

March 9, 2022

Comments in support of Senate Bill 834 - Health Insurance - Two-Sided Incentive Arrangements and Capitated Payments - Authorization

UnitedHealth Group is a highly diversified health and well-being company dedicated to helping people live healthier lives and helping to make the health system work better for everyone. In Maryland, UnitedHealth Group employs more than 3,200 people and serves over 810,000 members with a variety of products including Medicare Advantage, Medicare Supplement, Part D, Medicaid and individual and commercial insurance products. These comments on behalf of UnitedHealth Group are to express support for Senate Bill 834.

Senate Bill 834, if enacted, would increase the adoption of voluntary value-based purchasing models that incentivize quality and value while promoting coordinated care and improved outcomes for patients. Maryland currently does not permit providers to engage in risk-based contracts with payers. Senate Bill 834 would provide the necessary reforms to quickly adopt value-based purchasing models that include both upside and downside risk contracts between providers and health insurers and managed care companies.

The transition to value-based models with risk-based contracts is underway across the country. For example, in our care delivery businesses UHG is engaged in 26 risk-based contracts with multiple payers, providing care to patients from more than one hundred health plans, including Medicare, Medicare Advantage, Medicaid, Exchange plans and employer-sponsored plans. The same trend is emergent in private and public coverage as well. For example, our national Medicaid business has value-based contracts with over 284 provider groups with more than ten percent of the claims volume managed through two-side risk arrangements. UnitedHealthcare's commercial business includes approximately 15 percent of spend through downside risk arrangements with more renewals expected to include these value-based purchasing approaches.

UnitedHealth Group's experience with value-based purchasing models demonstrate that these payment approaches lead to improved health outcomes for our members. In 2019, our commercial value-based contracts out-performed non-value-based contracts leading to 10 percent lower readmissions, 7 percent lower emergency room visits, 34 percent lower out of network laboratory usage and 18 percent lower utilization of out of network specialists. The metrics suggest that they emphasis being placed on provider collaboration and transparency lead to improved outcomes compared to payment models based solely on a fee for service model.

We respectfully request a favorable report on Senate Bill 834.