excluded. Percent changes were weighted by the most contemporary aggregate spending for each procedure code (e.g., 2019 for the 2018-19 period).
Sources: HPC Annual Cost Trends Report, 2023.

Average commercial prices (gross) for branded prescription drugs increased 15% in 2021 to over $1,000 per prescription, with 6% of prescriptions exceeding $5,000.

Gross spending distribution per branded prescription, 2017-2021



The price of generic drugs has remained stable, with average spending of $30 per prescription in 2017 and $31 in 2021.

Notes: Claims with implausible spending and cost-sharing values were excluded. COVID-19 vaccines were excluded from analysis in 2021.
Sources: HPC analysis of the Center for Health Information and Analysis (CHIA) All-Payer Claims database, 2017-2021. Data for 4 large payers were included in the analysis.


MASSACHUSETTS
HEALTH POLICY COMMISSION
HPC SHORTS

Even a modest reduction in growth of commercial spending would lead to significant savings for Massachusetts families.

If Massachusetts health care spending grew 3.6% annually from 2024 to 2030, versus the current trajectory of 5.8%:

Total commercial spending on health care would be reduced by

$23.2 billion

14% lower
family premiums and out of pocket spending ($35,300 vs. $40,900)
**in 2030*

$12,840 more
in take-home pay per worker
**2024-2030*

$2,107
Saved in out of pocket spending
**2024-2030*

Less care avoided due to cost
Fewer financial harms

Premium data based on the Medical Expenditure Panel Survey – Insurance component and data from the Massachusetts Center for Health Information and Analysis on out of pocket spending. Calculations assume a 30% family marginal tax rate and that reductions in premium spending are reflected as increases in employee wages that face federal and state taxes. Total enrollment in commercial insurance is from CHIA's enrollment trends data.

HPC 2023 Policy Recommendations: Focus on Affordability

MODERNIZE THE COMMONWEALTH'S BENCHMARK FRAMEWORK TO PRIORITIZE HEALTH CARE AFFORDABILITY AND EQUITY FOR ALL

Establish New Affordability Benchmark(s).

- To both **complement** and **bolster** the health care cost growth benchmark, the Commonwealth should develop an accountability framework for **affordability of care** for Massachusetts residents.
- As part of a strategy that tracks improvement on indicators of affordability, including the differential impact of both health plan premiums and consumer out-of-pocket spending by income, geography, market segment, and other factors, an **affordability index** should be measured annually in a benchmark-like process.
- To enable public transparency and accountability, the state's performance on the affordability index and other measures should be **incorporated into CHIA's Annual Report and the HPC's Annual Cost Trends Hearing**. Such targets should inform the development of new health plan affordability standards at the Division of Insurance (DOI) that play a central role in DOI's review and approval of health plan rates.

Performance of the Massachusetts Health Care System:

A FOCUS ON AFFORDABILITY

Caitlin Sullivan
Deputy Executive Director, Health Informatics and Reporting

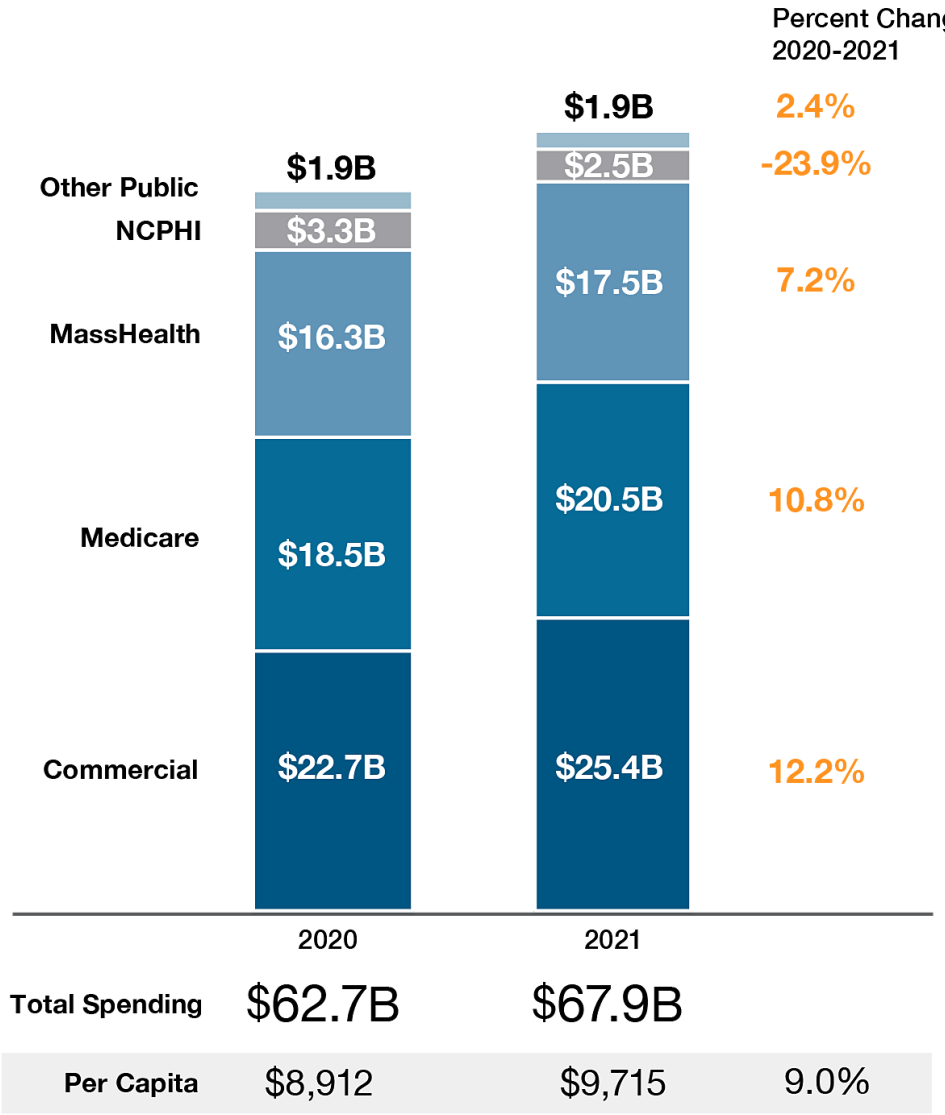
Annual Cost Trends Hearing
November 8, 2023

CHIA.

Total Health Care Expenditure Growth

Total Health Care Expenditures

- Key metric in chapter 224 cost containment framework
- Calculation of annual THCE
- Comparison to health care cost growth benchmark set by HPC

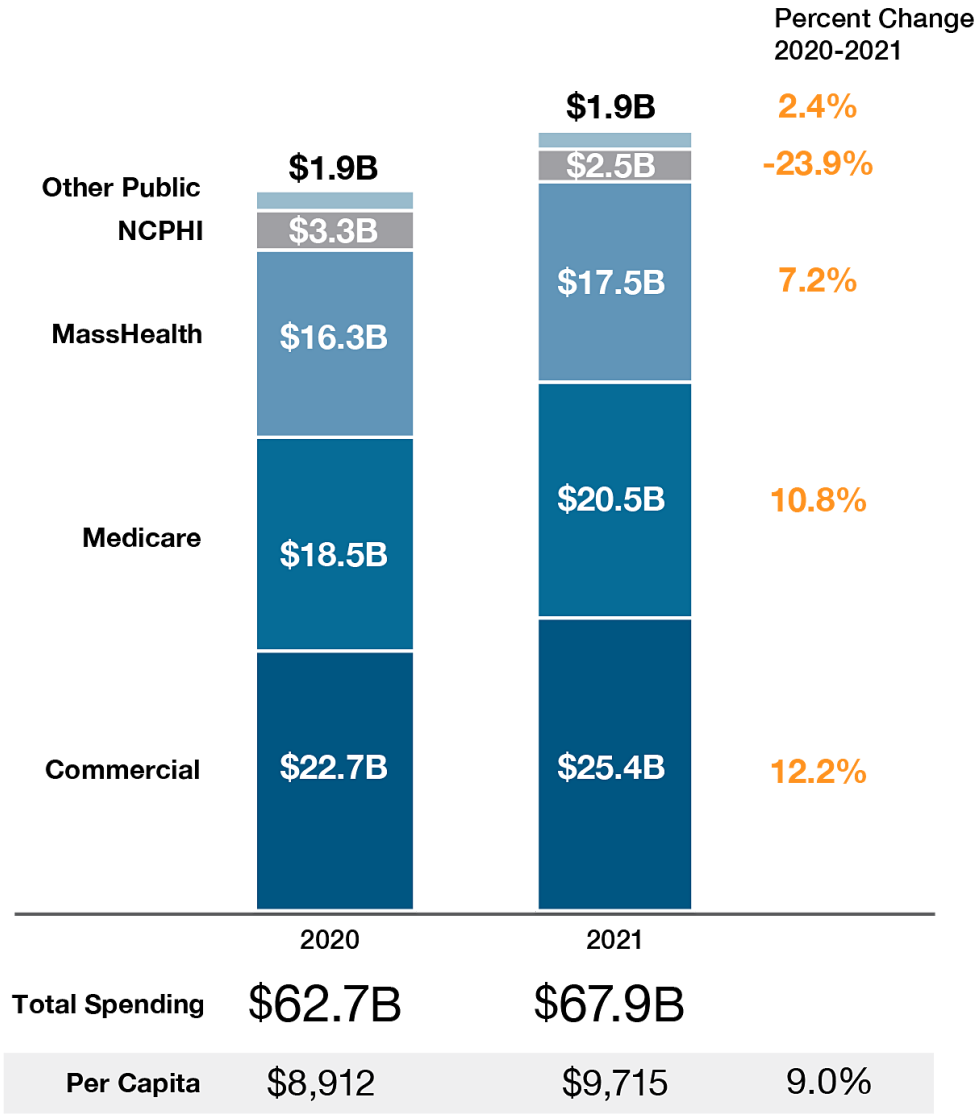


Total Health Care Expenditure Growth

Trends in Overall Health Care Spending

From the perspective of:

- Commercial Health Plans
- MassHealth
- Medicare

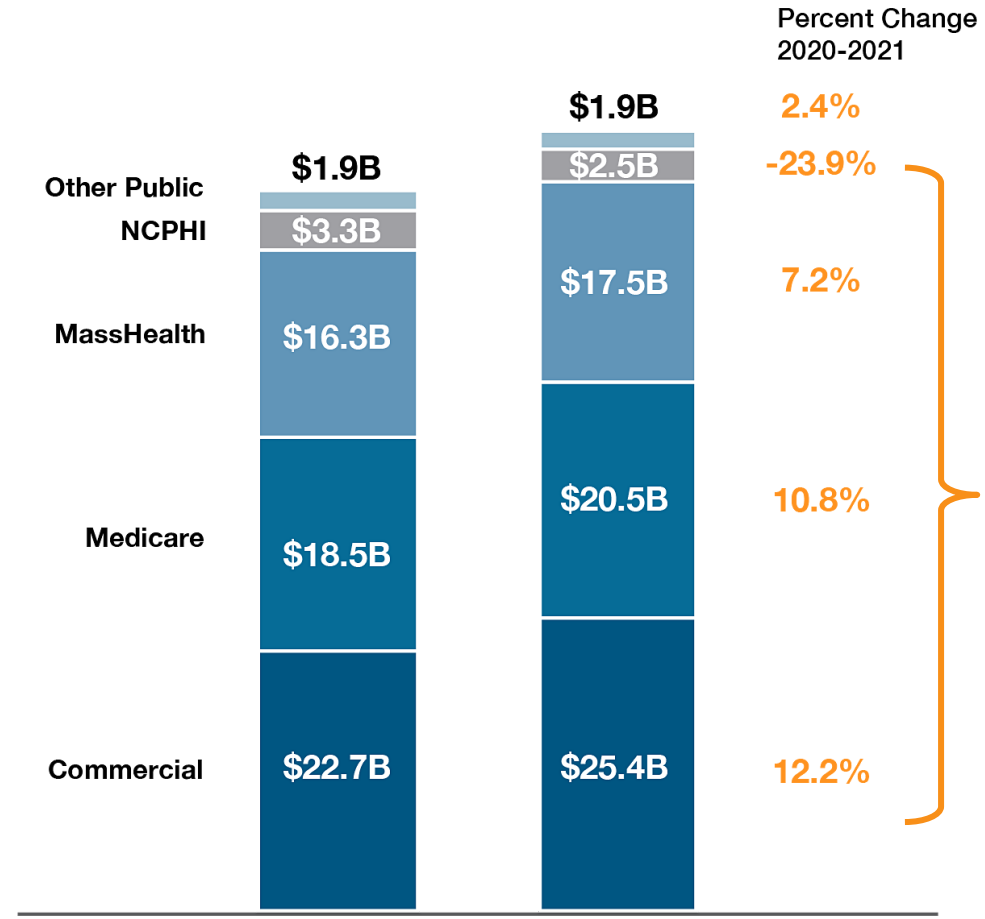


Total Health Care Expenditure Growth

Massachusetts Residents and Employers

CHIA collecting data to report on what was paid in:

- Premiums
- Copays
- Coinsurance
- Deductibles



How much of THCE growth was borne by MA residents and employers ?

Annual Report 2024: Affordability Metrics

Payer-submitted claims data	Payer-submitted premiums data	Surveys of MA residents & employers	American Community Survey

Populations | **Income** | **Deductibles** | **Copays** | **Premiums** | **Medical Debt**

- In which regions of the Commonwealth are affordability challenges most likely to be reported?
- What are the types of unmet health care needs due to cost reported by residents?
- Was there a relationship between unmet health care needs due to cost and race/ethnicity?
- Is health status associated medical debt?

Annual Report 2024: Affordability Metrics

For the forthcoming March 2024 report, CHIA will include a new chapter focused on affordability.

METRIC

THCE Growth for MA Residents

SAMPLE RESULT

Overall health care spending grew X.X%. Through deductibles, copays, and coinsurance, MA resident health care spending grew X.X%.

METRIC

Health Insurance Premiums

SAMPLE RESULT

The average monthly premium for single coverage in Massachusetts was $xx, employees contributed XX%, on average, to the premium.

Employer-sponsored health insurance premiums grew X.X%. Individual market health insurance premiums grew X.X%.

METRIC

Enrollment in Health Plans by Deductible Levels

SAMPLE RESULT

X.X% of MA members with employer-sponsored or individual coverage were enrolled in health plans that qualified as high deductible health plans.

X.X% had deductible levels for individuals greater than $5,000.

Annual Report 2024: Affordability Metrics

For the forthcoming March 2024 report, CHIA will include a new chapter focused on affordability.

METRIC

Unmet Health Care Need Due to Cost

SAMPLE RESULT

X.X% of MA residents reported unmet health care needs due to cost.

Unmet health care needs due to cost were most common for residents with incomes between XXX% and XXX% of the Federal Poverty Level.

METRIC

Affordability Challenges

SAMPLE RESULT

X.X% of MA residents reported experiencing affordability challenges in the past year.

X.X% of those reporting affordability challenges identified as race Y and ethnicity Z.

METRIC

Problems Paying Family Medical Bills

SAMPLE RESULT

X.X% of MA residents reported problems paying medical bills over the past 12 months.

X.X% of adults between the ages of X and Y reported problems paying medical bills.

HPC Next Steps to Enhance the Commonwealth's Focus on Affordability

Other HPC Principles to Developing an Affordability Index

- **Include the "employer-paid" portion of the premium**
  - These dollars are directly subtracted from what would otherwise be paid out as employee wages
- **Include the deductible amount in the calculation**
  - High deductibles lead people to avoid care, whether the dollars are spent or not
  - They are particularly burdensome for people with chronic health conditions or who give birth
- **Go beyond averages**
  - Individuals may face higher-than-average premiums because they have chronic health care needs or are pooled with individuals who do
- **Consider health care cost burden in the context of income or wages**

HPC Next Steps to Enhance the Commonwealth's Focus on Affordability

Current HPC Activities to Develop an Affordability Index

- Continued collaboration with CHIA to identify measures of affordability and develop an affordability index
- Solicit input on affordability index from a range of interested stakeholders, including those most acutely impacted by affordability challenges
- Consider the differential impact of affordability challenges based on different demographic subgroups (e.g. income, age, race/ethnicity, activity limitations, geography, etc.) and track progress in reducing disparities
- Include annual reporting on affordability measures in the in the CHIA and HPC annual reports on the cost growth benchmark
- Incorporate focus on affordability in annual Cost Trends Hearings

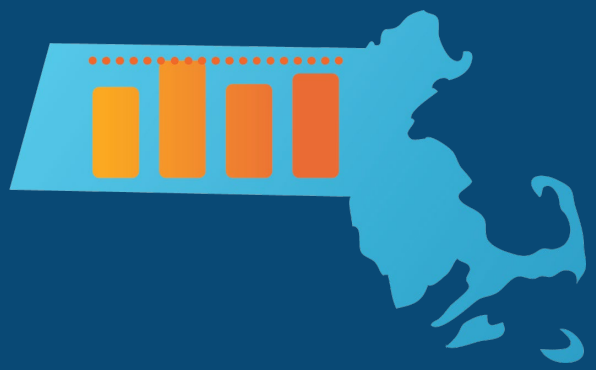
HPC Next Steps to Enhance the Commonwealth's Focus on Affordability

Opportunities for Legislative Action

- Update the state's health care benchmark framework to incorporate affordability in the annual measurement and oversight activities of HPC and CHIA, including data collection, reporting and an annual review of an affordability measures in relation to a newly established index
- Establish an accountability framework for health care entities, including health plans, hospitals, and provider organizations, that promotes affordability, such as:
  - assessing performance against goals in the existing or complementary performance improvement plan (PIP) process;
  - requiring the division of insurance (DOI) to establish affordability standards and examine premiums and cost sharing in the rate review process;
  - incorporating affordability goals in department of public health (DPH) licensure or determination of need (DoN) processes; or
  - a newly established process.

HPC 2023 Policy Recommendations

2023 Health Care Cost Trends Report Policy Recommendations



1 Modernize the Commonwealth's Benchmark Framework to Prioritize Health Care Affordability and Equity For All.

As recommended in past years, the Commonwealth should strengthen the accountability mechanisms of the benchmark such as by updating the metrics and referral standards used in performance improvement plan (PIP) process and enhance transparency and PIP enforcement tools. The state should also modernize its health care policy framework to promote affordability and equity including through the establishment of affordability and equity benchmarks.

- **Strengthen the Health Care Cost Growth Benchmark**
- **Establish New Affordability Benchmark(s)**
- **Establish New Health Equity Benchmark(s)**

2023 Health Care Cost Trends Report Policy Recommendations

2 Constrain Excessive Provider Prices.

As found in previous cost trends reports, prices continue to be the primary driver of health care spending growth in Massachusetts. To address the substantial impact of high and variable provider prices, the HPC recommends the Legislature enact limitations on excessively high commercial provider prices, establish site-neutral payments for routine ambulatory services, and adopt a default out-of-network payment rate for "surprise billing" situations.

- **Limit Excessive Provider Prices**
- **Require Site-Neutral Payment**
- **Adopt Default Out-of-Network Payment Rate**

2023 Health Care Cost Trends Report Policy Recommendations

3 Enhance Oversight of Pharmaceutical Spending.

The HPC continues to recommend that policymakers take steps to address the rapid increase in retail drug spending in Massachusetts with policy action to enhance oversight and transparency. Specific policy actions include adding pharmaceutical manufacturers and pharmacy benefit managers (PBMs) under the HPC's oversight, enabling the Center for Health Information and Analysis (CHIA) to collect comprehensive drug pricing data, requiring licensure of PBMs, expanding the HPC's drug pricing review authority, and establishing caps on monthly out-of-pocket costs for high-value prescription drugs.

- **Enhance Oversight/Transparency and Data Collection**
- **PBM Oversight**
- **Expand Drug Pricing Reviews**
- **Limit Out-of-Pocket Costs on High-Value Drugs**

2023 Health Care Cost Trends Report Policy Recommendations

4 Make Health Plans Accountable For Affordability.

The Division of Insurance (DOI) should closely monitor premium growth factors and utilize affordability targets for evaluating health plan rate filings. Policymakers should promote enrollment through the Massachusetts Connector and the expansion of alternative payment methods (APMs). Lower-income employees should be supported by reducing premium contributions through tax credits or wage-adjusted contributions.

- **Enhance Scrutiny of Drivers of Health Plan Premium Growth**
- **Facilitate Small Business Enrollment in Massachusetts Connector Plans**
- **Improve Health Equity Through Premium Support for Employees with Lower Incomes**
- **Alternative Payment Methods (APMs)**

2023 Health Care Cost Trends Report Policy Recommendations

5 Advance Health Equity For All.

To address enduring health inequities in Massachusetts, the state must invest in affordable housing, improved food and transportation systems, and solutions to mitigate the impact of climate change. Payer-provider contracts should enforce health equity via performance data stratification and link payments to meeting equity targets. Payers should commit to the adoption of the data standards recommended by the Health Equity Data Standards Technical Advisory Group, and efforts should be made to ensure that the health care workforce reflects the diversity of the state's population.

- **Address Social Determinants of Health**
- **Use Payer-Provider Contracts to Advance Health Equity**
- **Improve Data Collection**
- **Support Investment in Innovative Strategies to Address Health Equity**
- **Reduce Inequities in Maternal Health**

2023 Health Care Cost Trends Report Policy Recommendations

6 Reduce Administrative Complexity.

The Legislature should require standardization in payer claims administration and processing, build upon the momentum from recent federal initiatives, and require automation of prior authorization processes, and mandate the adoption of a standardized measure set to reduce reporting burdens and ensure consistency.

- **Require Greater Standardization in Payer Processes**
- **Automate Prior Authorization**
- **Mandate Adoption of the Aligned Quality Measure Set**

2023 Health Care Cost Trends Report Policy Recommendations

7 Strengthen Tools to Monitor the Provider Market and Align the Supply and Distribution of Services With Community Need.

The HPC recommends enhanced regulatory measures including focused, data-driven assessments of service supply and distribution based on identified needs and updates to the state's existing regulatory tools such as the Essential Services Closures process, the Determination of Need (DoN) program, and the HPC's material change notice (MCN) oversight authority.

- **Conduct Focused Assessments of Need, Supply, and Distribution**
- **Strengthen Tools to Monitor and Regulate Supply of Health Care Services**
- **Enhance the HPC's Market Oversight Authority of For-Profit Investment**

2023 Health Care Cost Trends Report Policy Recommendations

8 Support and Invest in the Commonwealth's Health Care Workforce.

The state and health care organizations should build on recent state investments to stabilize and strengthen the health care workforce. The Commonwealth should offer initial financial assistance to ease the costs of education and training, minimize entry barriers, explore policy adjustments for improved wages in underserved sectors, and should adopt the Nurse Licensure Compact to simplify hiring from other states. Health care delivery organizations should invest in their workforces, improve working conditions, provide opportunities for advancement, improve compensation for non-clinical staff (e.g., community health workers, community navigators, and peer recovery coaches) and take collaborative steps to enhance workforce diversity.

- **Public Investments and Policy Change**
- **Health Care Delivery Organizations Should Invest in their Workforces**
- **Ensure Adequate Compensation for Non-Clinical Workforces**
- **Support Workforce Diversity**

2023 Health Care Cost Trends Report Policy Recommendations

9 Strengthen Primary and Behavioral Health Care.

Payers and providers should increase investment in primary care and behavioral health while adhering to cost growth benchmarks. Addressing the need for behavioral health services involves measures such as enhancing access to appropriate care, expanding inpatient beds, investing in community-based alternatives, aligning the behavioral health workforce to current needs, employing telehealth, and improving access to treatment for opioid use disorder particularly in places where existing inequities present barriers.

- **Focus Investment in Primary Care and Behavioral Health Care**
- **Increase Access to Behavioral Health Services**
- **Improve Access to Treatment for Opioid Use Disorder**

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HEALTH CARE COST TRENDS HEARING

MASSACHUSETTS
HEALTH POLICY COMMISSION

UP NEXT:

ADVANCING POLICY SOLUTIONS TO ACHIEVE HEALTH CARE AFFORDABILITY AND EQUITY

Filaine Deronnette, Vice President-at-Large, 1199SEIU; Member, Health Equity Compact

Colin Killick, Executive Director, Disability Policy Consortium

Juan Fernando Lopera, Chief DEI Officer, Beth Israel Lahey Health;
Co-Founder, Health Equity Compact

Amy Rosenthal, Executive Director, Health Care for All

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HEALTH CARE COST TRENDS HEARING

MASSACHUSETTS
HEALTH POLICY COMMISSION

UP NEXT:

PRESENTATION FROM THE ATTORNEY GENERAL'S HEALTH CARE DIVISION

ASSISTANT ATTORNEY GENERAL
LISA GAULIN

Office of the Attorney General Cost Trends Report 2023: Ground Ambulances

Lisa Gaulin,
Assistant Attorney General

AGO Cost Trends Authority

- AGO's authority to conduct examinations:
  - G.L. c. 12, § 11N to monitor trends in the health care market.
  - G.L. c. 12C, § 17 to issue subpoenas for documents, interrogatory responses and testimony under oath related to health care costs and cost trends.

- Findings and reports have been issued since 2010.

Background/Examination Objective

- Ground ambulance billing is a persistent consumer issue, raising concerns about affordability and access.

- When considering policy solutions, consumer protection interests must be balanced with system sustainability.

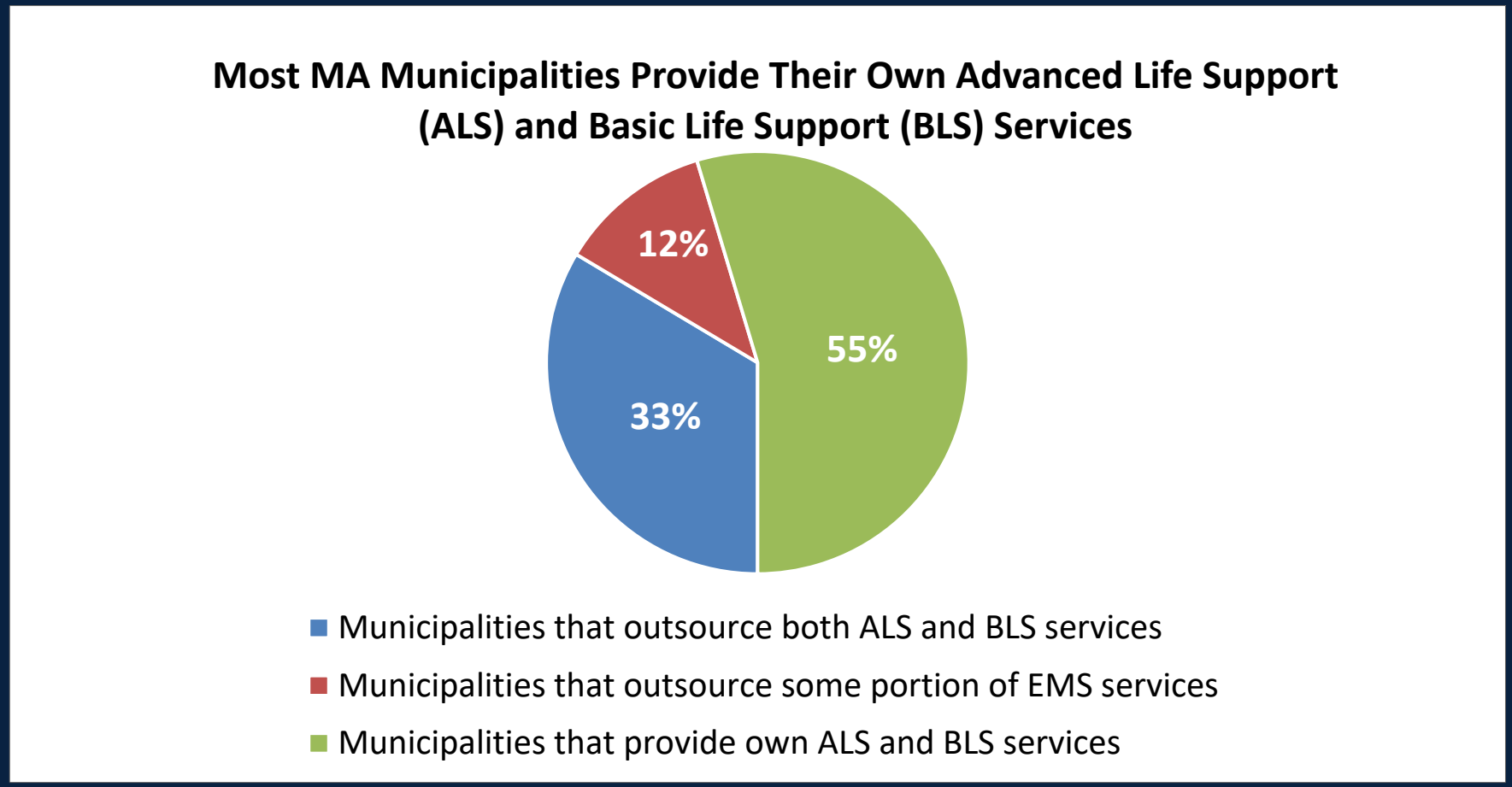
Examination objective:

- Through this report, we sought to contribute data to ongoing policy conversations and highlight issues and nuance that should be considered.

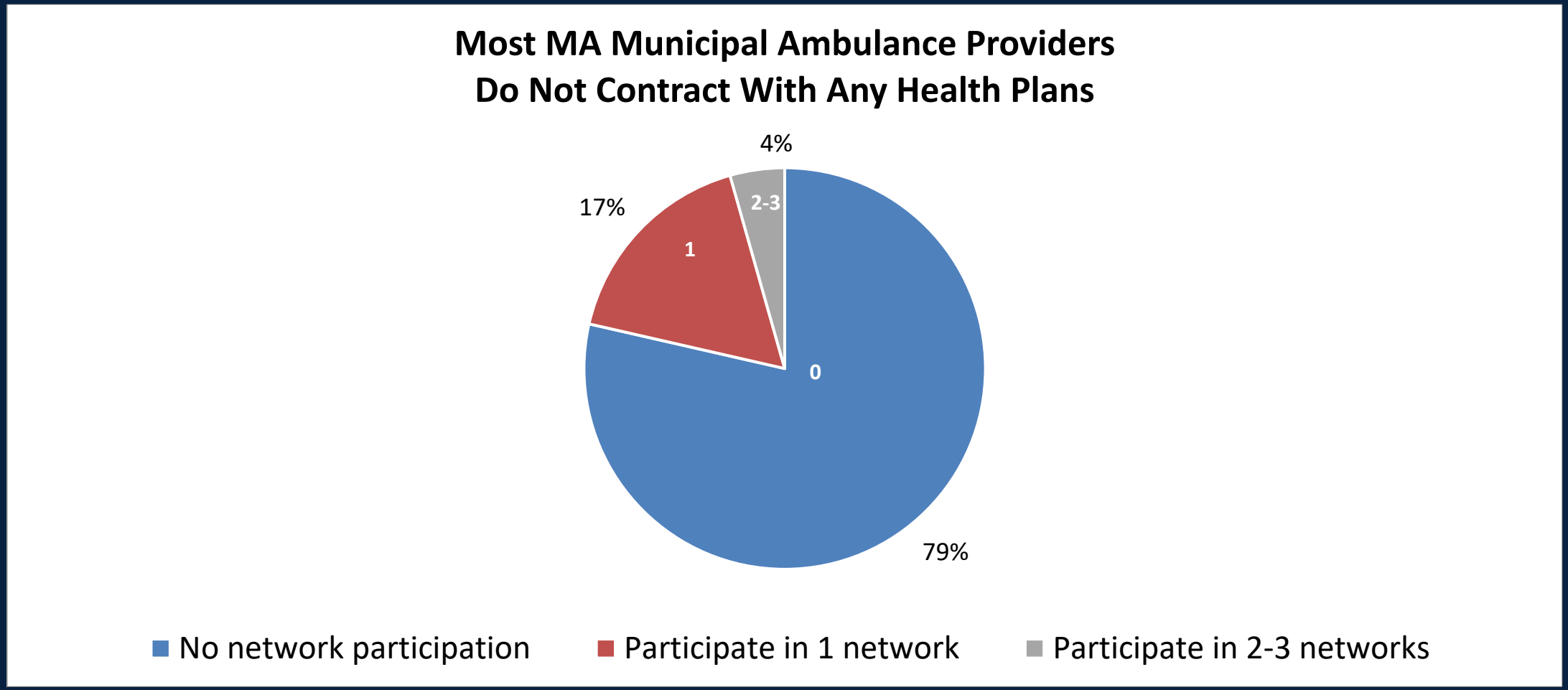
Methodology

- Survey sent to 351 Massachusetts municipalities
  - ➢AGO received 259 Survey responses
- Subpoenas sent to 11 Massachusetts commercial health plans
- Subpoenas sent to 4 private (non-municipal) providers

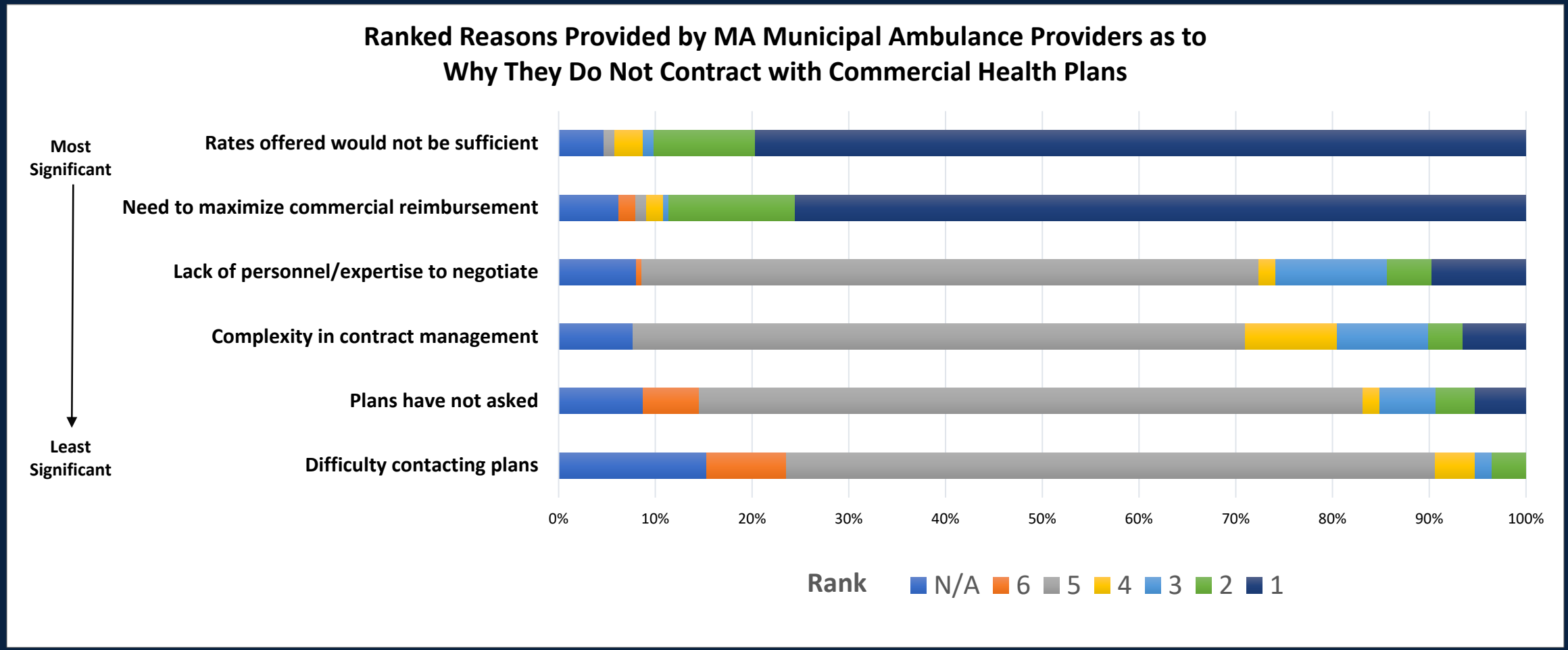
55% of MA Municipalities Provide Their Own Primary Ambulance Response



Municipal Providers Are Largely Out of Network With Commercial Health Plans

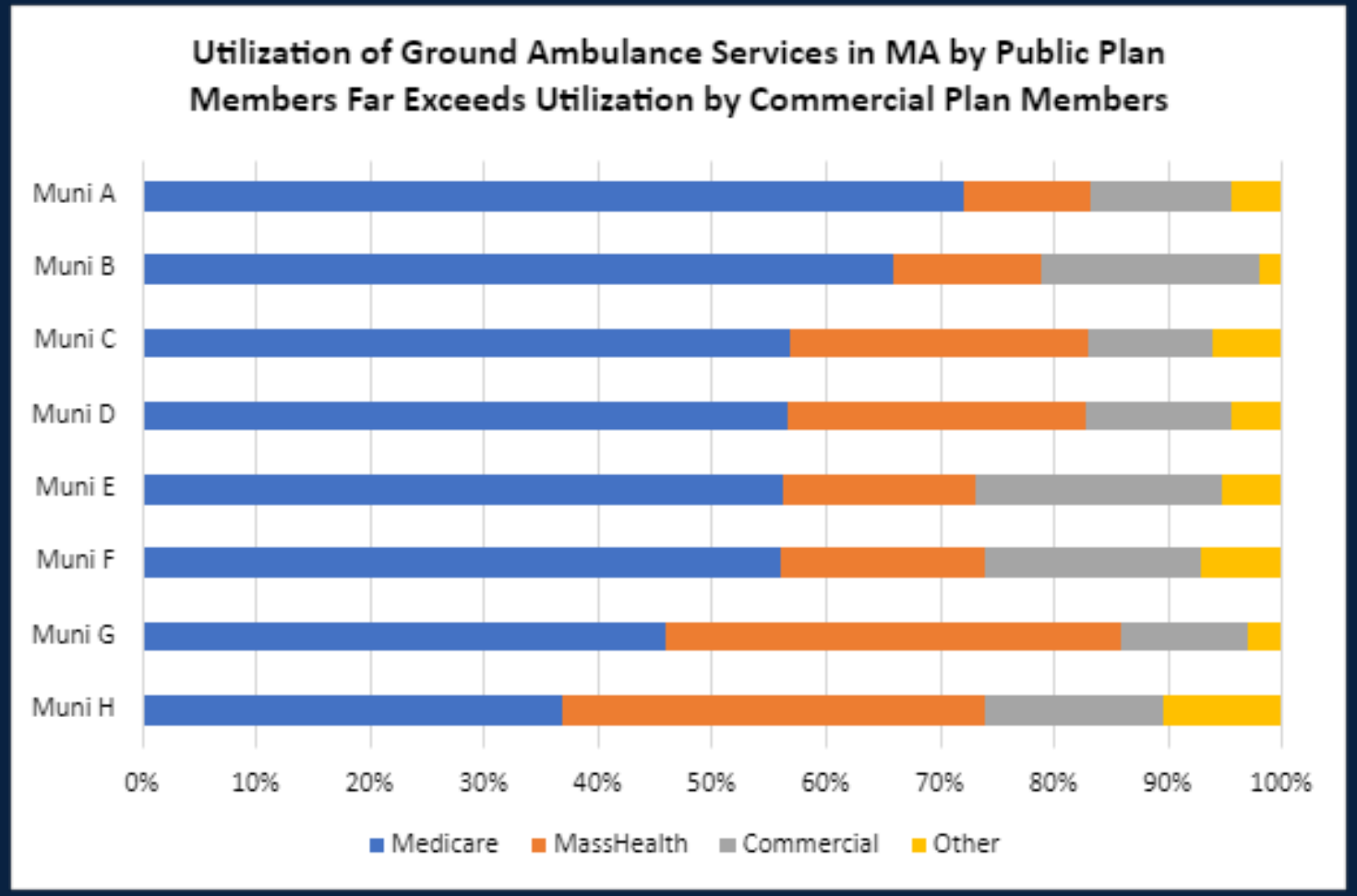


Rates Are The Most Significant Barrier Inhibiting Health Plan and Municipal Provider Contracting

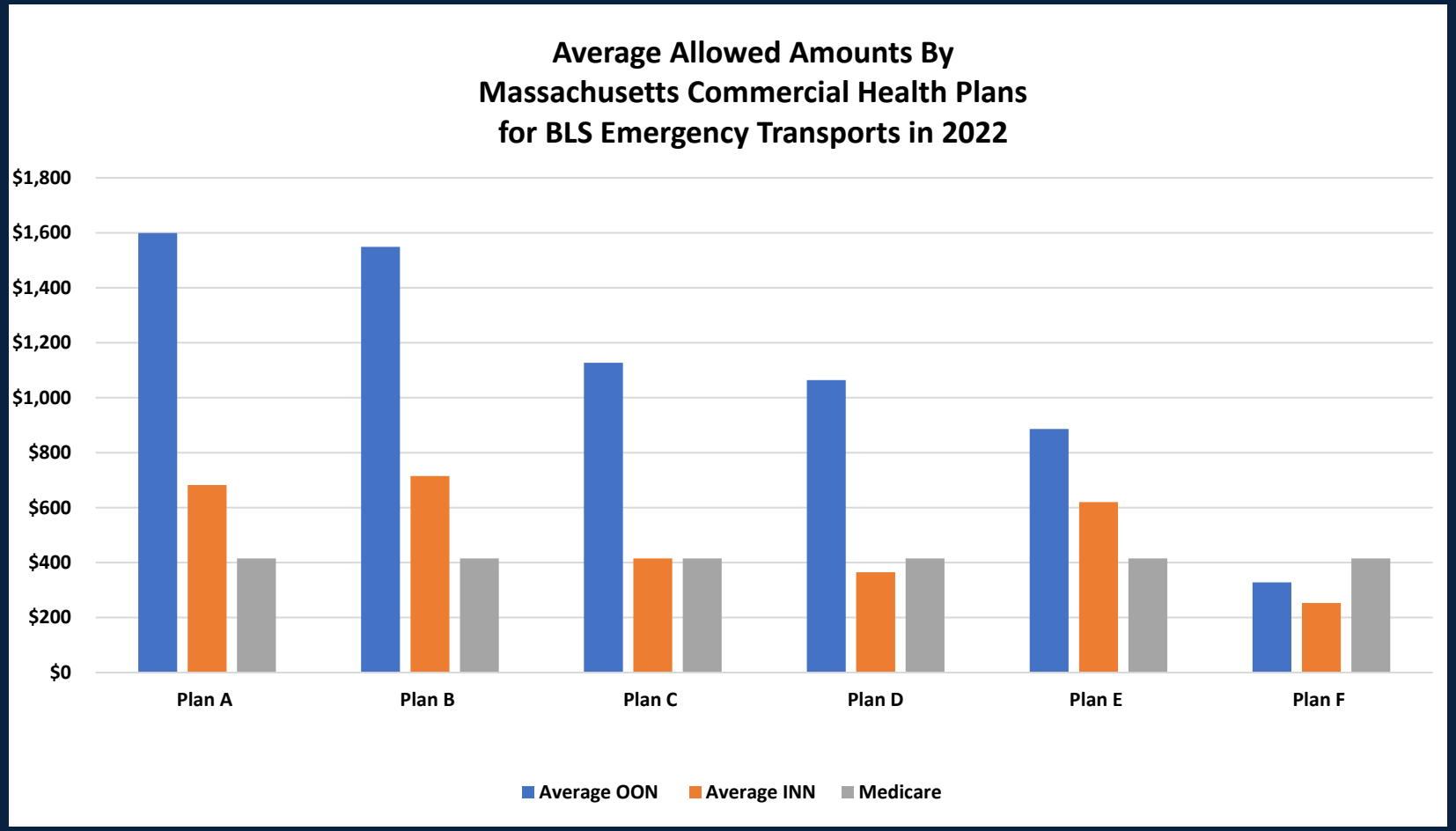


The Majority of MA Emergency Ambulance Transports Are for MassHealth or Medicare Patients

- Survey: "75%-85% of EMS patients are insured by Medicare, Medicaid, or have no insurance at all."

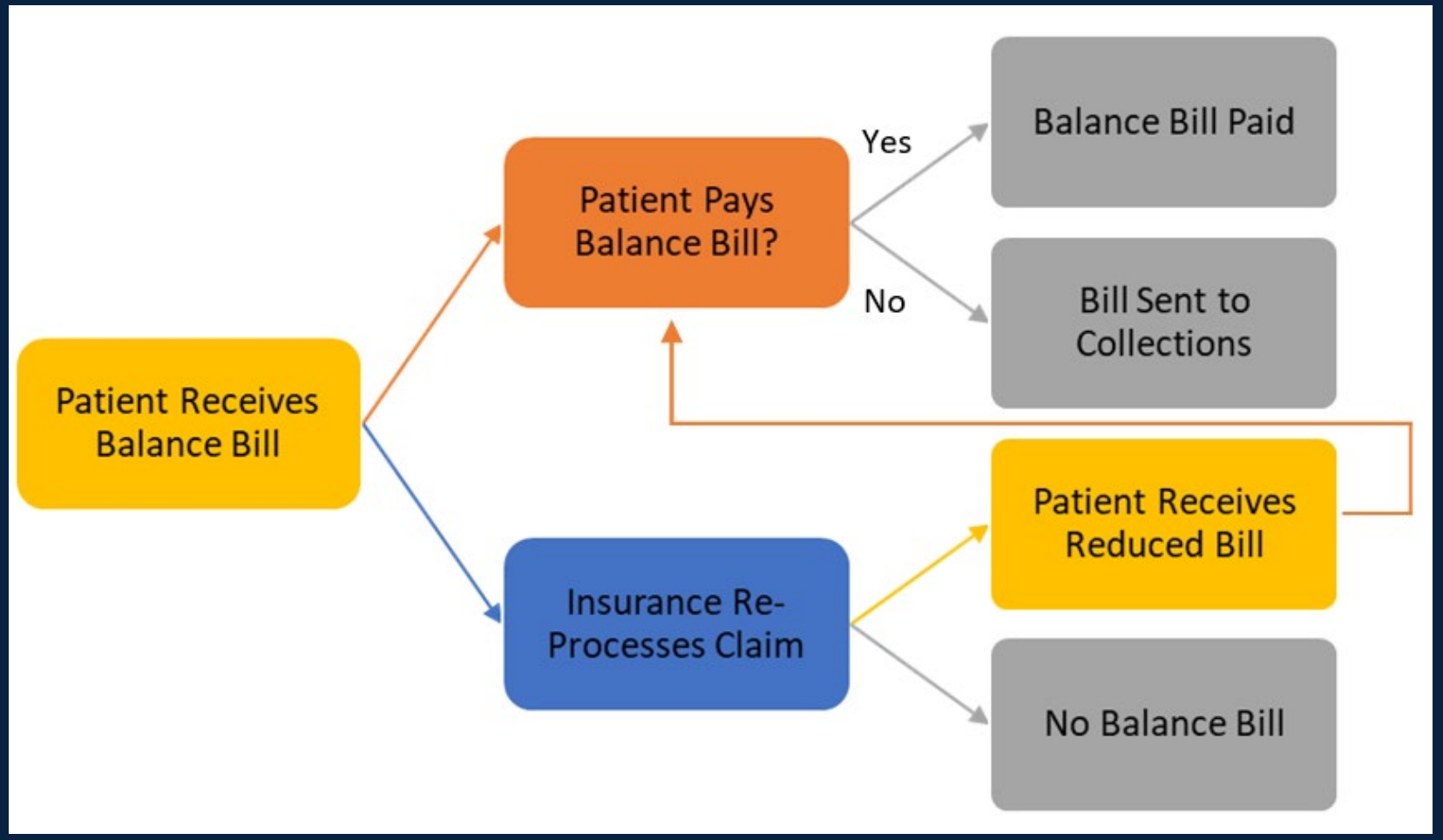


There Is Significant Variation in Commercial Plan Reimbursement Rates for Ambulance Services



Consumer Financial Responsibility for Balance Bills

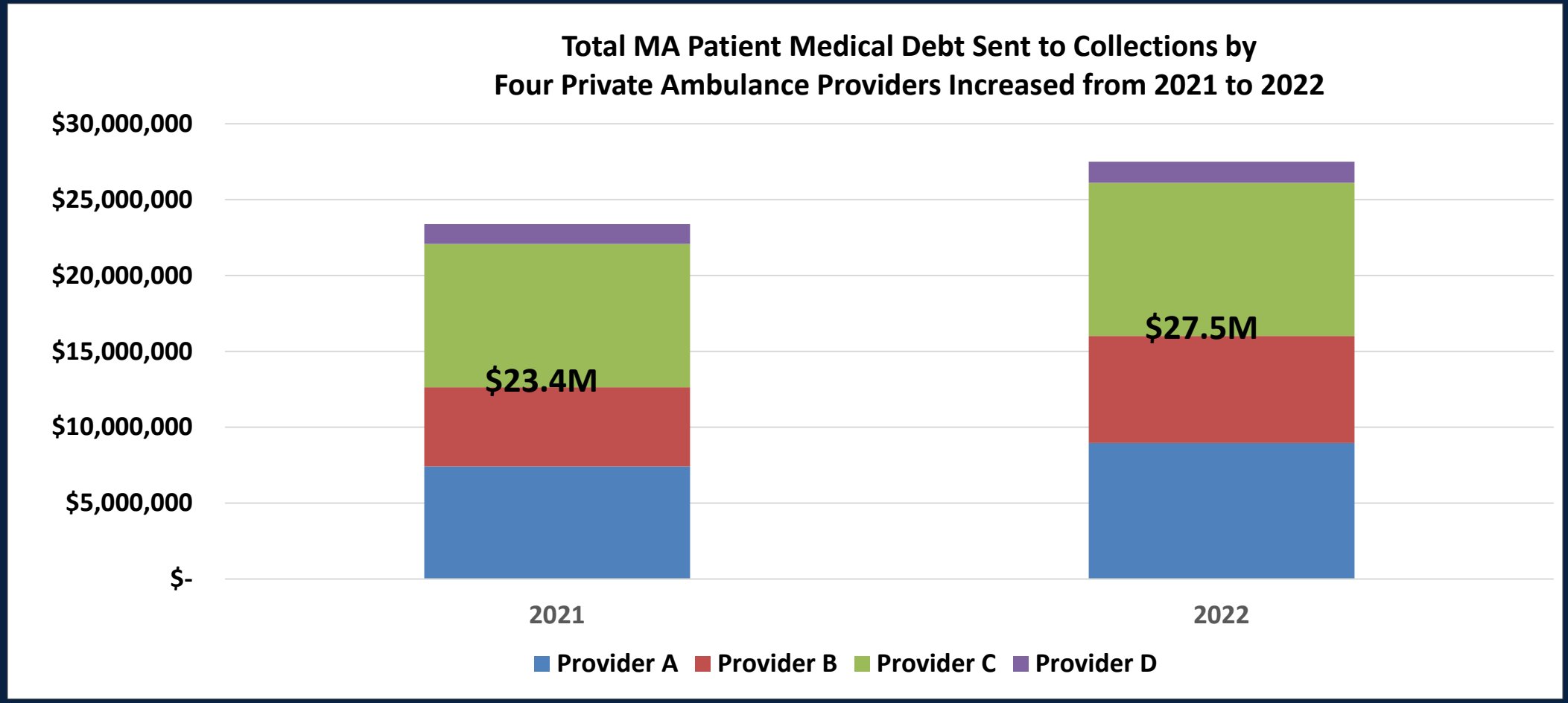
Balance Bill Potential Outcomes



Provider A data:

- 904 balance bills sent in 2022
- 70 "reprocessed" by plan; no balance left
- 308 balance bills paid ($217 K)
- 455 accounts to collections

Consumer Medical Debt Sent to Collections for Ground Ambulance Services Is Increasing



AGO Recommendation 1

- Commercial health plan members must be protected from unaffordable, debt-inducing OON ambulance bills.

  - The state should prohibit balance billing and establish an OON default payment rate for ground ambulance services. This would:
    - Make obligations of fully-insured health plans clear;
    - Allow for predictable reimbursement for Providers; and
    - Lessen administrative burden of appealing/re-processing OON claims and promote more equitable consumer outcomes.

AGO Recommendation 2

The Commonwealth should form a working group to:

- Study ground ambulance costs in Massachusetts and the adequacy of current EMS funding models in meeting these costs;
- Consider appropriate funding mechanisms to support and sustain EMS services beyond health plan reimbursement; and
- Consider structural changes in EMS response to better align needs in smaller communities that may struggle to meet costs of readiness and adequate staffing, including state support of regional services.

AGO Recommendation 3

- The Commonwealth should continue to study, promote and facilitate more cost-effective health care models to reduce EMS utilization in non-emergency situations. These include:
  - Community paramedicine – "the provision of healthcare using patient-centered, mobile resources in the out-of-hospital environment"
  - Mobile crisis response for behavioral health
- Increased efficiencies/care alignment may reduce unreimbursed ambulance services and consumer costs.

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HEALTH CARE COST TRENDS HEARING

MASSACHUSETTS
HEALTH POLICY COMMISSION

UP NEXT:

WITNESS PANEL #1
THE ROLE OF HEALTH PLANS IN DRIVING AFFORDABILITY AND EQUITY

Tim Archer, CEO, UnitedHealthcare of New England

Audrey Morse Gasteier, Executive Director, Massachusetts Health Connector

Cain Hayes, President and CEO, Point32Health; Member, Health Equity Compact

Sarah Iselin, President and CEO, Blue Cross Blue Shield of Massachusetts

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HEALTH CARE COST TRENDS HEARING

MASSACHUSETTS
HEALTH POLICY COMMISSION

UP NEXT:

WITNESS PANEL #2
NAVIGATING THE CHANGING PROVIDER LANDSCAPE IN MASSACHUSETTS

Dr. Christopher Andreoli, President, Atrius Health

Aimee Brewer, President and CEO, Sturdy Health

Douglas Brown, President, UMass Memorial Community Hospitals; Chief Administrative Officer, UMass Memorial Health Care

Dr. Sree Chaguturu, Executive Vice President and Chief Medical Officer, CVS Health

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MASSACHUSETTS
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UP NEXT:

WITNESS PANEL #3 CHARTING A PATH FORWARD ON AFFORDABILITY AND EQUITY: THE PERSPECTIVE OF HEALTH SYSTEM LEADERS

Michael Curry, President and CEO, Massachusetts League of CHCs; Co-Founder, Health Equity Compact

Michael Dandorph, President and CEO, Tufts Medicine

Christine Schuster, President and CEO, Emerson Health; Chair, Massachusetts Health & Hospital Association Board of Trustees

Dr. Kevin Tabb, President and CEO, Beth Israel Lahey Health

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HEALTH CARE COST TRENDS HEARING

UP NEXT:

CLOSING DISCUSSION

THANK YOU

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