MASSACHUSETTS
HEALTH POLICY COMMISSION

2017 Pre-Filed Testimony

Providers

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 growth in prescription drug spending
   ii. **Priority 2**: Other
   iii. If you selected "other," please specify: More effective management of behavioral health and substance abuse conditions

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?

   Reliant Medical Group is engaged in a number of different strategies to more effectively manage pharmacy costs for our patients. This is a critical goal for our organization since we take substantial financial risk for prescription drug costs in most of our value-based contracts.

   We have tools embedded in our electronic medical record that provide prescribers with clinical protocols, guidelines, and formularies for drugs. We also have initiatives underway to provide education and information to prescribers on the cost effectiveness of clinically appropriate and therapeutically equivalent drug choices and treatment alternatives, and to monitor prescribing practices among our clinicians so that we can design interventions as appropriate.

   Reliant's Office of Population Health works closely with our patients to assure appropriate medication adherence and compliance, particularly for highly complex individuals. Finally, we have hired clinical pharmacists that provide consultation and medication reconciliation for complex patients, perform prior authorization reviews for high-cost drugs, and conduct academic detailing on appropriate prescribing, particularly for opioids and other pain medications

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

   We recognize that the discovery of new agents to treat previously intractable diseases is one driver of rising pharmacy costs, and we are supportive of innovation in drug development. However, the fundamental challenge we face is that neither payers nor providers have any control over how pharmaceutical costs are set. We are concerned that prices for drugs continue to rise at rates above inflation based on the competitive dynamics of the pharmaceutical market, with no consideration for the value or efficacy of the drug. The problem is compounded by patient demand for high-cost, brand-name drugs that we believe is driven in part by direct-to-consumer advertising.

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

Reliant Medical Group supports federal and state regulatory controls on drug pricing, potentially including limits on annual price increases and an approval process for the pricing of new drugs based on clinical effectiveness. We also support regulatory limits on direct-to-consumer advertising, and we are encouraged by early efforts by CMS and others in the industry to reform the way providers are reimbursed for office-administered oncology drugs.

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?

Reliant Medical Group is in the midst of a care transformation effort, where an enhanced, physician-led care team will work together in a robust way to support our patients. A critical part of this effort is embedding behavioral health providers in all of our primary care sites as part of these care teams. This will help assure that the behavioral health needs of our patients are addressed in an appropriate and timely way, thereby avoiding future exacerbation and downstream medical costs. For our pediatric practices, these embedded behavioral health providers will focus specifically on therapies for Attention Deficit Hyperactive Disorder and Autism. This approach of better integrating physical and behavioral health will be part of our efforts to operationalize our Accountable Care within selected targeted Behavioral Health Community Partners to help meet the needs of patients who do not use traditional primary care settings.

In addition, Reliant has invested resources in better identifying for care management those patients with complex behavioral health conditions, or high utilization of medical services due to the presence of behavioral health diagnoses with multiple comorbid conditions. Finally, we intend to hire additional Substance Abuse Registered Nurses who will help manage patients with substance abuse disorders and provide consultation to our clinicians on appropriate prescribing of opioids and other pain management drugs.

ii. What barriers is your organization facing in advancing this priority?

Reliant recognizes several barriers in improving how we manage behavioral health conditions for our patients. The first barrier is cultural and historical. Traditionally, primary care providers have not been adequately trained to manage basic behavioral health conditions, and many did not see behavioral health management as falling within the purview of a primary care practice. Among our own clinicians, Reliant is providing education and training to combat this perception, particularly as our care transformation effort restructures our primary care teams to better integrate behavioral health. However, we see this fragmentation between physical health and behavioral health persisting throughout the health care system, as evidenced by the continued use of behavioral health carve-outs by payers and inconsistency in regulatory requirements for physical health and behavioral health providers.

A second barrier is the lack of standard, industry-recognized methods of measuring quality for behavioral health providers, particularly for outpatient services. Without the ready availability of quality information for these providers, it is difficult to identify preferred referral partners or assess the effectiveness of patient care.

A final barrier is the limited access to behavioral health providers in certain areas or certain subspecialties. Outpatient services for children, particularly those who require medication management, are limited in certain parts of the state. Reliant also sees limited expertise and capacity among inpatient and outpatient providers for the management of geriatric psychiatric conditions.

Such access issues are compounded by the low reimbursement levels paid for behavioral health services, particularly by behavioral health carve-outs.

iii. What are the top changes in policy, payment, regulation, or statute you would recommend to advance this priority?
State law continues to limit clinical information sharing for patients with substance abuse histories and disorders. While Reliant recognizes patient concerns around maintaining the confidentiality of this information, state confidentiality requirements in this area hinder efforts to effectively manage substance abuse disorders across provider settings. Moreover, we believe that HIPAA standards assure an appropriate level of privacy for patients while still permitting information exchange between treating providers.

Reliant also believes that the Commonwealth can play a role in developing industry standards for measuring quality and outcomes in behavioral health services, and by promoting transparency of results for those behavioral health providers licensed in Massachusetts.

Finally, Reliant encourages all payers – including the Commonwealth through MassHealth and the GIC – to promote greater integration of physical and behavioral health services through the elimination of behavioral health carve-outs.

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?
Reliant Medical Group understands that maintaining collaborative clinical relationships with a closely defined circle of referral providers is critical to the effective coordination of high-quality care for our patients. As a result, we have a number of strategies in place to assure that our patients are treated by community-based, high efficiency providers. Our electronic medical record includes defaults that prioritize referrals to internal departments or preferred external providers. Referral requests are routed to a centralized referral management office at Reliant, where staff and approve all potential referrals to assure that the referral is necessary, and that it results in the best match to a provider from both a quality and efficiency standpoint.

We also make efforts to design our referral networks to optimize efficiency and coordination of care between our clinicians and the hospitals, specialty physicians, and ancillary providers we use. We select referral providers on the basis of their quality, efficiency, and ability to effectively coordinate care with our physicians. In many cases, we document our mutual expectations for care coordination in our agreements with our referral

providers. Finally, we consider patient convenience and preference in selecting referral providers to assure that we are adequately considering patient needs in managing their care.

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)	33%
Salary	8%
Panel size	33%
Performance metrics (e.g., quality, efficiency)	16%
Administrative/citizenship	3%
Other	7%

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

	%
Productivity (e.g., RVUs)	74%
Salary	N/A
Panel size	N/A
Performance metrics (e.g., quality, efficiency)	12%
Administrative/citizenship	9%
Other	5%

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

Incentive payments made under Reliant Medical Group's physician compensation model are reviewed and approved by the Provider Compensation and Benefits Committee, which reports in to Reliant's Executive Team. The Committee meets every other month, and includes Reliant's clinical chiefs, all clinical department chairs, the CFO, and the Chief Human Resources Officer, among other organizational leaders. The formulas and quality metrics currently in place took effect in the beginning of 2017. As our payer relationships evolve, the Committee will consider future enhancements to the compensation model to assure appropriate alignment of incentives among our employed physicians.

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.

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?

   All decisions regarding preferred referral providers are made by Reliant Medical Group's executive leadership. Individual practice sites or physicians are not permitted to make their own decisions regarding preferred referral providers.

   Reliant has been operating under value-based reimbursement arrangements for over 40 years, and as a result, we have mature and well established relationships with most of our preferred referral providers. In the event that Reliant chose to change its relationship with a preferred referral partner, we would work to assure that affected patients are aware of this change. Broad-based communication vehicles would include materials in our practice sites and content in our Patient Pulse newsletter. Depending on the circumstances of the referral change, we also would reach out directly to affected patients, by mail and phone, to assure effective coordination of any necessary care transitions, and/or continuity of in-course treatments with their existing provider. Finally, we would work with our contracted payers on coordination of benefits issues so that we can avoid or mitigate any potentially negative impacts to our patients.

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