Agenda

- Approval of Minutes from July 17, 2014 Meeting
- Executive Director Report
- Cost Trends and Market Performance Update
- Quality Improvement and Patient Protection Update
- Care Delivery and Payment System Transformation Update
- Community Health Care Investment and Consumer Involvement Update
- Schedule of Next Commission Meeting (October 22, 2014)
Agenda

- Approval of Minutes from July 17, 2014 Meeting
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  - Schedule of Next Commission Meeting (October 22, 2014)
Vote: Approving Minutes

Motion: That the Commission hereby approves the minutes of the Commission meeting held on July 17, 2014, as presented.
Agenda

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Key Findings

- **Total health care expenditures (THCE) in Massachusetts grew by +2.3%**
  - THCE totaled $50.5 billion in 2013, or $7,550 per resident
  - Public spending made up about 60% of THCE
  - Blue Cross Blue Shield (BCBS), the state’s largest payer, reported a 3.65 percent rise in health-status adjusted TME – above the benchmark & the largest of any payer
  - Partners Health Care Inc., the state’s largest physician group, was the only major physician group with adjusted TME that was increasing and above the network average for all payers

- **Premiums and benefit levels remained unchanged, in contrast to the previous trend of premium increases combined with declining benefit value**
  - The rate of growth of premiums between 2012 and 2013 was lower than the rate of inflation, and benefit levels increased slightly
  - Average Massachusetts Medical Loss Ratio (MLR) for reporting payers rose to 0.90 in 2013 from 0.89 in 2012
  - Payer retention declined 14% from 2012-2013

- **Member cost-sharing saw no increase in 2013**
  - Medical cost-sharing changed little between 2012 and 2013, with average per member per month (PMPM) cost-sharing of $48
  - Enrollment in High Deductible Health Plans (HDHP) rose from 2011 to 2013, to 45% and 38% of the Individual and Small Group segments of the Merged Market, respectively
Key Findings

- The proportion of commercial members covered by alternative payment methodologies (APMs) decreased from 2012 to 2013.
  - Members enrolled under APMs in the Massachusetts commercial market decreased to 34.3% in 2013, compared with 35.2% in 2012.
  - Fee-for-service (FFS) remains the predominant payment model in Massachusetts.
  - Tufts Health Plan did report to CHIA the use of global payments in its GIC-PPO plan, which comprises about 3.1% of its overall PPO members. This is the first PPO-type product to report utilization of APMs.

- The proportion of commercial members in HMO products dropped 10.8 percentage points from 2010 to 2013.
  - In 2013, 58% of members were enrolled in self-insured plans, reflecting continued slow and steady movement toward self-insured coverage; self-insured employers are less likely to choose HMO-type products.
  - In general, data reflected that the larger the employer, the more likely they were to abandon HMO products and become self-insured.
Upcoming Meetings

Board Meetings
  Wednesday, September 3, 2014 (12:00PM, 1 Ashburton Place, 21st Floor)
  Wednesday, October 22, 2014 (2:00PM, Location TBD)
  Wednesday, December 17 (12:00PM, 1 Ashburton Place, 21st Floor)

Committee Meetings
  Wednesday, October 1
    9:30AM  CHICI
    11:00AM CTMP
    12:30 PM Public Hearing on Proposed MCN Regulation

  Wednesday, October 29
    9:30AM  CDPST
    10:30AM QIPP
    11:30 AM Public Listening Session on Nurse Staffing Regulation

  Wednesday, December 3
    9:30AM  CHICI
    11:00AM CTMP

  Wednesday, December 10
    9:30 AM QIPP
    11:00 AM CDPST

Advisory Council Meeting
  Wednesday, November 19 (11:00 AM, Daley Room, Two Boylston Street)
Agenda

- Approval of Minutes from July 17, 2014 Meeting
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Cost Trends and Market Performance Update
- 2014 Health Care Cost Trends Hearing and Report
- Material Change Notices (MCN)
- Final Report on Cost and Market Impact Review
- Proposed Regulation on Notices of Material Change

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## Recommendations from July Report and HPC’s Plans to Address Them

<table>
<thead>
<tr>
<th>Recommendations in July 2014 Cost Trends Supplement</th>
<th>HPC plans for remainder of 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value-based market</strong></td>
<td></td>
</tr>
<tr>
<td>• HPC will study impact of new insurance products and increased cost-sharing</td>
<td>• HPC December cost trends report and October hearing</td>
</tr>
<tr>
<td>• If <em>providers</em> grow, they should pursue lower cost settings</td>
<td>• HPC cost and market impact reviews</td>
</tr>
<tr>
<td>• HPC will examine flows to AMCs and identify policy solutions</td>
<td>• HPC community hospital study and October cost trends hearing</td>
</tr>
<tr>
<td><strong>Efficient, high-quality, patient centered delivery system</strong></td>
<td></td>
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<tr>
<td>• <em>Hospitals</em> should work to optimize PAC, including care coordination and transitions for BH patients</td>
<td>• CHART Phase 2</td>
</tr>
<tr>
<td>• Where applicable, <strong>HPC</strong> will support via CHART</td>
<td>• HPC December cost trends report and October hearing</td>
</tr>
<tr>
<td>• <strong>Payers and providers</strong> should continue to pursue BH integration</td>
<td>• CHART Phase 2</td>
</tr>
<tr>
<td>• <strong>HPC</strong> will support via its certification programs</td>
<td>• HPC PCMH and ACO work</td>
</tr>
<tr>
<td>• <strong>HPC</strong> will study APMs to evaluate effectiveness and identify opportunities for improvement</td>
<td>• HPC December cost trends report and October hearing</td>
</tr>
<tr>
<td><strong>Advancing APMs</strong></td>
<td></td>
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<tr>
<td>• <strong>Payers</strong> should review, improve, and align attribution</td>
<td>• October cost trends hearing</td>
</tr>
<tr>
<td>• <strong>HPC</strong> will explore opportunities to accelerate progress</td>
<td>• HPC working together with CHIA and market participants on this topic</td>
</tr>
<tr>
<td><strong>Transparency and data</strong></td>
<td></td>
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<tr>
<td>• <strong>CHIA</strong> should convene state agencies to strengthen transparency, data, and measurement for behavioral health</td>
<td>• HPC December cost trends report</td>
</tr>
<tr>
<td>• <strong>CHIA</strong> should extend TME measurement to PPO populations, using an agreed-upon method for attribution</td>
<td>• Registration of provider organizations (RPO) program</td>
</tr>
<tr>
<td>• <strong>HPC</strong> will seek to work with CHIA to design measures of contribution to spending growth for additional provider types</td>
<td>• HPC October cost trends hearing</td>
</tr>
<tr>
<td></td>
<td>• HPC working together with CHIA and market participants on this topic</td>
</tr>
</tbody>
</table>

- Collaborate closely with other state agencies to maximize alignment, efficiency, and value
  - Including CHIA APCD, DPH Health Planning Council, MassHealth PCPR Initiative

- Continue to develop research on post-acute and long-term care and associated costs
  - Describe patterns of utilization in detail and explore drivers
  - Examine the interaction of behavioral health with post-acute care
  - To the extent possible, explore all the factors (physician, patient, hospital) that contribute to referral decisions
  - Understand the approach taken at different hospitals and highlight best practices

- Extend work to essential new areas, such as:
  - Additional categories of service – outpatient spending, drug spending
  - Impacts and drivers of market consolidation both horizontal and vertical
  - Insurance markets - tiered network products and the role of carve out plans
  - Additional work on APMs and what is needed to extend them
  - Employers’ concerns and perspectives

- Maintain a strong focus on developing and using objective evidence
  - Develop and use the best data possible, especially for behavioral health
  - Use both qualitative and quantitative methods; interview practitioners and experts
  - Report on innovation outside of Massachusetts
  - Compare state and national data
### Potential Topics for 2014 Cost Trends Research

<table>
<thead>
<tr>
<th>Health Care Cost Growth Benchmark and Current trends</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Performance relative to benchmark, 2013</td>
</tr>
<tr>
<td>• Current trends in spending, care delivery, and insurance markets</td>
</tr>
<tr>
<td>− Includes out-of-pocket spending</td>
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<thead>
<tr>
<th>Delivery System</th>
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<tbody>
<tr>
<td>• Market structure</td>
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<tr>
<td>− May include markets for primary care</td>
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<tr>
<td>• Episode-based analysis</td>
</tr>
<tr>
<td>• Key opportunities - may includes PAC and BH</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Insurance Markets</th>
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</thead>
<tbody>
<tr>
<td>• New insurance products</td>
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<tr>
<td>− May include price transparency tools</td>
</tr>
<tr>
<td>• Alternate payment methods &amp; attribution</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Special studies of opportunities to increase efficiency and value</th>
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<tbody>
<tr>
<td>• High cost patients</td>
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<tr>
<td>• Efficiency in utilization and operations</td>
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<tr>
<td>• Likely focus on ED use and administrative simplification</td>
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<thead>
<tr>
<th>Commitment to transparency, accountability and measurement</th>
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<tbody>
<tr>
<td>• Expenditure measures for hospitals and specialists</td>
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<tr>
<td>• Information needs – providers, consumers, health policy community</td>
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</tbody>
</table>

*These topics will be emphasized in the 2014 Cost Trends Hearing and the 2014 Cost Trends Report. Report outline may organize topics differently.*
# 2014 Health Care Cost Trends Hearing: Draft Agenda

<table>
<thead>
<tr>
<th>Day 1</th>
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<th>Day 2</th>
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<tbody>
<tr>
<td><strong>9:00 AM</strong></td>
<td><strong>Opening Remarks</strong></td>
<td><strong>9:00 AM</strong></td>
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<td>State officials</td>
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<td><strong>10:00 AM</strong></td>
<td><strong>Presentation</strong></td>
<td><strong>9:30 AM</strong></td>
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<td></td>
<td>CHIA on performance of the Mass. health care system</td>
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<tr>
<td><strong>10:45 AM</strong></td>
<td><strong>Presentation</strong></td>
<td><strong>10:30 AM</strong></td>
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<tr>
<td></td>
<td>Expert speaker on spending trends and drivers from a national perspective</td>
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<tr>
<td><strong>11:30 AM</strong></td>
<td><strong>Policy Focus</strong>: Cost growth benchmark</td>
<td><strong>11:15 AM</strong></td>
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<td></td>
<td><strong>HPC Presentation</strong>: Key findings on topic</td>
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<td></td>
<td><strong>Panel</strong>: Response of market participants to state’s performance against THCE benchmark; status of value-based market, improved care delivery, APMs and improved data and transparency; external trends that may affect future spending</td>
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<td></td>
<td><strong>Panel</strong>: Challenges and opportunities for savings with a particular focus on post-acute care</td>
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<td><strong>1:30 PM</strong></td>
<td><strong>Lunch</strong></td>
<td><strong>2:00 PM</strong></td>
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<td></td>
<td><strong>Policy Focus</strong>: Alternative Payment Methodologies (APMs)</td>
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<td></td>
<td><strong>HPC Presentation</strong>: Key findings on topic</td>
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<td></td>
<td><strong>Panel</strong>: Focus on key issues in APM implementation, including attribution, risk adjustment, quality measures</td>
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<tr>
<td><strong>4:00 PM</strong></td>
<td><strong>Closing remarks and public comment</strong></td>
<td><strong>4:15 PM</strong></td>
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## Next Steps: Cost Trends Hearing and Report

<table>
<thead>
<tr>
<th>Activity</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
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<tbody>
<tr>
<td>Finalize location and date</td>
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<td>Engagement with AGO/CHIA/DOI</td>
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<tr>
<td>Draft pre-filed testimony questions</td>
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<tr>
<td>Issue requests for pre-filed testimony questions</td>
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<tr>
<td>Mail requests for in-person testimony</td>
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<td>05 Sep 2014</td>
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<tr>
<td>Receive pre-filed testimony; post online at mass.gov/HPC</td>
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<td>08 Sep 2014</td>
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<tr>
<td>Set themes, agenda, speakers</td>
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<td>15 Sep 2013</td>
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<td>Hold hearings (October 6 and 7)</td>
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<td>Incorporate findings into annual cost trends report</td>
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<tr>
<td>Release annual cost trends report</td>
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</table>

15 Sep 2013: Issue requests for pre-filed testimony questions

01 Aug 2014: Draft pre-filed testimony questions

05 Sep 2014: Mail requests for in-person testimony

08 Sep 2014: Receive pre-filed testimony; post online at mass.gov/HPC

15 Sep 2013: Set themes, agenda, speakers

15 Sep 2013: Hold hearings (October 6 and 7)

Incorporate findings into annual cost trends report

Release annual cost trends report
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### Types of transactions noticed

<table>
<thead>
<tr>
<th>Type of Transaction</th>
<th>Number of Transactions</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physician group affiliation or acquisition</td>
<td>9</td>
<td>32%</td>
</tr>
<tr>
<td>Acute hospital merger or acquisition</td>
<td>7</td>
<td>25%</td>
</tr>
<tr>
<td>Clinical affiliation</td>
<td>4</td>
<td>14%</td>
</tr>
<tr>
<td>Change in ownership or merger of owned entities</td>
<td>3</td>
<td>11%</td>
</tr>
<tr>
<td>Acquisition of post-acute provider</td>
<td>3</td>
<td>11%</td>
</tr>
<tr>
<td>Formation of contracting entity</td>
<td>2</td>
<td>7%</td>
</tr>
</tbody>
</table>
## Notices pending decision

<table>
<thead>
<tr>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merger between Tufts Medical Center/NEQCA and their affiliates and Circle Health, which operates Lowell General Hospital and its affiliates</td>
</tr>
<tr>
<td>Acquisition of the Visiting Nurse Association of Middlesex-East in Wakefield, MA by Lahey Health System</td>
</tr>
</tbody>
</table>
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Partners-Hallmark Cost and Market Impact Review

**Preliminary Report & Response**


- Written response from Partners and Hallmark received on August 1.

- HPC analyzed the parties’ response, including:
  - Discussing with the parties;
  - Reviewing with our experts;
  - Incorporating feedback from Commissioners.

**Final Report**

- The HPC now issues this Final Report, which reflects consideration and analysis of the parties’ response.

- The parties’ response and the HPC’s analysis of that response are attached as Exhibits A and B to the Final Report.

- Based on our findings, the HPC refers the Final Report to the Massachusetts Attorney General’s Office for further review.

- The proposed transaction may not be finalized until 30 days after issuance of the Final Report.
**Cost Impact:** This transaction will reinforce Partners’ position as the provider with the highest share of inpatient and primary care services in its northeastern Massachusetts service areas. Over time, this transaction is anticipated to increase spending in northeastern Massachusetts by an estimated $15.5 million to $23 million per year for the three major commercial payers, which is not expected to be offset by commensurate savings from decreased utilization through population health management.

**Quality Impact:** The differences in Partners’ and Hallmark’s historic quality performance indicate potential for the transaction to drive quality improvement. However, Partners and Hallmark have already been affiliated for nearly 20 years, including joint clinical and contracting efforts, and it is unclear how this merger is necessary to improve clinical quality in ways the parties’ longstanding affiliation has not.

**Access Impact:** The parties have proposed significant changes to care delivery that have the potential to expand access to a number of services in northeastern Massachusetts. However, the parties’ plans lack critical information necessary to evaluate the extent to which such potential will be realized. Given Hallmark and NSMC’s high government payer mix, the proposed reconfiguration and relocation of services is anticipated to impact especially vulnerable populations as they seek to access services at new, more distant locations.
Negative Cost and Market Impacts Are Projected Notwithstanding the Settlement Negotiated by the Parties

**Increased spending due to shifts in patient flow to higher-priced providers:** Spending increases due to shifts in patient site of care are not included in the settlement’s unit price constraint, but would be measured as increases in TME. Since the agreement only monitors the TME for Partners’ commercial risk business, anticipated increases in spending for non-risk books of business are not addressed by the current settlement.

**Increased spending due to changes in unit price:** While the settlement constrains Partners’ overall price growth, Partners retains flexibility to allocate price increases across component providers to optimize revenue and market position, including to increase Hallmark’s hospital and physician rates in line with the $16.1 million modeled by the HPC. Such increases would permanently increase the baseline upon which future price increases would be negotiated, and permanently increase spending in an area of the state that has thus far not experienced the market impact of a local Partners facility.

**Increased ability and incentives to negotiate favorable contract terms:** There are limitations to whether component contracting can negate Partners’ bargaining leverage to obtain supra-competitive rates, especially where, as here, Hallmark and Partners are direct competitors, and payers would not be able to threaten Partners with the loss of all of Hallmark’s volume were they to exclude Hallmark from their networks.

**Inherent limitations of time-limited provisions to contain costs long-term:** It is unclear to what extent time-limited provisions can effect lasting changes to the features of the Partners system, such as its size and market share, which contribute to its market power. Without such lasting changes, an expanded Partners system would likely command increased market power at expiration of the proposed settlement.
The Parties Have Not Demonstrated the Likelihood That Savings From Their PHM Initiatives Will Offset Spending Increases From The Transaction

- In response to HPC information requests, the parties provided estimates of total savings they state their PHM initiatives will produce. Following the Preliminary Report, the parties increased their estimate of average annual savings from $10.9 million to $21 million per year.

- The parties have not provided key information basic to care delivery reform initiatives that would allow the HPC to assess the reasonableness of their stated savings figure, including:
  - The scope of the patient population expected to participate in each program, so we may assess whether participation expectations are in line with the characteristics of Hallmark’s population.
  - The parties’ target rate of savings per program.
  - An estimate of the resources the parties would need to implement and maintain each program.

- We agree with the parties that careful planning is necessary, and that modifying new care delivery models as they progress is often advisable. However, when a provider projects substantial savings from a PHM program before developing an implementation strategy, we are unable to validate the reasonableness of the projection.
There Is General Potential For This Transaction To Improve Access To Care, But The Extent To Which The Parties Realize Such Potential Will Be Driven By Key Decisions And Firm Commitments The Parties Have Not Yet Made

- The HPC has consistently recognized the potential for the parties’ plans to improve access to care in northeastern Massachusetts.
- We asked the parties to provide specific information and commitments in their response to the Preliminary Report that would enable us to assess the likelihood that such potential would be realized.
- The parties provided a limited, general response that does not allow the HPC to assess the likelihood that the parties will realize this opportunity to enhance access in this region, or mitigate identified access concerns:
  - While overall behavioral health capacity is likely to be retained, the parties have not made firm commitments to expansion, such as minimum commitments to beds, funding, or staffing for increased capacity.
  - The parties provided a high-level description of their general approach to assessing community need for services, and have not shown how or whether that approach substantiated decisions to invest over $300 million at Hallmark, including expansion of specific service lines for which we do not have evidence of unmet need.
  - The parties have not shared plans to mitigate access burdens identified for vulnerable populations from the proposed relocation of inpatient behavioral health services.
Conclusion

- Based on our analysis, the findings in the Final Report regarding the parties and the proposed transaction, and the parties’ written response, the HPC refers the Final Report to the Massachusetts Attorney General’s Office pursuant to MASS. GEN. LAWS c. 6D.

- We note that the parties have consistently advocated for the proposed transaction on the basis that it will lower total medical spending, and have publicly stated their purpose in consolidating is not to raise prices. Given this perspective, the parties should consider committing to additional or alternative measures to mitigate this transaction’s cost and market impacts.
**Vote: Issuance of Final Report on Cost and Market Impact Review**

**Motion:** That, pursuant to section 13 of chapter 6D of the Massachusetts General Laws, the Commission hereby approves and authorizes the issuance of the attached Final Report on the Cost and Market Impact Review of the proposed acquisition of Hallmark Health Corporation by Partners HealthCare System, Inc. and refers the report to the Attorney General.
Vote: Submission of Final Report to the Superior Court

Motion: That the Commission hereby directs the Executive Director to submit the Final Report on the Cost and Market Impact Review of the proposed acquisition of Hallmark Health Corporation by Partners HealthCare System, Inc. to the Superior Court in the matter of In Re Commonwealth of Massachusetts v. Partners Healthcare System, Inc., South Shore Health and Educational Corporation, and Hallmark Health Corporation, Superior Court Civil Action No. 14-2033-BLS, pursuant to the process established by the court.
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958 CMR 7.00: NOTICES OF MATERIAL CHANGE AND COST AND MARKET IMPACT REVIEWS

Section

7.01: General Provisions
7.02: Definitions
7.03: Requirement to File a Notice of Material Change; Timing of Filing
7.04: Filing a Notice of Material Change; Completed Notice
7.05: Notice of Cost and Market Impact Review
7.06: Factors Considered in a Cost and Market Impact Review
7.07: Information Requests to Providers and Provider Organizations; Timing
7.08: Information Requests to Other Market Participants; Timing
7.09: Confidentiality
7.10: Preliminary Report
7.11: Written Response by Provider or Provider Organization; Certification of Truth
7.12: Final Report
7.13: Referral to the Office of the Attorney General
7.14: Severability
### Proposed Regulation: Definitions

<table>
<thead>
<tr>
<th>Examples of Definitions in the Regulation</th>
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<tbody>
<tr>
<td>Material Change</td>
</tr>
<tr>
<td>Hospital, Provider, and Provider Organization</td>
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<tr>
<td>Payer and Carrier</td>
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<tr>
<td>Primary Service Area and Dispersed Service Area</td>
</tr>
<tr>
<td>Materially Higher Price and Materially Higher TME</td>
</tr>
<tr>
<td>Dominant Market Share</td>
</tr>
</tbody>
</table>
# Proposed Regulation: Process for MCNs

<table>
<thead>
<tr>
<th>Who Needs to File?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Any Provider or Provider Organization with $25 million or more in Net Patient Service Revenue in the preceding fiscal year</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>What is the Timing of Filing?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not fewer than 60 days before the proposed effective date of the material change</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>When is a Notice Complete?</th>
</tr>
</thead>
<tbody>
<tr>
<td>After the filing of a completed Notice of Material Change form and submission of information requested by the Commission</td>
</tr>
</tbody>
</table>
## Proposed Regulation: Process for CMIRs

### Notice of a CMIR

The Commission shall inform a Provider or Provider Organization (PO) of any determination to initiate a CMIR within 30 days of its receipt of a completed MCN.

### Statutory Factors Considered in a CMIR

M.G.L. c. 6D, § 13 (d) lists 12 factors the Commission may examine, including but not limited to factors affecting cost, quality, and access, and any other factors in the public interest.

### Information Requests and Timing; Confidentiality

The Provider or PO must provide information requested by the Commission within 21 days, or by a later date as agreed to by the Commission (which may affect timing of the Final Report). Other market participants must also provide information within 21 days of the Commission’s request.

The Commission shall keep confidential all nonpublic information, and shall not disclose it without consent, except in a CMIR Report if the Commission believes such disclosure should be made in the public interest.

### Preliminary Report, Written Response, and Final Report

The Commission shall issue a Preliminary Report, and the Provider or PO may respond in writing within 30 days. The Commission shall issue a Final Report within 185 days of the completed MCN, provided that the Provider or PO timely responded to the Commission’s information request(s).

### Referral to the Attorney General

The Commission shall refer a Final Report to the Office of the Attorney General on any Provider Organization that has Dominant Market Share, Materially Higher Price, and Materially Higher TME. The Commission may also refer a Final Report to the Office of the Attorney General in other circumstances as appropriate.
## Proposed Next Steps

<table>
<thead>
<tr>
<th>Activity</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CTMP</strong>: Endorsed Proposed Regulation</td>
<td></td>
<td>6 Aug 2014</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Board</strong>: Considers Proposed Regulation</td>
<td></td>
<td>3 Sep 2014</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Comment Period</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Hearing on Regulation</td>
<td></td>
<td></td>
<td>1 Oct 2014</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comments Incorporated into Regulation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>3 Dec 2014</td>
</tr>
<tr>
<td><strong>CTMP</strong>: Considers Final Regulation</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>Board</strong>: Considers Final Regulation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>17 Dec 2014</td>
</tr>
</tbody>
</table>
Motion: That, pursuant to section 13 of chapter 6D of the Massachusetts General Laws, the Commission hereby approves and authorizes the issuance of the PROPOSED regulation on notices of material change and cost and market impact reviews, as further described in the accompanying technical bulletin, and directs the Cost Trends and Market Performance Committee to conduct a public hearing and comment period on the regulation pursuant to Chapter 30A of the General Laws.
Agenda

- Approval of Minutes from July 17, 2014 Meeting
- Executive Director Report
- Cost Trends and Market Performance Update

- **Quality Improvement and Patient Protection Update**
  - Legislative Update
- Care Delivery and Payment System Transformation Update
- Community Health Care Investment and Consumer Involvement Update
- Schedule of Next Commission Meeting (October 22, 2014)
HPC Behavioral Health Agenda

Despite a history of progressive state policies and a commitment by many stakeholders, including health care providers and payers, there are a number of persistent barriers to behavioral health integration in Massachusetts. HPC, in coordination with other public and private actors, is working to advance behavioral health care policy in 2014 by:

1. Promoting clinical standards through accountable care models
2. Promoting integrated care models through investment
3. Research, evaluation, and analysis
4. Health planning activities
5. Public forum for policy discussion
6. Protecting patient access to necessary care
# HPC Behavioral Health Agenda

<table>
<thead>
<tr>
<th>Promoting clinical standards through accountable care models</th>
<th>▪ Continue to develop behavioral health (BH) criteria and standards to be included in the PCMH program (joint effort of the CDPST and QIPP committees); develop evaluation and measurement metrics for BH in the PCMH setting; and engage with payers regarding payment to support integrated BH services. Progress on development of the ACO certification program in Q3 and Q4 of 2014.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoting integrated care delivery models through investment</td>
<td>▪ Complete CHART Phase 1 projects and explore opportunities for the dissemination of lessons learned and best practices; accept and review final proposals for Phase 2 with a goal of making awards in Q4 of 2014. Continue to provide CHART hospitals with capacity-building opportunities through training, leadership support, analytics and other forms of technical assistance. Develop and administer a new BH integration investment program for PCMHs.</td>
</tr>
<tr>
<td>Research, evaluation, and analysis</td>
<td>▪ Wherever possible, extend BH related analyses to the MassHealth population; continue to identify BH data and information gaps and collaborate with other state agencies on identifying solutions; coordinate research and evaluation work with the Attorney General and the Public Payer Commission, particularly with regard to BH payment and so-called “carve-out contracting”; include BH as a topic for discussion at the 2014 cost trends hearing. Begin research related to the substance use disorder treatment report, as mandated by ch. 258 of the acts of 2014.</td>
</tr>
</tbody>
</table>
## HPC Behavioral Health Agenda

### Next steps, continued

<table>
<thead>
<tr>
<th>Health planning activities</th>
<th>▪ The Health Planning Council is expected to approve a final report on behavioral health capacity in Q4; the HPC ED will continue to participate in on-going council activities with HPC staff providing in-kind support to the Council; administer the registration of provider organization (RPO) program which will generate key information on capacity and current market landscape; and consideration of community hospital capacity to provide inpatient BH services as it relates to the Community Hospital study.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public forum for policy discussion</td>
<td>▪ Focused discussions and deliberations by the QIPP committee and other stakeholders and experts as appropriate on the challenges and opportunities for behavioral health integration; receive periodic updates on the progress of the HPC and by other state agencies in implementing key Chapter 224 strategies for advancing integration such as DOI/AGO on parity issues, DMH, and the Public Payer Reimbursement Commission. (Note: New Behavioral Health Task Force focusing on BH data collection is expected to report by July 1, 2015, pursuant to sec. 230 of FY15 budget)</td>
</tr>
<tr>
<td>Protecting patient access to necessary care</td>
<td>▪ Continue to promote awareness of patient protection rights authorized through OPP; prepare an annual report of trends related to internal and external appeals; issue guidance clarifying obligations of health insurance plans to provide access to medical necessity criteria, as prescribed by recently enacted legislation</td>
</tr>
</tbody>
</table>
Agenda

- Approval of Minutes from July 17, 2014 Meeting
- Executive Director Report
- Cost Trends and Market Performance Update
- Quality Improvement and Patient Protection Update

  - Legislative Update

- Care Delivery and Payment System Transformation Update
- Community Health Care Investment and Consumer Involvement Update
- Schedule of Next Commission Meeting (October 22, 2014)
The Legislature recently passed and the Governor signed Chapter 258 of the Acts of 2014, a comprehensive law regarding substance use disorder treatment and recovery. The law requires the Center for Health Information and Analysis (CHIA) to conduct a review of the accessibility of substance use disorder treatment and the adequacy of insurance coverage for such treatment in the commonwealth and issue a report, not later than February 15, 2015.

The law then requires the HPC to issue a further report recommending policies intended to ensure access to and coverage for substance use disorder treatment throughout the commonwealth not later than May 30, 2015.

The report shall include but not be limited to:

(i) specific recommendations for legislation or regulatory changes, including appropriate coverage mandates;
(ii) an evaluation of the availability of medication-assisted opioid therapy such as methadone, buprenorphine and extended-release naltrexone in clinical stabilization services, including insurance coverage, regulatory or licensure barriers to accessing such medications prior to discharge and recommendations for changes to ensure patient access; and
(iii) recommendations for the continuing study of substance use disorder treatment.
### Nurse Staffing Law (Ch. 155 of the Acts of 2014)

<table>
<thead>
<tr>
<th>Law</th>
<th><em>An Act relative to patient limits in all hospital intensive care units</em> (Chapter 155 of the Acts of 2014) signed June 30, 2014, with effective date of September 28, 2014</th>
</tr>
</thead>
</table>
| Overview | Establishes nurse to patient staffing ratio of 1:1 or 1:2 in hospital ICUs depending on stability of the patient as assessed by:  
(a) “acuity tool” developed or chosen by hospital; and  
(b) staff nurses; and  
(c) nurse manager (or nurse manager’s designee) to resolve disagreement |
| HPC’s Role | The HPC is charged with promulgating regulations including:  
(a) formulation of the acuity tool (to be certified by DPH);  
(b) method of public reporting of hospital compliance; and  
(c) identification of 3-5 related patient safety quality indicators to be measured and publicly reported by hospitals |
Nurse Staffing Law (Ch. 155 of the Acts of 2014)

Next Steps

- Background Research and Analysis
  - Acuity tools
  - Reporting methodologies
  - Quality measures

- Stakeholder meetings and listening sessions

- Regulatory Process
  - Draft regulations
  - Public comment period and hearings to begin late fall/early winter
### Proposed Next Steps

<table>
<thead>
<tr>
<th>Activity</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
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<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
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<tbody>
<tr>
<td>Chapter 155 becomes law</td>
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<tr>
<td>Staff research and analysis</td>
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<tr>
<td><strong>QIPP:</strong> Legislative Update</td>
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<tr>
<td>Stakeholder Meetings</td>
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<td><strong>Board:</strong> Legislative Update</td>
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<td>Statute becomes effective</td>
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<tr>
<td><strong>QIPP:</strong> Listening Session</td>
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<td><strong>Advisory Council:</strong> Discussion</td>
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<tr>
<td><strong>QIPP:</strong> Discussion of Draft Regulation</td>
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<tr>
<td><strong>Board:</strong> Vote on Draft Regulation</td>
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<tr>
<td>Public Comment Period</td>
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<tr>
<td><strong>QIPP:</strong> Discussion of Final Regulation</td>
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<tr>
<td><strong>Board:</strong> Vote on Final Regulation</td>
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</tbody>
</table>
Agenda

- Approval of Minutes from July 17, 2014 Meeting
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- **Care Delivery and Payment System Transformation Update**
  - Registration of Provider Organizations Program
- Community Health Care Investment and Consumer Involvement Update
- Schedule of Next Commission Meeting (October 22, 2014)
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Registration of Provider Organizations

- On July 2, the Board voted to approve 958 CMR 6.00, *Registration of Provider Organizations*.

- The regulation became effective on Friday, July 18, marking the official launch of the RPO Program.

## Registration of Provider Organizations

<table>
<thead>
<tr>
<th>Event</th>
<th>July</th>
<th>August</th>
<th>September</th>
<th>October</th>
<th>November</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulation Approved</td>
<td>7/2</td>
<td></td>
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<tr>
<td>Regulation Effective</td>
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<td>7/18</td>
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<tr>
<td>DSM for IR: Part 1 released</td>
<td></td>
<td>7/23</td>
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<tr>
<td>Training Session - MHA</td>
<td></td>
<td>8/14</td>
<td></td>
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<tr>
<td>Training Session - MMS</td>
<td></td>
<td>8/26</td>
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<tr>
<td>One-on-One Meetings</td>
<td></td>
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<td>9/2 - 11/7</td>
<td></td>
</tr>
<tr>
<td>IR: Part 1 Opens</td>
<td></td>
<td></td>
<td></td>
<td>10/1</td>
<td>11/14</td>
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<tr>
<td>IR: Part 1 Closes</td>
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</tbody>
</table>

**Completed**

**Upcoming**
Registration of Provider Organizations

## Training Sessions

<table>
<thead>
<tr>
<th>Mass Hospital Association</th>
<th>Mass Medical Society</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thursday, August 14</td>
<td>Tuesday, August 26</td>
</tr>
<tr>
<td>10:00 am – 12:00 pm</td>
<td>10:00 am – 12:00 pm</td>
</tr>
</tbody>
</table>

- 33 Attendees
- 17 Provider Organizations

- 54 Attendees
- 17 Provider Organizations

34 unique Provider Organizations were represented at the two trainings.

Representatives from the Division of Insurance (DOI) and the Center for Health Information and Analysis (CHIA) were present to respond to questions.
Over the next two months, the RPO Program’s focus will be on providing guidance and support to registering entities through the following vehicles:

- FAQs updated regularly on the HPC website
- One-on-One meetings with all interested Provider Organizations
- Educational materials and additional guidance
- Additional training sessions if requested
Agenda

- Approval of Minutes from July 17, 2014 Meeting
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- Cost Trends and Market Performance Update
- Quality Improvement and Patient Protection Update
- Care Delivery and Payment System Transformation Update

- Community Health Care Investment and Consumer Involvement Update
  - CHART Phase 2
  - CHART Leadership Academy
  - Community Hospital Study

- Schedule of Next Commission Meeting (October 22, 2014)
Agenda

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- Community Health Care Investment and Consumer Involvement Update
  - CHART Phase 2
    - CHART Leadership Academy
    - Community Hospital Study
- Schedule of Next Commission Meeting (October 22, 2014)
A weighted average of relative prices (by payer mix) was calculated using 2011 and 2012 data from the Center for Health Information and Analysis for all commercial payers, Medicare Advantage, and all MMCOs. This eligibility list is valid for Phase 2 only.

C. 224 excludes acute care hospital or health system with for-profit status

C. 224 excludes non-teaching major acute care teaching hospitals

C. 224 excludes hospitals whose relative prices are determined to be above the statewide median relative price

"...an acute care hospital that serves patients in a geographic area previously served by a qualified acute hospital that was a grantee...prior to its closure..."

Section 238, C. 165, Acts of 2014

1 A weighted average of relative prices (by payer mix) was calculated using 2011 and 2012 data from the Center for Health Information and Analysis for all commercial payers, Medicare Advantage, and all MMCOs. This eligibility list is valid for Phase 2 only.
The Health Policy Commission Received 31 Prospectus Submissions from 30 Qualified Acute Hospitals

- Total Funding Request
  - $153 million
  - 24 Hospital-specific and 7 Joint Hospital
Prospectus Submissions Reflect Opportunity for Improvement in Proposals

**CHART Phase 2 Prospectus Submissions**

- Proposed Initiatives generally reflected the HPC’s focus on care delivery models with a **community and population** orientation.

- Many Initiatives had a core **behavioral health** focus.

- Strong Proposals will more fully emphasize effective and appropriate **Community Partnerships** structured to optimally and cost-efficiently meet the needs of the communities served.

- Very few Joint Hospital Prospectus submissions were external to systems. HPC is emphasizing that strong **Joint Hospital Proposals** may include appropriate variation in the type and amount of activity by participating Hospitals to achieve maximum impact directed toward a single, unified Aim Statement.

- To the extent they could be evaluated, **budgets were high** compared with projected impact - 18 of 30 hospitals indicated intent to request the full $6 million. Strong budgets will align with the scale and projected impact of proposed Initiatives and should be cost-efficient and consistent with value-based models of care delivery.

- Prospectus submissions clarified the opportunity for the HPC to provide targeted Phase 2 Technical Assistance in additional domains.
Agenda

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  - CHART Leadership Academy
  - Community Hospital Study
- Schedule of Next Commission Meeting (October 22, 2014)
### CHART Phase 1 Projects are Underway

#### Phase 1 status report

- HPC staff have conducted site visits with all **27 CHART hospitals**.

- 19 hospitals requested **no-cost extensions** for Phase 1.
  - All were awarded. Most extensions were 2 months or less.

- CHART hospitals have expressed interest in **opportunities for shared learning** with other awardees engaged in similar activities – for example, standing up high-risk care teams.
  - A Learning Session conducted on July 7 received very high ratings from attendees

- CHART hospitals have also asked for the HPC to coordinate an event to **showcase CHART program work** with the full cohort – a culminating poster session or series of presentations.

- Staff are exploring options for pursuing such learning and dissemination activities as voluntary opportunities for interested CHART hospitals.

- There may additionally be opportunities for CHART hospitals to formally or informally **share, distribute, and publish** CHART-funded work. Staff will continue to work with hospitals to support them in identifying and pursuing such opportunities.

- The HPC final reports will be one venue for such sharing and dissemination.
# Leadership Summit

## Agenda

### Morning Session

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>7:30 AM</td>
<td>Registration and Continental Breakfast</td>
<td>N. Ballroom</td>
</tr>
<tr>
<td>8:00 AM</td>
<td>Opening Remarks and Introduction to Faculty</td>
<td>N. Ballroom</td>
</tr>
<tr>
<td>8:10 AM</td>
<td>Keynote Presentation</td>
<td>N. Ballroom</td>
</tr>
<tr>
<td>Secretary John Polanowicz, Executive Office of Health and Human Services</td>
<td></td>
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<tr>
<td>Topic: Community Hospitals in a Dynamic Healthcare Environment</td>
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<tr>
<td>8:40 AM</td>
<td>Welcome</td>
<td>N. Ballroom</td>
</tr>
<tr>
<td>David Setz, Executive Director, Health Policy Commission</td>
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<tr>
<td>Topic: Controlling Healthcare Costs and Investing in Community Hospitals: the Health Policy Commission and the CHART Investment Program</td>
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</tr>
<tr>
<td>9:00 AM</td>
<td>Presentation</td>
<td>N. Ballroom</td>
</tr>
<tr>
<td>Iyah Room, Policy Director, System Performance and Strategic Investment, Health Policy Commission</td>
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<tr>
<td>Topic: The Innovation Imperative: CHART and the Path to the Second Curve</td>
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<tr>
<td>9:45 AM</td>
<td>Facilitated Discussion: Hospital Perspectives on Transformation</td>
<td>N. Ballroom</td>
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<tr>
<td>After the break please sit at the table indicated on the reverse of your name badge for the remainder of the morning session</td>
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</tr>
<tr>
<td>10:00 AM</td>
<td>Facilitated Discussion</td>
<td>N. Ballroom</td>
</tr>
<tr>
<td>Amy Boutwell, MD, MPP, President, Collaborative Healthcare Strategies, and Health Policy Commission Staff</td>
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<tr>
<td>Topic: Deconstructing Massachusetts Trends: Utilization, Quality, and Cost</td>
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<tr>
<td>11:00 AM</td>
<td>Facilitated Discussion</td>
<td>N. Ballroom</td>
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<tr>
<td>Allan Frankel, MD, Chief Medical Officer, Safe and Reliable Healthcare, Michael Leonard, MD, Managing Partner, Safe and Reliable Healthcare</td>
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<tr>
<td>Topic: Deconstructing Massachusetts Trends: Safety, Reliability, and Culture</td>
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<tr>
<td>12:00 PM</td>
<td>Lunch with Presentation</td>
<td>S. Ballroom</td>
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<tr>
<td>Bryan Sexton, PhD, MA, Director, Dulsie Patient Safety Center</td>
<td></td>
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<tr>
<td>Topic: The Intersection of Hospital Performance, Stress and Fatigue: Resilience as a Leadership Imperative</td>
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</tbody>
</table>

### Afternoon Session

<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>1:00 PM</td>
<td>Break Out Discussions: Driving Transformation (2) 35 Minute Sessions</td>
<td>Rooms A, B, C and D</td>
</tr>
<tr>
<td>Topic: Enriching Community Partnerships: Skills and Principles Facilitator: Amy Boutwell, MD, MPP</td>
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<tr>
<td>Case Review: Addison Gilbert Hospital; Gloucester Health Department; Lawrence General Hospital</td>
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<tr>
<td>Room A</td>
<td>Topic: Skills and Principles of Safety, Reliability, and Culture Facilitators: Allan Frankel, MD, Michael Leonard, MD</td>
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<tr>
<td>Case Review: Signature Healthcare-Brockton Hospital</td>
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<tr>
<td>Room B</td>
<td>Topic: Skills and Principles of Community Care and Population Health Facilitator: Bruce Sparlock, MD</td>
<td></td>
</tr>
<tr>
<td>Case Review: Baystate Franklin Medical Center; HealthAlliance Hospital</td>
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<tr>
<td>Room C</td>
<td>Topic: Skills and Principles of Innovative Business Approaches Facilitator: John Freedman, MD, MBA</td>
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<tr>
<td>Case Review: Beth Israel Deaconess-Plymouth; Southcoast Hospitals Group</td>
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<tr>
<td>Room D</td>
<td>2:15 PM</td>
<td>Break Out Discussions Continue (2) 35 Minute Sessions</td>
</tr>
<tr>
<td>Topic: Anticipating Challenges: How CHART Hospitals and the HPC Can Smooth the Path Ahead Facilitator: Bruce Sparlock, MD and All Faculty</td>
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</tr>
<tr>
<td>4:00 PM</td>
<td>Facilitated Discussion</td>
<td>N. Ballroom</td>
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<tr>
<td>Topic: Facilitated Discussion: Enabling Transformation through Engaged Leadership</td>
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<tr>
<td>4:30 PM</td>
<td>Keynote Presentation</td>
<td>N. Ballroom</td>
</tr>
<tr>
<td>Sara Singer, PhD, MBA, Associate Professor of Health Policy and Management, Harvard School of Public Health</td>
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<tr>
<td>Topic: Enabling Transformation through Engaged Leadership</td>
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<tr>
<td>5:15 PM</td>
<td>Closing Remarks</td>
<td>N. Ballroom</td>
</tr>
</tbody>
</table>
Customized “CHART Book” Sample Slide

Select Slides – Quality Performance Relative to Inpatient Operating Expenses per Admission by Hospital: Excess Readmission Ratio

Variation in the relationship between quality performance and operating expenses suggests opportunities for increased efficiency across all Commonwealth hospitals. [See Slide #41]

* 2012 inpatient patient service expenses divided by inpatient discharges. Adjusted for hospital case mix index (CHIA 2011) and area wage index (CMS 2012).

† Composite of risk-standardized 30-day Medicare mortality rates for acute myocardial infarction, heart failure, and pneumonia (2009-2011). For each condition, mortality rates were normalized so that the Massachusetts average was 1.0. The composite mortality rate is a weighted average of the three normalized, condition-specific mortality rates.

SOURCE: Center for Health Information and Analysis, Center for Medicare & Medicaid Services, HPC analysis
Agenda

- Approval of Minutes from July 17, 2014 Meeting
- Executive Director Report
- Cost Trends and Market Performance Update
- Quality Improvement and Patient Protection Update
- Care Delivery and Payment System Transformation Update
- Community Health Care Investment and Consumer Involvement Update
  - CHART Phase 2
  - CHART Leadership Academy
  - Community Hospital Study
- Schedule of Next Commission Meeting (October 22, 2014)
The HPC developed the Community Hospital Study to take action on the future of community hospitals in Massachusetts

Throughout the development and release of the Study, the HPC aims to meet the following objectives:

- To conduct an analysis of **acute care supply** and to identify opportunities to meet community needs

- To identify **challenges to and opportunities for transformation** in community hospitals

- To examine the experience of key stakeholders to inform solutions to these challenges and identify innovations that can work in the Commonwealth to help the **Commonwealth’s investments** drive transformation

- To support **HPC funding prioritization** and hospital proposals for future phases of CHART

- To support **policy development** related to the health care cost growth benchmark, health resource planning, market performance reviews, accountable care model development, and many other key government functions
HPC staff conducted preliminary expert respondent interviews in August to inform key study questions and refine scope

- Polled the HPC Advisory Council, the study’s Interagency Working Group, and other key stakeholders to identify expert respondents

- Invited a group of more than 20 academics, researchers, policy makers and other thought leaders who together represent diverse perspectives with knowledge in study design, community hospital financing, community care delivery and market dynamics

- Specific areas of expertise related to community hospitals include, for example:
  - Hospital financing structures
  - Community-based care / population health
  - Overall Massachusetts market knowledge
  - Experience with hospital transformation and barriers
  - Health planning
  - Analytic methods
  - Healthcare workforce
Immediate next steps for the Study include finalizing an analytic plan and procuring analytic support to execute on the plan this fall

- HPC staff scope development
- Steering committee engagement
- Expert respondent interviews – Round 1 (scope)
- Request for Proposals / expert contracting
- Analytic plan development
- Quantitative analysis (Aim 1)
- Expert respondent interviews – Round 2 (Aim 2)
- State-by-state / national policy landscape review
- Preliminary findings / Final report release
- Committee/Commission checkpoints

**September**  Complete draft analytic plan development

**October**  Present draft analytic plan at next CHICI Committee Meeting
Agenda

- Approval of Minutes from July 17, 2014 Meeting
- Executive Director Report
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- Quality Improvement and Patient Protection Update
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- Community Health Care Investment and Consumer Involvement Update

**Schedule of Next Commission Meeting (October 22, 2014)**
Contact Information

For more information about the Health Policy Commission:

- Visit us: http://www.mass.gov/hpc
- Follow us: @Mass_HPC
- E-mail us: HPC-Info@state.ma.us