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 30th day of October, 2025.

UNITEDHEALTHCARE INSURANCE COMPANY

Signed:

Timothy C. Archer
Chief Executive Officer
New England Health Plan

MASSACHUSETTS
HEALTH POLICY COMMISSION

2025 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 2024 Annual Health Care Cost Trends Hearing.

On or before the close of business on **Friday, October 31, 2025**, please electronically submit testimony as a Word document to: HPC-Testimony@mass.gov. Please complete relevant responses to the questions posed in the provided template. If necessary, you may include additional supporting testimony or documentation in an appendix. Please submit any data tables included in your response in Microsoft Excel or Access format.

We encourage you to refer to and build upon your organization's pre-filed testimony responses from 2013 to 2024, 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. All submissions are public record and will be posted to the HPC's website.

You may receive questions from both the HPC and the Office of the Attorney General (AGO). If you have any difficulty with the templates or have any other questions regarding the pre-filed testimony process or the questions, please contact relevant 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.

THE 2025 HEALTH CARE COST TRENDS HEARING: PRE-FILED TESTIMONY

The Massachusetts Health Policy Commission (HPC), along with the Office of the Attorney General (AGO), holds the Health Care Cost Trends Hearing each year to examine the drivers of health care costs and consider the challenges and opportunities for improving the Massachusetts health care system.

The 2025 Health Care Cost Trends Hearing offers a critical opportunity to discuss the pressing issues challenging stability and sustainability of the Commonwealth's health care system. These include mounting affordability issues, workforce constraints, financial volatility, increasing prescription drug costs, and threats to health care access and coverage – and the ongoing efforts to address them.

Recent federal action has created uncertainties about the health care landscape in Massachusetts. It will require a renewed commitment among stakeholders and policymakers to work together towards a health care system that is more affordable, accessible, and equitable for all residents. The 2025 Health Care Cost Trends Hearing will convene industry leaders, clinicians, and community members to reflect on recent policy actions and invite further collaborative action in Massachusetts, advancing the Commonwealth's health care goals and values.

Amid the federal activity, Massachusetts is still contending with existing affordability hardships facing the Commonwealth's residents. Massachusetts now has the highest family health insurance premiums in the country. In 2024, the average annual cost of health care for a family exceeded $31,000 (including out-of-pocket spending). As health care spending grows as a portion of household income, more and more families incur medical debt and avoid using needed care. These rates become particularly dire when health care premiums and out-of-pocket spending reach 25% of total income – a reality that 41% of Hispanic families and 26% of Black families in Massachusetts faced in 2023 compared to 9% of white families. Furthermore, the average annual cost sharing per person grew from $849 in 2019 to $1,049 in 2023 (a 29% increase), and residents paying $5,000 or more annually in cost sharing doubled from 2019 (1.5%) to 2023 (3.1%).

This is the first cost trends hearing since the enactment of two significant health care laws earlier this year (Chapters 342 and 343 of the Acts of 2024), which strengthen the health care market, address rising prescription drug costs, and enhance the public transparency and accountability of the Commonwealth's health care system – including requiring additional health care market participants to provide public testimony. As the HPC, the AGO, and other state agency partners continue implementation of these new laws, the 2025 Health Care Cost Trends Hearing will focus on working together to safeguard the Commonwealth's commitment to health care affordability, access, and equity.

The pre-filed written testimony affords the HPC and the AGO, on behalf of the public, an opportunity to engage with a broad range of Massachusetts health care market participants. In addition to pre-filed written testimony, the public hearing features in-person testimony from leading health care industry executives, stakeholders, and consumers, with questions posed by the HPC's Board of Commissioners about the state's performance under the Health Care Cost Growth Benchmark and the status of public and industry-led health care policy reform efforts.

QUESTIONS FROM THE HEALTH POLICY COMMISSION

1. Recent and ongoing federal policy actions are changing health care in Massachusetts. What do you anticipate will be the most significant implications of these federal actions on your organization's strategies to address health care affordability, quality, access, and equity? How is your organization working to ensure stability and mitigate any negative impacts on members and purchasers, coverage and access to care, providers, in addition to premiums and out-of-pocket costs? What specific actions should health care market participants, policymakers, and the public consider to safeguard the Massachusetts health care system against potential risks from federal policy shifts?

Recent federal policy changes, including Medicare reforms under the Inflation Reduction Act, ACA subsidy adjustments, and evolving CMS payment models-are reshaping the health care environment in Massachusetts. While UnitedHealthcare ("UHC") has limited exposure to subsidy expirations in the Commonwealth, we anticipate several strategic implications:

- **Affordability**: UHC is advancing value-based care models and deploying zero-deductible, copay-only plans (*e.g.*, Surest®) and network strategies to manage premium growth and improve care efficiency.
- **Access**: We are committed to maintaining our extensive network of hospitals and physicians for our members. In addition, we are innovating our products and member technology to help members find and receive care when needed and with greater transparency on cost and place of setting.
- **Equity**: As detailed in UnitedHealth Group's public policy priorities document, *A Path Forward to a Modern, High-Performing Health System ("A Path Forward"),* UHC is investing in community-based care, integrated behavioral health, and equity-focused initiatives to reduce disparities.
- **Stability**: We are actively monitoring federal regulatory and legal requirements, such as prior authorization changes and transparency mandates and aligning internal governance to ensure compliance and minimize disruption.

Recommendations for Massachusetts Stakeholders:

- Explore opportunities among the payer, provider, and policy communities to further understand and address the underlying drivers of HPC-identified "excessive provider price growth and extensive variation in provider prices that [are] unrelated to value".

- Align administrative simplification with national efforts or federal reforms.
- Shift investment and spend toward integrated primary and behavioral care in a cost-neutral manner with outcome-based payment models.
- Ensure network adequacy and transparency amid shifting coverage dynamics.

2. Many Massachusetts health care providers continue to face significant workforce challenges. What policy, payment, or health care system reforms does your organization recommend to better sustain, strengthen, and diversify the health care workforce in Massachusetts?

UnitedHealthcare recognizes the urgent need to support and stabilize the health care workforce in Massachusetts. We recommend the following reforms:

- **Administrative Simplification**: Reduce non-clinical burdens through prior authorization reforms, technological connections and improvements, and streamlined documentation, enabling clinicians to focus more on patient care. Examples include our voluntary prior authorization reduction program and internal efforts to bring more real time connectivity to providers.
- **Workforce Diversification**: Through the United Health Foundation, we are investing $100 million over 10 years to expand workforce diversity, including scholarships and training for 10,000 clinicians from underrepresented communities.
- **Integrated Care Models**: Support team-based care and practice extension models that leverage nurse practitioners, physician assistants, and community health workers to expand capacity.
- **Policy Collaboration**: Encourage public-private partnerships to develop career pathways, expand residency programs and support workforce development in primary care.
- **Payment Reform**: Explore appropriate provider reimbursement mechanisms and conditions to improve recruitment of primary care providers, particularly in underserved areas. Consider rebalancing current spending toward primary care services in ways that effectively support compensation levels and models that can help retain and attract primary care providers.

These efforts align with the commitments outlined in *A Path Forward* and our organization's broader commitment to health equity and system sustainability.

3. Administrative complexity in the health care system can burden clinicians and patients and contribute to burnout, reduce timely and equitable access to care, and add unnecessary costs to the system. What are the most meaningful steps you are taking to reduce administrative complexity that provides little value to patient care? What policies or strategies should policymakers and/or other market participants consider to reduce administrative complexity that provides little value in the Massachusetts health care system? How would such changes impact your organization's administrative costs and the administrative costs of providing care borne by providers and others?

UnitedHealthcare is actively reducing administrative complexity to improve access, reduce provider burden, and enhance the member experience. We support policies that encourage and empower payers to continually review and refine prior authorization requirements while preserving important utilization management tools that support affordability and patient safety.

Our organization has taken industry-leading actions to review, reduce and refine prior authorization requirements while continuing to protect patient safety and advance affordability.

Our efforts include:

- **Prior Authorization Review and Reduction**: UHC has removed prior authorization requirements for many common services. Currently, over **98% of care** accessed by UHC members does **not** require prior authorization. We are also expanding electronic prior authorization using FHIR® APIs to enable real-time decisions and reduce manual workflows.
- **Gold Card Program**: Launched nationally in 2024, the Gold Card program recognizes provider groups who consistently adhere to evidence-based care guidelines These groups bypass traditional prior authorization for designated services, using a simplified notification process. In 2025, Gold Card participation increased by over 40%, and 94% of surveyed users reported reduced administrative burden and high satisfaction.
- **National Industry Leadership on Prior Authorization:** UHC also recently partnered with other health insurance companies and America's Health Insurance Plans (AHIP) to voluntarily further these efforts at an industry level. These shared commitments, which are projected to benefit 257 million Americans across multiple payers, include:
    - Standardizing electronic prior authorizations
    - Reducing the scope of claims that are subject to prior authorization
    - Ensuring continuity of care when patients change plans
    - Enhancing communication and transparency on prior authorization determinations
    - Ensuring medical review of non-approved requests
    - Expanding real-time responses, with the goal that at least 80% of electronic prior authorization approvals in 2027 will be answered in real-time (as long as they include all necessary clinical documentation)
- **Digital Member Experience**: Platforms like myuhc.com® and the UnitedHealthcare® app allow members to manage benefits and prior authorizations, track claims, and access care with fewer administrative steps.
- **Operational Efficiency**: Investments in health technology and financial services are streamlining payment processes and reducing redundant documentation across provider networks.

4. High-quality, accessible primary care is foundational to an effective and efficient health care system. What specific actions or investments is your organization pursuing to enhance access to affordable, high-quality, person-centered primary care (including integrated behavioral health services) for your members? How are

you tracking the impact of these activities or investments? What policy, payment, or health care system reforms does your organization recommend to enhance equitable access to high-quality primary care services?

UnitedHealthcare recognizes that high-quality, accessible primary care is essential to improving health outcomes, reducing unnecessary utilization, and promoting system-wide efficiency. Our approach includes targeted investments, innovative payment models, and policy advocacy to strengthen primary care delivery.

Actions and Investments

- **Value-Based Care Expansion**: UHC supports a wide array of alternative payment models ("APMs"), including accountable care organizations ("ACOs") and pay-for-performance programs, which reward providers for quality and cost efficiency. Over 50% of UHC's spending is attributed to value-based arrangements nationally.
- **Primary Care Spend Optimization** UHC's ACO clinical integration payments help primary care providers strengthen care coordination and integration by funding activities such as hiring nurse care managers, implementing team-based care models, and advancing population health initiatives, all with a focus on quality and improved outcomes.
- **Practice Support and Infrastructure**: UHC has invested in technology, care coordination tools, and data-sharing capabilities to enable providers, especially small and independent practices, to succeed in value-based models. For instance, Optum's Practice Extend tool provides essential infrastructure support to smaller primary care practices, enabling them to deliver comprehensive, team-based care.
- **Integrated Behavioral Health**: UHC supports and contracts with behavioral health professionals embedded in primary care settings, supporting whole-person care and improving access for members with complex needs, leading to earlier intervention, better outcomes, and more efficient, patient-centered care.
- **Technology** UHC believes that digital tools, such as AI scribes, virtual care platforms, and remote monitoring systems should be evaluated and optimized to address the Commonwealth's primary care challenges by reducing administrative burden, expanding access to care, and supporting proactive management of patient health.

Impact Tracking

UHC rigorously tracks value and impact by:

- Linking quality performance and outcome metrics directly to our alternative payment contracts.
- Continuously monitoring utilization patterns and benchmarking costs to drive efficiency.
- Measuring member engagement and satisfaction to ensure our programs deliver meaningful experiences.
- Applying equity-focused analytics to proactively identify and address disparities, ensuring our investments translate into measurable improvements for all populations

Policy Recommendations

To enhance equitable access to high-quality primary care, we recommend:

- Supporting two-sided risk models or other innovative APMs with clear accountability for outcomes, that support population health advancement with an emphasis on quality over volume.
- Encouraging benefit designs that promote primary care provider selection and continuity.
- Expanding the use of advanced practice clinicians and telehealth to address workforce shortages.
- Ensuring balanced and effective accountability mechanisms by aligning reporting and regulatory oversight across all cost-driving entities, not solely health plans.

5. In recent years, prescription drugs have been a key driver of spending growth in the Commonwealth, consistently growing at a faster rate than the state's health care cost growth benchmark, and contributing to challenges related to health care affordability, medication access, and health disparities among Massachusetts residents. Please describe the current and anticipated pharmaceutical trends (and detail the potential impact on health care spending) in the next three to five years, including but not limited to information about anticipated trends in utilization, new medications and therapies, and price increases for brand name and generic drugs. What specific actions is your organization taking to address these trends and to balance patient access to needed medications and therapies with the imperative to offer affordable coverage for employers and members?

UHC's two-year annualized pharmacy trend is approximately 13.2%. Over 50% of the pharmacy spend is for high-priced specialty drugs, representing 2% of utilization.

Over the next several years we expect high single to low double-digit trend for pharmaceuticals, including drugs which are self-administered under the pharmacy benefit, and healthcare-administered drugs covered under the medical benefit.

The drug pipeline includes many specialty drugs, including high-cost oncology drugs as well as ultra-high-cost drugs for rare conditions. In addition, we expect expanded uses of existing drugs, including GLP1s, approved to treat obesity for non-obesity only uses as well as inflammatory drugs, two of the top spend and trend categories. Complying with regulatory requirements and mandates, such as removing prior authorization for key categories of drugs when there were effective lower-cost options, has led to increased utilization and costs.

Actions being taken by UHC include:

- Continuing to evolve and use our prescription drug lists and coverage programs to drive to clinically similar lower-cost options, including those with biosimilars such as Stelara and exclude drugs which provide no additional value over existing options;
- Negotiating better pricing with pharma and pass those rebates on to the consumer at point of sale or the plan sponsor, self-funded customer; and

- Leveraging site of care redirection under medical benefit to drive to lower cost sites of care, away from the outpatient facility to home, infusion suites, and physician offices.

6. Massachusetts now has the highest family health insurance premiums in the United States. In 2024, the average annual cost of health care for a family exceeded $31,000 (including out-of-pocket spending). This reflects the growth in underlying health care costs. As health care spending grows as a portion of household income, more and more families incur medical debt and avoid using needed care. Collaborative, urgent action across market participants is needed to reverse these trends. How can your organization contribute to this effort?

UHC acknowledges the urgent need to address rising health care costs and their impact on Massachusetts families. Health insurance costs and premiums are largely a reflection of the cost of health care services and treatments and the use of those services by individuals. We are committed to collaborative, data-driven solutions that promote affordability, improve access, and reduce financial strain for members.

Organizational Contributions

- **Affordability-Focused Plan Designs**: UHC offers innovative products such as *Surest®*, which eliminates deductibles and provides upfront pricing transparency. Members enrolled in Surest have saved an average of **50% on out-of-pocket costs** compared to traditional plans.
- **Path Forward Framework**: As articulated in *A Path Forward*, UHC is investing in integrated care models, behavioral health access, and community-based partnerships to address affordability and equity holistically.
- **Care Cash Program**: Eligible members receive preloaded debit cards, $200 for individuals and $500 for families, to offset cost-sharing for primary and urgent care visits, encouraging preventive care and reducing financial barriers.
- **Value-Based Care Expansion**: Over 50% of UHC spend nationally is attributed to value-based arrangements, which align incentives around quality and cost efficiency, helping to contain premium growth. Continue to expand locally and nationally.
- **Digital Tools and Member Engagement**: Platforms like myuhc.com® and the UnitedHealthcare® app empower members to manage benefits, compare costs, and make informed care decisions, reducing unnecessary spending.

Policy Recommendations

To reverse cost trends and improve affordability, we recommend:

- Expanding adoption of value-based payment models across all market segments.
- Promoting benefit designs that incentivize primary care engagement and continuity.
- Supporting administrative simplification to reduce overhead and pass savings to consumers.
- Aligning cost accountability across all stakeholders including providers, facilities, and pharmaceutical manufacturers, not solely health plans.

TRENDS IN MEDICAL EXPENDITURES

1. Please complete a summary table showing actual observed allowed medical expenditure trends in Massachusetts for calendar years 2021 to 2024 according to the format and parameters provided as **HPC Payer Exhibit** (attached) with all applicable fields completed. Please explain the portion of actual observed allowed claims trends that are due to (a) changing demographics of your population; (b) benefit buy down; and/or (c) change in health status/risk scores of your population for each year. 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.

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 2021	4.09%	12.56%	1.37%	0.59%	19.47%
CY 2022	2.70%	-0.51%	0.51%	0.56%	3.27%
CY 2023	5.32%	1.62%	0.36%	0.33%	7.77%
CY 2024	3.93%	6.42%	0.58%	-0.42%	10.78%

Since 2021, our Plan-Liability Risk Scores in our SG ACA market have increased slightly. Overall, PLRS has increased by 4.1% since 2021, or approximately 1.3% annually. In 2024, our average PLRS increased by 4.1%. Since 2022, we've seen a slight uptick in our overall PLRS, which may drive up utilization and unit cost trends slightly. Rating factors have remained relatively consistent, with a -0.8% change since 2021, or -0.3% annually. In each of the last four years, we've seen decreases in our SG ACA rating factors. LG Age/Sex factors have bounced around a bit, but remain stable since 2021, with an annual change of -0.9%. Benefit buydowns also appear to have minimal impact, as our average Actuarial Value in SG has increased by 0.4% since 2021, or 0.1% annually. Historical large group buydown impact has been roughly 1% impact that would be embedded within utilization. The table below shows the change by year of PLRS, ARF, AVs and A/S. Please note that PLRS has been adjusted to account for model year changes

	2022/2021	2023/2022	2024/2023	2024/2021	Annual Change
Change in PLRS (Adjusted)	-0.7%	1.8%	2.9%	4.1%	1.3%
Change in Average Rating Factor	-0.3%	-0.2%	-0.3%	-0.8%	-0.3%
Change in Actuarial Value (AV)	0.0%	0.8%	-0.4%	0.4%	0.1%
Change in LG A/S Factors	-1.9%	0.4%	0.7%	-0.9%	-0.3%

In general, the elevated trends are driven by Outpatient, Physician and high-cost drug claims. Facility administered drugs, outpatient surgery, emergency room visits, behavioral health and Tier 2 & 3 retail drug trends are examples of areas where observed trends are high.

2. Reflecting on current medical expenditure trends your organization has been observing in 2025 to date, which trend or contributing factor is most concerning or challenging?

Hospital and provider network rates continue to rise and negotiation for reasonable, competitive rates remains a challenge. These negotiations are further challenged by the current economic environment where certain systems feel justified to demand higher than normal rate increases and are less inclined to consider parity for carriers who are not competitive with other payers. Combined with higher utilization, 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). Lastly, the ability to innovate against these trends within some of the state's regulatory framework remains increasingly challenged.

- **Outpatient surgeries**, particularly colonoscopies and joint replacements, remain a top cost driver. **Massachusetts limits implementation of site-of-service strategies for outpatient procedures.** Despite the presence of 75 licensed ASCs, efforts to align rates with ambulatory benchmarks have seen limited success. Removing or reducing these limitations could help drive a lower cost of care through member decision and optionality, or through remediation of reimbursements.

- **High-cost infusion drugs and emerging therapies continue to drive medical trend.** While UHC leverages discounts and value-based contracts, the rapid introduction of new gene and cell therapies—over 30 expected in the next 2–3 years—poses cost containment challenges. Limited availability of outcomes-based contracting models further complicates efforts to manage financial risk. UHC continues to monitor federal policies and pipeline developments closely.

QUESTIONS FROM THE OFFICE OF THE ATTORNEY GENERAL

1. 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 who sought this information.

Health Care Service Price Inquiries Calendar Years (CY) 2023-2025			
Year		Aggregate Number of Web-Based Inquiries	Aggregate Number of Inquiries via Telephone or In-Person
CY2023	**Q1**	15,720	0
	Q2	9,331	0
	Q3	11,872	0
	Q4	13,372	0
CY2024	**Q1**	17,926	0
	Q2	9,631	0
	Q3	7,588	0
	Q4	9,051	0
CY2025	**Q1**	7,826	0
	Q2	4,930	0
	TOTAL:	107,247	

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.

HPC Payer Exhibit 1

All cells should be completed by carrier

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 2021	4.09%	12.56%	1.37%	0.59%	19.47%
CY 2022	2.70%	-0.51%	0.51%	0.56%	3.27%
CY 2023	5.32%	1.62%	0.36%	0.33%	7.77%
CY 2024	3.93%	6.42%	0.58%	-0.42%	10.78%

Notes:

1. ACTUAL OBSERVED TOTAL ALLOWED MEDICAL EXPENDITURE TREND should reflect the best estimate of historical actual allowed trend for each year divided into components of unit cost, utilization, , service mix, and provider mix. These trends should not be adjusted for any changes in product, provider or demographic mix. In other words, these allowed trends should be actual observed trend. These trends should reflect total medical expenditures which will include claims based and non claims based expenditures.
2. PROVIDER MIX is defined as the impact on trend due to the changes in the mix of providers used. This item should not be included in utilization or cost trends.
3. SERVICE MIX is defined as the impact on trend due to the change in the types of services. This item should not be included in utilization or cost trends.
4. Trend in non-fee for service claims (actual or estimated) paid by the carrier to providers (including, but not limited to, items such as capitation, incentive pools, withholds, bonuses, management fees, infrastructure payments) should be reflected in Unit Cost trend as well as Total trend.