

Examination of Health Care Cost Trends and Cost Drivers

Pursuant to G.L. c. 12C, § 17

October 23, 2019

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AGO Cost Trends Examinations

- 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 issued since 2010.
- This examination focused on two key cost containment initiatives that aim to encourage patients and providers to choose higher-value care.



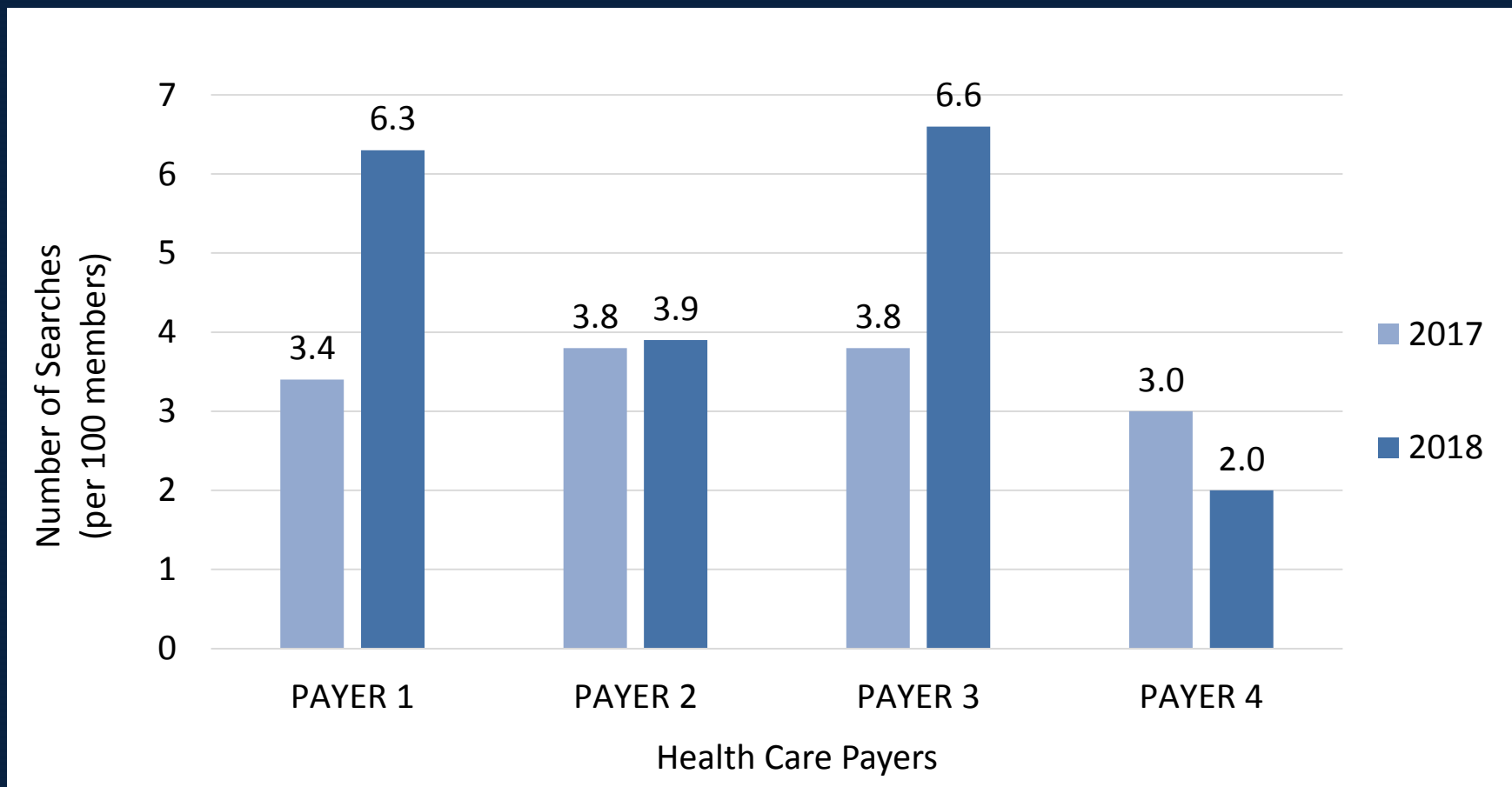
Questions Presented

- I. Are consumer-facing cost estimator tools influencing patients to select lower-priced care options?
- II. How do patient movement across health plans and administrative complexity impact provider incentives in APMs?
- III. Have patient expenditures shifted towards lower-priced hospitals in recent years?



Few Patients Use Payers' Online Cost Estimator Tools

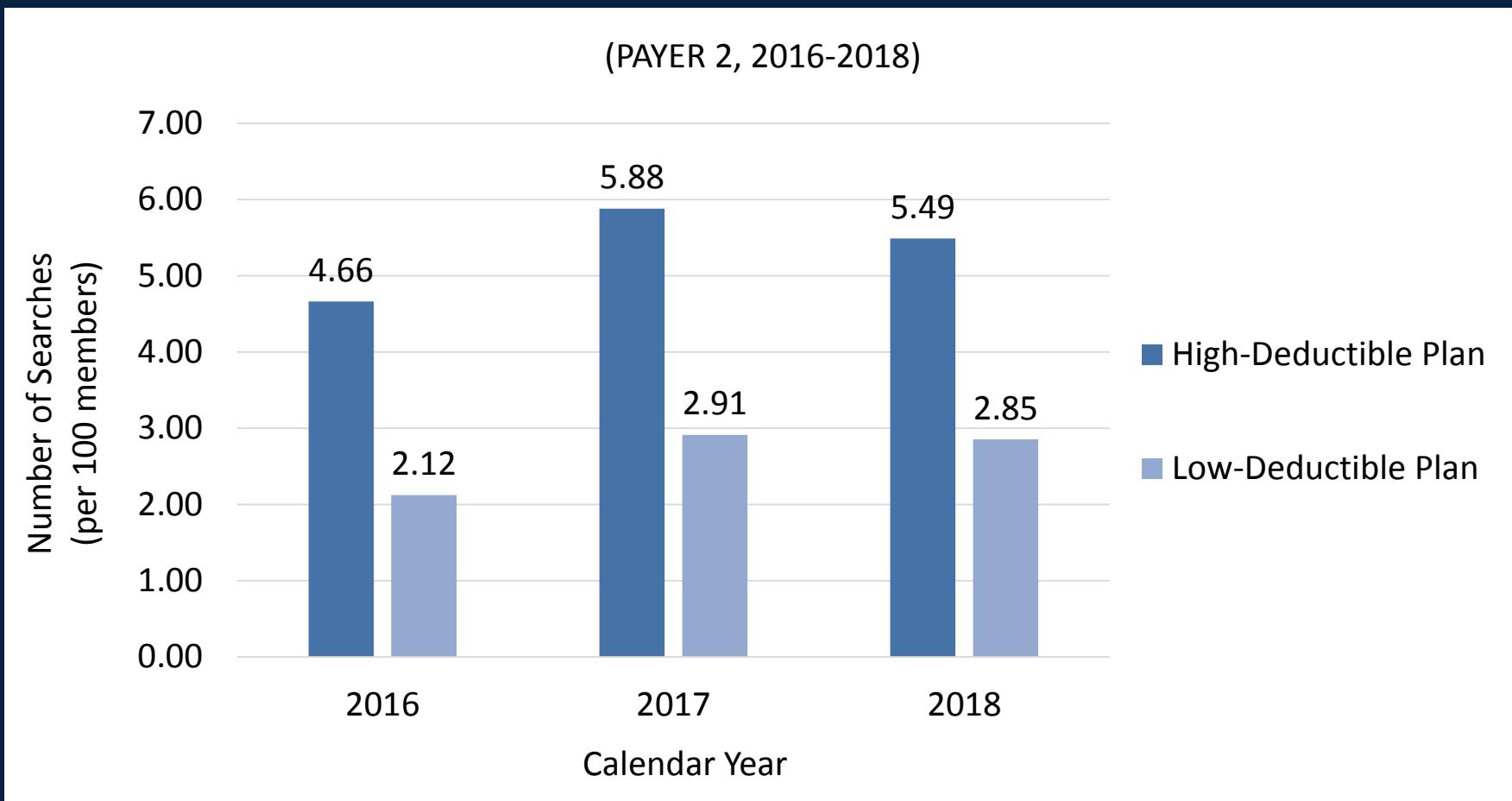
The Number of Searches Per 100 Members Ranged From 2.0 to 6.6 in 2017-18





Consumers in High-Deductible Plans Are More Likely to Use Cost Estimators

The Opportunity to Reduce Spending Among Consumers with High-Deductibles is Limited





Consumer “Shopping” Patterns Highlight Opportunities for Tool Enhancement

The Total Number of Searchable Services and Top Searched Services in 2018

	PAYER 1 (245 services)	PAYER 2 (1625 services)	PAYER 3 (105 services)	PAYER 4 (800 services)	PAYER 5 (770 services)	PAYER 6 (302 services)
1	Imaging (MRI, Mammography)	Physician Office Visits	Imaging (MRI, X-Ray)	Imaging (MRI, Ultrasound)	Imaging (MRI, X-Ray)	Imaging (MRI, X-Ray)
2	Colonoscopy	Imaging (MRI, X-Ray)	Clinical Pathology	Specialist Office Visits	Clinical Pathology	Pregnancy & Childbirth
3	Physician Office Visits	Behavioral Health	Colonoscopy	Physician Office Visits	Pregnancy & Childbirth	Colonoscopy
4	Elective Surgery (Orthopedic)	Pregnancy & Childbirth	Elective Surgery (Bariatric)	Colonoscopy	Elective Surgery (Gastrointestinal)	Physician Office Visits
5	Pregnancy & Childbirth	Chiropractic Visits	Pregnancy & Childbirth	Behavioral Health	Preventive Care	Elective Surgery (Bariatric)



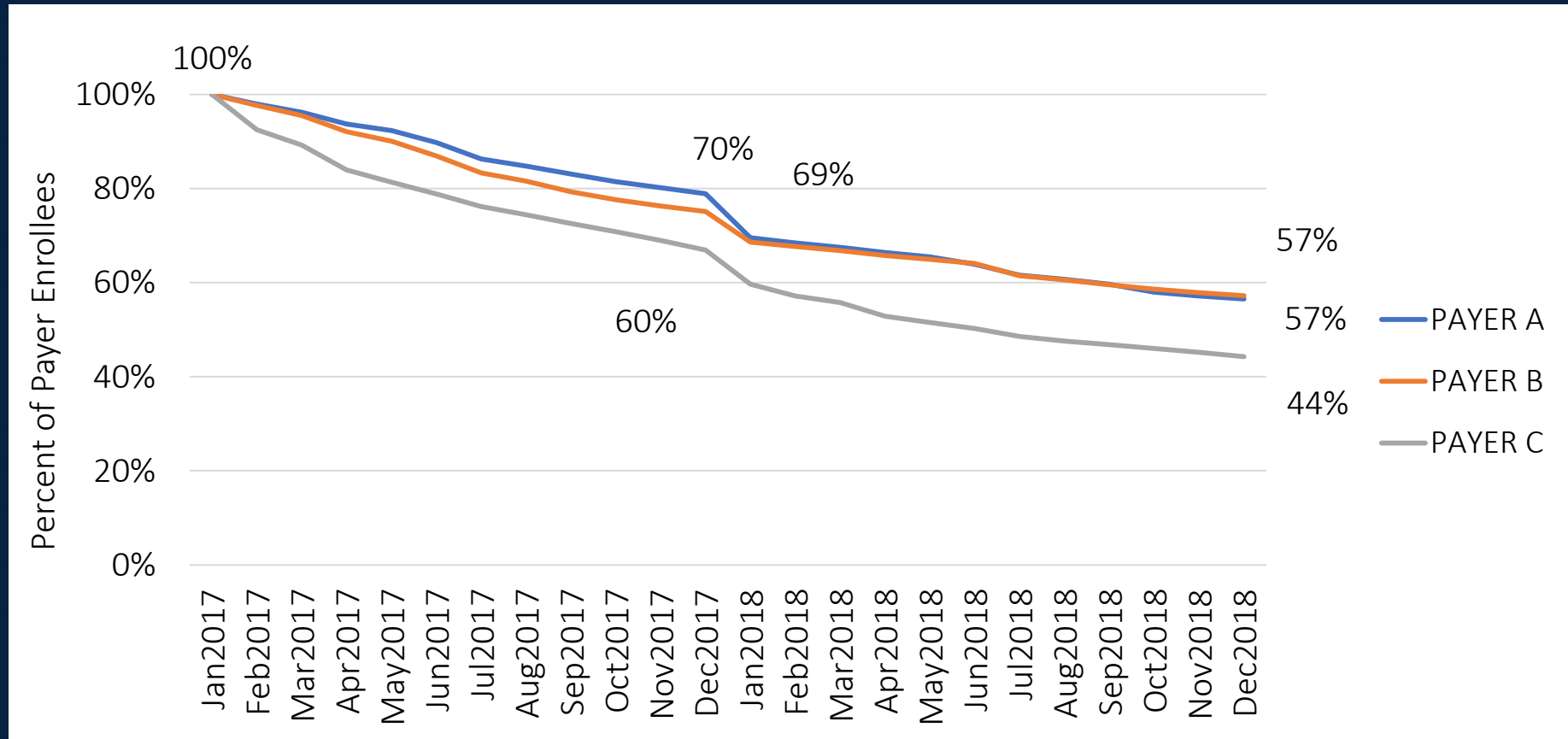
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Patient Movement Across Payers Makes it Difficult to Measure APM Performance

Only Half of Patients Enrolled in a Payer or Product Remained Over a Two-Year Period
(Jan. 2017 - Dec. 2018)





Complex APM Attribution Methods May Add Costs and Hinder Incentives

Attribution Methods Varied Across Three Payers in 2018

	PAYER A	PAYER B	PAYER C
Providers Eligible for Attribution	<ul style="list-style-type: none"> Primary Care Physicians Specialty Care Physicians 	<ul style="list-style-type: none"> PCPs Double-Boarded Physicians (i.e. PCP/SCP combination) 	<ul style="list-style-type: none"> PCPs Nurse Practitioners (“NPs”) Physician Assistants (“PAs”)
Attribution Lookback Period	18-27 months	24 months	24 months
Attribution Criteria and Methodology	<ul style="list-style-type: none"> Member selection of PCP Well-visit in previous 24 mos. Evaluation and Management visit (“E&M”) in previous 24 mos. Prescription (“Rx”) from a PCP in previous 24 mos. Well-visit with certain SCPs in previous 24 mos. E&M visit with certain SCPs in previous 24 mos. Rx from certain SCPs in previous 24 mos. 	<ul style="list-style-type: none"> PCP visit in previous 24 mos. Rx in previous 24 mos. 	<ul style="list-style-type: none"> Member selection of PCP, NP, PA At least 1 well-visit in previous 12-24 mos. (if multiple, most recent visit) At least 1 E&M visit in 12-24 mos. (if multiple, most recent visit) 3 or more Rx from a PCP in previous 12-24 mos. (if multiple, most prescriptions; if tied, most recent)
Attribution Limitations		<ul style="list-style-type: none"> All IP, OP and Behavioral Health claims are excluded 	<ul style="list-style-type: none"> Patient must be MA Resident OP claims must be in MA



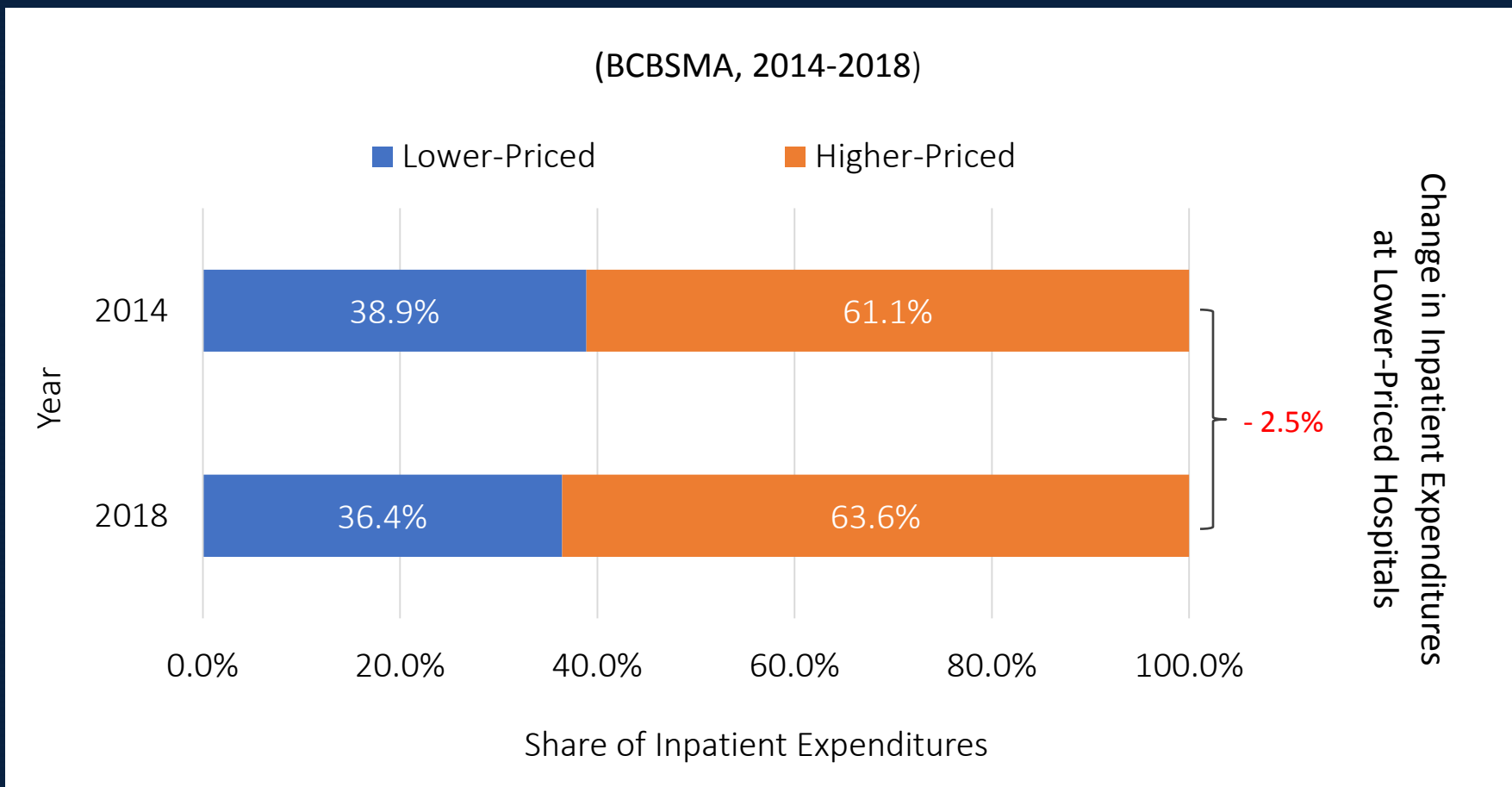
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Expenditures at Lower-Priced Hospitals Have Decreased Since 2014

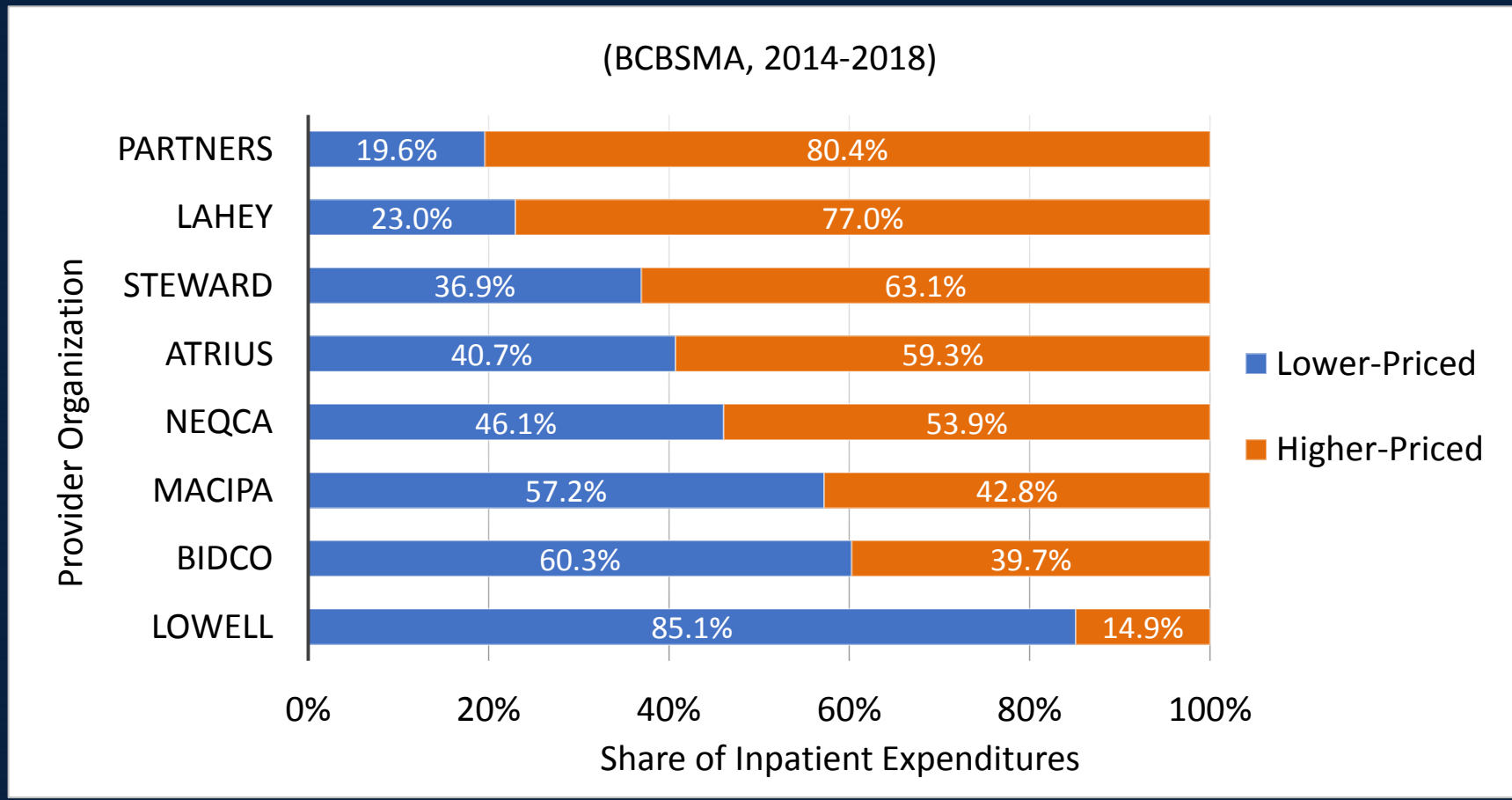
The Share of Inpatient Expenditures at Higher-Priced Hospitals Increased by 2.5%





Expenditures at Lower-Priced Hospitals Varied Significantly Across Providers

System Composition May Influence Patient Use of Lower and Higher-Priced Hospitals





Recommendations

1. Temper expectations that consumer-driven price transparency tools will reduce health care cost growth.
 - Design transparency tools that help consumers choose PCPs affiliated with high-quality, lower-cost systems.
 - Enhance cost estimator tools to focus on shoppable services, expand access for non-English speakers, and integrate pharmacy, behavioral health services.
2. Closely review incentives for providers to direct patients to lower-cost settings.
3. Recognize that providers' APM incentives are hampered by frequent patient movement across payers.
4. Standardize APM attribution methods.