

Community Health Care Investment and Community Involvement Committee

Health Policy Commission

Committee Meeting

June 17, 2013



Agenda

- Approval of minutes from April 10, 2013 meeting
- Update on One-Time Assessment
- Update on the Distressed Hospital Fund
- Schedule of next Committee meeting

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Vote: Approving minutes

Motion: That the Community Health Care Investment and Consumer Involvement Committee hereby approves the minutes of the Committee meeting held on April 10, 2013, as presented.

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Section 241: One-time assessment

- Chapter 224 requires the Health Policy Commission to administer a one-time assessment on certain qualifying hospitals and surcharge payers
 - In the case of hospitals, the assessment total is \$60 million and is proportioned among the eligible hospitals based on their FY10 operating surplus
 - The law further authorizes the HPC to grant mitigation of up to 66% to assessed hospitals, if they meet certain statutory requirements
 - The law does not specify the criteria by which the HPC should consider these applications
-

Eight hospitals applied for mitigation

The following acute hospitals applied for mitigation:

Partners

- Brigham & Women's
- Newton Wellesley
- Faulkner
- Martha's Vineyard

CareGroup

- Beth Israel Deaconess
- Mount Auburn
- New England Baptist

Children's Hospital

- Boston Children's

Staff analysis: Key considerations

1

Rationale for mitigation included by hospital in each application

2

Recent trends in relative financial strength across multiple metrics

3

Impact of awarding mitigation on the Distressed Hospital Fund

Staff recommendation on mitigation

Hospital	Total assessment	Recommended mitigation
Children’s Hospital	\$7,831,374	50%
Beth Israel Deaconess	\$7,606,395	50%
Mount Auburn	\$2,277,928	50%
New England Baptist	\$617,576	50%
Martha’s Vineyard	\$3,841	50%



Distressed hospital fund reduced
by \$2.3 million annually

Vote: Approving assessment mitigation

Motion: That the Community Health Care Investment and Consumer Involvement Committee hereby approves the proposed assessment mitigation for certain providers, in accordance with the materials attached hereto and pursuant to section 241(c) of chapter 224 of the acts of 2012, and recommends that the Commission approve this proposed assessment mitigation at the next Commission meeting.

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Investment in Community Health Care

Establishment of Distressed Hospital Trust Fund

- Section 2GGG of Chapter 224
- Funded by one-time assessment
- Total amount of \$128.25 million
 - Less if waiver or mitigation provided to qualifying acute hospitals
- Unexpended funds may to be rolled-over to the following year and do not revert to the General Fund
- Competitive proposal process to receive funds
- Strict eligibility criteria

Purposes of Distressed Hospital Trust Fund

1. Improve and enhance the ability of community hospitals to serve populations efficiently and effectively
2. Advance the adoption of health information technology
3. Accelerate the ability to electronically exchange information with other providers in the community to ensure continuity of care
4. Support infrastructure investments necessary for the transition to alternative payment methodologies
5. Aid in the development of care practices and other operational standards necessary for certification as an ACO
6. Improve the affordability and quality of care

Distressed Hospital Trust Fund – FY13 and FY14

- The one-time assessment is expected to generate approximately \$74.2 million by June 30, 2013.
 - The amount to be deposited into the DHTF is \$42.2 million, representing approximately 1/3 of the four-year total, as many surcharge payers opted for the “one lump sum” payment option.
 - This is the total amount that will be available for distribution until the second year of the assessment is collected (June 30, 2014).
 - The amounts in years 2-4 will be \$28.6 million annually.
 - Unexpended funds may be rolled over to the following year and do not revert to General Fund.
 - Annual amounts will be reduced by \$2.3 million if the mitigation proposal as recommended by the Committee is adopted by the Commission.
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Distressed Hospital Trust Fund - Proposed Timeline

Jun – Aug 2013

- Present draft regulations and preliminary program design to CHICI committee (July 10)
- Approve draft regulations and preliminary program design at full Commission meeting (July 25)
- Public hearings on regulations
- Stakeholder input

Aug – Oct 2013

- Approve final regulations and program design
- Release RFR for Phase One Grants
- Letters of Intent/Respond to inquiries
- Bidder's Conference
- Explore opportunities for external funding

Nov – Dec 2013

- Notification of awards
- Project launch for grantees
- Disbursement of Phase One Grants
- Technical assistance to hospitals

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Contact information

For more information about the Health Policy Commission:

- Visit us: <http://www.mass.gov/hpc>
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