

Health Policy Commission

Board Meeting
February 19, 2014



Agenda

- Approval of Minutes from January 8, 2014 Meeting
- Executive Director Report
- Care Delivery and Payment System Reform
- Quality Improvement and Patient Protection
- Community Health Care Investment and Consumer Involvement
- Cost Trends and Market Performance
- Schedule of Next Commission Meeting (March 5, 2014)

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Vote: Approving Minutes

Motion: That the Commission hereby approves the minutes of the Commission meeting held on January 8, 2014, as presented.

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Upcoming Meetings

Monday, February 24, 2014

Cost Trends and Market Performance (CTMP) Committee Meeting

9:30AM – 11:00AM

Daley Room, Two Boylston Street, Boston, MA

Community Health Care Investment and Consumer Involvement (CHICI) Committee Meeting

11:00AM – 12:30PM

Daley Room, Two Boylston Street, Boston, MA

Wednesday, March 5, 2014

12:00PM – 3:00PM

1 Ashburton Place, 21st Floor, Boston, MA

Wednesday, April 2, 2014

Community Health Care Investment and Consumer Involvement (CHICI) Committee Meeting

9:30AM – 11:00AM

Daley Room, Two Boylston Street, Boston, MA

Cost Trends and Market Performance (CTMP) Committee Meeting

11:00AM – 12:30PM

Daley Room, Two Boylston Street, Boston, MA

Wednesday, April 9, 2014

Quality Improvement and Patient Protection (QIPP) Committee Meeting

9:30AM – 11:00AM

Daley Room, Two Boylston Street, Boston, MA

Care Delivery and Payment System Reform (CDPSR) Committee Meeting

11:00AM – 12:30PM

Daley Room, Two Boylston Street, Boston, MA

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- Approval of Minutes from January 8, 2014 Meeting
- Executive Director Report
- Care Delivery and Payment System Reform
- **Quality Improvement and Patient Protection**
 - Approval of Final Office of Patient Protection (OPP) Regulation
- Community Health Care Investment and Consumer Involvement
- Cost Trends and Market Performance
- Schedule of Next Commission Meeting

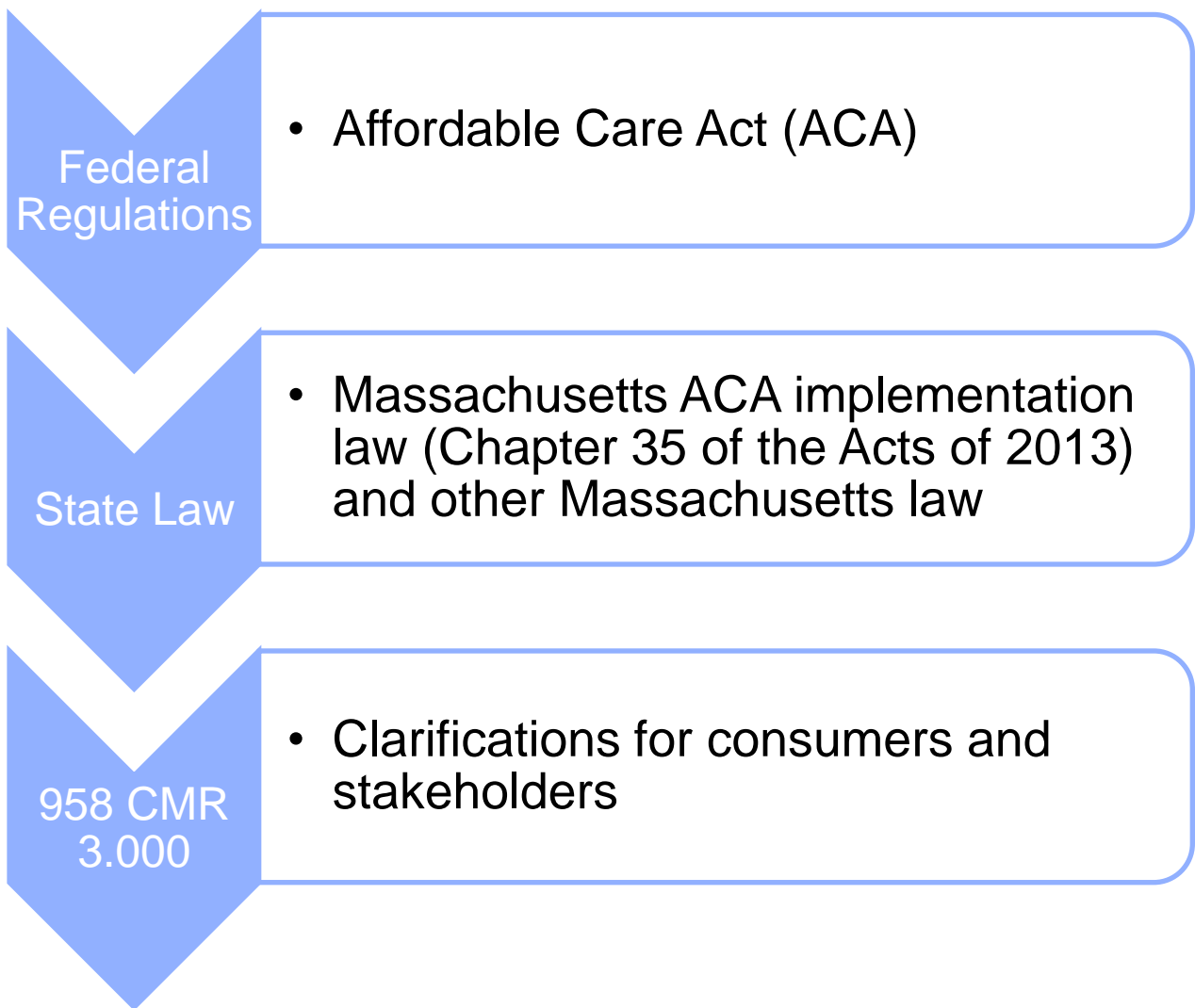
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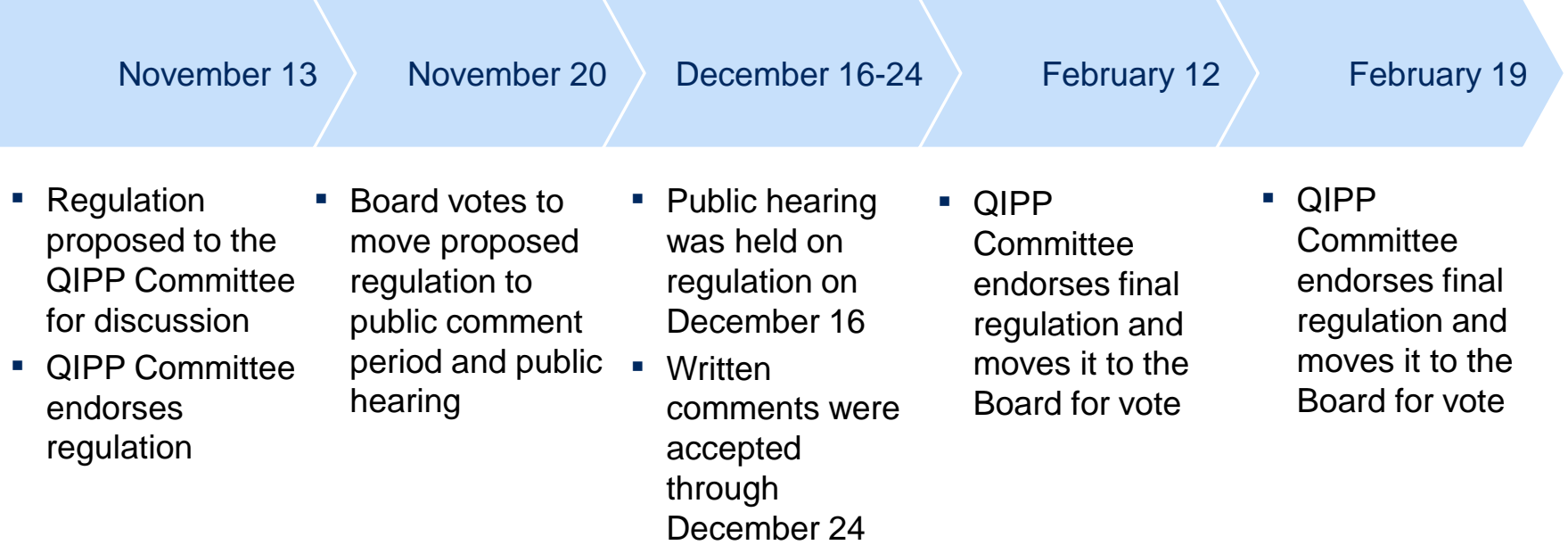
958 CMR 3.000: Health Insurance Consumer Protection

- Internal review – consumer grievances of health plan decisions
 - External review – second level of consumer appeals of health plan decisions based on medical necessity decisions
 - Protections for consumers with providers who leave the health plan's network
 - Reporting requirements for insurance carriers
 - Language access
-

Foundations of Proposed Changes



Process for 958 CMR 3.00



Proposed amendments to 958 CMR 3.000

	Proposed amendment	Reason for change
Voluntary extension and Reconsideration	<ul style="list-style-type: none">Keep original language to allow consumers and carriers to voluntarily extend time limits for internal review and reconsider decisions	<ul style="list-style-type: none">HPC received clarification that the voluntary extensions and opportunity for reconsideration comply with the ACA
Medical necessity criteria	<ul style="list-style-type: none">Provide criteria to consumer along with adverse determinationProvide criteria upon request to insureds and their providersPublic access would take effect on July 1, 2014	<ul style="list-style-type: none">State law already requires carriers to provide access to criteria along with adverse determinationsFederal law requires access for insuredsCh. 224 requires access for insureds, providers, othersLater effective date to allow opportunity for further legislative clarification if needed
Language access	<ul style="list-style-type: none">Modified language requirement, consumers may request all subsequent notices about the appeal to be in SpanishConsumers may request translation and interpretation into any language as needed	<ul style="list-style-type: none">HPC considered input from diverse market participantsConsistent with MassHealth rules for providing Spanish noticesAmended language is ACA-compliant

Proposed amendments to 958 CMR 3.000

Transparency

Proposed amendment

- In a final adverse determination, carriers shall provide clear and detailed information about the denied claim, including the CPT code if applicable

Reasons for change

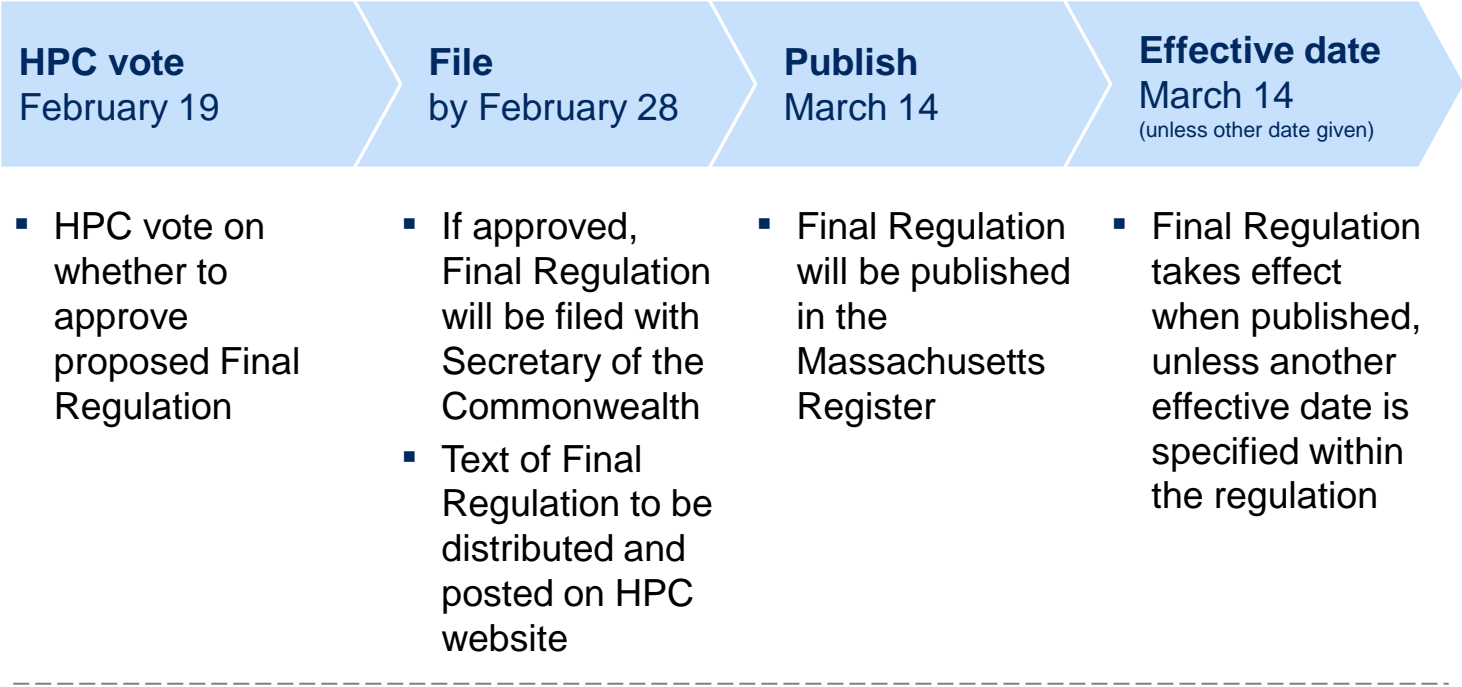
- Further clarification for consumers
- Clear summary explanation to address concerns about overwhelming consumers with information
- Additional detailed information, including diagnosis, treatment and denial codes, to help resolve claims

Reporting requirements

- Eliminating duplicate reporting requirements
- In their annual reports to OPP, carriers may certify that the information is being provided to DOI
- New OPP reporting requirements to take effect for reports due on April 1, 2015 (for 2014 data)

- Administrative simplification
- Input from carriers about the implementation of new reporting requirements
- Input from DOI

Next steps



Vote: Approval of Final Office of Patient Protection (OPP) Regulation

Motion: That the Commission hereby approves and issues the attached FINAL regulation on consumer protection in health insurance, pursuant to section 16 of chapter 6D of the General Laws.

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 - Approval Of Final Report on Partners Healthcare System/South Shore Hospital/Harbor Medical Associates Cost and Market Impact Review
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Partners-SSH-Harbor Cost and Market Impact Review

Preliminary Report & Responses

- Preliminary Report on Partners-SSH-Harbor transactions issued Dec. 18, 2013.
- Written responses from Harbor and Partners-SSH received on Jan. 14 and Jan. 17 respectively.
- Carefully analyzed all responses, including newly produced information.
 - Discussed those responses with the parties.
 - Reviewed with our experts.
 - Incorporated feedback from Commissioners.

Final Report

- The HPC now issues this Final Report, which reflects careful consideration and analysis of the parties' responses.
- The parties' responses, and the HPC's analysis of those responses, are attached as Exhibits to the Final Report.
- Based on our analysis, the HPC continues to recommend referral of its CMIR review to the Massachusetts Attorney General's Office.
- The proposed transactions may not be finalized until 30 days after issuance of the Final Report.

Final Report: Cost Impact

- These transactions are anticipated to increase total medical spending by \$23 million to \$26 million each year for the three major payers due to the following impacts:
 - Increases in Harbor/SSPHO physician prices that increase total medical spending by \$15.8M per year.
 - Shifts in referrals to Partners/SSH facilities that increase total medical spending by an additional \$7.4M to \$10.6M per year.
 - These figures represent impact to only the 80% of the market represented by the three largest commercial payers.
- The potentially significant cost impact of increased ability to leverage higher prices and other favorable contract terms is not included in the above figures.

Final Report: Care Delivery Impact

- Partners' experience in accountable care initiatives demonstrates potential for improving the cost and quality of care.
- Crediting every data-driven example of the parties' experience in accountable care initiatives, these transactions could result in savings of up to \$6.6M per year, driven by expansion of Medicare programs.
- The parties have not provided concrete evidence of additional efficiencies that would be driven by these transactions.
 - The parties' new figures of average savings of \$19.8M per year over eight years are not substantiated by underlying evidence, and raise substantive and methodological concerns.
- Given SSH and SSPHO's historically strong performance and experience managing risk, it is unclear how corporate ownership of the parties is instrumental to raising quality performance in the South Shore.

Final Report: Access Impact

- SSH and the Partners hospitals generally care for a higher mix of commercially insured patients and a lower mix of Medicaid patients than other area hospitals, and SSH provides a smaller share of inpatient behavioral health services and a greater share of deliveries than other area hospitals.
- While the parties have generally described goals for care delivery transformation, including integrating behavioral health services into patient centered medical homes, the HPC did not receive sufficient evidence to make a finding either way regarding specific changes in access at SSH as a result of these transactions (e.g., plans to make specific service line changes at SSH, or to increase SSH's mix of behavioral health services).
- Partners recently indicated it plans to expand adult inpatient and adolescent residential treatment capacity at McLean SouthEast, and to expand Massachusetts Child Psychiatry Support to pediatricians and school nurses in the South Shore.

Referral to Attorney General: Market Share, Prices, and TME in these Transactions

- **Market Share:** Partners has the highest hospital and physician market share of any provider statewide, and SSH and Partners respectively have the first and second largest market shares for commercial inpatient services in SSH's PSA. The resulting system is anticipated to have a 50% commercial inpatient market share in SSH's PSA and up to 30% of statewide physician revenue.
- **Prices:** Partners and SSH are paid hospital prices that are well above median in each market in which they operate. PCHI is generally paid physician prices that are in the 80th to 95th percentile as reported by CHIA. The resulting system is expected to include new physicians, such as Harbor, whose prices increase to PCHI's higher prices. The resulting system is also anticipated to have increased ability to leverage higher prices.
- **TME:** PCHI and SSPHO have health status adjusted TME that is well above the median TME for area providers. Based on our findings on cost, quality, and access impact, we anticipate that the proposed transactions will increase health care spending, reduce market competition, and result in increased premiums for employers and consumers.

Vote: Issuance of a Final Report for Cost and Market Impact Review

Motion: That pursuant to section 13 of chapter 6D of the Massachusetts General Laws, the Commission hereby approves and authorizes the issuance of the attached final report on the cost and market impact review of the proposed acquisitions of South Shore Hospital and Harbor Medical Associates, P.C. by Partners HealthCare System, Inc. and refers the report to the Attorney General.

Contact Information

For more information about the Health Policy Commission:

- Visit us: <http://www.mass.gov/hpc>
- Follow us: @Mass_HPC
- E-mail us: HPC-Info@state.ma.us