COST TRENDS AND MARKET PERFORMANCE COMMITTEE

Meeting of December 7, 2016

MASSACHUSETTS HEALTH POLICY COMMISSION

COST TRENDS AND MARKET PERFORMANCE COMMITTEE OF THE MASSACHUSETTS HEALTH POLICY COMMISSION
HEALTH POLICY COMMISSION
50 MILK STREET, 8TH FLOOR
BOSTON, MA 02114

Docket: Wednesday, December 7, 2016 10:30-11:30 AM

PROCEEDINGS

The Massachusetts Health Policy Commission's Cost Trends and Market Performance (CTMP) Committee held a meeting on Wednesday, December 7, 2016 at the Health Policy Commission, 50 Milk Street, 8th Floor, Boston, MA 02109.

Committee members present included Dr. David Cutler (Chair, CTMP) and Ms. Lauren Peters, designee for Ms. Kristen Lepore, Secretary of Administration and Finance. Dr. Wendy Everett and Dr. Stuart Altman (Chair, HPC Board) participated via phone.

The slides for the day's meeting can be found here.

ITEM 1: Approval of CTMP Minutes

Acknowledging the lack of quorum, the Committee did not vote on the minutes from April 6, 2016 or May 18, 2016.

ITEM 2: DISCUSSION OF PROPOSED REGULATION GOVERNING PERFORMANCE IMPROVEMENT PLANS (PIPs)

Dr. Cutler provided a brief introduction and turned the discussion over to Ms. Katherine Mills, Policy Director for Market Performance, and Ms. Kara Vidal, Senior Manager for Market Performance. Ms. Vidal provided an overview of the PIP process. For more information, see slides 8-10.

Dr. Cutler noted that the Center for Health Information and Analysis (CHIA) is proposing updates to their methodology for confidentially referring health care entities to the HPC, which may result in more entities being referred. He noted, however, that because the HPC performs a rigorous review process before notifying the entities on the list that they have been identified by CHIA, providers and payers will not be significantly impacted by this change.

Ms. Mills reminded the audience that both providers and payers could be referred to the HPC by CHIA.

Ms. Vidal noted that once an entity is referred to the HPC by CHIA, the HPC completes a gated review process. She provided an overview of the current gated review factors used by the HPC to determine whether a PIP is required of an entity. Ms. Vidal also provided an overview of proposed additional factors that the HPC could consider in the PIP process, such as a recent transaction that included claims of increased efficiency or lower spending. For more information, see slides 11-12.

Dr. Cutler stated that in cost and market impact reviews (CMIRs), entities had suggested their material change would reduce spending and, therefore, be beneficial to consumers. He said that the HPC had noted that the PIP process might be an effective way to evaluate these claims.

Ms. Peters asked whether the organizations had attested to these claims as part of the CMIR process. She expressed concern that some of the claims may be somewhat subjective. Dr. Cutler responded that, in CMIRs, organizations typically make specific claims that can be evaluated by the HPC. For example, he added that a common claim made by entities is that a given material change will allow them to treat more individuals in the community, which can be measured.

Dr. Cutler agreed that there are rarely specific numbers in the notices of material change (MCN). If the HPC does not see positive change in these numbers, however, then requiring a PIP from these entities might make sense.

Ms. Peters noted that the HPC needs to be careful and consistent with how these goals are measured so the process to determine whether the claims are met is not subjective.

Ms. Vidal asked whether the Committee had any thoughts on how the general timeframe for achieving these goals should be determined. She added that often, during testimony at the Cost Trends Hearings, entities often claim that not enough time has passed for stated efficiencies to be realized.

Dr. Everett suggested that the timing prediction should start with the entity. She suggested that, when entities submit their plans, they should include a timeframe on which the HPC and entity can negotiate.

Ms. Vidal mentioned that, under statute, the PIP timeframe is intended to be within 18 months. She said that PIPs include specific, measurable, time-delimited outcomes. She clarified that her initial question referred to previous CMIR or MCN transactions.

Dr. Cutler noted that the HPC had, in the CMIR process, invited organizations to provide timelines for these deliverables. He said that, to his memory, in every case the entities had declined to do so.

Ms. Vidal asked if there were any additional factors that needed to be incorporated into the gated review process.

Dr. Altman said that he had been thinking about how the system would move forward given the likely changes following the presidential election. Commissioners and staff agreed that changes to the PIP process could be warranted if there were changes at the federal level.

Ms. Vidal provided an overview of the components of and forms for PIPs. For more information, see slides 13-14.

Dr. Cutler noted that metrics, goals, and timetables need to be emphasized when considering a PIP. He suggested that the PIP process is more serious than the CMIR process because it is applied to an entity that has already been judged to threaten the cost-growth benchmark. He said the PIP should be closer to a contractual relationship in which the entity declares affirmatively and in great detail that they intend to take specific actions.

Mr. David Seltz, Executive Director of the HPC, added that the decision of whether to require a PIP uses many of the same analyses used to determine whether a CMIR is required. He said that once the determination is made that an entity requires a PIP, the entity in question needs to provide a clear plan for how to correct its behavior and metrics by which it can be held accountable.

Ms. Vidal asked, given that the Board ultimately decides whether a PIP has been successful, whether the Committee had any thoughts on whether the outcomes, specific metrics, and timetables should be in the public domain.

Dr. Cutler suggested that it be a case-by-case determination as to what is public. He added that the HPC should err on the side of transparency but that there are certain cases or types of information that might need to remain confidential.

Ms. Mills agreed with Dr. Cutler and asked whether the Committee had thoughts on the bullet point from slide 13 suggesting that entities consult with the HPC in development of a PIP.

Dr. Everett voiced support for that sentiment and said that expecting entities to develop these plans in the abstract without help and guidance from the HPC did not make sense.

Mr. Seltz said that the HPC's goal in this process aligns with the entity's goal. As such, appropriate collaboration in developing a PIP is in the interest of all parties'.

Dr. Cutler referred to the attestation of good faith section on slide 14 and said that he would prefer to get more signatories rather than fewer. He said that this would help assure the Board that the entire organization was treating the PIP process seriously.

Ms. Vidal provided an overview of the evaluation of PIPs. For more information, see slide 15.

Ms. Peters said that the bullet on slide 15 on whether an entity had secured cooperation from third parties was important. She asked to what extent, before making these details

public, does an entity need to go to these third parties and renegotiate contracts. Ms. Vidal responded that, at this point, staff was considering the possibility that the proposed PIP would remain confidential until it had been reviewed with experts, other agencies, and, to the extent feasible, third parties.

Mr. Seltz said that Ms. Peters highlighted a difficult question here where the reasonable expectation of acceptance of a PIP may not be entirely in control of the entity.

Ms. Vidal added that there may be cases when an entity would say upfront that it wanted to cooperate and ask whether the HPC had seen success from a given strategy in the past.

Ms. Vidal provided an overview of the PIP implementation. For more information, see slide 16.

Dr. Cutler said that he could imagine that the implementation step could be the source of some unhealthy back-and-forth with an entity. He said that he was not sure how to address this issue. He added that, in this step, the HPC should try to draw advice from sister agencies that have had to undertake similar actions such as the Department of Public Health (DPH) to determine best practices.

Ms. Vidal said that this could also lead to situation in which, if a PIP was deemed to be unsuccessful, the HPC might want to extend or amend the existing PIP.

Mr. Seltz said that regular reporting could provide an opportunity to check on progress and determine whether an amendment to a PIP is appropriate.

Dr. Cutler said that consulting with other agencies would be important for determining best practices and said that it may be that these practices vary from case-to-case.

Ms. Vidal said that the HPC was lucky to have some performance improvement experts in the Commonwealth who could be resources.

Ms. Vidal provided an overview of actions to take if a PIP is deemed unsuccessful as well as next steps. For more information, see slides 17-19.

Mr. Seltz said that, in terms of an approximate timeline, the staff hoped for a final regulation in early summer.

Dr. Cutler said that the HPC may have to initiate a PIP prior to the final regulation and asked whether there was a mechanism in place that would allow for that. Mr. Seltz responded the HPC could initiate a PIP through the existing interim guidance.

Mr. Seltz said that it would be important for this regulation to undergo the public comment process but that this was the first step in crafting the regulation.

ITEM 3: SCHEDULE OF NEXT MEETING (JANUARY 25, 2017)

Dr. Cutler asked whether anyone in the audience wished to comment.

Ms. Gloria Craven of the Massachusetts Coalition of Nurse Practitioners offered comment.

Dr. Cutler asked if there were other comments. None were heard.

Dr. Cutler said that the HPC had done a good job of soliciting input at various points of the development process.

Dr. Everett said that this was an excellent starting point with room to adjust the process moving forward following public comment.

Dr. Cutler thanked the audience and adjourned the meeting at 11:29 AM.