MASSACHUSETTS
HEALTH POLICY COMMISSION

2017 Pre-Filed Testimony

Hospitals

Health Policy Commission
50 Milk Street, 8th Floor
Boston, MA 02109

Exhibit A: Notice of Public Hearing

Pursuant to M.G.L. c. 6D, § 8, the Massachusetts Health Policy Commission, in collaboration with the Office of the Attorney General and the Center for Health Information and Analysis, 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 2, 2017, 9:00 AM
Tuesday, October 3, 2017, 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 3:30 PM on Monday, October 2. Any person who wishes to testify may sign up on a first-come, first-served basis when the Hearing commences on October 2.

Members of the public may also submit written testimony. Written comments will be accepted until October 6, 2017, 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 6, 2017, to the Massachusetts Health Policy Commission, 50 Milk Street, 8th Floor, Boston, MA 02109, attention Lois H. Johnson, General Counsel.

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 Suffolk, but information about nearby garages is listed at the link provided. The event will also be livestreamed on the HPC's homepage and available on the HPC's YouTube channel following the Hearing.

If you require disability-related accommodations for this Hearing, please contact Andrew Carleen at (617) 757-1621 or by email Andrew.Carleen@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.

Exhibits B and C: Instructions for Written Testimony

On or before the close of business on **September 8, 2017**, 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 from HPC-Testimony@state.ma.us. Please complete relevant responses in the provided 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, 2014, 2015, and/or 2016 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 from a signatory that is legally authorized and empowered to represent the named organization for the purposes of this testimony. The statement must note 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 difficulty with the Microsoft Word template, did not receive the email, or have any other questions regarding the Pre-Filed Testimony process or the questions, please contact HPC staff at HPC-Testimony@state.ma.us or (617) 979-1400. For inquires related to questions required by the Office of the Attorney General in Exhibit C, please contact Assistant Attorney General Sandra Wolitzky at Sandra.Wolitzky@state.ma.us or (617) 963-2030.

Exhibit B: HPC Questions

On or before the close of business on **September 8, 2017**, please electronically submit written testimony to: HPC-Testimony@state.ma.us. Please complete relevant responses in the provided 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. 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.

1. Strategies to Address Health Care Spending Growth

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. For 2013-2016, the benchmark was set at 3.6%. Following a public hearing, the Health Policy Commission set the benchmark at 3.1% for 2018. To illustrate how the benchmark could be achieved, the HPC presented at the public hearing several exemplar opportunities for improving care and reducing costs, with savings estimates of between $279 to $794 million annually.

a. From the drop down menus below, please select your organization's top two priorities to reduce health care expenditures.
   i. **Priority 1**: Reduce unnecessary hospital utilization (e.g., avoidable emergency department use, admissions, readmissions)
   ii. **Priority 2**: Increase the use of alternative payment methods (APMs)
   iii. If you selected "other," please specify: Click here to enter text.

b. Please complete the following questions for **Priority 1** (listed above).
   i. What is your organization doing to advance this priority and how have you been successful?

We have opened two urgent care facilities to reduce unnecessary ED utilization for urgent and less emergent care and create an entrée to Emerson's primary care practices. The goal is to transition patients into a primary care relationship to manage the patient's care to avoid unnecessary hospital admissions and ED use. Emerson has just completed the two-year CHART program with outstanding results in reducing readmissions to the Hospital. On a composite basis, Emerson was well below national readmission rates as a result of dedicating resources in Care Management and Pharmacy to ensuring patients get the appropriate post-discharge care to minimize the risk of readmission to the Hospital. We have many population health efforts within our PHO, the cornerstone of which is the deployment of a software tool called IBM Watson. This tool implemented in 2017, is an effort to ensure systematic follow-up and interventions for patients with chronic conditions to minimize the risk of unnecessary admissions or ED visits. Through the PHO, we have supported Patent Centered Medical Home implementation for many of our primary care practices, improving coordination of care and avoiding unnecessary visits to the ED or an inpatient stay**.** We also implemented a Care Transitions Collaborative comprised of area SNFs, home care, pharmacies, and senior centers to manage the transition of care among these providers and the hospital. In the arenas of preventive care and wellness programs, Emerson is committed to the delivery of services to mitigate the need for higher levels of care.Through patient education and preventive services delivered in collaboration with Emerson physician practices, patient risk is diminished and outcomes improved. Six years ago, Emerson opened a community-based Wellness Center for Mind and Body. It has been so well-received by the community that we have expanded the space and educational and support program offerings. This November, we are opening a greatly expanded Center. We offer over 100 programs for people of all ages and abilities, including classes on exercise and movement, weight loss & nutrition, mindfulness, self-help & support groups, stress management, natural therapies, sports medicine, pregnancy & childbirth and specific programs targeted to infants & childcare and kids & teens. The Center needed to expand in order to accommodate

the growing demand and high attendance of these classes by thousands of community members each year. These programs support preventive care and also provide further healing and continued wellness to those who have had surgery, an inpatient stay, or other medical treatment.

ii. What barriers does your organization face in advancing this priority?

- Payors unwillingness or inability to fully fund the investments necessary at the health care provider level to better manage hospital utilization (expiration of the CHART grant is an example of funding that is going away).
- Lack of incentives from a public policy standpoint to encourage personal responsibility for maintaining good health.

iii. What are the top changes in policy, payment, regulation, or statute you would recommend to advance this priority?
To the extent that policy changes could support resource allocation, care transitions, preventive care and wellness programs, efficiency would be improved and a positive impact to health care cost metrics realized. MassHealth has to move closer to payment for the cost of care delivery in order for health systems to continue making investments in chronic care management and population health.

c. Please complete the following questions for **Priority 2** (listed above).

i. What is your organization doing to advance this priority and how have you been successful?

- Through Emerson's participation in the Partners PHO, Emerson has participated in the Pioneer ACO program and will participate in the Medicare Shared Savings Program (MSSP). These programs are designed to align incentives toward the more efficient delivery of health care to the Medicare population through risk-sharing arrangements with CMS. The chronic care management, population health and medical management tools developed through Partners leadership in this model of care allow Emerson to more fully develop its accountable care strategy in a manner that would be very difficult or impossible to achieve given the lack of scale for most community hospitals.
- These programs and the learnings from these programs inure benefits to all patients, regardless of the insurer, as we apply these tools to the broader population.

ii. What barriers is your organization facing in advancing this priority?
Emerson's obstacles are consistent with many other health care providers. Disparate technology platforms create barriers to the coordination of care due to the lack of interoperability between IT systems. Further, fee-for-service payment models continue to be the dominant method of payment, which create barriers to implementing alternative payment models. Care regularly needs to be coordinated between providers that are under differing payment arrangements resulting in a misalignment of incentives. Employed physicians, independent physicians, hospitals, rehab providers, and long-term care providers are often working under a different set of incentives and payment models resulting in inefficient and uncoordinated care. Finally, payers continue to not be fully able to administer alternative payment models in that their legacy IT platforms are geared toward fee for service payment mechanisms.

iii. What are the top changes in policy, payment, regulation, or statute you would recommend to advance this priority?
Any policy or regulation that creates more uniformity in IT platforms and greater interoperability would be helpful.

2. STRATEGIES TO REDIRECT CARE TO COMMUNITY SETTINGS

The HPC has identified significant opportunities for savings if more patients were treated in the community for community-appropriate conditions, rather than higher-priced academic medical centers.

a. What are the top barriers that you face in directing your patients to efficient settings for community-appropriate care rather than to more-expensive settings, such as academic medical centers? (select all that apply)

- ☒Patient perception of quality
- ☐Physician perception of quality
- ☒Patient preference
- ☒Physician preference
- ☒Insufficient cost-sharing incentives
- ☒Limitations of EMR system
- ☐Geographic proximity of more-expensive setting
- ☐Capacity constraints of efficient setting(s)
- ☒Referral policies or other policies to limit "leakage" of risk patients
- ☐Other (please specify): Click here to enter text.

b. How has your organization addressed these barriers during the last year?

At Emerson we consider ourselves the high quality, community-based, low-cost provider. Our efforts have centered largely around keeping patients in our community and not having them go to an academic medical center (AMC) for primary and secondary care. The barriers to this are typically patient preference. The ability of the consumer to choose to receive care at an AMC versus a community hospital is increased when the consumer is largely immune to the price of care. In other words, consumers with high deductible plans or who have very high co-pays tend to consider price in their decision of where to receive care. In some instances, insurers are incentivizing patients to receive care in lower cost settings. Without those kind mechanisms in place that create price sensitivity many decisions are made by consumers based on perception, and strong brand recognition of AMCs. In addition, there is care that leaves the community that is based on the preferred referral network of primary care physicians. If PCPs are employed by a group that has a preferred relationship with another system, even if that system is an AMC, we see secondary care leaving our community. This is based solely on the contracts that the PCPs have in place with an AMC as preferred providers. Lastly, Emerson has also seen care (mostly outpatient imaging) leave our system as pressure from insurers increases on its members to seek routine imaging testing is freestanding centers and not in hospitals. These freestanding centers do not have the same mission as non-profit organizations in terms of the provision of services, regardless of the ability to pay, nor do they have the same regulatory requirements as hospitals. This creates an unlevel playing field for services that help non-profit hospitals fund their mission to their community.

3. INFORMATION ON PHYSICIAN COMPENSATION MODELS

Please answer the following questions regarding the current compensation models for your *employed* physicians. Indicate N/A if your organization does not employ physicians. ☐N/A

a. For **primary care physicians**, list the approximate percentage of total compensation that is based on the following:

	%
Productivity (e.g., RVUs)	0
Salary	100
Panel size	
Performance metrics (e.g., quality, efficiency)	
Administrative/citizenship	
Other	

b. For **specialty care physicians**, list the approximate percentage of total compensation that is based on the following:

	%
Productivity (e.g., RVUs)	5
Salary	95
Panel size	
Performance metrics (e.g., quality, efficiency)	
Administrative/citizenship	
Other	

c. Describe any plans to change your organization's compensation models for primary care and/or specialty care physicians that you employ.

There is no current plan to change the compensation model. We review our program on an annual basis.

Exhibit C: AGO Questions for Written Testimony

The following questions were included by the Office of the Attorney General. For any inquiries regarding these questions, please contact Assistant Attorney General Sandra Wolitzky at Sandra.Wolitzky@state.ma.us or (617) 963-2030. **If a question is not applicable to your organization, please indicate so in your response.**

1. Chapter 224 requires providers to make price information on admissions, procedures, and services available to patients and prospective patients upon request.

   a. Please use the following table to provide available information on the number of individuals that seek this information. Required Question.

Health Care Service Price Inquiries CY2015-2017			
Year		Aggregate Number of Written Inquiries	Aggregate Number of Inquiries via Telephone or In Person
CY2015	**Q1**		149
	Q2	1	158
	Q3	1	156
	Q4	0	149
CY2016	**Q1**		123
	Q2		127
	Q3		142
	Q4		145
CY2017	**Q1**	1	144
	Q2		
	TOTAL:		

   b. Please describe any monitoring or analysis you conduct concerning the accuracy and/or timeliness of your responses to consumer requests for price information, and the results of any such monitoring or analysis.

Timeliness of estimates: Emerson's goal is to get back to every call or inquiry for estimates by the end of the day and absolutely done within 24 hours of the request for information. Emerson Patient Access leadership monitors our results daily and staff report to the director if they are having issues with any estimates. Many times we need to call the patient back to obtain further information to complete their request. Emerson has several people trained to produce these estimates, using a separate estimate phone line to ensure consistency of service and responsiveness for our patients. Physician offices and our website have Emerson's estimate line information for patients. Our results continue to be very good for timeliness of estimates.

Accuracy of estimates: Emerson has invested in a software tool that calculates estimates based on our charge master, our payer contracts and the patient's insurance plans. Management evaluates results biweekly using a third party to advise on opportunities for improvements. We make corrections and refine our estimate processes based upon these bi-weekly meetings.

c. What barriers do you encounter in accurately/timely responding to consumer inquiries for price information? How have you sought to address each of these barriers?

Barriers to timeliness and accuracy: One of the largest barriers to timeliness is reaching the patient in response to a message. Emerson answers the phone and give estimates right away; however, a significant number of calls come in concurrently resulting in the need to leave a message. As a result of this experience, we have added another line on another financial counselor's phone to help answer the calls in the event of multiple calls.

Accuracy: Our number one issue with accuracy is that patients do not have an accurate description of the service they will receive when they call. Emerson has educated doctor's offices to please give patients the CPT codes of tests and procedures they are having, and we have provided offices with the most common CPT codes. Patient Access meets with the doctor's office managers every other month to review this and other topics. Staff regularly has to call the physician's office for patients to help obtain information required to provide an accurate estimate. Emerson staff explains to patients that this is an estimate and other tests or augmentations to the test may materially change the cost. We have noticed an increase of patients providing better information with our education efforts to offices.

We continually work to improve these processes.

2. For each year 2014 to present, please submit a summary table showing your operating margin for each of the following three categories, and the percentage each category represents of your total business: (a) commercial business, (b) government business, and (c) all other business. Include in your response a list of the carriers or programs included in each of these three margins, and explain whether and how your revenue and margins may be different for your HMO business, PPO business, and/or your business reimbursed through contracts that incorporate a per member per month budget against which claims costs are settled.

See Attached chart for data. There is no significant difference in the reimbursement for HMO or PPO contracts. Our key payer contracts have payment rates that are identical for these two types of contracts. The business reimbursed through contracts that incorporate a per member per month budget is immaterial.