

**MINUTES OF THE COST TRENDS AND MARKET PERFORMANCE
COMMITTEE**

Meeting of April 10, 2013

MASSACHUSETTS HEALTH POLICY COMMISSION

**THE COST TRENDS AND MARKET PERFORMANCE COMMITTEE OF THE
MASSACHUSETTS HEALTH POLICY COMMISSION**
Ashburton Café Function Room
One Ashburton Place
Boston, MA 02108

Docket: Wednesday, April 10, 2013, 9:00 AM – 10:30 AM

PROCEEDINGS

The Massachusetts Health Policy Commission's Cost Trends and Market Performance Committee held a hearing on Wednesday, April 10, 2013 at the Ashburton Café Function Room, Boston, MA.

Committee Members present were Dr. David Cutler, Dr. Paul Hattis, Dr. Wendy Everett, Mr. Rick Lord, and Ms. Candace Reddy, designee for Glen Shor, Secretary, Executive Office for Administration and Finance.

Dr. Stuart Altman, Chair, Health Policy Commission, participated via phone.

Chair Cutler called the meeting to order at 9:05 AM.

ITEM 1: Update on cost trends report

Mr. Nikhil Sahni, HPC Policy Director for Cost Trends and Special Projects, and Dr. Marian Wrobel, HPC Director of Research and Analysis, introduced themselves to the Committee. Mr. Sahni notified the members that the research team was still on track to meet the deadlines set in the previous meeting.

They moved into a discussion about the definition of Total Health Expenditures (THE). The staff explained the three components to THE: 1) medical expenses and non-claim related payments to providers, 2) all patient cost-sharing amounts, and 3) net cost of private insurance. They informed the Committee that the first two components are currently collected by CHIA. The commissioners then engaged in a discussion to clarify available information.

The staff highlighted some takeaways from the March 26, 2013 Advisory Council meeting. The six takeaways presented to the Committee were 1) focus on costliest patients, 2) research provider cost structure, 3) coordination of care by delivery systems, 4) impact of public payer policies, 5) focus on behavioral health issues, and 6) effects of federal policy on physician reimbursements. Chair Altman commented that unit prices should be a bigger focus and priority.

The next topic before the Committee was an update on Section 1 of the cost trends report. Section 1 will establish the baseline data to analyze the growth of THE. Ms. Reddy asked how they could calculate access. Some data points, including access, will be measured through HEDIS (Healthcare Effectiveness Data and Information Set) measurements or other consumer surveys because they are generally not captured through claims data.

The staff then reported on four initial questions for Section 2 of the cost trends report. Those questions dealt with the 1) care of costliest patients, 2) waste in the system, 3) impact of market changes, and 4) provider cost structure. Dr. Hattis asked if the staff would be able to do a “deep dive” and compare providers against one another. The staff replied that could be achievable in the future but is unlikely in the first year.

Commissioners discussed THE and available resources. The staff informed the commissioners that commercial payer data for 2009 and 2010 are currently available and they expected to receive commercial payer data for 2011 and 2012 in the upcoming CHIA report and annual hearings. Mr. Sahni said the APCD may not be able to release complete 2012 data in time for this year’s cost trends report. It was his expectation that the staff would issue an update in the summer of 2013 to include the complete 2012 cost information. He hoped the 2013 data would be complete and ready to report by the end of 2014. Mr. Seltz commented that we have the country’s most sophisticated APCD, and that system has about a one year delay in receiving data and processing it to be ready for release. A commissioner noted that in the annual cost trend hearings conducted by the Division of Health Care Finance and Policy, the plans were able to offer estimates of how the current year was progressing; that information could be a focus during the HPC’s 2013 cost trends hearings.

Chair Cutler asked if there was any public comment. Jim Gammill, a researcher, asked if the data being collected would be available to the public for research purposes. The staff responded by saying that much of this information is available from CHIA for research and that HPC analysis would be available through the cost trends report.

Dr. Hattis made the motion to approve the process on the committee level and submit to the full Commission. After consideration, upon motion made and duly seconded by **Dr. Everett**, it was voted unanimously to approve the process.

ITEM 2: Update on cost and market impact review process

Ms. Karen Tseng, HPC Director of Policy for Market Performance, explained that cost and market impact reviews of material changes could trigger when: 1) that change would have a significant impact on competitive market or meeting the cost growth benchmark or 2) a provider has been identified by CHIA as having excessive growth relative to the benchmark. She also outlined guiding principles for the cost and market impact review process and stressed that this process will neither replace nor replicate DPH’s Determination of Need process or antitrust review by federal or state law enforcement agencies. The commissioners discussed the process and various decision-making responsibilities assigned to the HPC. Mr. Seltz noted that the overview and guiding principles before the Committee

are not final and are meant to generate discussion and input as the rule development process continues. Dr. Everett commented that she would like to see some timing provisions added to the rules because she has heard concerns from the provider community that reviews could take too long.

Dr. Everett asked if the Committee needed to make a motion to accept these principles. Mr. Seltz said they were not brought up for a vote but rather to preview the process that the staff planned to present the full Commission. Chair Cutler responded by suggesting another meeting between now and the HPC meeting in April would be necessary to further develop the overview and principles. Dr. Everett and Chair Altman agreed that the Committee should meet again to flesh out the principles before the April 24, 2013 full Commission meeting.

ITEM 3: Adjournment

Chair Cutler, noting that the meeting had well exceeded its allotted time, adjourned at 10:45AM.