Annual Health Care

COST TRENDS HEARING

OCTOBER 2 & 3, 2017
**2017 ANNUAL HEALTH CARE COST TRENDS HEARING**

The annual health care cost trends hearing is a public event at which policymakers and researchers convene to discuss challenges and opportunities in improving care and reducing costs in the Commonwealth. The prominent, two-day hearing features live testimony from top health care executives, industry leaders, and government officials. Massachusetts and national health care experts examine the state's performance under the Health Care Cost Growth Benchmark, the drivers of health care costs, and other health care reform efforts.

**Suffolk University Law School**  
**October 2 & 3**

**WIFI Network:** SU_Guest  
**Login:** hpccosttrends  
**Password:** hearing2017
Welcome to the 2017 Health Care Cost Trends Hearing, the Health Policy Commission’s fifth year hosting on behalf of the Commonwealth of Massachusetts.

This year, the hearing will “look back” to review the state’s performance in reducing health care spending growth over the past five years and will “look forward” to identify policy options for a more affordable health care system on behalf of the state’s residents and businesses, which ultimately bear the high cost of health care in Massachusetts.

We are pleased to welcome Governor Charlie Baker, House Speaker Robert DeLeo, Attorney General Maura Healey, and Senate President Stan Rosenberg to join the conversation.

The hearing will examine the following key areas:

- Reducing unnecessary hospital use
- Evaluating the impact of recent provider transactions
- Promoting high-value care through payment reform and purchaser innovations, and
- Achieving the Health Care Cost Growth Benchmark in 2018 and beyond

In addition to the in-person testimony you will hear during the next two days, you will find the written, pre-filed testimony of over 40 health care organizations, responding to questions by the HPC and the Office of the Attorney General, on our website at www.mass.gov/hpc.

This year’s hearing is being held in the context of active discussions regarding the federal government’s future role in health care, including insurance regulation, financing, and coverage. We believe this uncertainty provides even greater urgency for the Commonwealth to continue its nation-leading, state-based efforts to ensure access to high-quality, affordable health care for all.

Your engagement and collaboration are critical to our effort. We encourage you to send us your questions and comments on Twitter via #CTH17.

Thank you for your participation.

Stuart Altman
Chair

David Seltz
Executive Director
9:00 AM  Welcome and Remarks
Dr. Stuart Altman, Chair, Health Policy Commission
The Honorable Stanley Rosenberg, President of the Senate
The Honorable Charlie Baker, Governor

9:45 AM  State Perspective: Health Care Spending Trends and Impact on Affordability
Mr. Ray Campbell, Executive Director, Center for Health Information and Analysis
Dr. David Auerbach, Director, Research and Cost Trends, Health Policy Commission

10:30 AM  National Perspective: Health Care Costs and Readmissions
Dr. Karen Joynt Maddox, MD, MPH, Assistant Professor, Washington University School of Medicine and Brown School

11:15 AM  WITNESS PANEL 1: Reducing Unnecessary Hospital Use
This panel will focus on efforts to reduce avoidable hospital readmissions and other forms of unnecessary hospital utilization. The panel will also discuss addressing the behavioral health and social needs of patients to avoid emergency department visits and boarding.

12:30 PM  Lunch Break

1:15 PM  Presentation from the Office of the State Auditor
Ms. Pamela E. Lomax, Deputy Auditor for Administration and Finance

1:30 PM  WITNESS PANEL 2: Evaluating the Impact of Recent Provider Transactions
This panel will examine trends in keeping community-appropriate care in the community, before and after recent hospital acquisitions and affiliations. The panel will also discuss how broader changes in the provider market are impacting care delivery as well as cost, quality, and access.

2:45 PM  Presentation from the Office of the Attorney General
Ms. Sandra Wolitzky, Assistant Attorney General, Health Care Division

3:00 PM  Public Testimony
9:00 AM  Welcome and Remarks
Dr. Stuart Altman, Chair, Health Policy Commission
The Honorable Maura Healey, Attorney General
The Honorable Robert DeLeo, Speaker of the House

10:00 AM  WITNESS PANEL 3: Promoting High-Value Care Through Payment Reform and Purchaser Innovations
This panel will focus on the adoption and improvement of alternative payment models (APMs) and innovations to promote the use of high-value providers. The panel will also examine purchaser strategies to promote efficient care and innovative care delivery models.

11:15 AM  Break

11:30 AM  WITNESS PANEL 4: Achieving the Health Care Cost Growth Benchmark in 2018 and Beyond
This panel will discuss strategies to meet the health care cost growth benchmark in 2018 and beyond by tackling issues such as the scalability of innovations in care delivery and payment, spending on pharmaceuticals and medical devices, and the future of the Massachusetts health care system.

12:45 PM  Concluding Discussion
Board of Commissioners, Health Policy Commission

1:30 PM  Adjournment
**WITNESS PANEL 1**  
**Reducing Unnecessary Hospital Use**

<table>
<thead>
<tr>
<th>Tufts Health Plan</th>
<th>Dr. Christopher &quot;Kit&quot; Gorton, President, Public Plans</th>
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<tr>
<td>Hilltown Community Health Center</td>
<td>Ms. Eliza Lake, Chief Executive Officer</td>
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<tr>
<td>Baystate Franklin Medical Center</td>
<td>Ms. Cheryl Pascucci, Family Nurse Practitioner</td>
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<tr>
<td>Emerson Hospital</td>
<td>Ms. Christine Schuster, President and CEO</td>
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<tr>
<td>Tufts Medical Center</td>
<td>Dr. Michael Wagner, President and CEO</td>
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**WITNESS PANEL 2**  
**Evaluating the Impact of Recent Provider Transactions**

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<tr>
<th>Lawrence General Hospital</th>
<th>Ms. Dianne Anderson, President and CEO</th>
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<tr>
<td>Lahey Health</td>
<td>Dr. Howard Grant, President and CEO</td>
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<tr>
<td>Steward Health Care System</td>
<td>Mr. John Polanowicz, Executive Vice President</td>
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<tr>
<td>Massachusetts General Hospital</td>
<td>Dr. Peter Slavin, President</td>
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**WITNESS PANEL 3**  
**Promoting High-Value Care Through Payment Reform and Purchaser Innovations**

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<tr>
<th>Blue Cross Blue Shield of Massachusetts</th>
<th>Ms. Deborah Devaux, Chief Operating Officer</th>
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<tr>
<td>New England Baptist Hospital</td>
<td>Ms. Trish Hannon, President and CEO</td>
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<tr>
<td>Group Insurance Commission</td>
<td>Dr. Roberta Herman, Executive Director</td>
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<tr>
<td>Atrius Health</td>
<td>Dr. Steven Strongwater, President and CEO</td>
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**WITNESS PANEL 4**  
**Achieving the Health Care Cost Growth Benchmark in 2018 and Beyond**

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<tr>
<th>AstraZeneca</th>
<th>Mr. Richard Buckley, Vice President, Global Corporate Affairs</th>
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<tr>
<td>Iora Health</td>
<td>Dr. Rushika Fernandopulle, Co-Founder and CEO</td>
</tr>
<tr>
<td>Harvard Pilgrim Health Care</td>
<td>Mr. Eric Schultz, President and CEO</td>
</tr>
<tr>
<td>Beth Israel Deaconess Medical Center</td>
<td>Dr. Kevin Tabb, President and CEO</td>
</tr>
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KAREN JOYNT MADDOX, M.D., M.P.H. is a practicing cardiologist and an Assistant Professor at Washington University School of Medicine and Washington University’s Brown School of Social Work. Prior to joining the faculty at Washington University, she was an Assistant Professor at Harvard Medical School and Instructor at the Harvard School of Public Health. She also served from 2014-2016 as Senior Advisor to the Deputy Assistant Secretary of Planning and Evaluation in the Office of Health Policy, United States Department of Health and Human Services.

Dr. Joynt Maddox received her A.B. in Public Policy from the Woodrow Wilson School at Princeton University, and her M.D. from Duke University School of Medicine. She trained in Internal Medicine at Duke University Medical Center, and then in Cardiovascular Medicine at Brigham and Women’s Hospital. She also completed a research fellowship in Health Policy at the Harvard School of Public Health, from which she received her M.P.H..

Dr. Joynt Maddox is a health services and health policy researcher whose specific research interests include: 1) Improving the measurement of the quality and efficiency of physicians, hospitals and health systems; 2) Understanding the impact of policy interventions on health care, with a focus on value-based and alternative payment models; and 3) Reducing disparities in care, with a focus on vulnerable populations including racial and ethnic minorities, individuals living in poverty, individuals with disabilities, frail elders, and those in rural areas. She has authored over 90 peer-reviewed publications, and has received multiple grants focused on issues in health policy. She serves as the Associate Editor for health policy at the Journal of the American Medical Association, and is a member of committees related to quality, policy, and disparities at the National Quality Forum, American College of Cardiology, and American Heart Association.
Chapter 224 of the Acts of 2012 established the Commonwealth’s health care cost growth benchmark, a statewide target for the rate of growth in total health care expenditures (THCE). THCE is calculated on a per capita basis to control for increases in health care spending due to population growth and includes spending by both public and private payers. For more information, see CHIA’s Annual Report on the Performance of the Massachusetts Health Care System.

Each year, the Health Policy Commission sets the benchmark for the Commonwealth’s THCE. For 2013-2017, the benchmark was set at 3.6%, or the equivalent of the rate of growth in the gross state product.

This year, CHIA reports under-benchmark health care spending growth from 2015-2016 of 2.8%. CHIA found that spending increased across all major insurance categories, but at a more modest rate than in prior years. In addition, CHIA reports that pharmacy and hospital outpatient spending were the largest drivers of THCE growth in 2016.

The HPC set the benchmark for 2018 at 3.1%.

**BY THE NUMBERS**
(Key Findings from CHIA’s 2017 Report)

- **$59.0 BILLION** Total Health Care Expenditures or **$8,663** per capita
- Coverage under APMs in the commercial market grew by **6.3 PERCENTAGE POINTS**

**Per Capita Total Health Care Expenditures Growth, 2012-2016**

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<tr>
<th>Year</th>
<th>Initial</th>
<th>Final</th>
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<tr>
<td>2012-2013</td>
<td>2.3%</td>
<td>2.4%</td>
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<tr>
<td>2013-2014</td>
<td>4.8%</td>
<td>4.2%</td>
</tr>
<tr>
<td>2014-2015</td>
<td>4.1%</td>
<td>4.8%</td>
</tr>
<tr>
<td>2015-2016</td>
<td>2.8%</td>
<td>3.6%</td>
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**THE INITIAL ASSESSMENT OF TOTAL HEALTH CARE EXPENDITURES PER CAPITA GROWTH IS 2.8% FOR 2016, BELOW THE HEALTH CARE COST GROWTH BENCHMARK.**

The HPC is required to identify a number of health care providers and payers as witnesses for the cost trends hearing. In advance of the annual hearing, the HPC requires pre-filed testimony from over forty health plans, providers, and hospitals in response to a set of questions on relevant topics. Key themes from the 2017 pre-filed testimony can be found below. To review all testimony, please visit our website.

**HEALTH CARE COST GROWTH BENCHMARK**

**Top Priority for Meeting the Benchmark:**
- *Health Plans:* 64% listed reducing the growth in pharmaceutical spending as their top priority
- *Providers:* 70% listed reducing unnecessary hospital utilization as a top priority

**Top Barriers to Meeting the Benchmark:**
- *Health Plans:* Lack of transparency on pharmaceutical spending, market consolidation
- *Providers:* Fee-for-service payment models that do not fit the health care system

**COMMUNITY APPROPRIATE CARE**

**Top Barriers to Shifting towards Community Appropriate Care:**
- *Providers:* 80% noted patient perception of quality and patient preferences as major barriers to the shift towards community appropriate care

**Top Strategies to Shift towards Community Appropriate Care:**
- *Providers:* Expansion of interoperable EMRs and data sharing capabilities, education programs to train providers and patients on the importance of high-quality low-cost referrals, and standardization around referral process

**PHARMACEUTICAL SPENDING**

**Pursuit of Value-Based Drug Contracting:**
- 45% of responding health plans are pursuing value-based drug contracting. Of these, two are partnering with PBMs. None of these health plans currently have data to indicate whether these contracts have resulted in meaningful cost savings.

**#1 Barrier to Pursuing Value-Based Drug Contracting: Administrative/Operational Implementation Costs**
- 83% of health plans not pursuing value-based drug contracting indicate that administrative/operational implementation costs are a barrier. 67% indicated the lack of appropriate quality measures as a barrier.
Dr. Stuart Altman, Chair
Stuart Altman, P.h.D., is the Sol C. Chaikin Professor of National Health Policy at The Heller School for Social Policy and Management at Brandeis University. He is an economist with five decades of experience working closely with issues of federal and state health policy within government, the private sector, and academia.

Dr. Wendy Everett, Vice Chair
Wendy Everett, Sc.D., is Special Advisor to NEHI, a national health policy research institute, where she leads initiatives for the Global Lab for Health and Nick Littlefield Fellowship.

Dr. Carole Allen
Carole Allen, M.D., MBA, is a retired pediatrician with 37 years of experience in general pediatrics. She is a former member of the Board of the American Academy of Pediatrics and a Trustee of the Massachusetts Medical Society.

Dr. Donald Berwick
Donald M. Berwick, M.D., was President and CEO of the Institute for Healthcare Improvement (IHI) for nearly 20 years. In July 2010, President Obama appointed Dr. Berwick to the position of Administrator of the Centers for Medicare & Medicaid Services, a position he held until December 2011.

Mr. Martin Cohen
Martin D. Cohen is the President and CEO of the MetroWest Health Foundation. He has more than 30 years of experience working to plan and implement comprehensive strategies to improve public mental health services.

Dr. David Cutler
David Cutler, Ph.D., is the Otto Eckstein Professor of Applied Economics at Harvard University and holds secondary appointments at Harvard Kennedy School and Harvard School of Public Health.
Mr. Timothy Foley
Appointed to the Board in October 2016 because of his demonstrated experience in representing the health care workforce, Tim Foley is the Vice President of 1199SEIU Healthcare Workers East.

Secretary Michael J. Heffernan
Executive Office of Administration and Finance
Michael J. Heffernan serves as Secretary of the Executive Office for Administration and Finance. He is responsible for managing state finances and oversees state agencies that provide core administrative services.

Mr. Richard C. Lord
Richard C. Lord is President and Chief Executive Officer of Associated Industries of Massachusetts (AIM), a state-wide employer advocacy and service organization of more than 5,000 member companies.

Mr. Renato (Ron) Mastrogiovanni
Ron Mastrogiovanni is the President and Chief Executive Officer of HealthView Services and has more than 25 years of experience in management consulting, financial services, and health care software design.

Secretary Marylou Sudders
Executive Office of Health and Human Services
Marylou Sudders serves as the Secretary of the Executive Office of Health and Human Services. In this role, Secretary Sudders leads the largest executive agency in state government, and oversees critical services that touch almost one in six residents of the Commonwealth.
THE PAST FOUR YEARS AT #CTH

> 8,000 public participants

103 witnesses called to testify

3.55% average annual health care cost growth

70 hours of public testimony
Please join us at one of our upcoming public meetings at the HPC’s offices, 50 Milk Street, 8th Floor, Boston.

BOARD MEETINGS
Wednesday, November 1 at 12:00PM
Wednesday, December 12 at 12:00PM

COMMITTEE MEETINGS
Care Delivery and Payment System Transformation & Quality Improvement and Patient Protection
Wednesday, October 18 at 9:30AM

Cost Trends and Market Performance & Community Health Care Investment and Consumer Involvement
Wednesday, October 18 at 11:00AM

Care Delivery and Payment System Transformation & Quality Improvement and Patient Protection
Wednesday, November 29 at 10:00AM

Cost Trends and Market Performance & Community Health Care Investment and Consumer Involvement
Wednesday, December 6 at 10:00AM

ADVISORY COUNCIL MEETINGS
Wednesday, November 8 at 12:00PM

For more information on the HPC, visit our website at www.mass.gov/hpc.
To contact us, email HPC-Info@state.ma.us or tweet us @Mass_HPC.
Tweet us @Mass_HPC

#CTH17

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