November 4, 2024
Cigna Healthcare

2024 Annual Health Care Cost Trends Hearing

I, Tiffany Lingenfelter-Pierce, MD, am legally authorized and empowered to represent Cigna Health and Life Insurance Company for the purposes of this testimony. This testimony is signed under the pains and penalties of perjury.

T. Pierce

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MASSACHUSETTS
HEALTH POLICY COMMISSION

2024 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 **Monday, November 4, 2024**, 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 2023, if applicable. If a question is not applicable to your organization, please indicate that in your response.

Your submission must contain a statement from a signatory that is legally authorized and empowered to represent the named organization for the purposes of this testimony. The statement must note that the testimony is signed under the pains and penalties of perjury. An electronic signature will be sufficient for this submission.

You are receiving questions from both the HPC and the 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 either HPC or AGO staff at the information below.

HPC CONTACT INFORMATION

For any inquiries regarding HPC questions, please contact:
General Counsel Lois Johnson at HPC-Testimony@mass.gov or lois.johnson@mass.gov.

AGO CONTACT INFORMATION

For any inquiries regarding AGO questions, please contact:
Assistant Attorney General Sandra Wolitzky at sandra.wolitzky@mass.gov or (617) 963-2021.

THE 2024 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 2024 Health Care Cost Trends Hearing will take place in a period of significant upheaval and reflection for the Commonwealth's health care system. The bankruptcy and dissolution of Steward Health Care, previously the third largest hospital system in Massachusetts, led to substantial disruptions to the state's health care market and has taken a significant toll on communities, patients, provider organizations, and health care workers across the region. This market instability is occurring while many providers across the health care continuum are still struggling to adapt to a post-pandemic "new normal" state, wrestling with capacity constraints, financial volatility, administrative burdens, and workforce recruitment and retention challenges.

At the same time, an increasing number of Massachusetts residents are struggling with health care affordability and medical debt. Massachusetts has the second highest family health insurance premiums in the country. The average annual cost of health care for a family exceeds $29,000 (including out of pocket spending). Recently, more than half of residents surveyed cited the cost of health care as the most important health care issue, far surpassing those that identified access or quality. Due to high costs, 40 percent of survey respondents said they are putting off seeing a doctor or going to a hospital. These affordability challenges are disproportionally borne by populations of color, and those in Massachusetts with less resources, contributing to widening disparities in access to care and health outcomes. The annual cost of inequities experienced by populations of color in Massachusetts is estimated to exceed $5.9 billion and is growing every year. These challenges require bold action to move the health care system from the status quo to a new trajectory.

This year, in the wake of the considerable harm caused by the bankruptcy of Steward Health Care and other recent market disruptions, the HPC is focusing the 2024 Cost Trends Hearing on moving forward, from crisis to stability, and building a health care system that is more affordable, accessible, and equitable for all residents of Massachusetts.

Since 2012, pre-filed written testimony has afforded the HPC an opportunity to engage more deeply with Massachusetts health care market participants. In addition to pre-filed written testimony, the annual 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. Reflecting on the health care market disruptions in Massachusetts in recent years, including the bankruptcy of Steward Health Care and related closures, what have been the most significant impacts of these disruptions on your members, your network(s), and your organization?

As you are aware, continued consolidation leads to a lack of competition in the healthcare eco-system. Closure of healthcare services impact The Cigna Group's members' (customers') ability to access alternative more affordable settings of care resulting in less competitive options for health services. However, The Cigna Group has a robust network of providers around the state. If a health system closes their doors, our customer service advocates are available 24/7/365 to help customers find an in-network provider. Customers may also access in network providers and other helpful information on MyCigna.com or by using the Cigna app.

2. Please identify and briefly describe any policy, payment, or health care market reforms your organization would recommend to better protect the Massachusetts health care system from predatory actors, strengthen market oversight and transparency, and ensure greater stability moving forward.

The state can encourage a more competitive healthcare ecosystem and support the growth of more affordable alternative settings of care. As the Massachusetts Association of Health Plans has suggested, this could be done in multiple ways including having a robust statewide planning process to access and inventory all available healthcare resources. The state can also strengthen state oversight of hospitals and providers with greater authority to review proposed transactions for potential significant impact to the healthcare systems in the state. The state should continue to collect, analyze, and report on the comprehensive data it has available as the basis for driving any significant policy decisions or changes. Steps towards interoperability between all healthcare players in the Commonwealth plays a critical role in ensuring that members continue to have access to the best care, e.g., access to electronic health records. Addressing affordability continues to be a high priority and significant challenge at the same time. A continued focus on medication affordability, provider rates and equitable access to care are critical to the success of healthcare in Massachusetts. It is also critical to ensure patient health, safety, and protect every healthcare dollar by preserving the health plans' ability to retain critical utilization management tools.

3. Reflecting on consistent HPC findings showing increasing health care affordability challenges, growing difficulties accessing needed care, and widening health disparities based on race, ethnicity, and income among Massachusetts residents, what are your organization's top two to three strategies for addressing these trends? What are the most significant challenges to implementing these strategies?

The Cigna Group focuses on delivering healthcare that is affordable, predictable, and simple, so people can live healthier, longer lives with more vitality. Cigna continues its drive towards a more sustainable and equitable healthcare system through multiple strategies. Still, with affordability, access challenges, and crises of mental health and health disparities, there is so much more that can be done to strengthen the system so that it works for everyone. Patients, providers, and employers deserve an efficient and integrated delivery model that creates and rewards quality outcomes and supports private sector innovation to best serve the patient. The Cigna Group strives to ensure all people can achieve their full health potential regardless of social, economic, or environmental circumstances.

The Cigna Group is committed to engaging on public policies that foster choice, quality, affordability, innovation, and access. Through our two divisions, Cigna Healthcare® and Evernorth Health Services®, we are committed to enhancing the lives of our clients, customers, and patients.

Strategies for reducing healthcare cost growth include:

- Through our two segments of Cigna Healthcare and Evernorth Health Services, The Cigna Group takes on some of the biggest challenges in healthcare, including: personalized support for individuals with complex conditions, access to care, and rising costs. The Cigna Group does this while also being committed to fostering new products and platforms that build healthier communities. Ultimately, The Cigna Group aims to build a more sustainable healthcare system and help improve health outcomes by:
    - Delivering better health and value
    - Lowering the cost of prescription and specialty drugs
    - Guiding customers to optimal sites of care
    - Tackling the most-complex, highest-cost health needs and conditions
- Building a well-functioning, sustainable, accessible, and equitable healthcare system requires understanding and addressing social determinants of health (SDOH) and improving access to quality medical care including promoting preventive care interventions while lowering health risks and coordinating all aspects of care. The Cigna Group identifies and outreaches members at higher risks for SDOHs as early as possible and connects them with the most appropriate clinical programs. By identifying key communities where Cigna

customers' health and utilization are negatively impacted by SDOH, we can deploy targeted resources that may needed to reduce barriers to optimal health. The Cigna Group has been on a mission to ensure all people have opportunity to achieve their full health potential regardless of social, economic, or environmental circumstances. The Cigna Group continues to lead industry efforts, including active engagement with key stakeholders and communities, to promote the identification of health disparities and initiatives to close these gaps.

- The Cigna Group helps individuals navigate to the highest-quality, cost-effective providers and appropriate sites of care and connect to digital health tools to quickly have support to better manage their care and eliminate gaps in care.
- The Cigna Group promotes programs and resources that make care less expensive such as case management and virtual care. The increased interest in and use of telehealth services has modernized the healthcare system and helped address gaps in access to care, especially for patients who live in rural and underserved communities. Virtual care can improve the patient experience and help break down barriers that may otherwise prevent people from seeking care.
- The Cigna Group believes all patients should have access to the medications they need at affordable prices. As leaders in healthcare affordability. Cigna's Pharmacy Benefit Manager, Express Scripts, has taken on one of the toughest challenges in healthcare: negotiating with large pharmaceutical manufacturers to lower the cost of drugs for employers, health plans, federal and state governments, and most importantly, patients. Express Scripts continues to lead innovative solutions designed to drive meaningful consumer and client outcomes and performance. Programs such as SafeGuardRx®, Embarc Benefit Protection®, and the Patient Assurance Program℠, combined with effective negotiation and medical management provide significant savings for consumers and clients. Express Scripts increased the value of every dollar spent on pharmaceuticals by procuring drugs at the lowest price, driving appropriate clinical interventions, and moving to cost-effective, clinically appropriate alternatives when available.

4. Please identify and briefly describe any policy, payment, or health care system reforms your organization would recommend to achieve a health care system that is more affordable, accessible, and equitable in Massachusetts.

Massachusetts can assess the marketplace to determine where in the healthcare ecosystem there is room for alternative affordable settings of care that can help improve access and create a more competitive healthcare marketplace. Addressing hospital and provider prices is key to tackling affordability challenges in the Commonwealth. Health plan premiums reflect the underlying healthcare costs, and any attempts to achieve affordability, must include policies that foster limits on healthcare cost growth, while driving better health outcomes. There are several key strategies the state can explore to put patients first and achieve better healthcare outcomes at a more affordable price including: a prohibition on facility fees or guiding customers to optimal sites of care to ensure routine healthcare services are administered in the most appropriate setting. The Cigna Group advances better health for all by continuing to invest in value-based care models, where we pay healthcare providers based on health outcomes and quality metrics instead of based on the volume of services delivered. Outcome data is measured on specific interventions to highlight both clinical and cost impacts. The Cigna Group sees the opportunity to drive greater adoption of value-based care, leveraging our Evernorth Health Services for care delivery. Our capabilities help support the autonomy and independence of providers by offering solutions that may be more difficult for an independent clinician to develop on their own. An increased focus on screening, for those who do not have it, is important. Increasing Preventive Care, like screenings for colorectal, breast, lung, and cervical cancers, can be lifesaving as early detection can improve the chances of survival. In addition, we are working to transform and improve the way care is coordinated, accessed, and delivered. This includes navigating patients to virtual, digital, and in-home alternatives, which improve access through greater ease, speed, and trust-based interactions. This enhanced access improves identification, diagnosis, and management of critical medical and social needs. The Cigna Group has made significant technology and process improvements to reduce customer and client pain points around claims and prior authorization. The Cigna Group has advanced our digital assets, including mobile, to meet more of our customers in the channel in which they prefer to engage with us. We are committed to providing customers with the right care at the right time in the right place.

TRENDS IN MEDICAL EXPENDITURES

1. Please complete a summary table showing actual observed allowed medical expenditure trends in Massachusetts for calendar years 2020 to 2023 according to the format and parameters provided and attached as **HPC Payer Exhibit 1** with all applicable fields completed. Please explain for each year 2020 to 2023, the portion of actual observed allowed claims trends that is due to (a) changing

demographics of your population; (b) benefit buy down; (c) and/or change in health status/risk scores of your population. Please note where any such trends would be reflected (e.g., unit cost, utilization, provider mix, service mix trend). To the extent that you have observed worsening health status or increased risk scores for your population, please describe the factors you understand to be driving those trends.

The Cigna Group has updated CY2022 factors since last submission to account for claims runout and reconciliation since the previous submission. The Cigna Group sees limited changes in risk and no impact from benefit buydown.

2. Reflecting on current medical expenditure trends your organization is observing in 2024 to date, which trend or contributing factor is most concerning or challenging?

Two of the key drivers that have impacted 2024 trend to date are:

- Elevated unit costs resulting from inflationary pressure on the health system
- Continued increase in expected behavioral trends

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 that sought this information.

Health Care Service Price Inquiries Calendar Years (CY) 2022-2024			
Year		Aggregate Number of Written Inquiries	Aggregate Number of Inquiries via Telephone or In-Person
CY2022	**Q1**	21,126,505	4,201
	Q2	17,659,811	3,659
	Q3	18,033,599	4,540
	Q4	19,801,174	4,270
CY2023	**Q1**	27,079,645	7,131
	Q2	21,483,170	5,147
	Q3	22,205,578	3,176
	Q4	23,497,690	2,602
CY2024	**Q1**	29,916,867	4,459
	Q2	24,012,853	2,772
	TOTAL:	224,816,892	41,957

2. When developing benefit plan options for employer groups, do you consider point-of-service cost-sharing affordability separately from premium affordability? If so, how do you do this and what metrics and data sources do you use?

When developing plan options for employer groups, point-of-service cost-sharing and premium affordability are both considered in determining the optimal benefit suite for the group. For example, our high deductible plans typically have lower up front premiums, but greater cost-sharing variability due to limited first-dollar coverage. Our more traditional low deductible copay plans have more predictable cost-sharing, which generally comes with greater up front premiums. Cigna collaborates with clients and brokers to determine the best way to balance this trade-off.

3. Are there any accommodations you offer to providers in consideration of point-of service cost sharing bad debt under your global risk arrangements? For instance, is the full allowable amount (i.e., both the insurer and the member portions) charged against the global budget even if the provider was never able to collect the member portion? Please provide details.

N/A - Cigna does not have any global risk arrangements in the state of Massachusetts.

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
CY 2020	2.8%	-10.3%	-0.2%	3.3%
CY 2021	2.7%	23.6%	0.2%	-9.4%
CY 2022	3.1%	-6.1%	0.5%	6.6%
CY 2023	2.9%	1.2%	-1.9%	5.8%

Notes:

1. ACTUAL OBSERVED TOTAL ALLOWED MEDICAL EXPENDITURE TREND should reflect the best estimate
2. PROVIDER MIX is defined as the impact on trend due to the changes in the mix of providers used. Th
3. SERVICE MIX is defined as the impact on trend due to the change in the types of services. This item
4. Trend in non-fee for service claims (actual or estimated) paid by the carrier to providers (including, bu

Cigna Added Data

Total	Change in Risk	Benefit Buydown
-4.9%	n/a*	0.8%
15.2%	-0.1%	-0.9%
3.7%	0.0%	-0.9%
8.1%	0.4%	-1.2%

e of historical actual allowed trend for each year divided into components of unit
is item should not be included in utilization or cost trends.
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ut not limited to, items such as capitation, incentive pools, withholds, bonuses,