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**: Shift care from high-cost settings (e.g., academic medical centers) to lower-cost settings (e.g., community hospitals)
   ii. **Priority 2**: Increase the use of alternative payment methods (APMs)
   iii. If you selected "other," please specify: Population health management

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?
   Building healthier communities and delivering high-quality, affordable care locally and conveniently is the driving mission at Wellforce. Wellforce was built upon the strong collaborative clinical relationship that existed between Circle Health and Tufts Medical Center, the work to deliver high quality care in local communities has only strengthen and expanded through Wellforce as the parent corporation. Wellforce has served as the catalyst to guide the work in building collaboration among academic and community physicians to consistently deliver high quality care wherever is most convenient for the consumer. We have seen this play out in the expansion of services from pediatric specialty care across eastern Massachusetts, to a partnership where Tufts MC has provided clinical support to the Lowell General Hospital Intensive Care Unit (ICU). This ICU partnership has allowed more critically ill patients and their families to stay in their local community instead of transferring to a Boston AMC. As a result of this program in the 1st year over $1.1 million in revenue was redirected to the lower cost community setting; Lowell General Hospital has cared for over 1,500 patients in its ICU and given increasing demand, LGH has recently opened a state of the art expansion in the Intensive Care Unit. Wellforce is expanding on this work by driving even more collaborations under the Wellforce umbrella using a similar model where specialty physicians provide care in the local setting in a collaborative physician staffing arrangement. Tufts Medical Center and Hallmark Health System have begun a partnership to return neurosurgery services to the Melrose Wakefield Hospital community, sharing a neurosurgeon supported by the Tufts MC Department of Neurology. This allows an AMC specialist to provide services in a community hospital that had previously been going to high cost AMCs, this arrangement also gives patients the confidence of knowing any care that may be too acute for the community setting will go to a high-quality, lower cost AMC and that the patient will be able to receive post-operative and follow-up care in their local community. This model has helped drive down costs; by our calculation over $20m was saved in FY16 by Wellforce members using Tufts MC vs. higher cost Boston AMCs.

   ii. What barriers does your organization face in advancing this priority?
   Working with our existing partners to pursue these collaborative partnerships is easy with a shared mission; it requires a commitment and belief that enhancing care in the community setting is right for

patients and the healthcare system at large. Challenges to advancing the mission to drive care to the local community whenever possible remain tied to the imbalance in financial resources of Wellforce compared to many other systems. Commitment to delivering AMC specialty care in the community and ensuring that the ancillary and follow-up care stays in the community, when it could easily flow to the AMC, requires significant determination to send care to the right setting and an understanding that the AMC will forgo revenue opportunities to do what is right and send care to the lower cost setting. The current reimbursement imbalances across the healthcare system, unrelated to quality or acuity of care, make it difficult to ensure both the Tufts MC and our community hospitals can earn enough revenue to support this important mission and collaborative partnership model.

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

Continuing the work to address provider price variation should continue to be a top priority for policy makers. Continuous monitoring and transparency of physician incentives, practice acquisitions, preferred provider arrangements and referral patterns may also help provide necessary oversight to one of the most challenging elements of driving care to lower cost community settings.

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 the strong and supportive leadership of its physician organizations Wellforce is able to embrace and excel in value-based payment arrangements. Wellforce providers have been participating in the Blue Cross Blue Shield Alternative Quality Contract for a number of years; the Lowell General Physician Hospital Organization and the physicians of New England Quality Care Alliance participated and achieved significant savings and quality results through the Medicare Shared Savings Program, and are contemplating the Next Gen model where physicians will be exposed to significant upside and downside risk. The ability of the Wellforce physicians to succeed, and of the overall system to support population based healthcare and payment arrangements with real and considerable risk, was one of the appealing factors to the Hallmark Health system as they contemplated joining a larger system in the marketplace. Another marker of the true commitment of Wellforce in expanding our work in value based payments and embracing risk and accountability in healthcare is evident in the commitment we have made to participating in the Baker Administration's Medicaid ACO program as a model A ACO.

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

Value based payment arrangements require a significant amount of infrastructure support and data analysis. Continuously low fee for services reimbursement rates and inequitable global payment budgets make it difficult to devote all of the resources we would like to dedicate to the physicians and patients we serve. An integrated IT infrastructure, as well as access to timely and accurate patient data from payers, are also challenges to advancing this priority.

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

As noted above, addressing provider price variation will be important to advancing more value based payments. Especially critical in this realm is creating transparency and equity in how budgets are constructed and ensuring fair and adequate resources are dedicated to every patient population, regardless of their zip code or socio-economic status.

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?

Wellforce has worked to realize operational synergies across the system in an effort to drive revenue savings; thereby allowing the system providers to identify and implement the newest ideas, technologies, developments and services to improve the consumer and physician experience.

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

Wellforce, as the parent corporation does not employ the physicians of the system and physician compensation structure is left to the employing entity. While there are common fundamental principles underlying the numerous compensation models, such as productivity, citizenship, panel size, patient satisfaction and efficiency, a great deal of variation exists among the physician compensation plans.

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.

   Wellforce was not financially consolidated prior to 2017 and does not possess uniform historic cost and margin data for each system member.

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?

   Wellforce does not notify patients across the system of new affiliations or referral partners, this task is left to the local provider groups with the assistance of our larger physician organizations.

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