

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

Meeting of July 10, 2013

MASSACHUSETTS HEALTH POLICY COMMISSION

**THE COST TRENDS AND MARKET PERFORMANCE COMMITTEE OF THE
MASSACHUSETTS HEALTH POLICY COMMISSION**
Center for Health Information and Analysis
Daley Room, Two Boylston Street, 5th Floor
Boston, MA 02116

Docket: Wednesday, July 10, 2013, 10:30 AM – 12:30 PM

PROCEEDINGS

The Massachusetts Health Policy Commission's (HPC) Cost Trends and Market Performance Committee held a meeting on Wednesday, July 10, 2013 at the Center for Health Information and Analysis's Daley Room located at Two Boylston Street, 5th Floor, Boston, MA.

Members present were Dr. David Cutler (Chair), Dr. Paul Hattis, Dr. Wendy Everett, Mr. Rick Lord, and Ms. Kimberly Haddad, representing Mr. Glen Shor, Secretary, Administration and Finance. No members were absent.

Commission Chair Stuart Altman was present at the meeting and Dr. Carole Allen participated via phone.

Chair Cutler called the meeting to order at 10:30 AM.

ITEM 1: Approval of Minutes

Chair Cutler made no changes to the minutes and asked for a motion to accept the minutes. Mr. Lord made the motion and Dr. Hattis seconded. Members voted unanimously to approve the minutes.

ITEM 2: Presentation by Martin Gaynor, Ph.D.

Martin Gaynor, Ph.D., E.J. Barone Professor of Economics and Health Policy at Carnegie Mellon University and Chair of the Governing Board of the Health Care Cost Institute presented on Consolidation and Competition in US Health Care. The PowerPoint for this presentation can be found on the HPC website.

ITEM 3: Update on the All-Payer Claims Database and Cost Trends RFR

David Seltz, Executive Director, updated the Committee on the annual cost trends report. He noted that this report will include descriptive statistics and baseline information on health care in Massachusetts while also delving into questions of interest to the Commission. He stated that the report will help inform the work the HPC is doing and create policy recommendations.

The annual report will include data from the All-Payer Claims Database (APCD) maintained by the Commonwealth's Center for Health Information and Analysis. Mr. Seltz noted that the APCD is one of the most robust data sources in the country. While the APCD is a work in progress, Mr. Seltz commented that the HPC would like to use the APCD for its cost trends report and other cost trends work. In using the APCD, the HPC will require help from Commissioners as well as a data analytics expert. The HPC conducted a procurement to obtain this analytical support.

Mr. Seltz then introduced Nikhil Sahni, Policy Director for Cost Trends and Special Projects, to present the staff's recommendations for a third-party contractor.

Mr. Sahni noted that one of the HPC's goals in using the APCD is to build a foundation of data that can be used for future work. He stated that the HPC wants to use the APCD early and often to help it grow as a data source for a variety of government agencies.

Mr. Sahni provided a summary of the procurement process and explained that the proposed contract for analytical support would include a phased approach. In phase I, the consultant will examine data from the APCD, evaluate its strengths and weaknesses, and propose an analytical approach that will yield valid and useful results based on HPC's timeline. At the completion of this phase and based on its results, the HPC jointly with the consultant will decide whether to proceed further. The first phase would involve contracting through December 2014 with the option for a three year renewal.

Mr. Sahni outlined the evaluation criteria used by the procurement management team (PMT) to evaluate the responses. The PMT selected three finalists for interviews based on the evaluation scoring. As a result of this process, staff recommended awarding a contract to the Lewin Group. As displayed in the PowerPoint, The Lewin Group had the highest evaluation score and the second lowest total cost. Mr. Sahni commented that the Lewin Group had worked with the APCD before and was able to clearly and thoughtfully articulate unique approaches to working with multi-payer databases. Moreover, the Lewin Group was willing to provide the foundational code and files to staff for future replication.

Chair Cutler asked if the staff was unanimously recommending the Lewin Group. Mr. Sahni answered that they were.

Chair Cutler asked how the procurement method used by the HPC compared to the private sector. Mr. Sahni noted that the HPC's process was more thorough than what he has seen in the private sector, including the question and answer period and the interviews.

Commission Chair Altman noted that he was pleased by the mix of groups that applied for the contract. He commented that the Lewin Group has gone through much iteration and is an outstanding group with a lot of history. He affirmed that the HPC conducted a good process which resulted in a good outcome.

Mr. Seltz noted that the use of the APCD was a good opportunity for the Commission to be a first generation user; he believes that this speaks to what the Commission is trying to build. He noted that the contract will provide value and benefits beyond just the HPC.

Chair Cutler echoed that there will be many more users than just the HPC. He commented that many state agencies and private organizations are counting on the results of the HPC's data. He noted that he cannot overstate the importance of doing it right and as expeditiously as possible.

Dr. Everett highlighted the length of the potential contract. She noted that, with a contract through December 2014, the HPC should work early to define the criteria for renewal. She commented that it is good to outline these criteria upfront so that the HPC can track the progress of the contracted group.

Mr. Seltz noted that today, the staff is looking for the Committee members' initial endorsement of staff's selection of the Lewin Group. If approved, then the staff will negotiate with them over the next two weeks for presentation to the full Commission.

Dr. Everett motioned to approve the staff's recommendation of the Lewin Group. Mr. Lord seconded the motion. Committee members voted unanimously in favor of this motion.

Chair Cutler commented that the approved recommendation will be moved to the full Commission, where he will highlight that it was a unanimous vote for which the Committee feels strong support.

ITEM 3: Update on the Cost Trends Hearing

Mr. Seltz began the discussion on the 2013 annual cost trends hearing. He noted that the staff would look to the Committee members for input on the upcoming event.

Chapter 224 transferred the statutory responsibility for the annual cost trends hearing to the HPC. The HPC will hold this event on October 1 and October 2 with the support from the Center for Health Information and Analysis (CHIA) and the Attorney General's Office (AGO). Mr. Seltz noted that the goal is to engage with witnesses to understand what is driving health care costs in Massachusetts. The hearing will also examine how the market and market participants influence changes in the system as well as barriers that exist to these changes. The data collected at the hearing will inform the Commission's annual cost trends report.

Mr. Sahni then briefly reviewed the timeline for the cost trends hearing. He noted that the goal was to get a more finalized agenda to the full Commission during the July 25, 2013 meeting.

Mr. Seltz pointed out that the cost trends hearing is unique because witnesses are called under oath. This gives the Commission the authority to ask direct questions to witnesses

and have them respond. He noted that the HPC planned to do this both through in-person and written testimony.

Mr. Lord asked about the process that the HPC will use to select who will testify. Mr. Sahni responded that the staff hoped to provide an outline of this by the July 25 meeting. He noted that the staff will look to Commissioners for feedback on this process.

Dr. Hattis asked whether the witnesses called are individuals or organizations. Lois Johnson, General Counsel, responded that the statute provides a list of required witnesses. Within this framework, the HPC can choose who will testify and whether to call any additional witnesses. She noted that the staff was determining whether the various witnesses required in-person testimony or written testimony.

Dr. Altman commented that the Commission must not lose sight of the purpose of the hearing: to inform the final cost trends report. He noted that the HPC must be specific about the questions that it asks to maximize the two-day hearing. He also emphasized the need for a focus on Massachusetts health care cost trends.

Dr. Everett recommended that staff first draft the table of contents for the 2013 annual cost trends report. She noted that this would enable the staff to understand where there are holes in the data and evidence that the HPC will need. She highlighted this process as a method to ensure that the HPC gets the right people to the table.

Mr. Sahni next reviewed the themes for the cost trends hearing and the structure of the panels. Mr. Seltz noted that the HPC wants this event to add value to the work of the Commission as well as the public discussion on health care. To do so, he emphasized that the cost trends hearing need to have a clear focus and be grounded in real data.

Dr. Hattis mentioned that October 1 is also the day that health insurers will need to have adequate phone or web-based price information available to consumers. He cited this as an issue that the HPC may want to address in the future. Chair Cutler noted that this may be a good presentation to have during the hearing. Mr. Seltz commented that the HPC's Community Health Care Investment and Consumer Involvement Committee is looking into the tools to see where gaps may be. He noted that the HPC wants to highlight the tools, as a major milestone of Chapter 224, during the final panel of the cost trends hearing.

Dr. Everett recommended using the Advisory Council as a resource as the staff plans the cost trends hearing.

Mr. Sahni reviewed the next steps the staff will take in planning the hearing. He noted that the HPC is constantly looking for feedback from Commissioners. After the July 25 meeting, the staff planned to invite experts and witnesses while also preparing the pre-filed testimony questions.

Mr. Seltz stated that the staff welcomes input from Commissioners and the Advisory Council as the planning continues. He encouraged members of the public to contribute as well by emailing HPC-Info@state.ma.us.

ITEM 4: Adjournment

Chair Cutler adjourned the meeting at 12:32 PM.