

**MINUTES OF THE COMMUNITY HEALTH CARE INVESTMENT AND
CONSUMER INVOLVEMENT COMMITTEE**

Meeting of October 22, 2014

MASSACHUSETTS HEALTH POLICY COMMISSION

**THE COMMUNITY HEALTH CARE INVESTMENT AND CONSUMER INVOLVEMENT
COMMITTEE OF THE MASSACHUSETTS HEALTH POLICY COMMISSION
Bayside Expo Center
150 Mount Vernon Street
Boston, MA 02125**

Docket: Wednesday, October 22, 2014, 12:30 PM – 1:30 PM

PROCEEDINGS

The Massachusetts Health Policy Commission's Community Health Care Investment and Consumer Involvement (CHICI) Committee held a meeting on Wednesday, October 22, 2014 at the Bayside Expo Center, 150 Mount Vernon Street, Boston.

Members in attendance were Dr. Paul Hattis (Chair); Mr. Rick Lord; and Ms. Kim Haddad, designee for Mr. Glen Shor, Secretary of Administration and Finance. Commission Chair Stuart Altman was also present. Ms. Jean Yang arrived late.

Ms. Veronica Turner was absent.

Dr. Hattis called the meeting to order at 12:35 PM.

ITEM 1: Approval of minutes

Dr. Hattis asked for a motion to approve the minutes from October 1, 2014. **Mr. Lord** made the motion and **Ms. Haddad** seconded. Committee members voted unanimously to approve the minutes.

ITEM 2: Discussion of CHART Phase 2 Awards

Dr. Hattis reviewed the day's agenda. He noted that a majority of the meeting would be spent discussing recommendations for Phase 2 of the CHART Investment Program. The meeting would culminate in a vote to endorse the Phase 2 awards. Dr. Hattis added that the committee would also hear staff proposals on contract awards for the HPC's continued work on the CHART Investment Program and the Community Hospital Study.

Dr. Hattis introduced Mr. Iyah Romm, Policy Director for System Performance and Strategic Investment, to present on CHART Phase 2 awards.

Mr. Romm stated that he would provide the committee with a review of the award selection process for Phase 2.

Mr. Romm stated that, last spring, the HPC's board authorized and issued a request for proposals (RFP) for Phase 2 of the CHART Investment Program. The RFP emphasized three

main goals: (1) maximizing appropriate hospital use, (2) enhancing behavioral health care, (3) and improving hospital efficiency through safe, high-quality care. He stated that these aims were designed to drive maximum impact of CHART award money and encourage hospital transformation towards accountable care.

Mr. Romm stated that the HPC received 27 proposals from 31 eligible hospitals, with a total funding request of \$117 million. He stated that 93% of the proposals sought to maximize appropriate hospital use, 59% of the proposals sought to enhance behavioral health care, and 45% of the proposals sought to improve hospital-wide processes to reduce waste and improve quality and safety.

The staff recommended granting awards to 28 hospitals representing 25 proposals for a total award of \$59,951,711. Mr. Romm stated that, if approved by the committee and the board, the CHART Phase 2 awards will be groundbreaking investments into community-oriented high-risk care management and behavioral health services.

Mr. Romm introduced Ms. Margaret Senese, Program Manager for Strategic Investment, to provide an overview of CHART Phase 2.

Before delving deeper into Phase 2, Ms. Senese reviewed progress in CHART Phase 1. She stated that the program is coming to a close, with 14 final reports already submitted by hospitals. She noted that the HPC granted limited no-cost extensions to hospitals completing work in Phase 1. These hospitals provided the HPC interim reports on their progress. Ms. Senese added that the HPC would remain involved with these hospitals to ensure the completion of final deliverables and evaluation.

Dr. Hattis asked for confirmation that only a small number of hospitals are continuing CHART Phase 1 work in 2015. Ms. Senese affirmed this and noted that the majority of the project extensions stem from staffing delays.

Ms. Senese stated that CHART Phase 2 proposals focus on driving transformation to accountable care, with primary aims of connected health and strategic planning to ensure achievement of these goals.

Ms. Senese noted that the HPC received five joint proposals and 22 hospital-specific proposals, all of which were aligned with the primary aims of the RFP. She stated that the average hospital funding request in CHART Phase 2 was \$4,063,266. Ms. Senese stated that hospitals and health systems volunteered nearly \$40 million of in-kind support for CHART Phase 2 projects.

Dr. Hattis noted that two of the five joint proposals encourage collaboration across health systems. Mr. Romm noted that these collaborative proposals are among the most community-oriented.

Dr. Hattis asked how much of the recommended funding for behavioral health would assist those with chronic mental health needs. Mr. Romm stated that many of the proposals for

CHART Phase 2 aimed to address these needs. He stated that there was a strong focus on primary care integration with behavioral health services. He added that Phase 2 proposals reflect a clear focus on all-payer and all-patient approaches.

Ms. Senese provided a summary of the CHART Phase 2 proposal review process. She stated that the HPC completed a technical review to ensure that hospitals complied with RFP requirements. She added that the HPC conducted a thorough analysis of proposed budgets and projects in proposals.

Ms. Senese stated that the Review Committee scored proposals based on the potential impact of the proposal (30%), community need and engagement (25%), hospital financial status and operation capacity (25%), and budget proposal (20%). When scoring, staff instructed the review committee to treat the median proposal as having a score of 50%. She noted this was achieved with a spread of scores ranging from 20% to 86%.

Mr. Romm stated that the review committee consisted of HPC staff, representatives from five other state agencies, and external expert consultants. He also noted that Dr. Hattis participated in the review committee as a designee of Chair Altman. Dr. Hattis stated that he was honored to be part of such a hard-working group conducting a robust review process.

Ms. Senese reviewed the recommendation of the Review Committee:

- two proposals receive full funding;
- twenty-three proposals receive an award contingent upon requirements stipulated by the HPC; and
- two proposals receive no funding.

Mr. Romm stated that the distribution of the awards provides opportunity for deeper investment in certain organizations while also spreading funding across CHART Phase 2 hospitals to allow for engagement in a variety of activities.

Ms. Senese reviewed the recommended funding caps. She stated that the review committee recommends that two hospitals - Addison Gilbert and Lawrence General - receive funding equivalent to the amount they requested. She added that Review Committee recommends that the remaining awardees receive less than they requested. Ms Senese stated that the proposed awards do not represent detailed budgets; these will be developed through implementation planning in late 2014 and early 2015.

Mr. Romm highlighted the joint proposal from Athol, Heywood, and HealthAlliance intends to increase access to behavioral health care and high-risk care teams. He also received joint proposals from three systems (Baystate, Lahey, and Southcoast) because they reflect system wide commitment to access to behavioral health care, telehealth, and community engagement.

Mr. Romm stated that, in reviewing the proposal from Hallmark Health System, the Review Committee made an award determination assuming that there was no pending transaction

with Partners HealthCare. He noted that the HPC reserves the right to re-examine that award should the transaction be realized.

Mr. Romm highlighted hospital-specific proposals from Signature Brockton, Harrington Memorial Hospital, and Holyoke Medical Center. He stated that these proposals focus on increasing access to inpatient behavioral health services, reducing emergency department utilization, and decreasing overall admission rates. He added that Berkshire Medical Center proposed work to meet the needs of the former service area of North Adams Regional Hospital (NARH).

Mr. Lord asked for information on the award to Southcoast Hospitals Group, which represented the largest portion of CHART Phase 2 funding. Mr. Romm responded that the Review Committee believed this award reflected a strong commitment to enhanced care throughout a wide geographic area and offered an opportunity for coordination across the hospital system. He also noted that this award would be split across three hospitals.

At this point, Ms. Jean Yang arrived.

Dr. Altman asked how much of the behavioral health awards would be used to enhance existing behavioral health services. Mr. Romm stated that most proposals reflected a commitment to increasing out-patient behavioral health services. He noted that many proposals called for an additional 100-150 behavioral health staffers.

Ms. Yang asked how the hospitals will allocate CHART Phase 2 funds. Mr. Romm stated that some proposals will invest in technology, but that funding is largely focused on workforce training, direct service provisions, and capital investments. He added that the HPC received nine requests for capital spending. The HPC elected not to fund a majority of these requests.

Ms. Yang asked about the sustainability of the CHART Investment Program. Mr. Romm stated that there are a number of things that the HPC has been considering. He stated that the HPC would be investing in Phase 2 activities that are not currently incentivized by the health care system. He stated there would be a need for community impact and a return on investment, with hospitals providing self-evaluation.

Noting the brief two year investment period, Ms. Yang encouraged hospitals to provide a clear strategy for transitioning with payment reform. Mr. Romm stated that this means different things to different hospitals and systems, and plans must be tailored to individual organizations.

Dr. Hattis stated that sustainability may occur with the community health system, rather than at the community hospital. He added that the HPC should be willing to take risks in order to encourage a thoughtful and creative evolution towards the right goals.

Ms. Yang stated her agreement with Dr. Hattis. Mr. Romm stated that it was apparent from the proposals that hospitals and systems see Phase 2 as an opportunity to "do the right

thing.” He added Phase 2 represents a safe space to evaluate and test best practices to advance payment reform.

Dr. Altman stated that there was a discussion at the 2014 Cost Trends Hearing about whether systems or payers should invest in payment reform and community hospitals. He stated that the CHART program is a good solution.

Mr. Seltz stated that some of the sustainability that would arise from Phase 2 would be in workforce development and culture changes created by organizations focusing on new initiatives. He stated that these sustainable impacts may go beyond what can be quantified.

Mr. Romm reviewed key points of deliberation around proposals, including: anticipated acquisitions of CHART hospitals by larger hospital systems, provider-specific training budgets, award stratification between independent and affiliated hospitals, system contributions where applicable, large scale IT investments, initiatives designed to increase or repurpose capacity for inpatient and outpatient behavioral health services, and the variation in community partnerships.

Mr. Romm stated that the proposed awards are distributed across the Commonwealth. He added that Western and North East Massachusetts dedicated 100% of their funding to behavioral health specific proposals.

Mr. Romm briefly reviewed joint proposals. He noted that the joint proposals from Heywood, Athol, and HealthAlliance as well as that of Lahey and Lowell reach across system bounds to focus on population health.

Mr. Romm noted that investments engage providers through community-oriented models. He noted that the majority of proposals expanded into the community to increase access to care.

Mr. Romm reviewed implementation planning for Phase 2. He stated that there is great opportunity to encourage collaborate through the 90-day implementation planning period. Implementation planning seeks to engage hospitals and further refine their proposals.

Mr. Romm noted that the HPC would continue strong partnerships with CHART hospitals throughout Phase 2. He stated this would take form in workshops, leadership engagement meetings, trainings, and direct technical assistance. He added that the HPC would continue to develop these initiatives over the next few months.

Dr. Hattis asked for further clarification on the schedule of grant disbursal. Mr. Romm stated that each specific hospital will receive \$100,000 as an initiation payment to begin work on implementation planning. He stated that further funding will be released based on the achievement of set milestones.

Mr. Lord asked how flexible the HPC would be with hospital needs versus recommended funding. Mr. Romm stated the RFP notes certain hospital requirements that, if not met,

could result in a funding decrease. He stated that it is more of a discussion with the hospital to ensure a healthy medium to achieve their goals as well as those of the program.

Seeing no further comment, Dr. Hattis asked for a motion to endorse the Executive Director's recommendation for CHART Phase 2 awards. He noted he would abstain from this vote due to his membership in the Review Committee. **Mr. Lord** made the motion and **Ms. Yang** seconded. Members voted unanimously to approve the motion.

ITEM 3: Authorization of Community Hospital Study Consultant Contract

Mr. Romm reviewed the RFP for consultants to assist with the HPC's Community Hospital Study. He stated that the HPC sought consultants to help staff in determining strategy and analysis of hospital capacity, community need, care delivery and payment models, barriers to hospital transformation, and measurement of provider efficiency.

Mr. Romm stated that the scope of the RFR was based upon two deliverables against which each contract was evaluated. He noted that six firms responded to the HPC's RFP. The six bidders were scored on nine evaluation criteria. The scores ranged from 55/100 to 82.5/100. He added that the HPC interviewed bidders interviewed to ensure that their proposed scope of work was consistent with the HPC's needs.

Mr. Romm stated that the staff recommends a joint contract with Public Consulting Group (PCG) and Navigant Consulting, with award caps of \$200,000 and \$250,000, respectively. He noted that both firms demonstrated expertise on the Massachusetts health care landscape and national best practices. Mr. Romm stated that study design, data collection, and delivery would be guided by the HPC with the support and expertise of these consultants.

Mr. Seltz noted that he engaged in a robust discussion on the Community Hospital Study while speaking at a board meeting of the Massachusetts Council of Community Hospitals (MCCH) recently.

Dr. Hattis asked if the report would be completed by the December 31, 2015, the date stipulated within the motion before the committee. Mr. Romm stated the report's target release date is Q2 2015.

Seeing no further comment, Dr. Hattis called for a motion to endorse the recommendation of the Executive Director to execute contracts with Navigant Consulting and PCG. **Mr. Lord** made the motion and **Ms. Yang** seconded. Members unanimously approved the motion.

ITEM 4: Authorization of CHART Investment Program Consultant Contract

Mr. Romm stated that Collaborative Healthcare Strategies has provided significant support for the CHART Investment Program. He stated that the HPC anticipates the need for more substantial support from Collaborative Healthcare Strategies to engage hospitals throughout

Phase 2. He stated the motion before the committee extends the HPC's contract with Collaborative Healthcare Strategies.

Ms. Yang asked if this would come from the HPC administrative budget or the CHART budget. Mr. Romm stated that it would come from the CHART budget. Mr. Seltz added that the FY15 budgets approved by the Commission included funding for both CHART Phase 2 and Community Hospital Study consultants.

Seeing no further comment, Dr. Hattis asked for a motion to endorse the recommendation of the Executive Director to amend the Commission's contract with Collaborative Healthcare Strategies. **Mr. Lord** made the motion and **Ms. Haddad** seconded. Members unanimously approved the motion.

ITEM 5: Schedule of Next Committee Meeting (December 3, 2014)

Seeing no further business before the committee, Dr. Hattis adjourned the meeting at 1:35 PM.