



**MASSACHUSETTS**  
HEALTH POLICY COMMISSION

# **Administration and Finance Committee**

**July 26, 2017**



**MASSACHUSETTS**  
HEALTH POLICY COMMISSION

## **AGENDA**

- **Budget Overview**
- Fiscal Year 2017 Update
- Fiscal Year 2018 Proposal

# State Fiscal Year 2018 Budget

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## Line-Items

1450-1200: *For the operation of the Health Policy Commission...* \$8,479,800

## Outside Sections

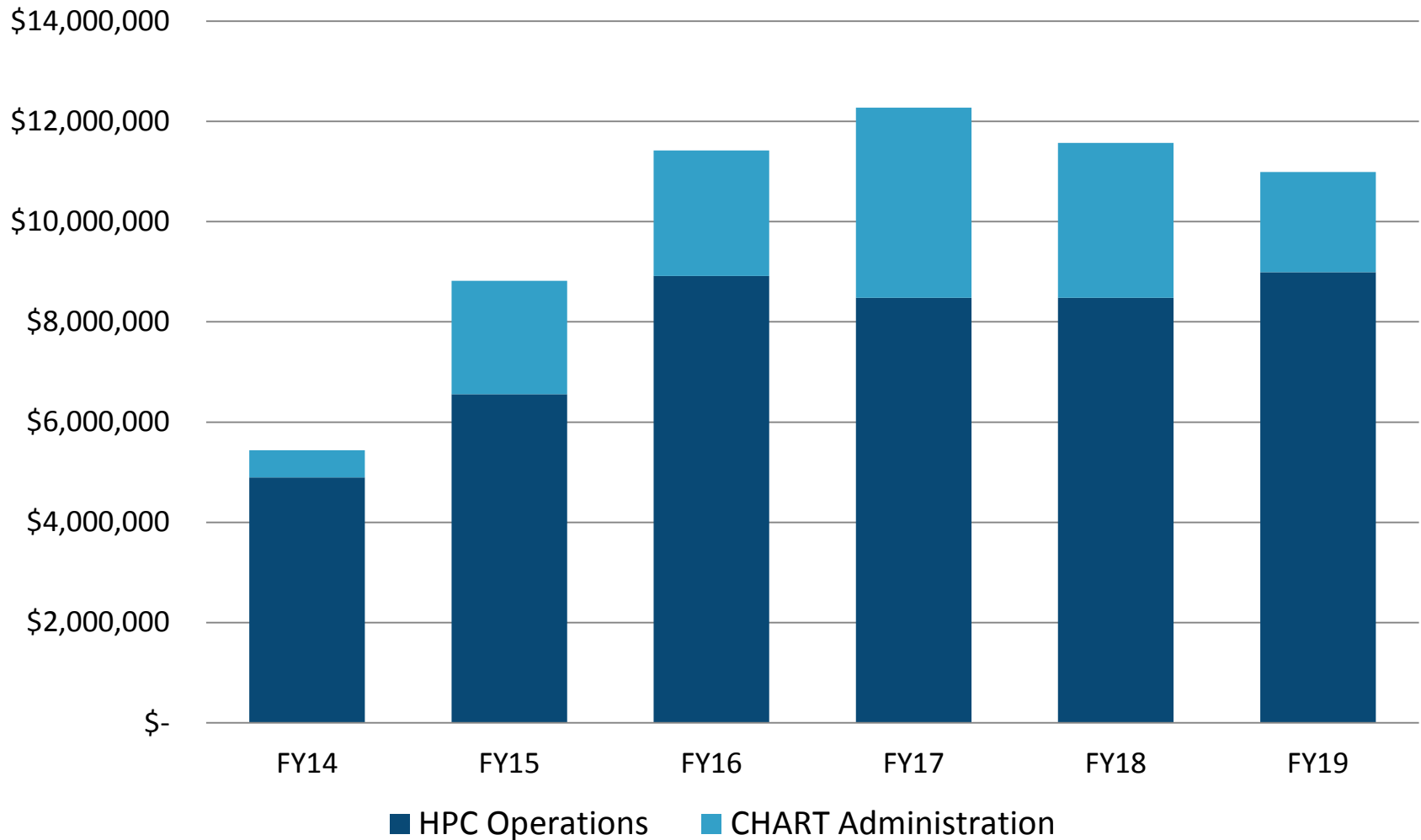
### **HPC Study of Rx Dispensing Practices**

SECTION 130. The health policy commission, in consultation with the department of public health and the division of insurance, shall study and analyze health insurance payer practices that require certain categories of drugs, including those that are administered by injection or infusion, to be dispensed by a third-party specialty pharmacy directly to a patient or to a health care provider with the designation that such drugs shall be used for a specific patient and not for the general use of the provider. The commission shall submit a report of its findings and recommendations, together with drafts of legislation necessary to carry those recommendations into effect, by filing the same with the house and senate committees on ways and means, the joint committee on health care financing and the joint committee on public health not later than July 1, 2018.

## Budget Overview: Summary of FY18 Recommendations

Source of Funds	1 Line Item	2 Distressed Hospital Trust Fund	3 Payment Reform Trust Fund
Recommendation	\$8,479,800	\$3,092,994	\$1,000,000
Use	General operating expenses	Operating expenses related to DHTF-supported grant programs	Direct technical assistance and investments (no payroll)
Summary	<b>Level-funding</b> to the FY17 Board- approved budget	<b>23% reduction</b> to the FY17 Board- approved budget	<b>Level-funding</b> to the FY17 Board- approved budget

## Combined Spending: FY2014 – FY2019



\*Note: This graph reflects combined operational budgets for the HPC and CHART from FY14-FY2019. FY14-FY16 reflects actual spending. FY17 is the combined budget as approved by the Board. FY18-FY19 are projections.

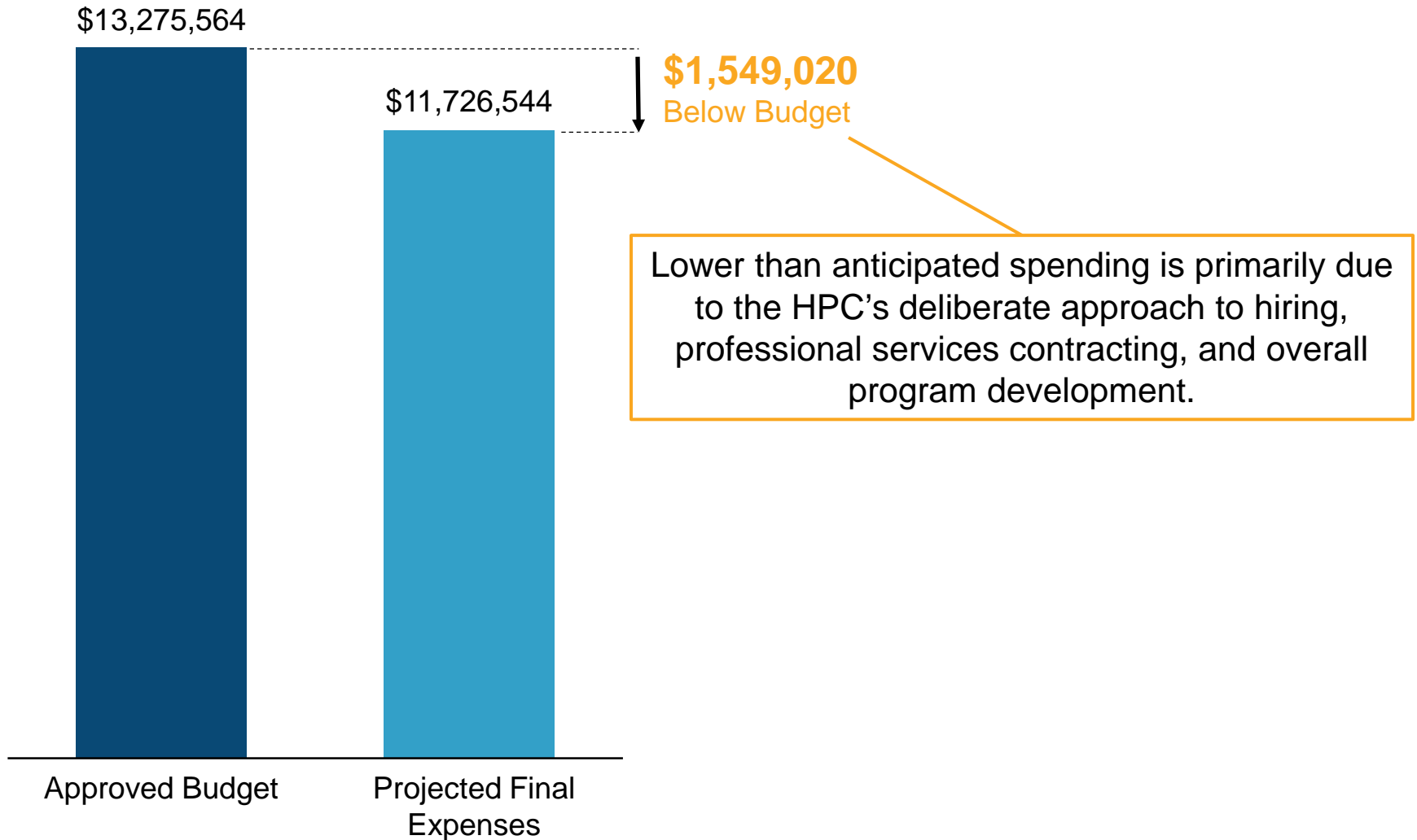


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- Budget Overview
- **Fiscal Year 2017 Update**
- Fiscal Year 2018 Proposal

## FY17 Budget: Projected Final Combined Operating Expenses



## FY17 State Appropriations

Line-Item	Purpose	Amount Appropriated	Amount Remaining	Status
1599-1450	\$500,000 for hospital grant program to address substance exposed newborns	\$500,000	\$250,000	\$250K will be distributed to HPC-approved grantees in FY18
1599-1450	\$100,000 for a technical assistance program to train PCPs on Narcan	\$100,000	\$0	Fully expended through an ISA to DPH. DPH used these funds to distribute 2,600 doses of naloxone to CHCs.
1599-2004	\$250,000 for a pilot program to implement paramedicine in the Greater Quincy Area	\$250,000	\$85,000	The full amount was transferred to DPH through an ISA to support the development of paramedicine oversight regulations. \$85K remains available to DPH for FY18.
1599-2012	\$250,000 for technical assistance for HPC-certified PCMHs to enhance behavioral health integration	\$250,000	\$0	Fully expended by the HPC to provide TA to PCMH PRIME certified practices.





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## FY18 Line Item Appropriation

### FY17-FY18 Crosswalk for General Operating Expenses

Category	Approved FY17 Spending	Proposed FY18 Spending	Difference (FY18 minus FY17)
Payroll	\$4,725,800	\$4,796,050	\$70,250
Rent/Utilities	\$607,750	\$620,500	\$12,750
Professional Services and ISAs	\$2,700,000	\$2,600,000	-\$100,000.00
Admin/IT Support	\$446,250	\$463,250	\$17,000
<b>Line Item Total</b>	<b>\$8,479,800.00</b>	<b>\$8,479,800.00</b>	
Employee Fringe Assessment	\$1,515,878	\$1,627,571	\$111,693
<b>Totals</b>	<b>\$9,995,678</b>	<b>\$10,107,371</b>	<b>\$111,693</b>

\*Note: The FY18 Employee Fringe Assessment is included in the annual assessment on health plans, hospitals, and ambulatory surgery centers, but is *not* included in the line item appropriation. The difference between FY17 and FY18 is driven by an increase in the fringe rate, from 33.5% to 34.86%.

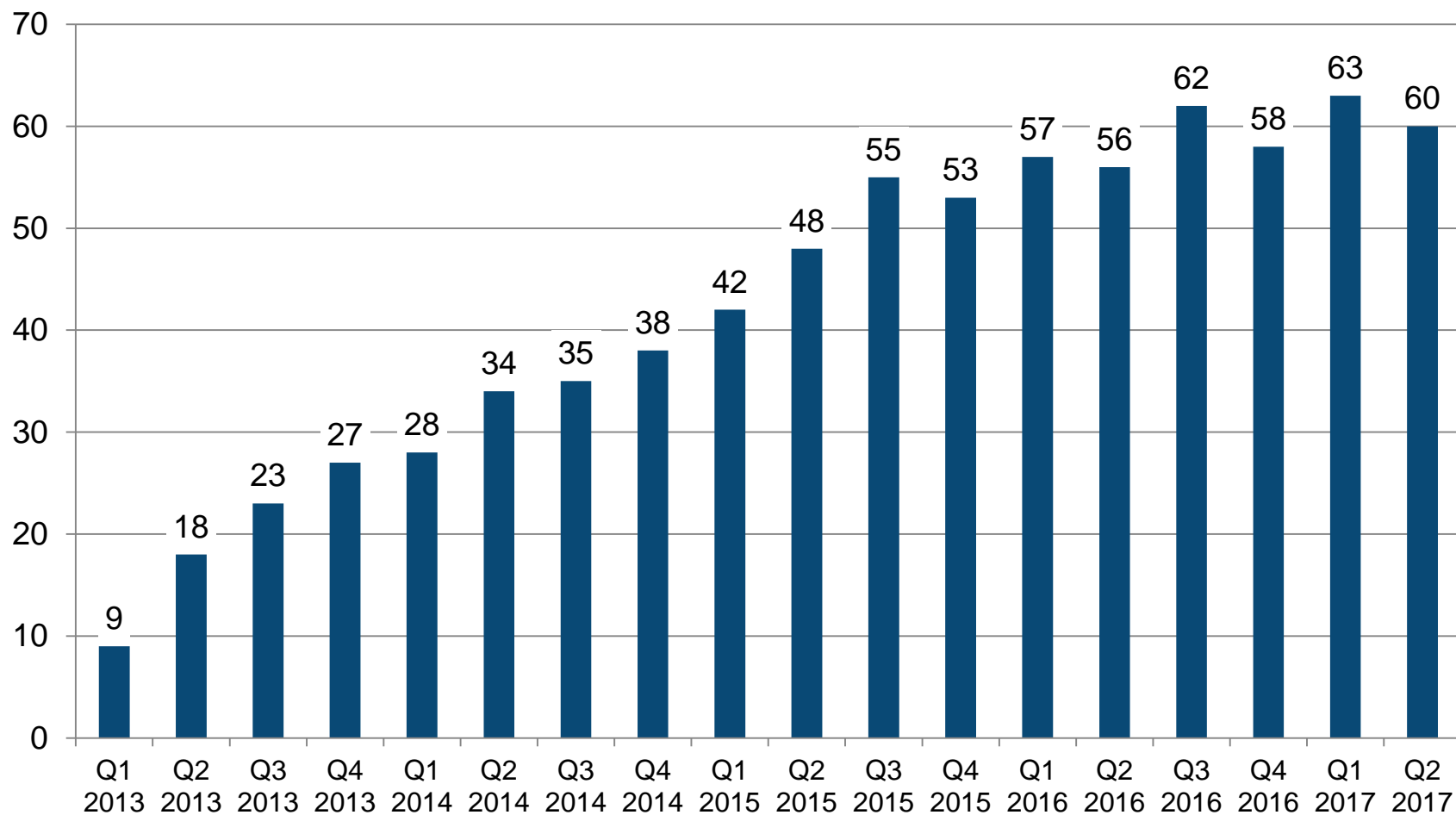
## FY18 Distressed Hospital Trust Fund

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### FY17-FY18 Operating Expenses from the Distressed Hospital Trust Fund

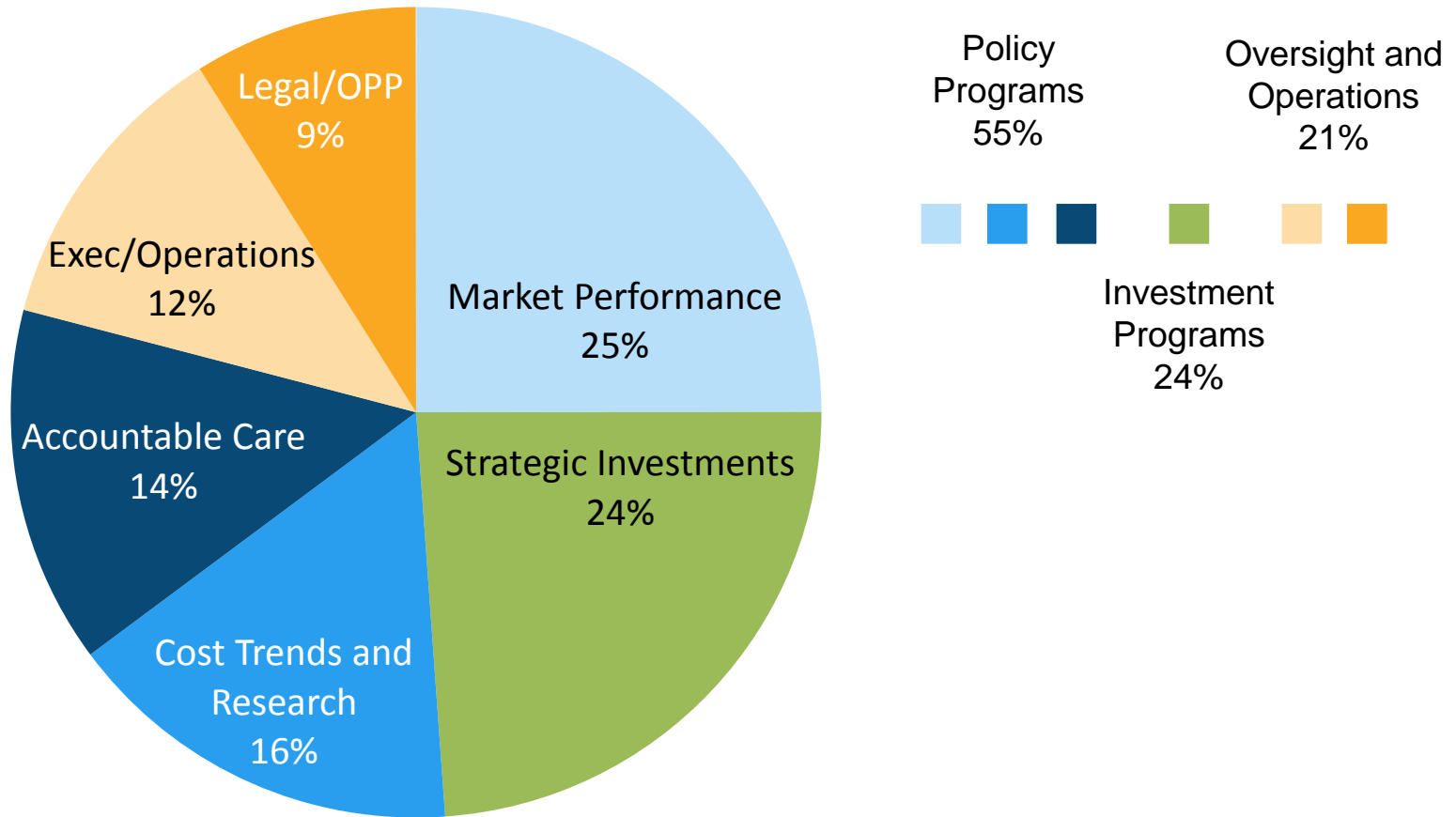
Category	Approved FY17 Spending	Proposed FY18 Spending	Difference (FY18 minus FY17)
Payroll	\$1,144,214	\$820,765	-\$323,449
Rent/Utilities	\$107,250	\$109,500	\$2,250
Professional Services and ISAs	\$1,798,709	\$1,600,000	-\$198,709
Admin/IT Support	\$78,750	\$81,750	\$3,000
State Comptroller Assessment	\$264,421	\$202,076	-\$62,345
Employee Fringe Assessment	\$402,420	\$278,853	-\$123,567
<b>Totals</b>	<b>\$3,795,764</b>	<b>\$3,092,944</b>	<b>-\$702,820</b>

## Staff Levels: 2013-2017



## FY18 Overview: Total Proposed Spending by Program Area

### Payroll and Contracted Services by Program Category (FY18)



## FY18 Overview: Summary of Combined Spending

Summary of Combined FY18 Spending				
	1450-1200		PRFT	DHTF
<b>Expenditures</b>				
Payroll	\$4,796,050	\$	-	\$820,765
Rent/Utilities	\$620,500	\$	-	\$109,500
Professional Services/ISAs	\$2,600,000	\$	-	\$1,100,000
Administration/IT Support	\$463,250	\$	-	\$81,750
<b>Total Expenditures</b>	<b>\$8,479,800</b>	<b>\$</b>	<b>-</b>	<b>\$2,112,015</b>
<b>State Levies</b>				
State Comptroller Assessment	\$	-	\$90,000	\$202,076
<b>Total Levies</b>	<b>\$</b>	<b>-</b>	<b>\$90,000</b>	<b>\$202,076</b>
<b>Investments</b>				
Provider Supports	\$	-	\$910,000	\$500,000
<b>Total Investments</b>	<b>\$</b>	<b>-</b>	<b>\$910,000</b>	<b>\$500,000</b>
<b>SUBTOTAL</b>	<b>\$8,479,800</b>		<b>\$1,000,000</b>	<b>\$2,814,091</b>
<b>Employee Fringe Assessment</b>				
Fringe Benefit Assessment	\$1,515,878	-		\$278,853
<b>Total Fringe</b>	<b>\$1,515,878</b>	<b>-</b>		<b>\$278,853</b>
<b>TOTAL</b>	<b>\$10,107,371</b>		<b>\$1,000,000</b>	<b>\$3,092,944</b>



**Vote:** Approval of FY2018 Operating Budget

**Motion:** That the Committee hereby endorses the HPC's total operating budget for fiscal year 2018 as presented and attached hereto, and moves the presentation to the full Commission for discussion.

## Contact Information

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For more information about the Health Policy Commission:

Visit us: <http://www.mass.gov/hpc>

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