

COMMONWEALTH OF MASSACHUSETTS  
HEALTH POLICY COMMISSION

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Cost Trends and  
Market Performance

February 25, 2015



# Agenda

- Approval of Minutes from the December 3, 2014 Meeting **(VOTE)**
- Presentation from Áron Boros, Executive Director, Center for Health Information and Analysis
- Discussion of 2015 Research Topics
- Discussion of Research Dashboard
- Overview of Performance Improvement Plans
- Schedule of Next Committee Meeting (April 1, 2015)



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## Vote: Approving Minutes

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**Motion:** That the Cost Trends and Market Performance Committee hereby approves the minutes of the Committee meeting held on December 3, 2014, as presented.

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## 2015 CTMP Agenda

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The Cost Trends and Market Performance Committee (CTMP) provides on-going oversight and guidance to the Executive Director and the staff of the HPC for the following responsibilities aimed at enhancing the transparency and accountability of health system performance in Massachusetts:

- ① Establishing the health care cost growth benchmark;
- ② Conducting the annual Cost Trends Hearing;
- ③ Publishing the annual Cost Trends Report;
- ④ Assessing the impact of health care market changes on the cost, quality, and access of health care services in Massachusetts; and,
- ⑤ Implementing performance improvement plans for certain providers and payers that threaten the ability of the state to meet the cost growth benchmark.

## 2015 CTMP Agenda

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In order to further advance these responsibilities, HPC staff is proposing that the following initiatives for CTMP in 2015:

- Augmenting the HPC's on-going research agenda, and the annual Cost Trends Report, with a rolling “**white paper**” series;
- Continuing to **advance methodologies** for measuring markets and market shares, including for “primary care services” and “specialty hospitals”;
- Developing a framework for commenting on **determination of need and essential services** filings with the Department of Public Health;
- Developing guidance for filing and implementing **performance improvement plans**;
- Developing a set of health system performance measures, or “**dashboard**,” to track progress and enable the Commonwealth to set goals;
- Enhancing market **transparency** by assessing, where feasible, the extent to which commitments made by parties engaging in significant market changes have been fulfilled; and
- Advancing the use of the **APCD** as a resource for cost trends research and policy development through the procurement of an analytic consultant(s).



## In 2015, the Health Policy Commission will be issuing a number of important reports covering a diverse range of topics

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### **Planned reports: January – June 2015**

- 2014 Annual Cost Trends Report
- CHART Leadership Summit Paper
- CHART Phase-One Case Studies (5-6 total)
- CHART Phase-One Summary Evaluation Report
- Community Hospital Study
- Substance Use Disorder Report (as mandated by c.258 of the acts of 2014)

## Throughout the year, the Health Policy Commission will complement these reports with a series of “white papers”

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### 2015 Cost Trends Report

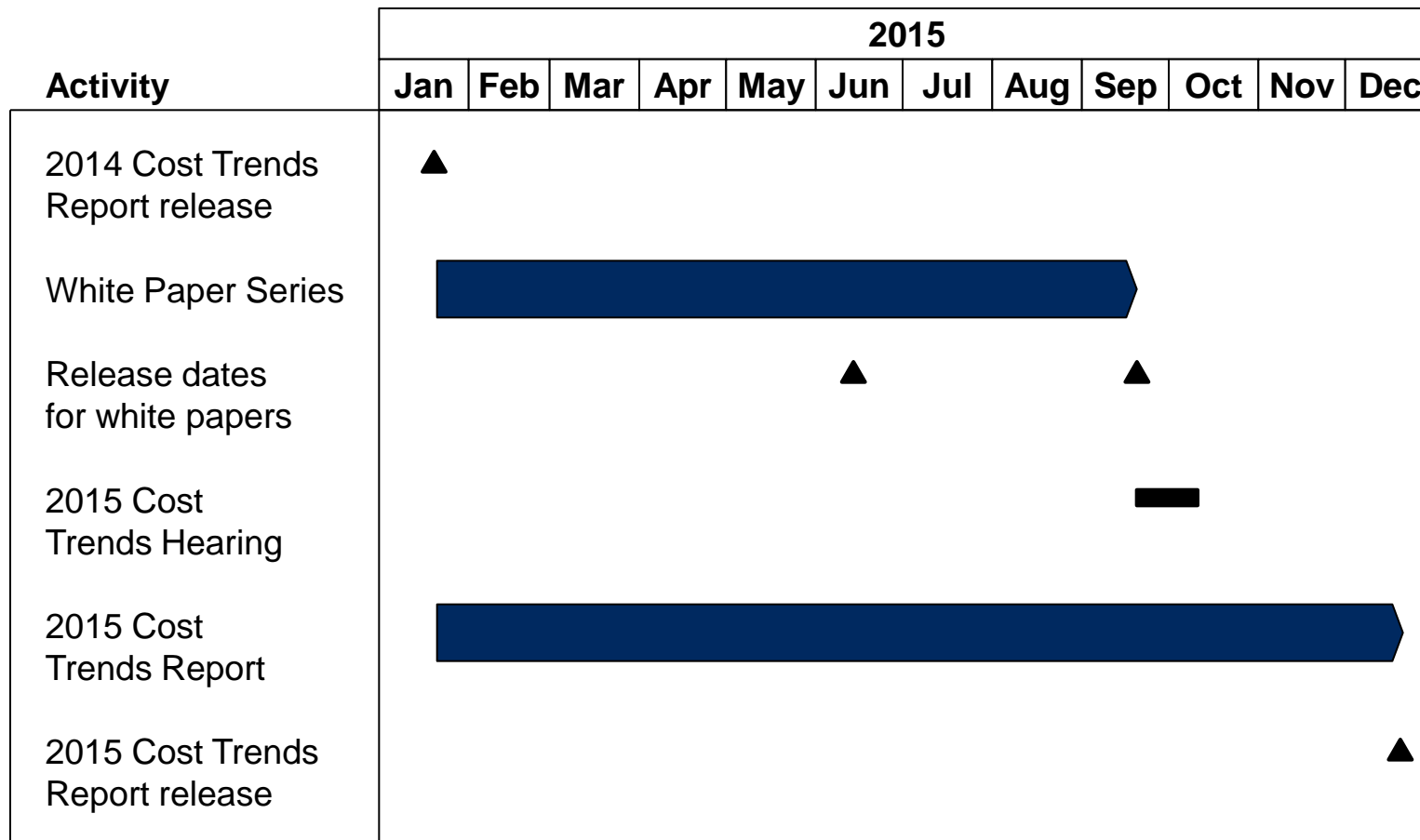
- Comprehensive report with market-wide view
  - Many descriptive analyses
  - Time trends and updates
  - National comparisons
  - Year-to-year continuity
  - May also include new or focused topics
- Publish one report at end of year

### White Papers

- In-depth study of one issue
  - Deep examination of cause and effect
  - Often in partnership with outside researchers
  - Often uses advanced analytic methods or original data collection
- Publish 2-4 working papers in 2015 on an occasional basis

Examine trends, drivers, opportunities, progress  
Include evidence-based recommendations to increase quality and efficiency  
Choose actionable, relevant topics, where HPC is uniquely positioned to contribute  
Employ rigorous methods & objective analysis

## Draft 2015 research timeline



## Potential topics for 2015 research – for discussion

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- **Primary care access**
  - Assess multiple measures of access (e.g. provider supply, retail clinics, urgent care, acceptance of MassHealth) by region
  - Relate access measures to avoidable hospital and ED use
- **Employers and insurance markets**
  - Role of employers as health care and health plan purchasers in cost containment
  - What are the barriers to defined contributions, limited network products, and use of Connector (small employers) and how could barriers be overcome?
  - Survey and focus group methods
- **High-cost drugs and biologics**
  - Potential impact, policy issues
- **Other topics**
  - Best practices for use of provider data, episode payments, end of life care, relationship between health spending and health sector employment

*Some topics may be covered in 2015 Cost Trends Report, some in working papers or issue briefs*

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## 2014 Cost Trends Report: Dashboard recommendation

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The HPC will develop a set of **measures** to track health system performance. In 2015, the HPC will develop a set of health system performance measures, or “**dashboard**,” to enable the Commonwealth to set **concrete goals** for advancement. This dashboard will be publicly available, updated regularly, and will include metrics regarding the level and rate of growth of total **spending**, provider-level spending and prices as well as APM coverage, prevalence of ACOs and other indicators of **payment** and **care delivery** reform. It will also include measures of waste, inefficiency, and quality.

# HPC dashboard proposed approach

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## Draft objectives for creating an HPC dashboard

- Develop a concise set of measures to track Massachusetts health system **performance** across areas identified by HPC as priorities for ongoing attention and improvement
- Create **accountability** over the long term
  - Include in each annual Cost Trends Report to track progress
- Align measures with the areas of **opportunity** identified in previous Cost Trends Reports: benchmark and spending; efficient, high-quality care delivery; APMs; value-based markets; and transparency and data availability
- Enable HPC to set **goals** or targets for some areas

## Draft principles for measure inclusion

- 1 Measures that are crucial to health system performance and linked to HPC's policy agenda (e.g., APM coverage)
  - Consider prioritization of measures and areas that other entities do not already collect and/or report on
- 2 Measures that have a valid, regular, and up-to-date data source

# Proposed improvement areas and examples of proposed measures

Proposed improvement area	Example measures
Benchmark and spending	<ul style="list-style-type: none"> <li>• Performance relative to the benchmark and per capita spending growth (by payer type)</li> <li>• Average employer-sponsored insurance premium</li> <li>• Average Connector premium</li> <li>• Average relative price for hospitals above versus below dominant market share threshold</li> </ul>
Efficient, high-quality care delivery	<ul style="list-style-type: none"> <li>• Percentage of people with a usual source of medical care</li> <li>• Statewide readmission rate and avoidable readmission rate</li> <li>• Early elective delivery rate</li> <li>• ED utilization</li> <li>• Share of inpatient cases discharged to an institutional post-acute care setting</li> <li>• Measure of hospital-acquired infection</li> <li>• Deaths from opioid abuse</li> </ul>
APMs	<ul style="list-style-type: none"> <li>• APM coverage (overall and by payer type)</li> </ul>
Value-based markets	<ul style="list-style-type: none"> <li>• Share of discharges to AMCs or top 5 systems</li> <li>• Enrollment in tiered and limited network products and HDHPs</li> </ul>
Transparency and data availability	<ul style="list-style-type: none"> <li>• Percentage of providers qualifying for meaningful use (Stage 1 and 2)</li> <li>• Measure of usage and functionality of price transparency tools</li> <li>• Other measure(s) of provider take-up of HIT/HIE</li> </ul>

Notes: These are example measures and do not represent the full list of proposed measures for each area.

To assess disparities, consider stratifying data for applicable measures by race, ethnicity, gender, age, income, and geography where possible.



## Areas for discussion

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- Reactions to proposed objectives, principles, and areas for improvement
- What are the circumstances under which HPC should set targets? How should such targets be developed?

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## Performance Improvement Plans

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- Chapter 224 outlines a process for certain health care payers and providers to file Performance Improvement Plans (PIPs) to improve efficiency and reduce cost growth.
- Each year, CHIA is directed to identify payers and/or providers whose cost growth is excessive or threatens the health care cost growth benchmark.
- The HPC is directed to provide notice to those payers and providers identified by CHIA and may require some of these health care entities to file and implement a PIP.
- The HPC is currently developing guidance on filing and implementing PIPs.

## Performance Improvement Plans (Cont.)

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- The payer or provider proposes the PIP and submits it to the HPC.
- The PIP must identify the causes of the entity's cost growth and include specific strategies the entity will implement to improve cost performance.
- It must include specific identifiable and measurable outcomes and a timetable for implementation of no more than 18 months.
- To be approved, a PIP must be reasonably likely to address the underlying causes of the entity's cost growth and have a reasonable expectation of success.
- Implementation of a PIP will involve reporting, monitoring, and assistance from the HPC.

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## Contact Information

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For more information about the Health Policy Commission:

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