Exhibit A: Notice of Public Hearing

Pursuant to M.G.L. c. 6D, § 8, the Health Policy Commission (HPC), in collaboration with the Office of the Attorney General (AGO) and the Center for Health Information and Analysis (CHIA), 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:

Monday, October 5, 2015, 9:00 AM
Tuesday, October 6, 2015, 9:00 AM
Suffolk University Law School
First Floor Function Room
120 Tremont Street, Boston, MA 02108

Time-permitting, the HPC will accept oral testimony from members of the public beginning at 4:00 PM on both days. 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 5 and 6.

Members of the public may also submit written testimony. Written comments will be accepted until October 9, 2015 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 9, 2015, to the Health Policy Commission, 50 Milk Street, 8th floor, Boston, MA 02109, 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.suffolk.edu/law/explore/6629.php. Suffolk University Law School is located diagonally across from the Park Street MBTA station (Red and Green lines). Parking is not available at the law school but information about nearby garages is listed at the link provided.

If you require disability-related accommodations for this hearing, please contact Kelly Mercer at (617) 979-1420 or by email at Kelly.A.Mercer@state.ma.us a minimum of two (2) 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

On or before the close of business on September 11, 2015, please electronically submit written testimony signed under the pains and penalties of perjury to: HPC-Testimony@state.ma.us. **You may expect to receive the questions and exhibits as an attachment received from HPC-Testimony@state.ma.us.** If you have any difficulty with the template or did not receive it, please contact Kelly Mercer at Kelly.A.Mercer@state.ma.us or (617) 979-1420.

Please complete your responses in the provided **Microsoft Word** template. If necessary, you may include additional supporting testimony or documentation in an Appendix. Please submit any data tables included in your response in **Microsoft Excel or Access format**.

We encourage you to refer to and build upon your organization's 2013 or 2014 Pre-Filed Testimony responses, if applicable. Additionally, if there is a point that is relevant to more than one question, please state it only once and make an internal reference. If a question is not applicable to your organization, please indicate so in your response.

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

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Exhibit B: HPC Questions for Written Testimony

1. Chapter 224 of the Acts of 2012 (Chapter 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 in CY2013 and CY2014 is 3.6%.
    a. What trends has your organization experienced in revenue, utilization, and operating expenses in CY2014 and year-to-date CY2015? Please comment on the factors driving these trends.
    37T
    See Appendix 1A

    b. What actions has your organization undertaken since January 1, 2014 to ensure the Commonwealth will meet the benchmark, and what have been the results of these actions?
    37T
    Bournewood Health Systems has contained expense growth below the 3.6% benchmark while managing to make significant investments to improve its environment and its ability to recruit and retain staff.
    Actions include:
    1. Strong administrative oversight with focus on efficiency.
    2. Rapid assessment of patients and transition to the next level of care.
    3. Adhering to a medication formulary to contain pharmacy expense.
    4. Management of Workers Comp through injury prevention training in aggressing return to work practices.
    5. Contain employee compensation with annual performance based salary increases of 2%.
    6. Selectively increasing salaries where necessary to decrease the costs of employee turnover and enhance quality of care by retaining experienced staff.
    7. Emphasize aftercare planning to reduce admissions.
    8. Annual comparison of insurance products' costs to ensure competitive pricing.

    The above items that are within management's control are managed efficiently and cost-effectively. Some expenses are beyond our control; i.e., inflation and cost of products and services, increased regulatory costs, capital and operational investments for technology and automation, taxes, etc.

    c. Please describe specific actions your organization plans to undertake between now and October 1, 2016 to ensure the Commonwealth will meet the benchmark, including e.g., increased adoption to alternative payment methods (including specifically bundled/episodic payments), participation in CMS Medicare Shared Savings, Pioneer or Next Gen programs?
    37T
    Bournewood Hospital plans to continue the actions described in 1B above. In addition, it will establish a plan to seek partners in providing services to its inpatient and partial hospital programs.

d. What systematic or policy changes would encourage or enable your organization to operate more efficiently without reducing quality?
37T

Systemic or policy changes that would improve efficiency without decreasing quality include:

1. Full implementation of mental health parity which would allow development of additional less restrictive and less expensive programs to provide care.
2. Change regulations to allow for psychiatric advance practice nurses (APNs) to authorize Sections 10, 11, and 12B, and order restraints and seclusion. Utilizing psychiatric APNs would provide attending and overnight coverage that is becoming increasingly expensive and difficult given the insufficient number of available psychiatrists and substantial increasing demand for psychiatric coverage.
3. Improve access to state hospital beds and state funded, community-based treatment resources.
4. Decrease utilization management by developing less labor intensive systems.
5. Standardize requirements and performance specifications from payers.
6. Better alignment of federal and state oversight.
7. Funding of EHR implementation in specialty hospitals.
8. Standardize credentialing to eliminate time consuming and duplicative efforts.
9. Standardize survey processes from the Commonwealth's regulatory agencies to avoid duplication of efforts.

2. What are the barriers to your organization's increased adoption of alternative payment methods and how should such barriers be addressed?
37T

Barriers to increase adoption of alternative payment methods (APMs):

1. Limited access to viable partners for managing psychiatric populations.
2. The lack of business models for APMs.
3. The financial risks of initiating an APM without viable partners or established business models.
4. The actuarial expenses necessary for Division of Insurance requirements around such contracts.

3. In its prior Cost Trends Reports and Cost Trends Hearings, the Commission has identified four key opportunities for more efficient and effective care delivery: 1) spending on post-acute care; 2) reducing avoidable 30-day readmissions; 3) reducing avoidable emergency department (ED) use; and 4) providing focused care for high-risk/high-cost patients.
    a. Please describe your organization's efforts during the past 12 months to address each of these four areas, attaching any analyses your organization has conducted on such efforts.
    37T

    Efforts to address key opportunities for more efficient and effective care delivery:

    1. Ensuring that patients have aftercare appointments in place at time of discharge.
    2. Scheduling "bridge" appointments at discharge to review in detail the patients' aftercare plans and resources to prevent relapse.
    3. Ensure that patients are discharged when clinically indicated.
    4. Referrals to structured treatment programs such as partial hospital and intensive outpatient programs.

5. Assist dual diagnosis patients with housing through utilization of sober homes affiliated with the hospital.

b. Please describe your organization's specific plans over the next 12 months to address each of these four areas.

37T

In addition to continuing efforts identified in 3A above, we will explore opportunities to expand partial hospital and intensive outpatient services and seek funding for other post-discharge clinical programs to be developed.

4. As documented by the Office of the Attorney General in 2010, 2011, and 2013; by the Division of Health Care Finance and Policy in 2011; by the Special Commission on Provider Price Reform in 2011; by the Center for Health Information and Analysis in 2012, 2013, and 2015; and by the Health Policy Commission in 2014, prices paid to different Massachusetts providers for the same services vary significantly across different provider types, and such variation is not necessarily tied to quality or other indicia of value. Reports by the Office of the Attorney General have also identified significant variation in global budgets.

   a. In your view, what are acceptable and unacceptable reasons for prices for the same services, or global budgets, to vary across providers?

   37T

   An acceptable reason for variable prices for similar services would include programs that manage patients with high intensity treatment needs, eating disorders, homelessness, dual diagnosis, and significant medical co-morbidities. An unacceptable reason would be that hospitals and programs with higher overhead costs should receive higher compensation. This effectively penalizes efficient providers of quality care.

   b. Please describe your view of the impact of Massachusetts' price variation on the overall cost of care, as well as on the financial health and sustainability of community and lower-cost providers.

   37T

The price variation inflates the cost of care inefficient providers with high overhead and limits reimbursement to efficient providers of care, and providers of high intensity, higher cost services. The limited reimbursement decreases an efficient provider's capacity to compete for experienced staff in a competitive job market.

5. The Commission has identified that spending for patients with comorbid behavioral health and chronic medical conditions is 2 to 2.5 times as high as spending for patients with a chronic medical condition but no behavioral health condition. As reported in the July 2014 Cost Trends Report Supplement, higher spending for patients with behavioral health conditions is concentrated in emergency departments and inpatient care.

   a. Please describe ways that your organization has collaborated with other providers over the past 12 months 1) to integrate physical and behavioral health care services and provide care across a continuum to these patients and 2) to avoid unnecessary utilization of emergency room departments and inpatient care.

   37T

1. Daily management of admission physical exams (PEs) and medical consults by APNs ensures that medical comorbidities are identified and treated during a psychiatric hospitalization. PEs are done within 24 hours.
2. APNs provide medical management of such chronic conditions as diabetes, high pretension, asthma and infection.
3. Primary care physicians are contacted for every patient admitted to this hospital.
4. Social workers fax clinical and hospital course information directly to outpatient treaters.
5. Patients are encouraged to sign releases allowing hospital staff to share the information noted in Nos. 3 & 4 above.
6. Bournewood has relationships with all emergency service providers in Metro Boston, and can often divert inpatient referrals to community based, less restrictive and lower cost services when clinically appropriate.
7. Bournewood has psychiatric physicians on site 24 hours/365 days so that it can admit patients at any time.
8. Medication and nutrition educational groups are provided to both inpatient and partial hospital program patients.

b. Please describe your specific plans for the next 12 months to improve integration of physical and behavioral health care services to provide care across a continuum to these patients and to avoid unnecessary utilization of emergency room departments and inpatient care.
37T

In addition to actions identified in 5A above, we expect to expand the role of APNs.

6. The Commission has identified the need for care delivery reforms that efficiently deliver coordinated, patient-centered, high-quality care, including in models such as the Patient Centered Medical Home (PCMH) and Accountable Care Organizations (ACOs). What specific capabilities has your organization developed or does your organization plan to develop to successfully implement these models?
37T

BHS, locally owned and operated has the ability to nimbly and flexibly adjust its range of specialty behavioral health services to meet the variable needs of consumers and other behavioral health providers. Committed to ensuring that consumers receive the right level of care at the right time BHS provides Partial Hospital Programs and Intensive Outpatient Treatment both as a diversion from hospital level of care and to support individuals who are discharged from inpatient care. BHS partners with other providers to create informal continuums of care. BHS will continue to advocate for integrate continuums of care and is seeking to engage more formally in both private and public partnerships. Specifically, BHS is exploring opportunities for formal business partnerships which would result in the identification of individuals who are high users of inpatient services in order to reduce readmissions and support successful community based recovery.

BOURNEWOOD HOSPITAL, APPENDIX 1A, RESPONSE

EXHIBIT B: HPC Questions for Written Testimony 2015

1a) In 2014 and year-to-date in 2015, Bournewood Health Systems (BHS) has continued to experience a patient population with increasing psychiatric and behavioral acuity as well as increasing medical and substance abuse

related co-morbidity. Overall length of stay has remained stable but patient admission volume has increased by about 2%. In general, rates of reimbursement have increased 1.5% to 2.5% for some payers while others (e.g. Medicaid) have not provided rate increases. Overall, total operating expense per day has increased about 3.9% (in 2014 and 2.9% for year-to-date 2015.

In 2014, Bournewood's full census capacity of 90 beds was available for the entire fiscal year which accounts for the increase in patient admissions and patient days mentioned above. Increased patient volume resulted in higher total revenue and expenses.

BHS has continued to invest in both clinical and non-clinical technology systems. The ongoing expansion of technology to automate and integrate systems and data has required the hospital to maintain external IT support for managing and monitoring of hardware and software, as well as user training. BHS is also pursuing an EHR that will be costly but very beneficial.

BHS has continued to identify and prioritize areas in need of capital investment, particularly in patient care and public areas. This process has been continuous for more than ten years and includes plans for the present and future years. Investing in improvements to the hospital environment ultimately enhances the quality of patient care. Bournewood has managed its ongoing investments and operating expense increases below the 3.6% growth benchmark set by Chapter 224 for 2015 in particular. The growth rate was slightly higher in 2014 due to start-up expenses associated with the construction and opening of a new 90-bed freestanding patient care building.

The increases in psychiatric, behavioral, and medical acuity have necessitated increases expenses for:

- Supervision and training
- Utilization management
- Psychiatric recruitment
- Recruitment and retention of experienced psychiatric nurses, mental health counselors, social workers, and occupational therapists.

Other factors affecting expenses are the CMS requirement to submit increasing amounts of data, additional filing requirements and associated expenses with the Division of Insurance for Risk Bearing Provider Organizations and with the Health Policy Commission for Registered Provider Organizations.

Respectfully submitted:

Raymond F. Robinson, President

Bournewood Hospital

The signatory above is legally authorized and empowered to represent Bournewood Hospital for the purposes of this testimony.

This testimony is signed under the pains and penalties of perjury.