Health Policy Commission

Board Meeting

July 25, 2013

Agenda

- Approval of Minutes from June 19, 2013 Meeting
- Executive Director Report
- Community Health Care Investment and Consumer Involvement
- Care Delivery and Payment System Reform
- Quality Improvement and Patient Protection
- Cost Trends and Market Performance
- Schedule of Next Commission Meeting

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Vote: Approving minutes

Motion: That the Commission hereby approves the minutes of the Commission meeting held on June 19, 2013, as presented.

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2013 Implementation Timeline

First quarter (Jan – Mar)

- ✓ Appoint an Executive Director
- ✓ Approve the FY13 budget for HPC operations
- ✓ Announce the HPC Advisory Council and hold the first quarterly meeting
- ✓ Begin to develop strategies for engaging constituencies regarding the implementation of Chapter 224
- ✓ Begin working with other state agencies to minimize duplicative requirements
- ✓ Establish state health care cost growth benchmark for total health care expenditures for calendar year 2014
- ✓ Hold a listening session relative to the definition of "emergency situation" for the purposes of allowing mandatory overtime
- ✓ Hold listening session in conjunction with DOI on the registration of provider organizations
- ✓ Issue interim guidance regarding notice of material changes of providers or provider organizations
- ✓ Promulgate regulations and work with the Department of Public Health to ensure the seamless transfer of the Office of Patient Protection to the HPC
- ✓ Promulgate regulations on the administration of the one-time assessment of qualifying hospitals and surcharge payors
- ✓ Research and prepare a report to the legislature on Consumer-Driven Health Plans

Second quarter (Apr – Jun)

- ✓ Approve a policy for reviewing notices of material change and initiating a cost and market impact review
- ✓ Begin deliberations on the development of new care delivery models
- ✓ Begin to develop a competitive grant program to enhance the ability of certain distressed community hospitals to implement system transformation
- ✓ Collect the first installment of the one-time assessment
- ✓ Develop key metrics and examination questions for the annual cost trends report
- ✓ Finalize the transfer the Office of Patient Protection
- ✓ Hold a public hearing on draft mandatory nurse overtime guidelines
- ✓ Review and deliberate on the Attorney General's annual Cost Trends Examination
- ✓ Finalize guidance and procedures relative to mandatory nurse overtime
- ✓ Consider any applications for a waiver or mitigation of the one-time assessment by qualifying hospitals
- ✓ Approve the FY14 budget for HPC operations
- ✓ Hold the second quarterly meeting of the Advisory Council

Save the Date

Annual Cost Trends Hearing

The 2013 cost trends hearing will take place on Tuesday, October 1 and Wednesday, October 2 at the University of Massachusetts Boston Campus Center.

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- **Community Health Care Investment and Consumer Involvement**
  - Approval of Proposed Regulations for the CHART Grant Program
  - Discussion of Framework for the CHART Grant Program
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One-time assessment update: FY13 and FY14

- The first installment of the industry assessment is expected to generate approximately $74.2 million
  - The amount to be deposited into the Distressed Hospital Trust Fund is $39.9 million, representing approximately 1/3 of the four-year total, as many surcharge payers opted for the “one lump sum” payment option
- This is the total amount that will be available for distribution until the second year of the assessment is collected (June 30, 2014)
- The amounts in years 2 - 4 will be $26.3 million annually
- Unexpended funds may be rolled over to the following year and do not revert to General Fund

Overview of the statute

Establishment of the Fund

- Section 2GGGG of M.G.L. Chapter 29
- Funded by one-time assessment
- **Total amount of $119.08 million over four years**
  - $128.25M, less $9.17M provided in mitigation to qualifying acute hospitals
- Unexpended funds may be rolled-over to following year and do not revert to General Fund
- Competitive grant process to distribute funds
- Statutory eligibility criteria

Purposes of the Fund

1. Improve and enhance the ability of community hospitals to **serve populations efficiently and effectively**
2. Advance the adoption of **health information technology**
3. Accelerate the ability to **electronically exchange information** with other providers in the community to ensure continuity of care
4. Support infrastructure investments necessary for the **transition to alternative payment methodologies**
5. Aid in the development of care practices and other operational standards necessary for **certification as an ACO**
6. Improve the **affordability and quality of care**

Overview of 958 CMR 5.00: Grant administration

- *Establishes key definitions to guide administration of the Fund*
  - Defines **eligibility criteria** based upon statute
- *Establishes grant application requirements and a process for development of RFPs*
  - Adopts **statutory requirements** and establishes structure for **further program development**
  - Creates process to issue RFPs
- *Establishes a framework for grant application, review and selection, and contractual requirements*
  - Adopts **statutory criteria** and creates a process to further refine criteria in the RFPs
  - Establishes a **process for review and selection** as well as contract execution

958 CMR 5.00 establishes program operating structure and process

RFP Development and Grant Application

- Program framework approved by the Commission
- RFP(s) developed and released
  - Eligibility lists developed and released at time of RFP issuance
- Applications received and reviewed for completeness
- Complete applications from qualified applicants directed to staff review committee

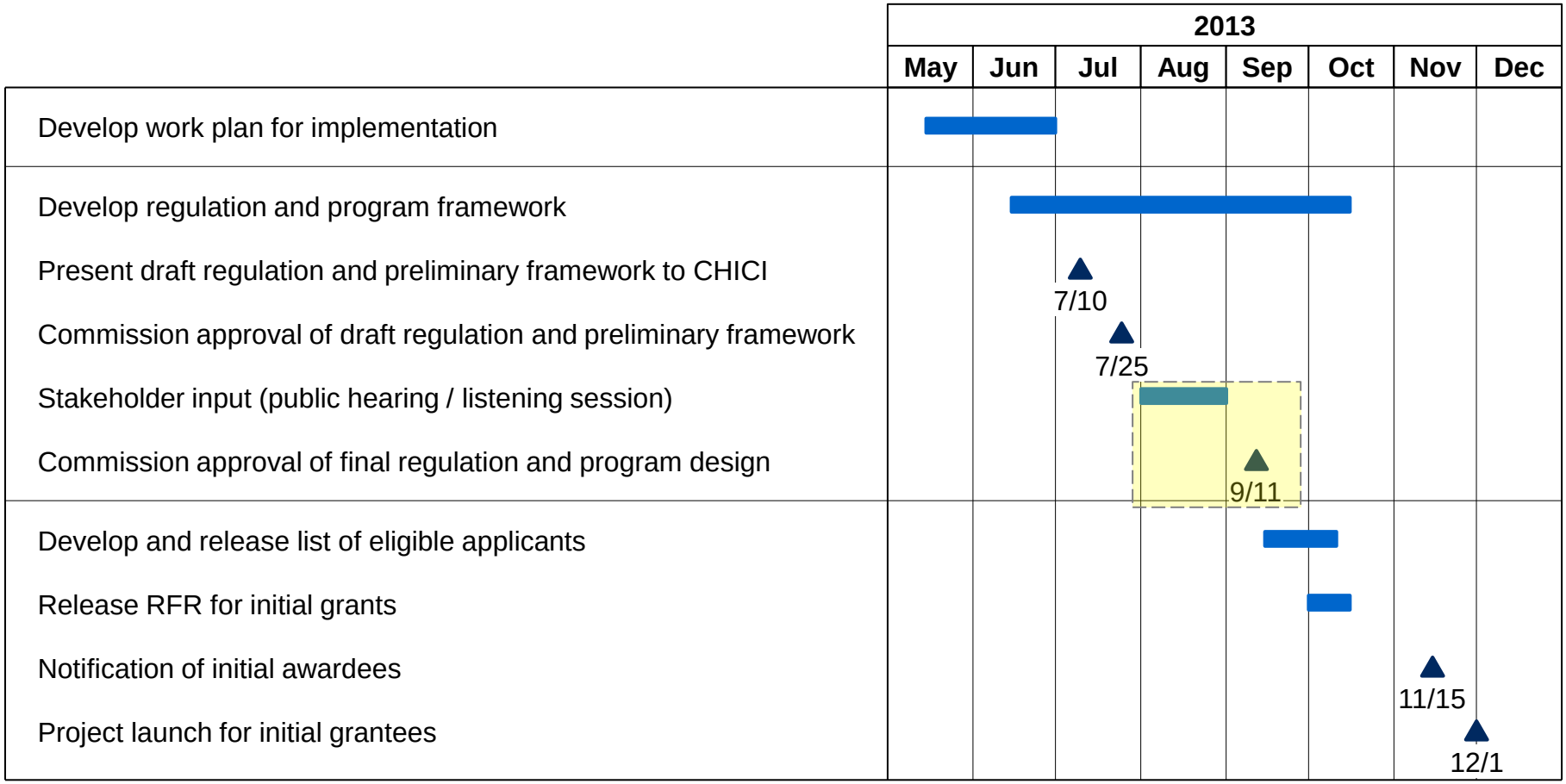
Review, Selection, and Award

- All accepted applications reviewed by staff against criteria established in regulation and RFP
- Executive Director recommends grant recipients for approval by Commission
- Executive Director executes contract with selected awardees
- Award period begins

Monitoring, and Evaluation

- HPC staff monitor for contractual compliance
  - termination or amendment requires Commission action.
- HPC provides framework and oversight for evaluation

Anticipated six month timeline



Definition of qualified acute care hospital

Non-teaching hospital	Excludes major acute care teaching hospitals, as defined by CHIA[1]
Non-profit status	Excludes acute care hospital or health system with for-profit status[2]
Relative price below median	Excludes hospitals whose relative prices are determined by the Commission to be above the statewide median relative price
Eligible applicant	An eligible Applicant is a qualified acute hospital, as determined by the Commission at the time of issuance of an RFR, using the best available data from the Center

[1] *Using fiscal year 2011 CHIA 403 Cost Reports*
[2] *As confirmed through MDPH licensure*

Eligible hospitals as of July 10, 2013

Example Eligibility List[1]

- Addison Gilbert Hospital
- Anna Jaques Hospital
- Athol Memorial Hospital
- Baystate Franklin Medical Center
- Baystate Mary Lane Hospital
- Beth Israel Deaconess Hospital - Milton
- Beth Israel Deaconess Hospital - Needham
- Beverly Hospital
- Emerson Hospital
- Harrington Memorial Hospital
- HealthAlliance Leominster Hospital
- Heywood Hospital
- Holyoke Medical Center
- Jordan Hospital
- Lawrence General Hospital
- Lawrence Memorial Hospital
- Lowell General Hospital
- Marlborough Hospital
- Melrose Wakefield Hospital
- Mercy Medical Center
- Milford Regional Medical Center
- New England Baptist Hospital
- Noble Hospital
- Saints Medical Center[2]
- Signature Brockton Hospital
- Southcoast Charlton Hospital
- Southcoast St. Luke's Hospital
- Southcoast Tobey Hospital
- Winchester Hospital
- Wing Memorial Hospital

[1] As calculated from calendar year 2011 CHIA data
[2] Data prior to merger with Lowell General Hospital

Vote: Approving draft regulation

Motion: That the Commission hereby approves and issues the attached PROPOSED regulation on the administration of the distressed hospital trust fund, developed pursuant to section 2GGGG of Chapter 29 of the General Laws by the Commission's, and directs the Committee on Community Health Care Investment and Consumer Involvement to conduct a public hearing and comment period pursuant to Chapter 30A of the General Laws.

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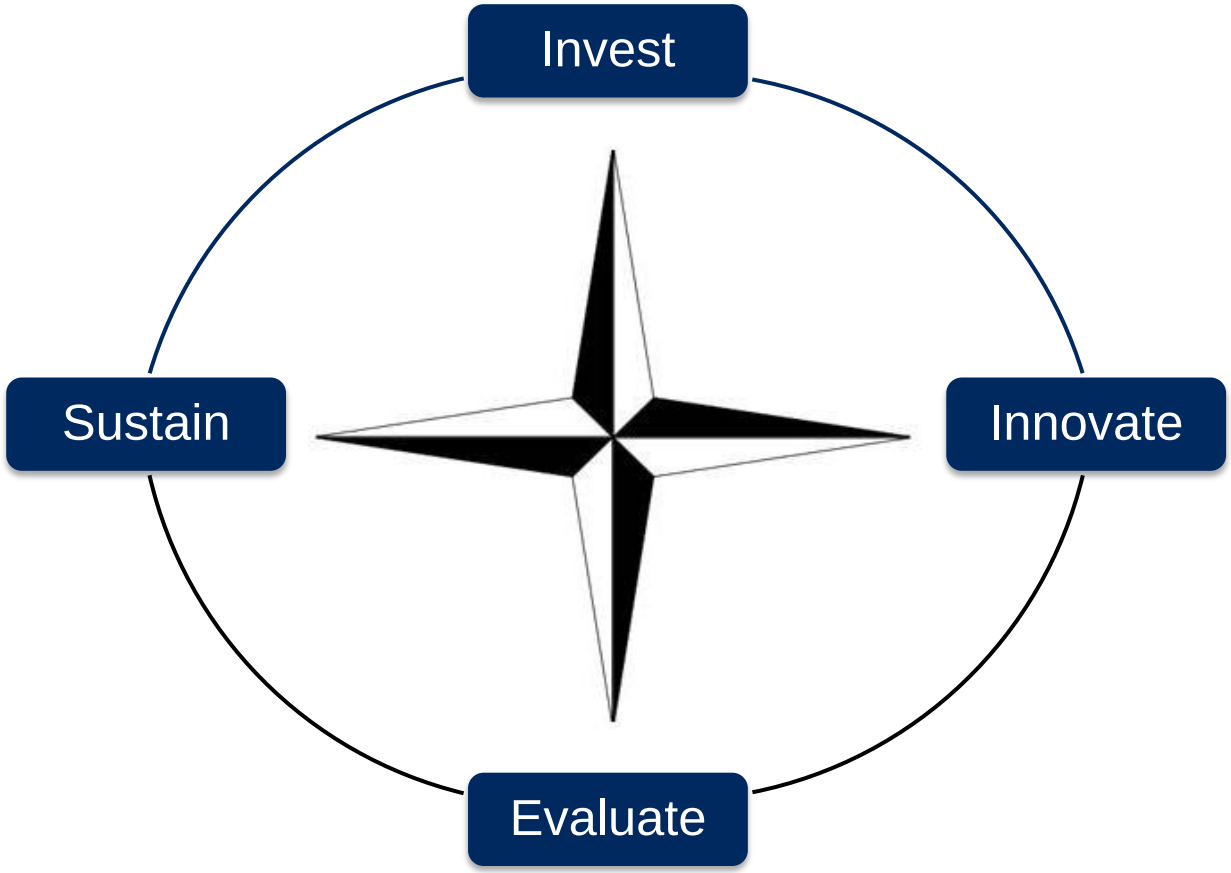
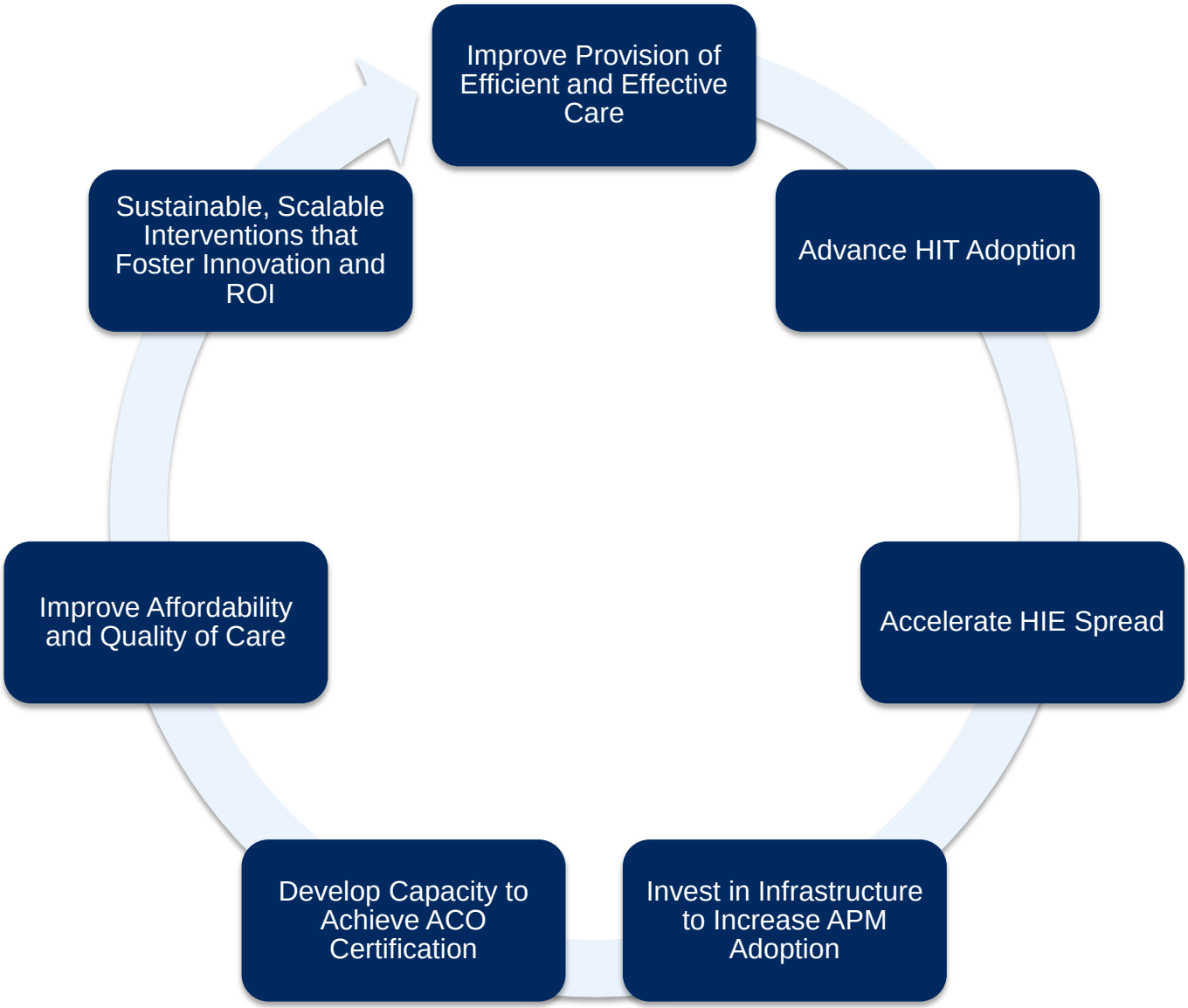
HPC CHART Grants

Community Hospital Acceleration, Revitalization, and Transformation

Charting a course for the right care at the right time in the right place



Statutory goals



Principles to guide program development

1. Be sensitive to variation in circumstance
2. Be timely, transparent, and evaluative in all that we do
3. Value the power of alignment
4. Value efforts to address complex challenges

Opportunity to maximize ROI and achieve system-wide, sustainable impacts

Principles of applicant selection

NECESSARY QUALIFICATION

meets minimum eligibility standards

+

SUFFICIENT ENGAGEMENT

commitment to system transformation

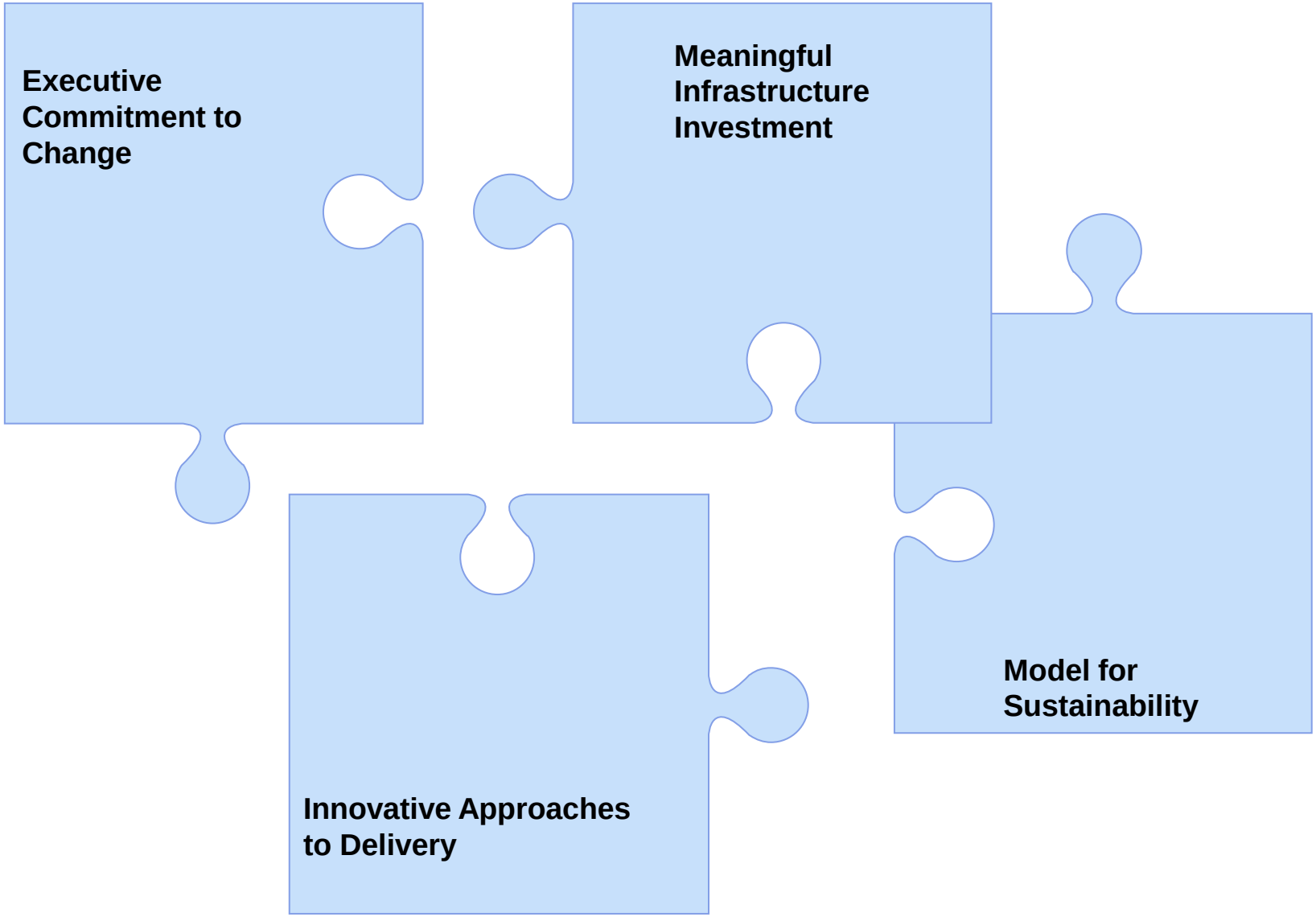
COMPETITIVE APPLICANT

Statutory factors

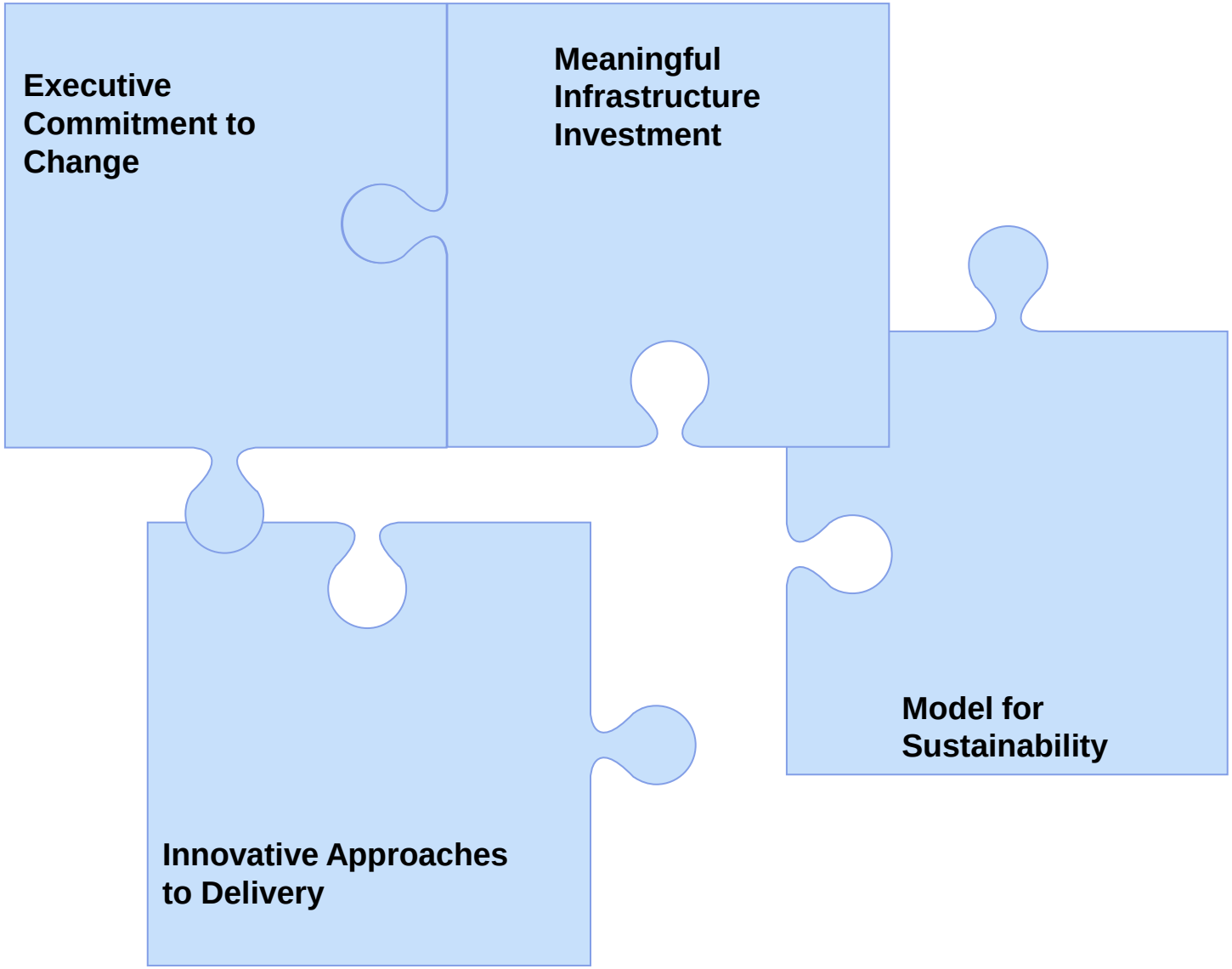
Selection and relative award of implementation grants should be tied to a variety of factors, including:

- Applicant's financial health and payer mix
- ROI of the investment
- Extent of innovation and potential for scaling up
- Affiliations of the applicant
- Extent to which the proposal meets an identified geographic/population need
- Extent to which the proposal demonstrates alignment and synergy with ongoing investments in the Commonwealth

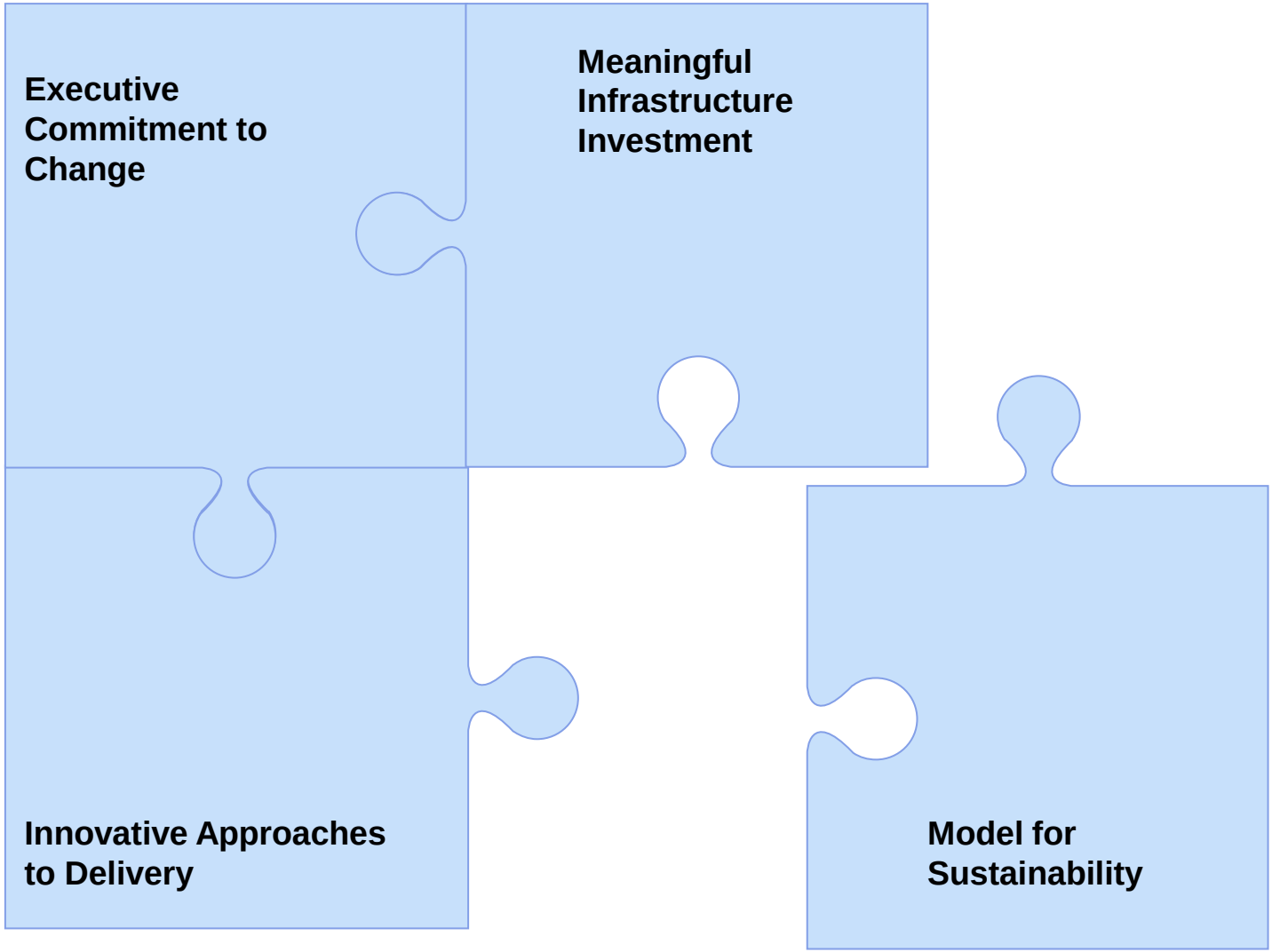
Necessary factors of change (1/4)



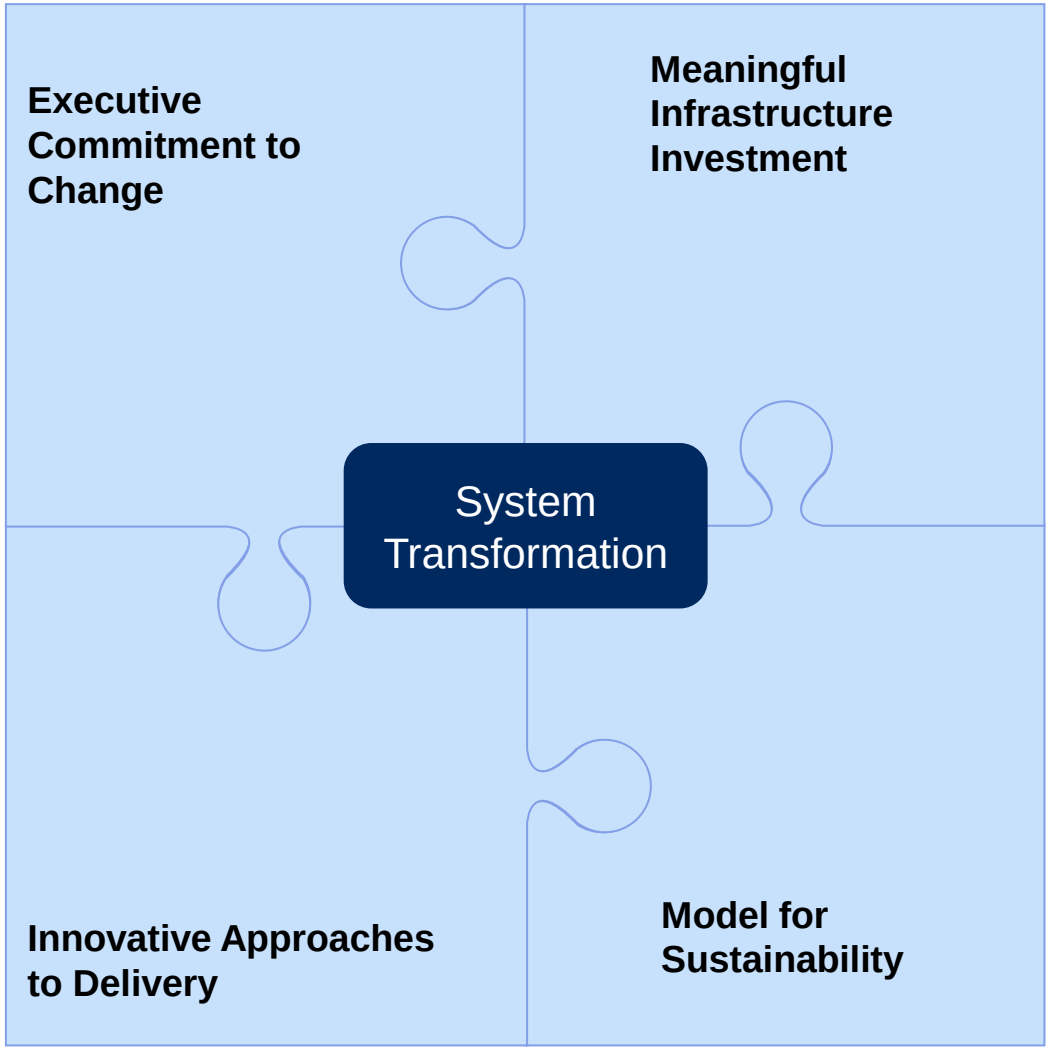
Necessary factors of change (2/4)



Necessary factors of change (3/4)



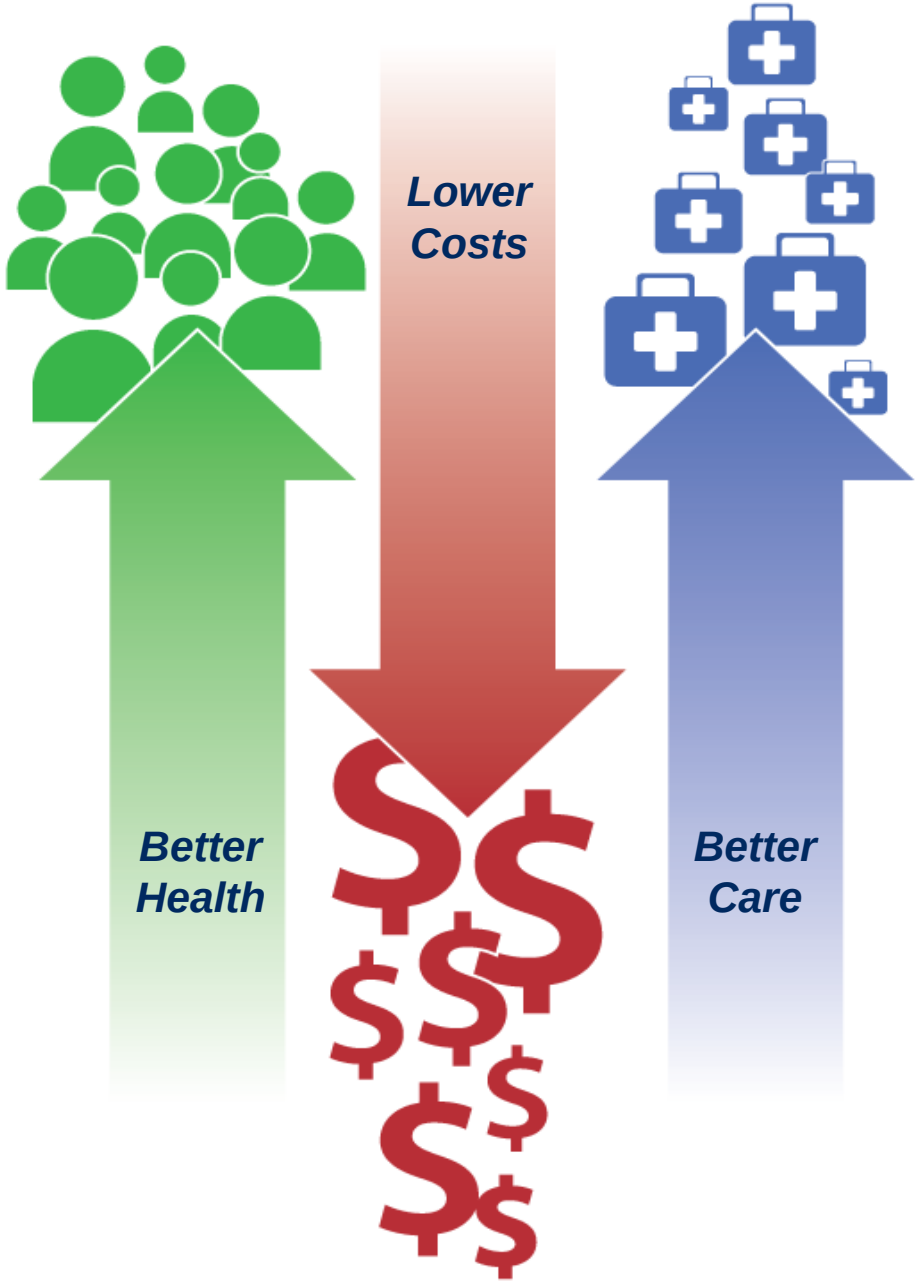
Necessary factors of change (4/4)



Alignment with investments across agencies and programs

Evaluating our success

- HPC is developing a comprehensive, cross-program, **unified evaluation framework**
- Our core goals in evaluating success will be achievement of our mission and vision – **effectively the Triple Aim**
- **Ongoing**, comprehensive monitoring, engagement, and **technical assistance** will be provided by program leadership



Source: Adapted from the CMS Triple Aim; Image from *Maine Quality Counts*

Discussion: Key areas for consideration

Program Structure, Process, and Framework:

- Innovation and infrastructure investments - joint or separate RFPs?
- Timing of grant cycles - Annual? Biannual? As needed?
- Phased or concurrent innovation approach?
  - Timing considerations?
- Topic-specific RFPs or open submission within statutory goals?
- Weighting criteria for awards:
  - Affiliation with large systems?
  - ROI?
  - Scalability?
  - Infrastructure?

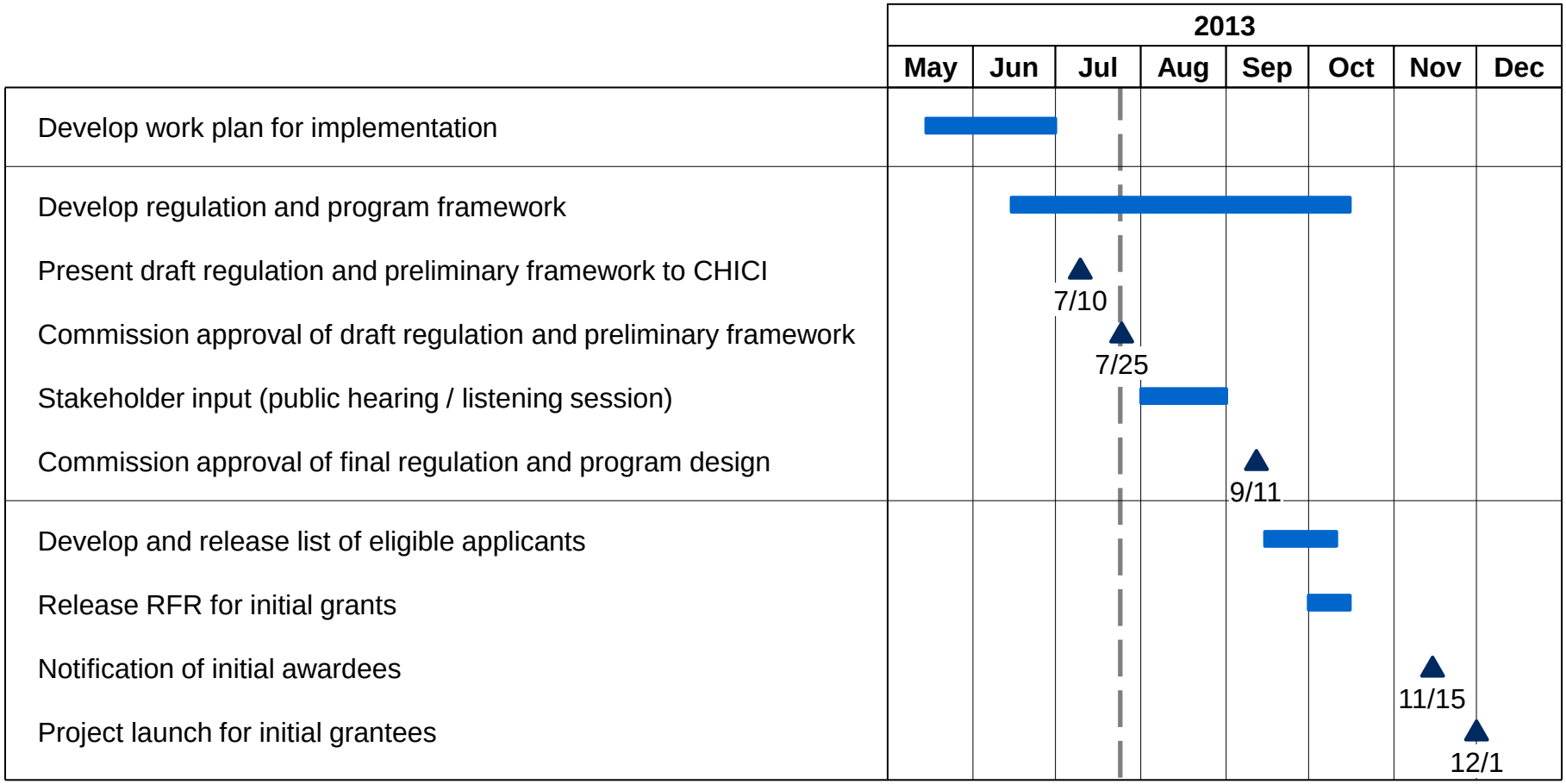
Prioritization and Alignment

- Prioritizing breadth versus depth in grant selection
  - Maximum award size for innovation grants?
  - Infrastructure?
- Preferentially selecting projects with previous (or current) investment, or gap-filling?
- Other strategies to maximize value?
- Strategies to optimally engage communities and key partners?

Evaluation & Fund Development

- Opportunity for requisite, comprehensive, strategic audits?
- Requirements for dissemination?
- Opportunities to build fund, either through development programming or HPC grant applications?

Next steps


2013
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Develop work plan for implementation
Develop regulation and program framework
Present draft regulation and preliminary framework to CHICI
7/10
Commission approval of draft regulation and preliminary framework
7/25
Stakeholder input (public hearing / listening session)
Commission approval of final regulation and program design
9/11
Develop and release list of eligible applicants
Release RFR for initial grants
Notification of initial awardees
11/15
Project launch for initial grantees
12/1

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  - Update on Office of Patient Protection Listening Sessions
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Who we are and what we do

History of the Office of Patient Protection (OPP)

- Created 13 years ago to protect Massachusetts managed care consumers
- OPP operated within the Department of Public Health (DPH)
  - Consumer rights to challenge health plan coverage denials
  - Massachusetts fully-insured plans only
- Chapter 224 of Acts of 2012 moved OPP from DPH to HPC

Main responsibilities

- Regulating internal and external review for fully-insured plans (including ACA compliance)
- Administering external review for fully-insured plans
- Consumer assistance and education
- Administering open enrollment waivers – *role depends on final ACA rules*
- Receiving and analyzing annual reports from health plans about appeals, disenrollment of providers, quality of care, medical loss ratio
- Developing and regulating an appeals process for patients in accountable care organizations (ACOs) and risk bearing provider organizations (RBPOs)

HPC and OPP

- Consumer protection: OPP will continue to build on its consumer protection role, and will create new appeal process as part of regulating ACOs and RBPOs
- Consumer education: OPP plans to expand our consumer education efforts, in collaboration with stakeholders
- Access to care: as payment reform is implemented, OPP's connection with consumers provides a direct source of information about health care access

Other health insurance appeal rights

Self-insured plans

- Self-insured plans are regulated by the federal government, not the state
- Self-insured employer-sponsored plans – non-grandfathered plans may have appeal rights under the ACA
- Federal law requires an external review process where carriers contract with independent review organizations
- Enforcement agency is US Department of Labor

Non-federal government employees

- Fully-insured Group Insurance Commission (GIC) plans have OPP appeal rights
- Self-insured GIC plans use the federal process or a process administered by US Department of Health and Human Services (HHS)
- Self-insured non-federal government plans -- enforcement agency is US HHS

Medicaid/MassHealth

- No appeal through OPP
- MassHealth medical necessity issues can be appealed to the MassHealth Board of Hearings
- Enforcement agency is MassHealth

Other appeal rights

- External review decisions are final and binding
- Other legal rights may be available outside of the external review process

OPP and ACA implementation

- ACA creates minimum standards for state external review processes
- OPP is currently considered “NAIC-similar,” transitional status available until January 1, 2016
- Some changes have been made to ensure full compliance:
  - Shorter timelines for decisions on external reviews
  - Expedited internal review and external review requests may be filed simultaneously
  - Maximum fees of $75/plan year
  - Refund of $25 fee if insured’s case is overturned

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  - Update on Material Change Notices
  - Update on Cost Trends Hearing (October)
  - Approval of Contractor for Cost Trends Analysis in the All-Payer Claims Database (APCD)
- Schedule of Next Commission Meeting

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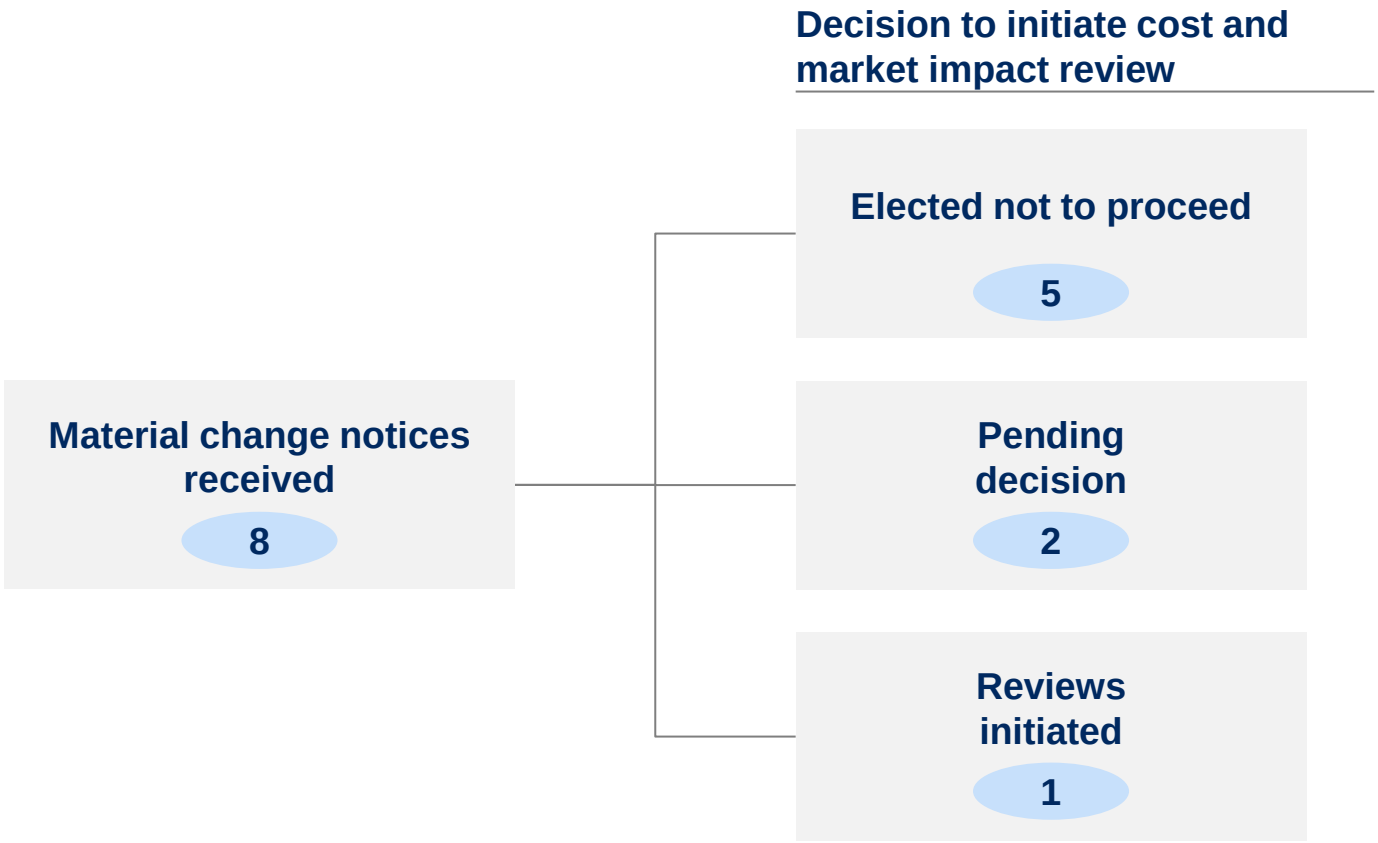
Notices received and reviews initiated

2013 YTD



Update on notices

Elected not to proceed

Description
Acquisition of Hawthorn Medical Associates by Steward Health Care
Clinical affiliation among Beth Israel Deaconess Medical Center, Harvard Medical Faculty Physicians (at BIDMC), and Signature Brockton
Formation of new Children's Hospital contracting entity

Pending decision

Description	Deadline to initiate any CMIR
Acquisition of Visiting Nurse Association of Boston Foundation by Atrius Health's VNA Care Network Foundation	Aug 2
Network affiliation between New England Quality Care Alliance and Healthcare South	Aug 21

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Annual Cost Trends Hearings - History

2010
DHCFP

- Introduced relative prices
- c. 305 of 2008
- UMass - Boston

2011
DHCFP

- Introduced health status-adjusted TME
- c. 288 of 2010
- Bunker Hill Community College

2012
DHCFP

- Introduced data on ED utilization
- Bunker Hill Community College

2013
HPC

- To be held Oct 1-2
- c. 224 of 2012
- UMass - Boston

SOURCE: CHIA, Mass. Session Laws

Annual Cost Trends Hearings – Legislative Mandate

Not later than October 1 of every year, the commission shall hold public hearings based on the report submitted by the center for health information and analysis under section 16 of chapter 12C comparing the growth in total health care expenditures to the health care cost growth benchmark for the previous calendar year. The hearings shall 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.

G.L. Chapter 6D, Section 8

SOURCE: Mass. General Laws

Witnesses testify under oath and are subject to cross-examination by the HPC, CHIA, and AGO

Witnesses to be called by statute

- At least 3 academic medical centers
- At least 3 disproportionate share hospitals
- Community hospitals from at least 3 separate regions of the commonwealth
- Freestanding ambulatory surgical centers from at least 3 separate regions of the commonwealth
- Community health centers from at least 3 separate regions of the commonwealth
- The 5 private health care payers with the highest enrollments in the commonwealth
- Any managed care organization that provides health benefits under Title XIX or under the commonwealth care health insurance program
- The group insurance commission
- At least 3 municipalities that have adopted chapter 32B
- At least 4 provider organizations, at least 2 of which shall be certified as accountable care organizations, 1 of which has been certified as a model ACO, which shall be from diverse geographic regions of the commonwealth
- Any witness identified by the attorney general or the center

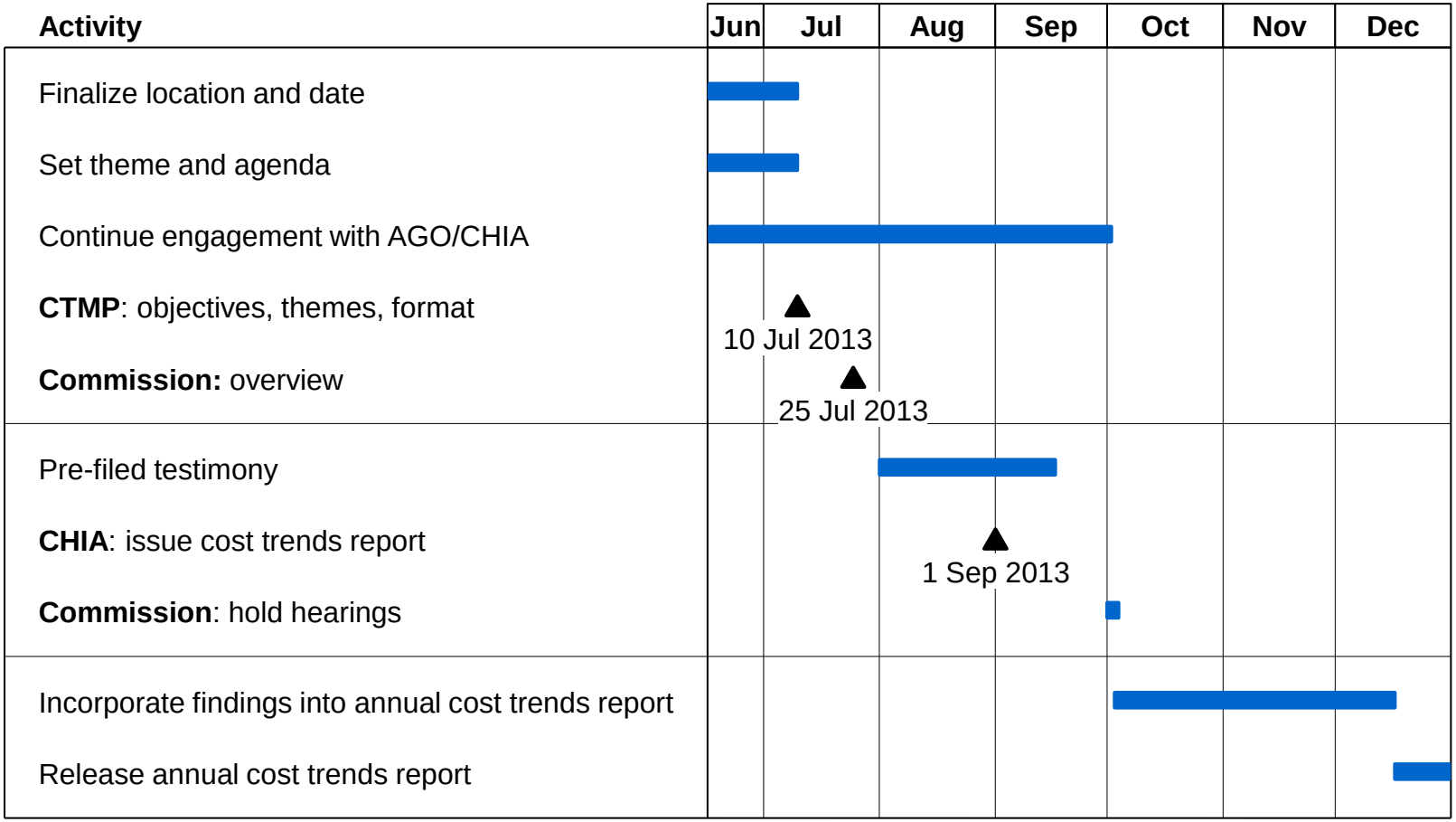
Topics to be covered by statute, including but not limited to…

- Payment systems
- Care delivery models
- Payer mix
- Factors underlying premium cost and rate increases
- Relation of reserves to premium costs
- Cost structures
- Utilization trends
- Reserve levels
- Quality improvement and care-coordination strategies
- Investments in health information technology
- Efforts to improve the efficiency of the delivery system
- Efforts to reduce the inappropriate or duplicative use of technology
- Efforts by the payer to increase consumer access to health care information
- Efforts by the payer to reduce the use of fee-for-service payment mechanisms

Objectives for the annual cost trends hearing

- Discuss stakeholders' observations of performance against the cost growth target
- Engage experts and witnesses to discuss particular challenges and opportunities in the Commonwealth
- Identify innovations that can work in the Commonwealth to help drive the HPC's core objectives
- Examine experience of stakeholders to inform the annual cost trends report

Timeline for cost trends hearing



Overview of agenda for cost trends hearing

Advancing efficient delivery of high-quality care — 10/1

- Welcome and opening remarks
  - Update on CHIA report
- **Panel**: High-value care for high-need patients
- **Panel**: Addressing system barriers to efficiency
- Closing remarks

Advancing a value-based market — 10/2

- Welcome and opening remarks
  - Update on AGO report
- **Panel**: Evolving market structure – impact on cost and quality
- **Panel**: Empowering purchasers through information, incentives, and choice
- Closing remarks

Each panel will involve:
- 30 minutes of presentation from an invited expert
- 60 minutes of testimony from MA market participants

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- Schedule of Next Commission Meeting

Objectives for APCD Contract

- Obtain analytic support in examining trends in health care costs sourced from Commonwealth's all-payer claims database (APCD)
  - Validate APCD for cost trends purposes
  - Prepare files for use by HPC
- Produce analyses that directly support annual cost trends report
- Build a foundation for more extensive work in future years
- Collaborate with CHIA to enhance value of APCD for all stakeholders

Scope of contract is based on three phases

Phase 1
Jul - Aug

- Evaluation of data quality
- Proposal on analytical approaches
- Work based on 2009-2011 APCD data

Phase 2
Sep – Nov

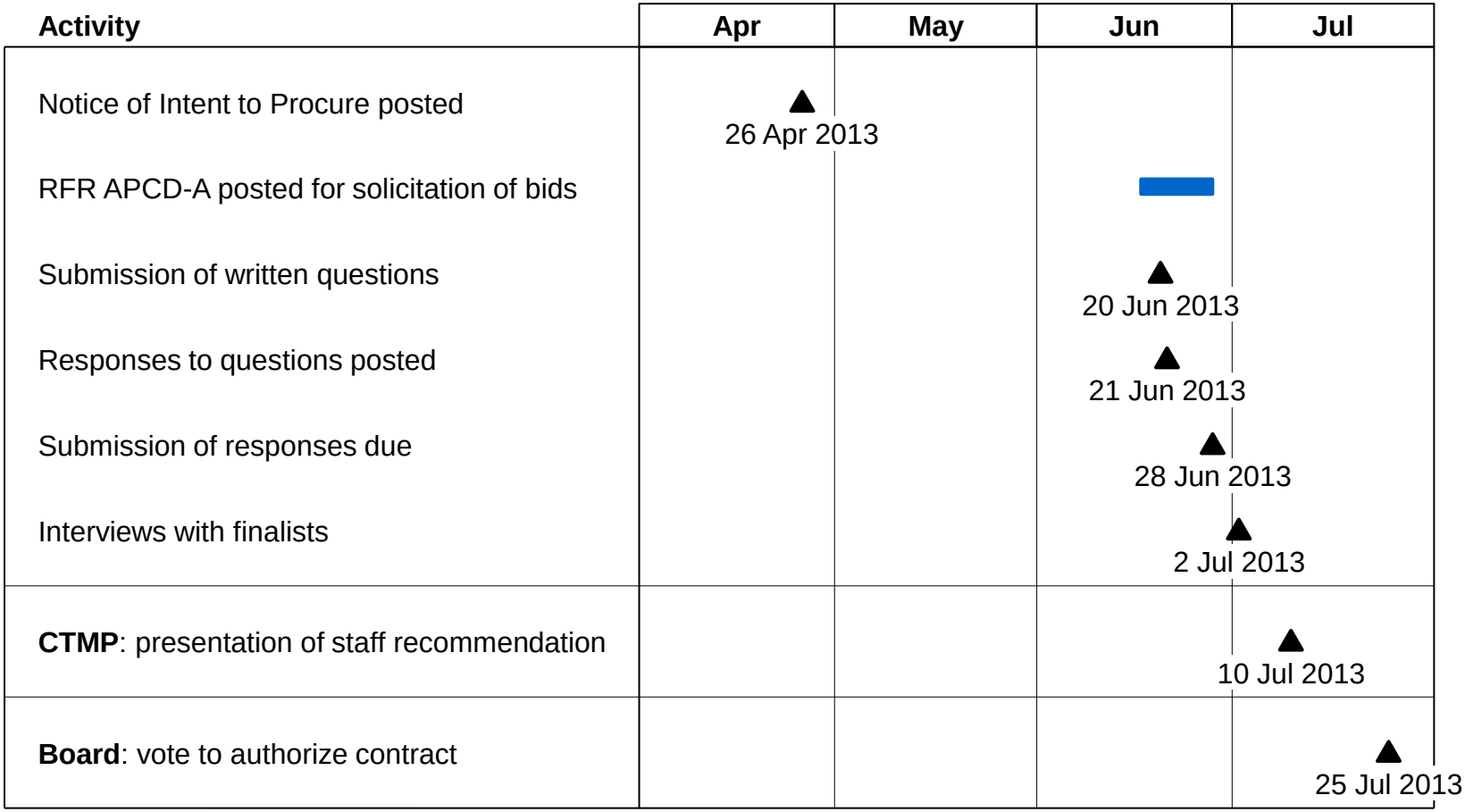
- Complete analytical work
- Produce a report on methods and results, specifically on
  - Baseline descriptive statistics
  - Decomposition of cost changes and cost variation into components
  - Care of the most costly patients

Phase 3
Dec – May

- Repeat Phase 1 and 2
- Work based on 2012 APCD data (to be released in December)

Contract runs through December 31, 2014, with an option to renew for up to three years

HPC engaged in a thorough procurement process



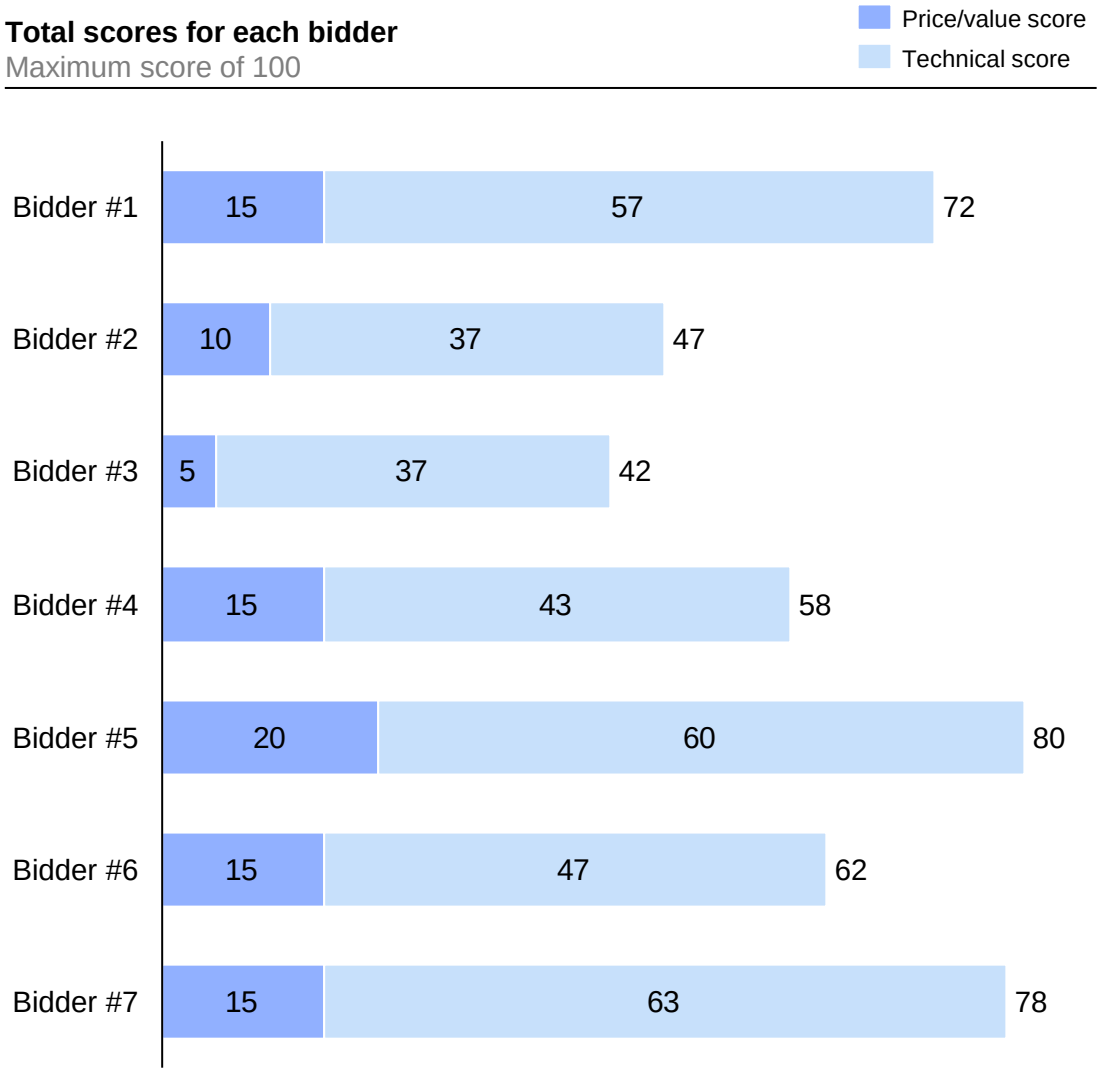
Seven bidders were scored on nine evaluation criteria

Evaluation criteria used

Criteria	Value
Understanding value in broader MA context	10
Technical understanding of methods for analyses	10
Creative and feasible approaches to analyses	10
Demonstrated and relevant expertise	10
Demonstrated experience working with APCD	10
Educational, professional qualifications	10
Ability to work creatively and successfully	5
Supplier diversity plan	10
Price/value	25

Scores varied greatly among 7 bidders

Total scores for each bidder
Maximum score of 100



Based on our review of the proposals, we recommend The Lewin Group

Summary of results for 3 finalists

	Evaluation score	Cost (Phase 1) $ 000s
Lewin	80	$536 ($211)
Finalist #2	78	$870 ($129)
Finalist #3	72	$799 ($487)

Rationale for The Lewin Group

- Demonstrated understanding of HPC needs and objectives
- Experience working with APCD
- Highest evaluation score
- 2nd lowest total cost
- Able to articulate approaches to deal with unique APCD issues, such as risk adjustment in a multi-payer database
- Final products will include code and files which allow for replication in the future

Our final recommendation is The Lewin Group

Vote: Endorsing staff recommendation for contract award

Motion: That, pursuant to Section 6.2 of the Health Policy Commission's By-Laws, the Commission hereby authorizes the Executive Director to sign a contract with The Lewin Group, Inc. to analyze cost trends using the all-payer claims database maintained by the Commonwealth's Center for Health Information and Analysis, for an amount up to no more than $537,781 through December 31, 2014, with an option to renew for up to three years, subject to further agreement on terms deemed advisable by the Executive Director

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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