

2017 Pre-Filed Testimony Providers



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 inquiries 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:** Other
 - ii. **Priority 2:** Shift care from high-cost settings (e.g., academic medical centers) to lower-cost settings (e.g., community hospitals)
 - 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?

NEQCA is keenly focused on helping our network of physicians achieve the Quadruple Aim goals of providing better health, better care, lower cost and improved provider satisfaction. NEQCA is committed to driving down costs, however it is a secondary goal behind our focus to provide the best care to our patients. To this end we remain committed to population health management and value based payment programs that first and foremost enhance the health and experience of our patients and align fiscal and clinical incentives to accomplish this goal. Through dedicated care management programming and in depth data analysis that is shared widely across the system and at the individualized physician level NEQCA has performed incredibly well in the Medicare Shared Savings Program (MSSP), producing outstanding quality and savings results. Demonstrating our belief in the value and impact of enhanced physician accountability and outcomes based incentives, NEQCA has decided to participate in CMS' Next Generation ACO program in 2018, taking both upside and downside risk on shared savings in the program. NEQCA is also committed to expanding these approaches and has therefore also recently agreed to join the Medicaid ACO program through the Wellforce system, enabling us to apply the lessons learned in our Medicare ACO to this important and often underserved population.
 - ii. What barriers does your organization face in advancing this priority?

Several challenges exist in advancing the Quadruple Aim and population health management programs. These challenges fall under the following headings:

 - Capital, Data and Infrastructure
 - Rising pharmaceutical costs
 - Physician burn-out

Capital, Data and Infrastructure: Population health programs and value based payment arrangements require significant investments in infrastructure, staff and data collection and analysis. Access to timely and detailed data about each practice's patient population is critical to successful population health management; however this remains a challenge without enhanced and timely reporting from payers and more integrated health IT systems across the network. NEQCA is often challenged to meet the capital demands that are necessary to support a network comprised predominantly of independent practices with

varying levels of infrastructure and IT capabilities. Health systems with higher reimbursement rates and lower Medicaid volume are advantaged over NEQCA in being able to dedicate financial resources to population health and IT infrastructure needs.

Rising pharmaceutical costs: NEQCA firmly believes significant positive results can be seen in patient care and in cost reduction through successful population health management and value based contracting. However, we are increasingly challenged to meet cost savings targets in the face of unrelenting price increases in both brand and generic pharmaceuticals. The cost of pharmaceuticals is poised to overtake the medical spend in healthcare and this is an unsustainable trend.

Physician burn-out: Several years ago NEQCA – early to recognize the epidemic of physician burn out – evolved its key strategic goals from the “Triple Aim” to the “Quadruple Aim” so as to formally acknowledge the centrality of improved provider satisfaction. In the face of ever increasing administrative burdens, IT interface demands and innumerable metrics with limited demonstrable clinical value – all of which keep physicians from their core mission of providing the most compassionate and quality care to patients which often requires spending more time with their patients- the signs of physician burn-out cannot be overlooked. The reality of how much more can be expected of physicians needs to be constantly checked and balanced with our overall goals of improving patient care and driving down costs.

- iii. What are the top changes in policy, payment, regulation, or statute you would recommend to advance this priority?

Expand value based contracting: Policy makers should consider policy changes that will compel employers and payers to expand value based contracting that concretely dis-incentivizes the overutilization of health care resources inherent in fee for service practice.

Greater transparency: They should also consider opportunities to create greater transparency in value based contracting arrangements to gather information about the true level of risk and accountability physicians are exposed to under each health system.

Drug pricing transparency: Policy makers and regulators should continue to place pressure on pharmaceutical companies to provide transparency in costs and pricing.

Innovative programs and partnerships in pharmaceutical purchasing: They should also continue to seek innovative partnerships and programs to drive down costs and the number of prescriptions; for example many pediatricians and policy makers have suggested school systems consider bulk purchasing of EpiPens. EpiPens are a critical treatment for life-threatening allergic reactions; a child with need for epinephrine may hold 3-4 prescriptions because they need to keep an EpiPen in several settings: home, school, with other caregivers. If a school system purchased EpiPens for stock in the school setting it could take advantage of bulk pricing and reduce the number of prescriptions per child. (Should we also encourage them to produce and disseminate the kind of comparative effectiveness data our own pharmacy team produces that leads to lower cost but equally effective regimens for patients and providers?)

- 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?
NEQCA has been successful across the network in driving care to lower cost settings through a number of fundamental initiatives. As a network of predominantly independent physicians practicing in communities across eastern Massachusetts our physicians, as well as our patients, are deeply tied to the hospitals in their communities. From its inception, NEQCA has prioritized and respected this relationship and supports physicians keeping care in the local community over sending primary and secondary care to higher cost academic medical centers.
NEQCA’s tertiary and quaternary care partner is Tufts Medical Center, one of the highest quality and lowest cost academic medical centers in the state. NEQCA physicians are encouraged to utilize Tufts MC for tertiary care and in turn, Tufts Medical Center works in partnership with NEQCA to ensure our patients have access to the highest quality specialty and high acuity care while actively ensuring that follow-up patient care that can be provided in appropriate local settings is driven back to the community setting.
- ii. What barriers is your organization facing in advancing this priority?

While NEQCA doctors often utilize Tufts MC, it is increasingly challenging for doctors to steer care to the value provider if they are practicing in community hospitals affiliated with other systems. Implicit and explicit demands are placed on physicians to refer care to the parent competitor system and often IT systems do not readily allow referrals to providers outside the parent system. Another challenge in ensuring and growing referrals to the lower cost provider lies in the reality that patients follow their physicians and when physicians are lured by higher compensation offered by higher priced systems, patients will inevitably follow to that higher cost system.

NEQCA does not employ its physicians and therefore we lack the tools associated with employment that can help drive economic behavior. NEQCA has successfully utilized the components of value based contracting to engage and incent our physicians to deliver higher quality results and make value based care decisions. This is challenged by regular practices in the market that are difficult to compete with; systems that are able to shield physicians from the risk and accountability of value based contracts are increasingly attractive to physicians in an environment of increasing burdens and decreasing financial return to a practice. This further challenges independent physicians who are more directly and immediately impacted by the incentives in such contracts.

- iii. What are the top changes in policy, payment, regulation, or statute you would recommend to advance this priority?

Policymakers should continue to pursue transparency around referral patterns and understanding incentives among providers and systems. They should include issues like differential reimbursement, the impact of consolidation and "vertical integration" on recruitment, retention and the ability to provide care to vulnerable populations, like Medicaid beneficiaries.

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?

Required Answer: Click here to enter text.

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) | |
| Salary | |
| 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) | |
| Salary | |
| 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.

Required Answer: [Click here to enter text.](#)

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. Please submit a summary table showing for each year 2013 to 2016 your total revenue under pay for performance arrangements, risk contracts, and other fee for service arrangements according to the format and parameters reflected in the attached **AGO Provider Exhibit 1**, with all applicable fields completed. To the extent you are unable to provide complete answers for any category of revenue, please explain the reasons why. Include in your response any portion of your physicians for whom you were not able to report a category (or categories) of revenue. Required Question.

NEQCA does not possess full financial data for the practices that are members of the organization. We do not possess practice level cost information nor do we have margin data for those practices.

2. When primary care providers within your organization (including, e.g., newly-acquired practices) change their preferred referral partners, are patients notified of such changes? If so, what information is shared with patients, and when?

When new practices or physicians join NEQCA we provide notification letters and post cards that are sent to every patient in the practice. The notification is intended to inform the patient of the relationship, benefits and services with NEQCA and Tufts Medical Center as the preferred tertiary provider.

3. Do you participate in any provider-to-provider “discount arrangements” (e.g., a form of preferred provider relationship that includes a discount or rebate from one provider to another in connection with health care services furnished under the agreement)? Required Question.

☐ Yes ☒ No

If so, do you notify patients’ insurers of such arrangements?

☐ Yes ☐ No