



# Meeting of the Advisory Council

December 6, 2023



# Agenda



## **CALL TO ORDER**

**2023 Health Care Cost Trends Hearing Recap**

**HPC's 2023 Policy Recommendations**

**Adjourn**

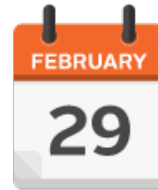
# Advisory Council Membership



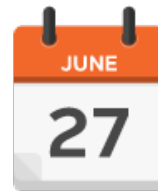
**Dr. Christopher Andreoli**, President of Atrius Health  
**Lisette Blondet**, Executive Director, Massachusetts Association of Community Health Workers  
**Aimee Brewer**, President and CEO, Sturdy Memorial Hospital  
**Michael Caljouw**, Vice President of Government & Regulatory Affairs, Blue Cross Blue Shield of Massachusetts  
**Dr. Jeanette Callahan**, Pediatrician, Cambridge Health Alliance; Medical Director-DYS Northeast Region Health Services, Justice Resource Institute  
**Christopher Carlozzi**, State Director, National Federation of Independent Business (NFIB)  
**JD Chesloff**, Executive Director, Massachusetts Business Roundtable  
**Dr. Cheryl Clark**, Associate Chief, Division of General Internal Medicine and Primary Care, Brigham and Women's Hospital  
**Ed Coppinger**, Head of Government Affairs, MassBio  
**Michael Curry**, President and CEO, Massachusetts League of Community Health Centers  
**Dr. Ronald Dunlap**, Cardiologist and Past President, Massachusetts Medical Society  
**Audrey Gasteier**, Executive Director, Massachusetts Health Connector  
**Tara Gregorio**, President and CEO, Mass Senior Care Association  
**Eric Gulko**, President, Innovo Benefits; Legislative Chair and Vice President, National Association of Brokers and Insurance Professionals  
**Susan J. Hernandez**, CNM, MSN, FACNM, Mass General Brigham, MA ACNM Legislative Co-Chair

**Jon Hurst**, President, Retailers Association of Massachusetts  
**Colin Killick**, Executive Director, Disability Policy Consortium  
**Jake Krilovich**, Executive Director, Home Care Alliance of Massachusetts  
**Ellen LaPointe**, CEO, Fenway Health  
**Juan Fernando Lopera**, Chief Diversity, Equity, and Inclusion Officer, Beth Israel Lahey Health  
**David Matteodo**, Executive Director, Massachusetts Association of Behavioral Health Systems  
**Dr. Danna Mauch**, President and CEO, Massachusetts Association for Mental Health  
**Patricia McMullin**, Executive Director, Conference of Boston Teaching Hospitals  
**Nicole Obi**, President and CEO, Black Economic Council of Massachusetts  
**Carlene Pavlos**, Executive Director, Massachusetts Public Health Association  
**Krina Patel**, Head of U.S. State & Local Government Affairs, Biogen  
**Lora Pellegrini**, President and CEO, Massachusetts Association of Health Plans  
**Julie Pinkham**, Executive Director, Massachusetts Nurses Association  
**Dr. Myisha Rodrigues**, Executive Director, NAMI Massachusetts  
**Amy Rosenthal**, Executive Director, Health Care For All  
**Christine Schuster**, President and CEO, Emerson Hospital  
**Matthew Veno**, Executive Director, Group Insurance Commission  
**Steven Walsh**, President and CEO, Massachusetts Health and Hospital Association and previously Massachusetts Council of Community Hospitals  
**Elizabeth Wills-O'Gilvie**, Chair, Springfield Food Policy Council

# 2024 Advisory Council Meetings



Thursday, February 29



Thursday, June 27



Thursday, September 26



Thursday, December 5

# Agenda



Call to Order



## **2023 HEALTH CARE COST TRENDS HEARING RECAP**

HPC's 2023 Policy Recommendations

Adjourn

# The Next Phase of Massachusetts Health Reform: Achieving Affordability and Health Equity for All



**“Getting access to care shouldn’t be about luck. We have a moral obligation to address these racial inequities in health and our state has an opportunity to lead.” – Sheila Och, Lowell Community Health Center**

## Community Voices on Health Care Affordability and Equity

- Everyday impact of high and **rising health care costs** and **persistent racial disparities in care** and outcomes across the Commonwealth
- Policy decisions – and inaction in addressing health care affordability and equity – have **significant impacts** on Massachusetts residents



## Advancing Policy Solutions to Achieve Health Care Affordability and Equity

- Need for policy action to address affordability challenges and health inequities - such as **establishment of new benchmarks**
- Impact of rising pharmaceutical prices on consumers and **need for greater oversight**
- Importance of **understanding why residents experience disparities** in accessing care
- **Need to balance competing priorities:** workforce challenges, increasing premium costs, and administrative complexity

## Affordability Trends in Massachusetts and HPC Policy Recommendations

- Health care trends over the past decade, including **increased consolidation** amongst the largest hospital systems, **commercial price increases, increasing cost of health care plans,** and **growth in pharmaceutical prices**

- **Attorney General Andrea Campbell** reflected on **role of the Attorney General's office in improving and promoting affordability, accessibility, and equity** in the health care system. She outlined current efforts in her office to investigate unlawful conduct that has led to health care becoming unaffordable and inaccessible and examine health care cost trends. **Lisa Gaulin, Assistant Attorney General**, presented on ambulance billing findings from their office's 2023 Cost Trends Report.
- **Governor Maura Healey** acknowledged the ongoing challenges that residents and families face with increasingly unaffordable and inaccessible health care and noted that these lived experiences cannot go overlooked. Governor Healey focused on three primary themes: **affordability, competitiveness, and equity**, which reflect the top priorities of the Healey-Driscoll Administration. Governor Healey **voiced her support for the HPC's 2023 policy recommendations**, which include urging the Legislature to update the state's health care benchmark framework "to prioritize affordability and equity."



**“Health care costs are rising, and I am here today to say that as an Administration, we are looking forward to partnering with the HPC and with the Legislature on steps we need to take to reduce health care costs across the state.”**

**– Governor Maura Healey**

## The Role of Health Plans in Driving Affordability and Equity

- **Affordability challenges for small businesses**
- Impact of **provider upcoding** on spending trends and health plan strategies to mitigate unwarranted risk score growth
- How health plans ensure **accessibility to needed services** and how **differential reimbursement rates** may contribute to closures and consolidation
- **Reducing administrative complexity** by automating prior authorization & standardizing or eliminating other utilization management tools

“Although it is a challenging rate negotiation environment, we have to stick to our conviction around increases that are as close to the benchmark as possible.” – Cain Hayes, Point32Health

## Navigating the Changing Provider Landscape in Massachusetts

- Impact of **changing provider market** on cost, quality, access, health equity, & workforce
- Growing presence of **for-profit primary care** and perspective on **growing role of private equity**
- Need to further **integrate behavioral health care** into primary care
- The HPC recommendation for **greater oversight** of the health care market
- **High use of hospital care** in Massachusetts and opportunities for innovative solutions

“[The] biggest risk, threat, issue – to our company, but more broadly to health care across the Commonwealth – is the lack of enough primary care.” – Dr. Christopher Andreoli, Atrius Health

## Charting a Path Forward on Affordability and Equity: The Perspective of Health System Leaders

- Need for policy action to address **affordability and health inequities**
- Need to **incentivize spending on primary and behavioral health care** rather than ED and hospital care
- Future of the **provider landscape**
- Ongoing **workforce shortages**, inflationary headwinds, and **increasingly complex patient needs**

“There are people dying unnecessarily right now. For us to accept that is disturbing as a Commonwealth. Are we willing to do something disruptive and change the system?” – Michael Curry, Health Equity Compact



# Agenda



Call to Order

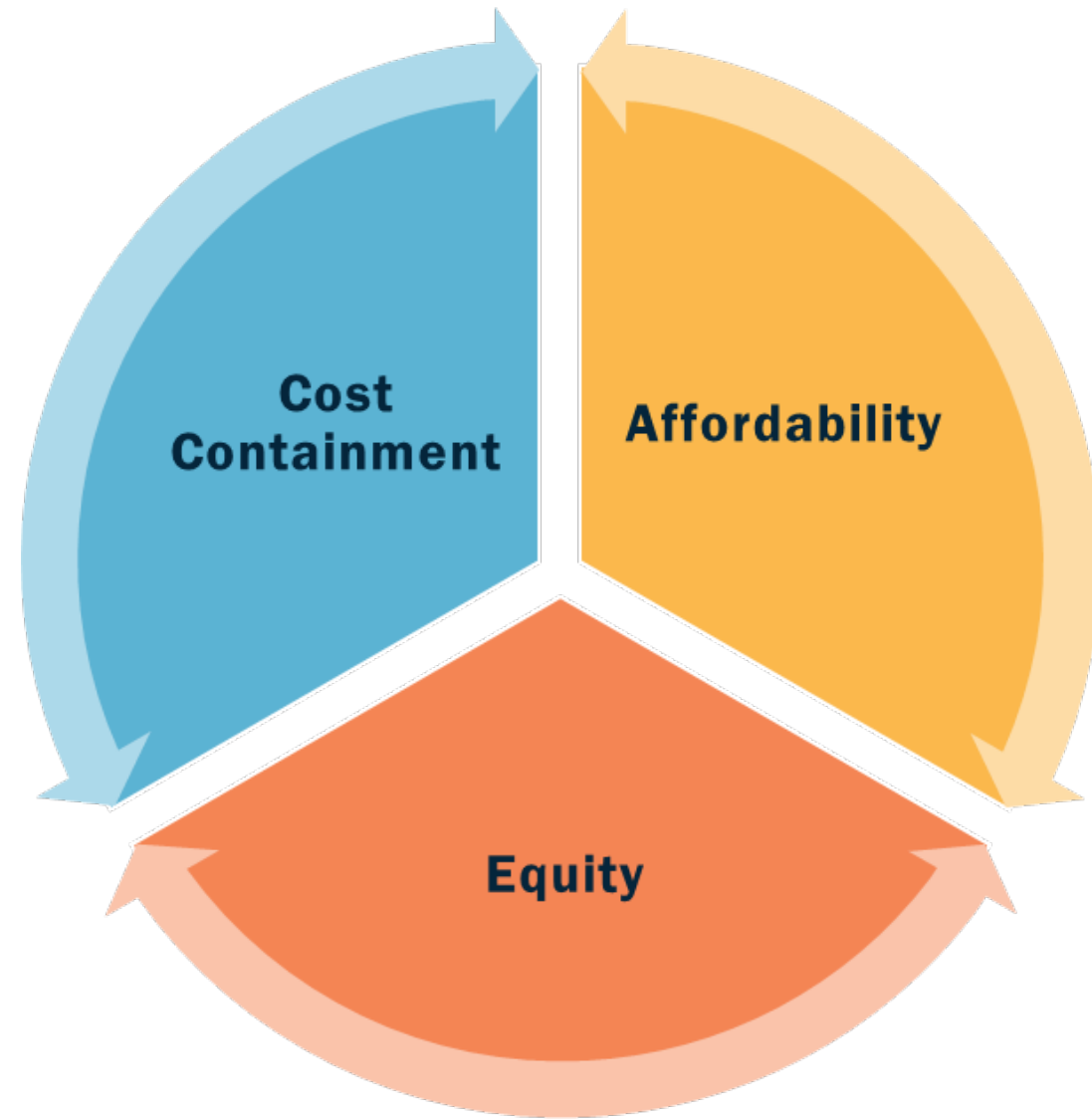
2023 Health Care Cost Trends Hearing Recap



**HPC'S 2023 POLICY RECOMMENDATIONS**

Adjourn

**The HPC's 2023 Policy Recommendations reflect a comprehensive approach to reduce health care cost growth, promote affordability, and advance equity.**



# 2023 Health Care Cost Trends Report Policy Recommendations



1

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

2

**Constrain Excessive Provider Prices.**

3

**Enhance Oversight of Pharmaceutical Spending.**

4

**Make Health Plans Accountable For Affordability.**

5

**Advance Health Equity For All.**

6

**Reduce Administrative Complexity.**

7

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

8

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

9

**Strengthen Primary and Behavioral Health Care.**

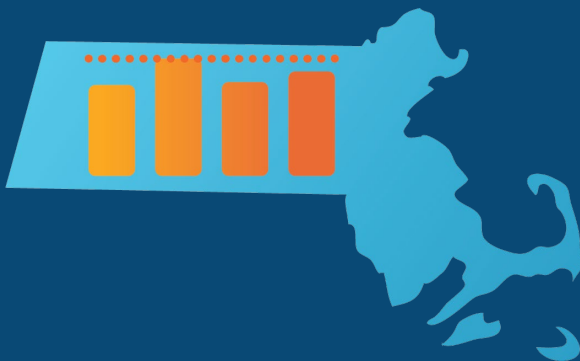
# 2023 Health Care Cost Trends Report Policy Recommendations

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**

## 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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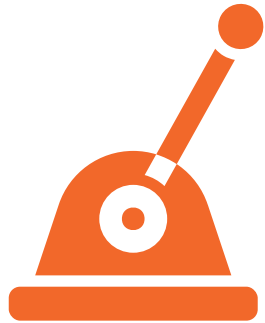
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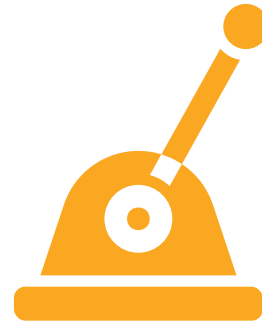
## Administrative complexity is a major driver of health care spending

- U.S. administrative costs have been estimated to be as high as **34% of total health care spending nationally** or \$812 billion annually, significantly greater than in other high-income countries.<sup>1</sup>
- U.S. administrative costs are higher even than those of other countries with private-payer markets, in part because other systems impose **greater standardization** on private payers, such as through standard billing codes, contract terms, and list prices.<sup>2,3</sup>
- **Billing and insurance-related activities** – a subset of health care administration that includes claims processing, referral management, prior authorization, and more – were estimated to cost U.S. payers and providers **\$496 billion** annually.<sup>4</sup>
- **Reducing administrative complexity**, including by reducing variation in health plan processes, could benefit the system without jeopardizing quality or access, such as by:
  - Reducing time, cost, and administrative burden for patients, providers, and payers
  - Allowing providers to reallocate staff time and resources to higher-value activities
  - Addressing drivers of clinician burnout
  - Reducing delays in care



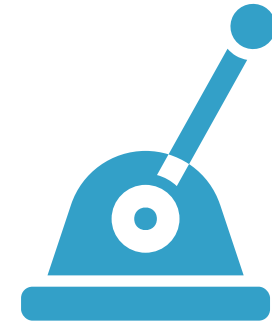
## REDUCE VARIATION & DUPLICATION

- Improve processes that require unnecessary repetition
- Standardize requirements and processes across organizations



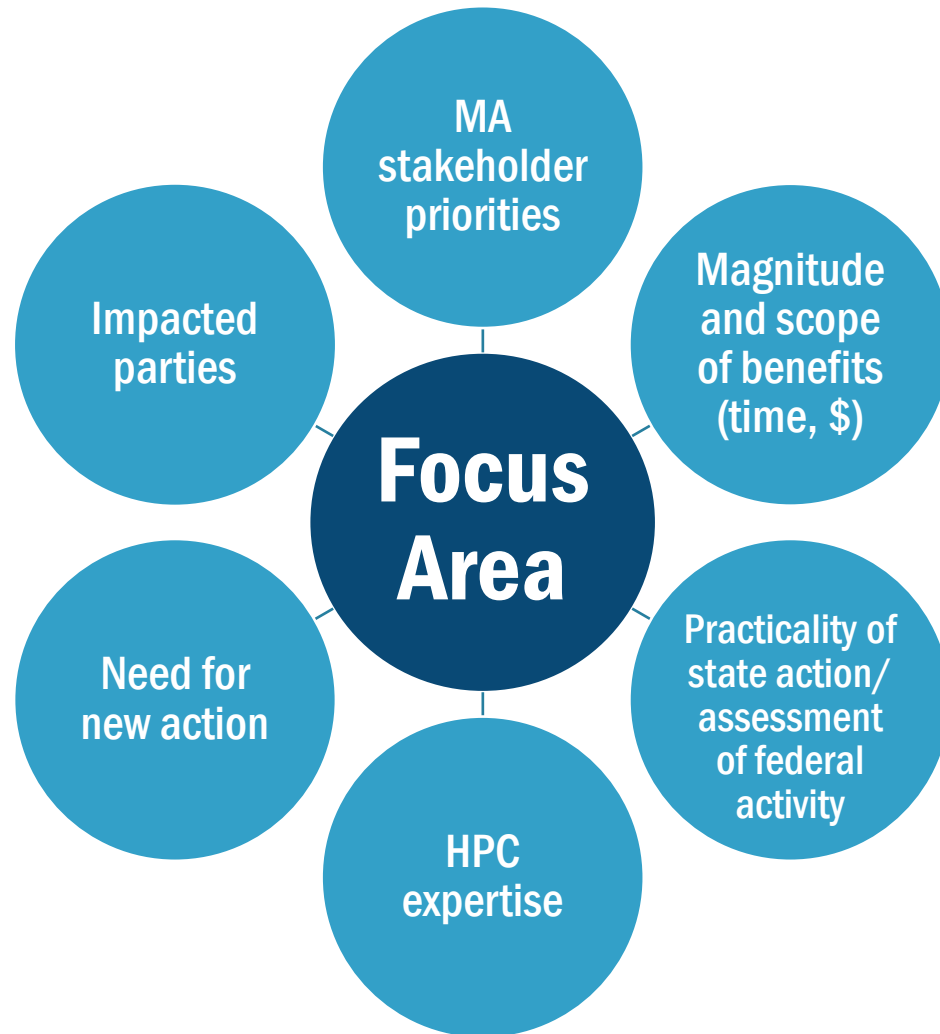
## LEVERAGE TECHNOLOGY

- Reduce the use of faxing, phone, email
- Integrate processes into existing workflows
- Review existing IT systems against new technology



## ELIMINATE LOW-VALUE TASKS

- Identify tasks that are no longer achieving their intended purpose
- Determine whether task is valuable in all circumstances and consider differential application



## EXAMPLE AREAS OF COMPLEXITY

- Billing and Claims Processing
- Clinical Documentation and Coding
- Clinician Licensure
- Electronic Health Record Interoperability
- Eligibility/Benefit Verification and Coordination of Benefits
- Prior Authorization
- Provider Credentialing
- Provider Directory Management
- Quality Measurement and Reporting
- Referral Management
- Variations in Benefit
- Variations in Payer-Provider Contract Terms



# Discussion



- What should the HPC prioritize in its 2024 work on administrative complexity?
- Are there other criteria for consideration that the HPC should apply?
- What are current priority areas for market participants?

# Agenda



Call to Order

2023 Health Care Cost Trends Hearing Recap

HPC's 2023 Policy Recommendations



**ADJOURN**