

2017 Pre-Filed Testimony Hospitals



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:** Shift care from high-cost settings (e.g., academic medical centers) to lower-cost settings (e.g., community hospitals)
 - ii. **Priority 2:** Reduce unnecessary hospital utilization (e.g., avoidable emergency department use, admissions, readmissions)
 - 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?

Southcoast Health (Southcoast) is shifting care from high-cost settings to lower-cost settings through the following means:

1. **Recruiting Specialty Physicians.** Southcoast Health has the largest network of specialty physicians in the region. Through strategic recruitment efforts, Southcoast has retained board certified, fellowship trained and clinically advanced cardiothoracic surgeons, electrophysiologists, structural heart specialists, vascular surgeons, neurosurgeons, orthopedic surgeons, colorectal surgeons, breast specialists, bariatric surgeons and radiation and medical oncologists to serve in its community based health system. Delivering clinically advanced care in the community setting allows patients to stay close to home and their families when receiving specialty services.
2. **Developing Innovative Programs.** With these new specialists on board, Southcoast developed local programs that were previously only accessible at academic medical centers. Examples include the following:
 - a. **Atrial Fibrillation Wellness Program.** Southcoast has developed an atrial fibrillation wellness program, in which physicians and other clinicians work with patients to better manage their condition.
 - b. **Structural Heart Program and Valve Clinic.** Southcoast has created a Structural Heart Program/Valve Clinic, where physicians collaborate from multiple specialties to evaluate valve disorders and select the best treatment plan for each patient.
 - c. **The Southcoast Lung Cancer Screening Program.** The Southcoast Lung Cancer Screening Program offers low-dose CT scan screenings to people who are at high risk for developing lung cancer.
 - d. **Southcoast Health Wellness Van.** The Southcoast Wellness Van travels across southern Massachusetts, bringing free health screenings as well as available medical

care for those who may not have access. Van staff, who are all certified smoking cessation specialists, have been instrumental in lowering the high rate of smoking in the southern Massachusetts region through collaboration with public housing facilities. Southcoast has documented thousands of quit attempts among public housing residents over the past five years.

As a result of offering these services and of its high quality medical care, Southcoast has won numerous awards including:

- The Joint Commission's Gold Seal of Approval
- One of the Nation's Top Cardiovascular Hospitals by Truven Health Analytics
- In the top five percent of more than 4,500 hospitals nationwide for its clinical performance as measured by Healthgrades.
- One of Healthgrades® America's 100 Best Hospitals for Cardiac Care™ 6 Years in a Row (2012-2017)
- One of Healthgrades® America's 100 Best Hospitals for Pulmonary Care™ 3 years in a row (2015-17)
- Named Among the Top 5% in the Nation for Patient Safety for Three Years in a Row (2014-2016) by Healthgrades
- Received an "A" grade for Patient Safety in Leapfrog's Spring 2017 Hospital Safety Grade

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

The organization faces two main barriers to advancing its efforts for Priority 1.

- **High Investment Cost in Creating Programs.** Hiring specialty surgeons for work in low-cost settings requires a significant upfront investment, which limits the number of specialists that Southcoast can hire.
- **Perception that Advanced Care is Not as High Quality in Low-Cost Settings.** Some patients are under the assumption that advanced care in a community setting is not as high quality as that which one receives in an academic medical center.

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

To advance Priority 1, Southcoast recommends the following:

- **Patient Incentives.** Provide incentives to patients to use community settings rather than academic medical centers.
- **Provider Incentives.** Provide incentives to providers to practice in community-based settings rather than academic medical centers.

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?

Southcoast is advancing unnecessary hospital utilizations through the following efforts:

1. **CHART Phase 2.** As an active participant in this grant program, Southcoast is employing creative and standard strategies to encourage patients who are defined as high-utilizers of inpatient and emergency department (ED) services to use community-based services, when appropriate.
2. **Community Health Workers (CHWs.)** Southcoast is seeking to decrease the use of ED and inpatient admissions by using CHWs to engage with patients to address social-determinants of care and to increase self-care. Southcoast, through its Community Benefits program, has

also utilized CHWs in working to overcome social determinant of health and cultural barriers to early screenings for diseases such as colon cancer. A recent outreach project with multi-lingual CHWs increased the rate of early colon cancer screening from 15 to over 50 percent. Almost 10 percent of those screened were referred for further screening and treatment.

3. **Comprehensive Care Management Program.** Southcoast is coordinating care between inpatient and ambulatory practice settings for complex medical patients.
4. **Clinical Pharmacists.** Southcoast is fostering medication adherence by using clinical pharmacists to provide patient education, medication reconciliation, provider recommendations for dosing adjustments, and access to discounted drug programs.
5. **Community Resource Specialist.** This individual serves as an internal expert of community-based agencies and services to identify appropriate agencies for specific patient needs and facilitating seamless patient referrals to such services.
6. **Food Security.** Southcoast has been a regional leader in efforts to increase access to healthy and nutritious food, particularly in vulnerable populations. Southcoast annually purchases Community Supported Agriculture (CSA) shares which are delivered weekly to vulnerable diabetics and other patients. We also partner with the regional Hunger Commission to deliver fresh fruits and vegetables to a mobile food pantry on a weekly basis. Last year over 700 families in Greater New Bedford benefitted from this service.
7. **Housing.** Through our Community Benefits program, Southcoast collaborates with regional coalitions to prevent and end homelessness, and convenes a monthly Homeless Intervention Group which includes community and clinical staff. This group works to coordinate services for a defined group of homeless residents. Southcoast also supports efforts by community partners to medically triage homeless residents in shelter settings.
8. **Emergency Department Staff.** Case managers, social workers and other clinical staff positioned in our emergency departments engage patients to collectively problem solve around avoidable ED visits.
9. **Behavioral Health Integration.** By embedding behavioral health services within primary care practices, Southcoast is seeking to decrease ED visits due to behavioral health issues and increase real-time access to behavioral health clinicians.

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

Southcoast faces several main barriers to advancing its efforts for Priority 2.

1. **Lack of Access to Social Services.** Despite extensive clinical to community collaborations, lack of access to social services is a widespread problem in our region. Social issues, such as inadequate housing, lack of transportation, low economic status, inability to self-navigate activities of daily living\healthcare systems (e.g., access, insurance, medical education), and lack of access to healthy diets create situations that contribute to chronic medical conditions. Without solutions to these social determinants, treatment of medical conditions is only partially successful. In many cases, medical and behavioral conditions cannot be addressed until fundamental social needs are established (e.g., housing, safety, food). Programs to address social issues that contribute to patient non-compliance and chronic conditions need direct funding and are not currently supported in the fee-for-service payment environment.
2. **Lack of Access to Inpatient and Outpatient Substance Abuse Detoxification Services.** Prompt access to alcohol detoxification and access to support for opiate abuse disorder is challenging. There is also an insufficient number of certified providers to administer and monitor substance abuse-deterrent medications (e.g., Suboxone and Vivitrol) in community practice settings and with sufficient reimbursement for the drug and provider services.
3. **Lack of Access to Treatment for Opioid Addiction.** Like many medical centers, Southcoast is overburdened with the treatment needs for those suffering from opioid addiction. Specifically, there are not enough available treatment beds in nearby communities, and costs for treatment are too high.

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

To address these barriers to health, Southcoast recommends the following policy changes.

1. **Funding for Social Determinants.** Implement funding for programs and services that address the social determinants that cause chronic medical and behavioral conditions for at-risk patients. Examples might include assistance for food, shelter, utilities, telephone, clothes, taxi fares, bus passes, and other creative transportation modalities, medical insurance co-pays, moving assistance, basic furniture, at-home medical equipment (e.g., walker, cane, weight scale, pulse oximetry, medical alert system), and housing and legal advocacy services, etc.
2. **Communication Systems.** Help establish better clinical to community electronic communication systems, that will allow for better tracking and services for patients.
3. **Additional Use Disorder Funding.** Increase funding for opioid and alcohol addiction for inpatient and outpatient services.
4. **Improved Ratios.** Improve the ratio of social program spending to spending on medical care to focus on wellness and prevention, rather than treating sickness.
5. **Care Plans.** Institute requirements so that patients receiving entitlement program healthcare services are required to follow an appropriate care plan.

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): Lack of reporting

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

To address these barriers, Southcoast has instituted specific goals for referral retention, implemented monthly reporting, and hired a patient referral liaison to educate patients who request referrals to high-cost facilities.

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)	41%
Salary	38%
Panel size	2%
Performance metrics (e.g., quality, efficiency)	11%
Administrative/citizenship	6%
Other	2%

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

	%
Productivity (e.g., RVUs)	11%
Salary	71%
Panel size	0%
Performance metrics (e.g., quality, efficiency)	2%
Administrative/citizenship	10%
Other	6%

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

In the upcoming year, Southcoast will be increasing the productivity component for specialists. Additionally, as the medical center continues to move away from an emphasis on volume to one on value, we are reexamining the performance metrics and the percentage of the compensation it represents.

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.

Health Care Service Price Inquiries CY2015-2017			
Year		Aggregate Number of Written Inquiries	Aggregate Number of Inquiries via Telephone or In Person
CY2015	Q1	1	15
	Q2	1	15
	Q3	1	15
	Q4	1	15
CY2016	Q1	2	24
	Q2	2	24
	Q3	2	24
	Q4	2	24
CY2017	Q1	3	30
	Q2	3	30
TOTAL:		18	216

- 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.

The data provided above is based on anecdotal information from our Customer Service and Central Scheduling areas. Most inquiries are made by phone. In many cases, the patients are not in our database or do not provide patient specific information which makes it difficult to track their case. For the timeliness of responses, most are provided in real-time. Those that cannot be completed in real-time are completed within one business day.

- 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?

The requests for pricing have been infrequent (i.e., two to three per week). Some of the requests have been related to cosmetic, rather than medical, procedures. We have been able to respond to most requests in a timely manner. One barrier is that sometimes an unspecific description of the proposed service is given to us by potential patients—as there are significant differences in price based on a seemingly small change in the description of the service. Also, variations in surgical procedures may lead to more operating room time than

originally estimated. Making the consumer aware of the price range for the service or procedure has been helpful in accommodating the potential for price variation.

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.

FY2014

Category	Operating Margin
Commercial Business	29%
Government Business	-6%
Other Business	-15%
Grand Total	5%

FY2015

Category	Operating Margin
Commercial Business	30%
Government Business	-2%
Other Business	14%
Grand Total	8%

FY2016

Category	Operating Margin
Commercial Business	26%
Government Business	-8%
Other Business	7%
Grand Total	3%

July YTD FY2017

Category	Operating Margin
Commercial Business	27%
Government Business	-10%
Other Business	10%
Grand Total	2%

Notes:

HMO/PPO rates do not differ

Includes reimbursement for PMPM when applicable

Commercial Business:

Blue Cross of MA
Blue Cross of RI
Harvard Pilgrim
United Health
Unicare
Aetna
Cigna
Tufts
NHP Commercial Plan
Other Misc Commercial

Government Business:

Medicare
Medicaid
All Medicaid MCOs
All Medicare MCOs
Tricare

Other Business:

Self Pay
Free Care
Workers Comp

Southcoast's operating margins do not differ between HMO business and PPO business because Southcoast is paid the same rate for HMO business and PPO business. For 2014 and 2015, additional commercial revenue is included for what Southcoast received from its alternative payment arrangement contracts (PMPM payments). These payments are accounted for in the operating margins.