The Commonwealth of Massachusetts
Health Policy Commission
Two Boylston Street
Boston, MA 02116

September 13, 2013

Dr. Ronald Pike
Medical Director
AdCare Hospital
107 Lincoln Street
Worcester, MA 01605

Dear Dr. Pike:

The Health Policy Commission (HPC), in collaboration with the Office of the Attorney General (OAG) and the Center for Health Information and Analysis (CHIA), is required by state law to hold annual public hearings concerning health care cost trends in the Commonwealth. (See the Notice of Public Hearing attached as "Exhibit A."). G.L. c. 6D §8 requires the HPC to identify a representative sample of health care providers and payers as witnesses for the hearing. In accordance with these provisions, AdCare Hospital has been identified as a witness and is hereby requested to submit written testimony in response to the questions of the HPC in "Exhibit B."

Your assistance and active participation in this hearing process will assist the HPC in preparing its annual report on statewide spending trends, including underlying factors contributing to growth and strategies to increase the efficiency of the Commonwealth's health care system.

In summary, Adcare Hospital is required to electronically submit to HPC written testimony, signed under the pains and penalties of perjury, responding to the areas of inquiry identified on the attached "Exhibit B" on or before the close of business on Tuesday October 1, 2013.

The written testimony should be submitted to HPC-Testimony@state.ma.us. Any and all written testimony will be a public record and will be posted on the HPC's website at www.mass.gov/hpc.

Thank you for your attention to this important matter.

Sincerely,

David Seltz
Executive Director

CC: Stuart Altman, Ph.D., Chair, Health Policy Commission
CC: Thomas O'Brien, Chief, Health Care Division, Office of the Attorney General
CC: Áron Boros, Executive Director, Center for Health Information and Analysis

Enclosures:
Exhibit A: Notice of Hearing
Exhibit B: Instructions and HPC Questions for Written Testimony

Exhibit A

NOTICE OF PUBLIC HEARING

Pursuant to M.G.L. c. 6D, §8, the Health Policy Commission, in collaboration with the Office of the Attorney General and the Center for Health Information and Analysis, will hold a public hearing on health care cost trends. The hearing will examine health care provider, provider organization and private and public health care payer costs, prices and cost trends, with particular attention to factors that contribute to cost growth within the Commonwealth's health care system.

Scheduled hearing dates and location:

Tuesday, October 1, 2013, 9:00 AM
Wednesday, October 2, 2013, 9:00 AM
University of Massachusetts Boston Campus Center
Third Floor, Ballrooms B and C
100 Morrissey Boulevard Boston, MA 02125

Time-permitting, the HPC will accept oral testimony from members of the public beginning at 4:00 PM on Wednesday, October 2. Any person who wishes to testify may sign up to offer brief comments on a first-come, first-served basis when the hearing commences on October 1.

Members of the public may also submit written testimony. Written comments will be accepted until October 11, 2013 and should be submitted electronically to HPC-Testimony@state.ma.us, or, if comments cannot be submitted electronically, sent by mail, post-marked no later than October 11, 2013, to the Health Policy Commission, Two Boylston Street, 6th floor, Boston, MA 02116, attention Lois H. Johnson.

Please note that all written and oral testimony provided by witnesses or the public may be posted on the HPC's website: www.mass.gov/hpc.

The HPC encourages all interested parties to attend the hearing. For driving and public transportation directions, please visit: http://www.umb.edu/the_university/getting_here/directions. If you are driving, please park in the Bayside Lot, 200 Mt. Vernon Street at the former Bayside Expo site (cost: $6). Free shuttle service runs every 5-7 minutes from the Bayside Lot to the Campus Center. If you are taking public transportation, UMass Boston runs a free shuttle service from JFK/UMass Station (which serves both the Red Line and Old Colony Line) to the Campus Center. The trip normally takes less than 10 minutes.

If you require disability-related accommodations for this hearing, please contact Kelly Mercer at (617) 979-1420 or by email Kelly.A.Mercer@state.ma.us a minimum of two weeks prior to the hearing so that we can accommodate your request.

For more information, including details about the agenda, expert and market participant panelists, testimony and presentations, please check the Annual Cost Trends Hearing section of the HPC's website, www.mass.gov/hpc. Materials will be posted regularly as the hearing dates approach.

Exhibit B: Instructions and HPC Questions for Written Testimony

Instructions:

On or before the close of business on October 1, 2013, electronically submit **in both PDF and Microsoft Word format** written testimony signed under the pains and penalties of perjury to: HPC-Testimony@state.ma.us. Please submit any data tables included in your response in **Microsoft Excel or Access format**.

Please begin all responses with a brief summary not to exceed 120 words. If necessary, please include supporting testimony or documentation in an Appendix. If your organization uses an 'other', 'miscellaneous', or similar category in any response, please explain what such a category includes.

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

If you have any questions regarding this process or regarding the following questions, please contact: Lois Johnson at Lois.Johnson@state.ma.us or (617) 979-1405.

Questions:

1. Chapter 224 of the Acts of 2012 (c.224) sets a health care cost growth benchmark for the Commonwealth based on the long-term growth in the state's economy. The benchmark for growth between CY2012- CY2013 and CY2013-CY2014 is 3.6%.
    a. What are the actions your organization has undertaken to reduce the total cost of care for your patients?
    b. What are the biggest opportunities to improve the quality and efficiency of care at your organization? What current factors limit your ability to address these opportunities?
    c. What systematic or policy changes would encourage or help organizations like yours to operate more efficiently without reducing quality?
    d. What steps are you taking to ensure that any reduction in health care costs is passed along to consumers and businesses?
2. The 2013 Examination of Health Care Cost Trends and Cost Drivers by the Attorney General's Office found that growth in prices for medical care continues to drive overall increases in medical spending. What are the actions your organization has undertaken to address the impact of the growth in prices on medical trend and what have been the results of these actions?
3. C.224 seeks to promote the integration of behavioral and physical health. What are the actions your organization has undertaken to promote this integration?
    a. What potential opportunities have you identified for such integration?
    b. What challenges have you identified in implementing such integration?
    c. What systematic or policy changes would further promote such integration?
4. C. 224 seeks to promote more efficient and accountable care through innovative care delivery models and/or alternative payment methods.
    a. Describe your organization's efforts to promote these goals.
    b. What current factors limit your ability to promote these goals?

   c. What systematic or policy changes would support your ability to promote more efficient and accountable care?
5. What metrics does your organization use to track trends in your organization's operational costs?
   a. What unit(s) of analysis do you use to track cost structure (e.g., at organization, practice, and/or provider level)?
   b. How does your organization benchmark its performance on operational cost structure against peer organizations?
   c. How does your organization manage performance on these metrics?
6. Please describe the actions that your organization has undertaken or plans to undertake to provide patients with cost information for health care services and procedures, including the allowed amount or charge and any facility fee, as required by c.224.
7. After reviewing the reports issued by the Attorney General (April 2013) and the Center for Health Information and Analysis (August 2013), please provide any commentary on the findings presented in light of your organization's experiences.