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?

The bankruptcy of Steward Health Care and related closures had impacts on both members and providers in the UnitedHealthcare network. Disruptions from closures put pressure on the remaining provider network. In the case of the Steward Health Care closures as well as the Brockton closure, due to fire, care was shifted to the remaining area providers. The remaining providers in our network that were absorbing this care felt the pressure with additional patient load, which caused additional strain on member access. As a result, members may have challenges with access and experience delays in care. The closures may also cause an increase in overall medical cost, as members who experience delays in accessing non-emergent care may utilize higher cost centers to access care. There may also be utilization shifts to higher cost hospitals, driving higher costs. In addition, these hospitals may also be acquired by other hospital systems, which could also increase overall cost in the market. Prior to the bankruptcy of Steward Health Care, we renewed network contracts with the Steward Health Care facilities and monitored the potential member impact following the bankruptcy and related closures.

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.

UnitedHealthcare believes the health care experience can be transformed by expanding and diversifying the health care workforce. To increase workforce capacity, UHC recommends that policymakers seek to:

- Increase the number of federally funded medical residency slots for community-based primary care and behavioral health physicians.
- Expand visa slots for foreign-trained clinicians.
- Increase government investment in advance practice clinician education and clinical training programs.
- Amend federal and state laws that limit clinicians' scope of practice to bolster the primary care workforce and help offset the projected shortage of up to 68,000 primary care physicians by 2026.
- Fund programs to increase health care workforce diversity and ensure providers receive training on the delivery of culturally aligned care.
- Establish standardized credentialing programs and fee schedules for licensed clinicians of an interdisciplinary team and for non-clinical providers – such as community health workers, counselors, doulas, peer support specialists and supervised mental health and substance use recovery coaches.

UnitedHealthcare is committed to accelerating the expansion of Value-Based care. Value-Based care seeks to:

- Shift care to higher-value providers and sites of service;
- Address rising prescription drug prices;
- Modernize pharmacy care services; and
- Eliminate wasteful spending.

UHC recommends that the HPC:

- Encourage and enable the use of alternative, non-hospital, sites of care to expand access to clinically appropriate, high-quality care while reducing costs to individuals, employers, payers and total health care expenditures in the Commonwealth;

- Discourage the use of contracting terms that impede the expansion of Value-Based care delivery models; and
- In partnership with CHIA , continue to provide transparency around health care costs and quality data and trends via the HPC's Cost Trends Report and Hearing process.
- Encourage the HPC and other stakeholders to review A Path Forward, UnitedHealth Group's policy recommendations for improving health care in the United States.

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?

Innovation is one of UnitedHealth Group's core values. We strongly believe that innovation must be one of the key strategies for reducing health care cost growth. Our local innovation efforts are focused on new consumer-centric benefit and product introductions across both the insured and self-insured markets, advancing new and updated technologies to our members through our mobile app, finding a path to more risk arrangements with our provider partners and allowing physicians to focus on patient care.

UnitedHealthcare is continuing to take a balanced and innovative approach to utilization management, supporting patient safety, care quality and affordability objectives, while reducing administrative complexity and cost where possible. We have demonstrated this through the reform of prior authorization practices by reducing the number of codes subject to prior authorization, accelerating electronic prior authorization adjudication, reducing determination timeframes and launching a national "Gold Card" program, which exempts high performing provider practices from prior authorization for select services.

In addition to reducing provider burdens, our prior authorization changes support access by creating a simpler experience for our members. UnitedHealthcare is working to provide members with greater transparency into the process through various communication efforts, including simplifying the language of prior authorization letters and notifying members through myuhc.com® or the UnitedHealthcare® app on the status of their prior authorization. Where appropriate, UnitedHealthcare will also proactively call members to help guide them through their coverage options.

UnitedHealthcare also offers the Surest health plan, an innovative product that gives members the tools to see cost and coverage information before the point of care. Surest is an example of delivering affordable, simple experiences and high-quality access to care. The plans are designed to take the guess work out of anticipating healthcare costs. These plans include no deductibles or coinsurance; offer more affordability premiums compared to a traditional PPO plan and provide members with upfront prices before they access care. UnitedHealthcare has not been able to implement Surest in the state of Massachusetts to date due to regulatory obstacles.

UnitedHealth Group has a variety of goals and strategies to address challenges with affordability, access, and health disparities.

We know that as much as 80% of health outcomes are tied to social and economic conditions. In 2023, we screened more than 6.8 million people for health-related social needs, referred more than 1.1 million people to

social needs support and confirmed nearly 980,000 had their needs met. We also continue to make housing investments. Investments in housing are part of UnitedHealth Group's commitment to advance health equity and promote community environments because we know that housing investments can positively impact health care utilization and health outcomes.

In Massachusetts, UnitedHealth Group has invested in the Healthy Neighborhoods Equity Fund. (New England Healthy Neighborhoods Fund) This fund is a real estate private equity fund with a goal to raise $50M to invest in transformative mixed-use, mixed-income developments in Massachusetts. The $50M will provide gap funding for developments in transitional neighborhoods and drives affordability in areas of opportunity. The location of the properties has requirements to be within ½ mile of transit or in a mixed-use neighborhood with a potential for increased walkability.

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.

As described in A Path Forward, advancing health equity is core to our mission. We, as an enterprise, define health equity as a state in which all people are able to live their healthiest lives. We work with communities, care providers and partners to address the barriers that result from the circumstances in which people are born, live, learn, work and age, enabling the health system to work better for everyone. Beyond being core to our mission, improving quality and reducing disparities for those we serve is fundamental to our goal of advancing a modern health system.

We are strategically addressing these key factors to help lead the way forward by investing in a data-driven understanding of health disparities and social drivers of health needs to help identify gaps in care and advance health equity. We are offering affordable coverage, taking costs out of the system, while addressing social drivers of health that can create barriers for individuals. This includes modernized clinical programs, innovative plan designs, network configurations, and other practices to incent high quality evidence-based care that improves health and lowers medical costs. We are transforming care by delivering high quality care that supports the member at every point on the care journey. Through the power of our technology, insights, and clinical excellence, we can fully leverage our national network of 1.7 million provider relationships to enable the delivery of better health outcomes that lower the overall cost of care.

Increasing access to affordable housing is one part of UnitedHealth Group's multi-pronged commitment to redefine healthy living for underserved individuals and promote positive health outcomes. The company has made more than $1B in affordable housing commitments, including contributions to the Healthy Neighborhoods Fund, as described above. These investments also include wraparound health services to address community needs and reduce gaps in care.

UnitedHealthcare recommends that the HPC:

- Embrace policies that encourage and empower Site of Service initiatives that improve affordability for consumers while maintaining quality of care and account for medical efficacy and safety within the protocols;

- Enable and encourage use of creative product and network strategies that provide a flexible cost structure to support needs of members, cost, access, quality, and outcomes with faster delivery to market;
- Support training of more providers across multiple disciplines and allowing providers to perform at "top" of their licenses; and
- Address inequities rooted in the social determinants of health by advancing policies that support health equity, focusing resources on community health education, expanding the availability of affordable and supportive housing, and enhancing food security.

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 exhibit below shows the actual to observed allowed medical trends in Massachusetts for CY2020 to CY2023, which illustrates unit cost trends near the prescribed benchmarks.

Exhibit 1

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 2020	3.90%	-8.65%	-0.03%	1.63%	-3.53%
CY 2021	4.20%	11.08%	1.37%	0.59%	18.04%
CY 2022	3.00%	3.12%	0.51%	0.56%	7.40%
CY 2023	5.20%	2.83%	0.36%	0.33%	8.89%

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.

Since 2019, our Plan-Liability Risk Scores in our SG ACA market have remained relatively consistent. Overall, PLRS has increased by 0.3% since 2019, or approximately 0.1% annually. The most significant changes in PLRS were in 2020 and 2021. In 2020, PLRS decreased by 3.7% and in 2021, it increased by 3.0%. However, these results and the corresponding trends during these years were highly impacted by the COVID-19 pandemic. Since 2021, we've seen a slight uptick in our overall PLRS, but it does not appear to be a major driver of our trend. Rating factors have also remained relatively consistent, with a -1.2% change since 2019, or -0.4% annually. The most significant change was in 2021, when our ACA block increased by over 30%. 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 2019, with an annual change of just 0.1%. Benefit buydowns also appear to have minimal impact, as our average Actuarial Value has decreased by 0.4% since 2019, or 0.1% annually. We have seen consistent buy down activity in the large group space, on average close to 2% of premium value per year. Since 2021, we've seen an increase in our average AV. 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.

Exhibit 2

	2020/2019	2021/2020	2022/2021	2023/2022	2023/2019	Annual Change
Change in PLRS (Adjusted)	**-3.7%**	**3.0%**	**-0.7%**	**1.8%**	**0.3%**	**0.1%**
Change in Average Rating Factor	**-0.2%**	**-0.5%**	**-0.3%**	**-0.2%**	**-1.2%**	**-0.4%**
Change in Actuarial Value (AV)	**-0.9%**	**-0.2%**	**0.0%**	**0.8%**	**-0.4%**	**-0.1%**
Change in LG A/S Factors	**0.4%**	**1.9%**	**-1.9%**	**0.4%**	**0.3%**	**0.1%**

UnitedHealthcare, per the SHCE, has the lowest or are within a few dollars of the lowest, FI, SG & LG medical cost PMPM in each of the years 2019-2023, as outlined in Exhibit 3 below. While the medical cost PMPM is a function of the underlying premium and benefit design, we remain diligent on brining the most cost-effective plan designs to market. Absent effective cost management capabilities, we will not succeed in the market. Specific to the Small Group trends, while the 2022 increase is significant it reflects both the growth in that line of business and the tendency for the purchasers to gravitate toward Platinum and Gold metal levels. Not surprisingly, trend moderated in 2023 bringing the 3-year average in line with expectations and the market.

Exhibit 3

Small Group FI											
	2019	2020	2021	2022	2023	2023 Mems	2023 Share	2021 Trend	2022 Trend	2023 Trend	3 Yr Avg
UHC	377	$ 362	$ 394	$ 456	$ 445	28,440	8%	9%	16%	-2%	8%
Payer A	442	$ 430	$ 516	$ 521	$ 558	152,428	43%	20%	1%	7%	10%
Payer B	441	$ 475	$ 516	$ 510	$ 545	111,169	32%	9%	-1%	7%	5%
Payer C	557	$ 479	$ 542	$ 561	$ 598	40,532	11%	13%	4%	7%	8%
Payer D	459	$ 431	$ 463	$ 479	$ 525	20,320	6%	7%	3%	10%	7%

Large Group FI											
	2019	2020	2021	2022	2023	2023 Mems	2023 Share	2021 Trend	2022 Trend	2023 Trend	3 Yr Avg
UHC	415	$ 432	$ 462	$ 492	$ 516	58,648	6%	7%	6%	5%	6%
Payer A	480	$ 477	$ 533	$ 540	$ 570	566,106	59%	12%	1%	6%	6%
Payer B	480	$ 447	$ 528	$ 551	$ 592	209,126	22%	18%	4%	7%	11%
Payer C	553	$ 512	$ 542	$ 577	$ 593	22,894	2%	6%	6%	3%	5%
Payer D	408	$ 429	$ 473	$ 477	$ 557	31,192	3%	10%	1%	17%	10%
Payer E	442	$ 454	$ 502	$ 508	$ 538	52,037	5%	11%	1%	6%	6%
Payer F	415	$ 435	$ 503	$ 501	$ 501	20,080	2%	16%	0%	0%	5%

**** Competitor data is developed from the annual Supplemental Health Care Exhibits [SHCE]. These filings support a state-level and national view of the commercial fully insured market. Filings are reviewed for accuracy and quality is performed using additional statutory filings and company reports***

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?

1. 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 increased rates and are less inclined to consider parity for carriers who are not competitive with other payers. Combined with utilization that is no longer suppressed, 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 New England states' regulatory framework remains increasingly challenged.

2. Regulatory barriers prevent individuals and employers in the fully insured market from accessing innovative, no-deductible coverage products, like UHC's Surest. In an independent analysis, Surest demonstrated sustained performance and efficiency. Surest demonstrated improved affordability without cost- shifting. Savings were 11% lower total cost per member per month, with a year over year medical trend less than 5% sustained from 2019-2022. More members scheduled preventive visits, such as preventive colonoscopies, mammograms and physician exams, with a reduction in overall surgeries. In addition, members' annual out of pocket costs are 54% lower than national average. UnitedHealthcare has launched Surest in 36 states and will offer in other New England jurisdictions (e.g., NH, RI and CT) in 2025.

3. Inability to implement our site of service initiatives in the state of Massachusetts. Outpatient surgery is one of our top five, fully insured trend drivers in 2024. Service categories contributing to increased trend are screening colonoscopy (new reduction in screening age band down to 45 from 55), knee and hip replacements. According to our network resources there are 75 licensed/certified ASCs in Massachusetts. Medical necessity review allows UHC to review cases for safety, access and outcomes when making final decisions on members' site of service. UnitedHealthcare has attempted to collaborate with the Massachusetts facilities on more reasonable rates for certain OP surgeries closer to average ambulatory care rates with limited success. UnitedHealthcare has implemented this same approach in the Connecticut market with collaboration and success.

4. Infusion medication and drug therapies continue to be part of our top 5 medical trend categories. The higher cost drugs are driving majority of dollars in the market. While UHC has multiple programs to support total cost of care, including discounts and Value-Based contracts, we are pressured with the continued introduction of new high-cost drugs, cell, and gene therapies. It is expected that there will be over 30 new gene therapies introduced in the next 2-3 years. Cost control for this treatment will become challenging because there are no cost-effective alternatives. Current lack of Value-Based contracts for these types of therapies is very limited. In this type of contracting, the manufacturer would be accountable for the efficacy of the drug and provide a downside risk arrangement to UHC if the treatment does not produce positive outcomes that would offset cost and impact our members. UHC continues to closely monitor the Inflation Reduction Act (IRA) and the pipeline of these products.

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**	10,410	0
	Q2	9,049	0
	Q3	7,359	0
	Q4	8,631	0
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
	TOTAL:	113,301	0

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.

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?

UnitedHealthcare is focused on affordability from both the employer and the member point of view. Over the past several years, we have developed products designed to reduce member cost share at the point of service. The most popular and effective product has been Surest, which is designed with no deductible and no coinsurance. All services are based on copay only and those copays vary by provider and location of service. This product has lowered the overall out of pocket costs for members. Because this product guides members to higher performing providers and most efficient sites of service, the product also saves the employer on premium savings. Actuarially similar plans can save over 10% of premium to the employer. There are varying plan options available based on copay and out of pocket options which an employer can choose. The product design is based on provider quality and efficiency data.

UHC also offers Care Cash and UnitedHealthcare Benefit Ally™. Care Cash is a pre-funded debit card program supporting first dollar coverage for specific health care expenses. The program helps support members financially and encourages behavior change for optimal health care usage. This preloaded debit card can be used for UnitedHealth Premium® primary care and specialist provider visits* as well as network primary care provider visits, 24/7 Virtual Visits, urgent care visits, outpatient behavioral health visits and lab visits. Through Care Cash, employees can save money, stay healthier and take ownership of their health. UnitedHealthcare Benefit Ally™ is an employer-provided suite of supplemental health products bundled with your medical plan that may help offset unexpected costs due to unplanned health events. Benefit Ally is a packaged program that offers Supplemental Health products (e.g., Critical Illness, Accident, and Hospital Indemnity) alongside medical plans and offers a simplified experience for both the employer and member. By purchasing Supplemental Health products alongside medical plans, members are provided additional financial support against unexpected medical events

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.

UnitedHealthcare uses net paid as expenses in our global risk arrangements both nationally and in Massachusetts. We do not include member portion.