

## Review of Past Hospital Acquisitions and Contracting Affiliations

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- The HPC has continued to monitor the performance of providers post-transaction to understand the ongoing impacts on health care costs, quality, and access.
- Today, the HPC is reporting on one such metric – changes in site of care – for community hospitals that were recently acquired by, or which affiliated with, larger provider organizations.
- All of these hospitals and provider organizations cited “keeping care in the community” as a goal of the affiliation.
- Monitoring changes in site of care is important as one of the drivers of health care spending growth in Massachusetts is the increasing share of community-appropriate care provided by academic medical centers and teaching hospitals.
- Yet, providers have cited a range of barriers to keeping more care in the community.

## Top Provider-Reported Barriers to Keeping Care in the Community

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Patient Preference  
and Perception of  
Quality



Physician  
Preference



Geographic Proximity  
of More Expensive  
Setting



Insufficient  
Cost-Sharing  
Incentives

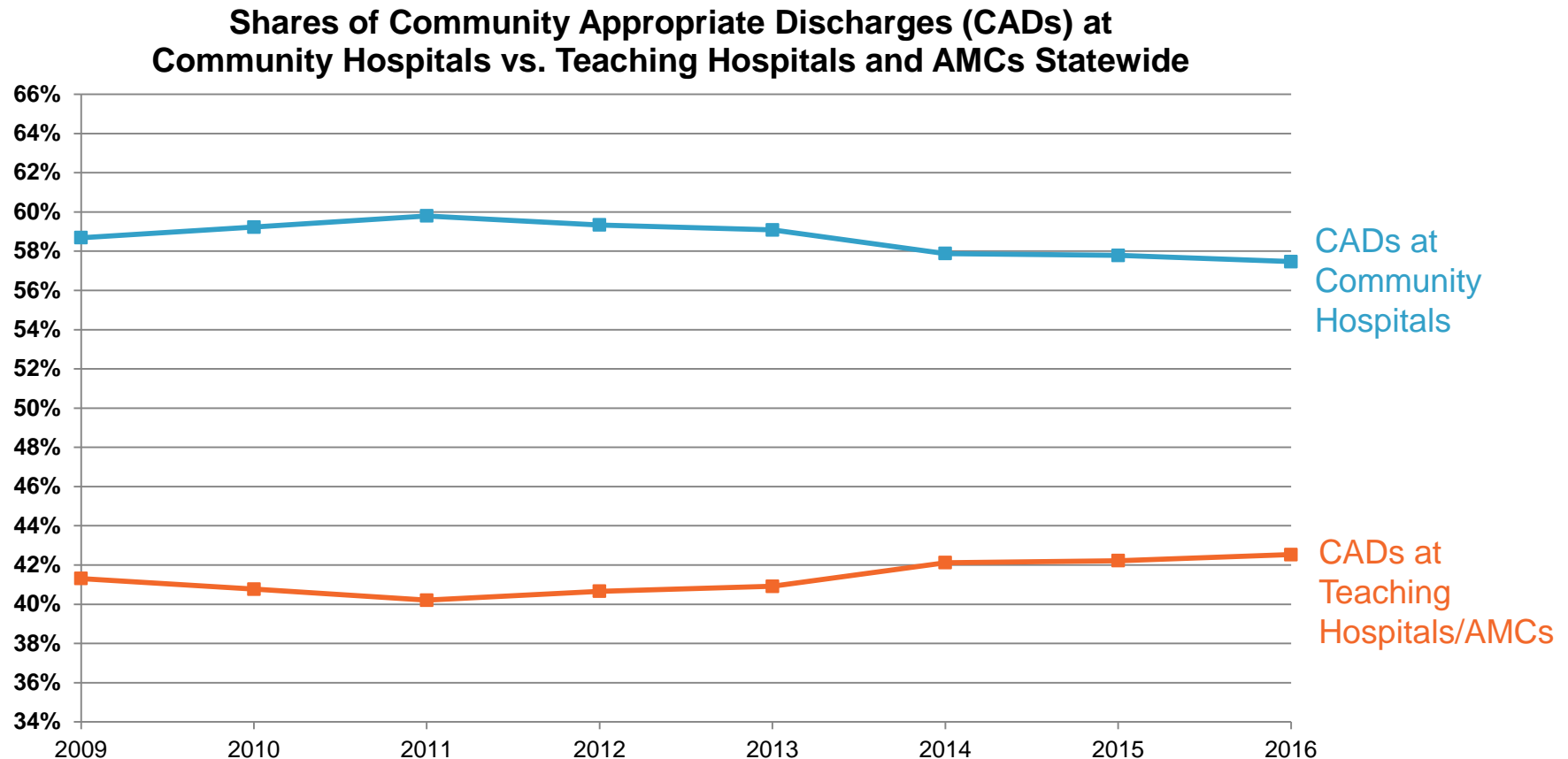
## Site of Care Changes after Hospital Acquisitions and Affiliations: Overview

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- The HPC examined 14 hospitals that were acquired by a provider organization or began a new contracting affiliation between 2011 and 2015.
- To examine the effects of hospital acquisitions and affiliations on whether community-appropriate care remained in the community, the HPC analyzed:
  - the share of local patients receiving community-appropriate care at the focal hospital, before and after the transaction, and
  - the share of local patients receiving community-appropriate care at other hospitals, including academic medical centers (AMCs) and teaching hospitals, before and after the transaction.
- Note that short time periods following transactions may prevent us from seeing the full impact of these affiliations, and observed trends may also be impacted by factors not related to the transactions.

Notes: “Community-appropriate discharges” do not include intensive or specialized procedures, complications, or comorbidities and are clinically appropriate for nearly all community hospitals. “Local patients” were defined as those residing within the primary service area (PSA) of the focal hospital, as defined in the HPC’s Technical Bulletin for 958 CMR 7.00: Notices of Material Change and Cost and Market Impact Reviews, available at <http://www.mass.gov/anf/docs/hpc/regs-and-notice/technical-bulletin-circ.pdf>  
Source: 2009 to 2016 CHIA hospital discharge data.

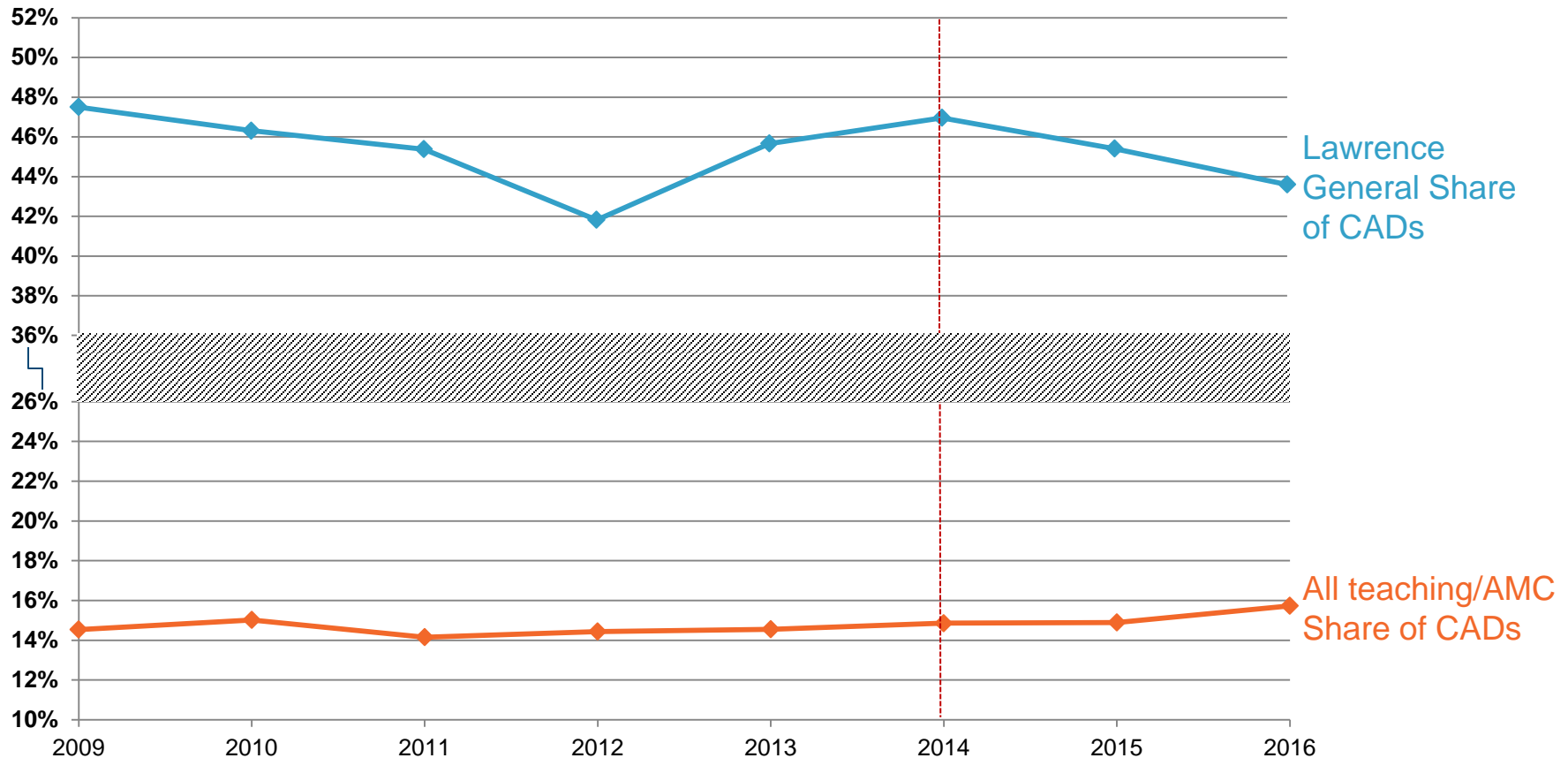
## Community-appropriate inpatient care is increasingly being provided by teaching hospitals and AMCs.



- Few hospitals that were acquired or formed contracting affiliations appear to have reversed this trend.

## Lawrence General's share of local community-appropriate discharges declined faster than the statewide trend after it affiliated with BIDCO.

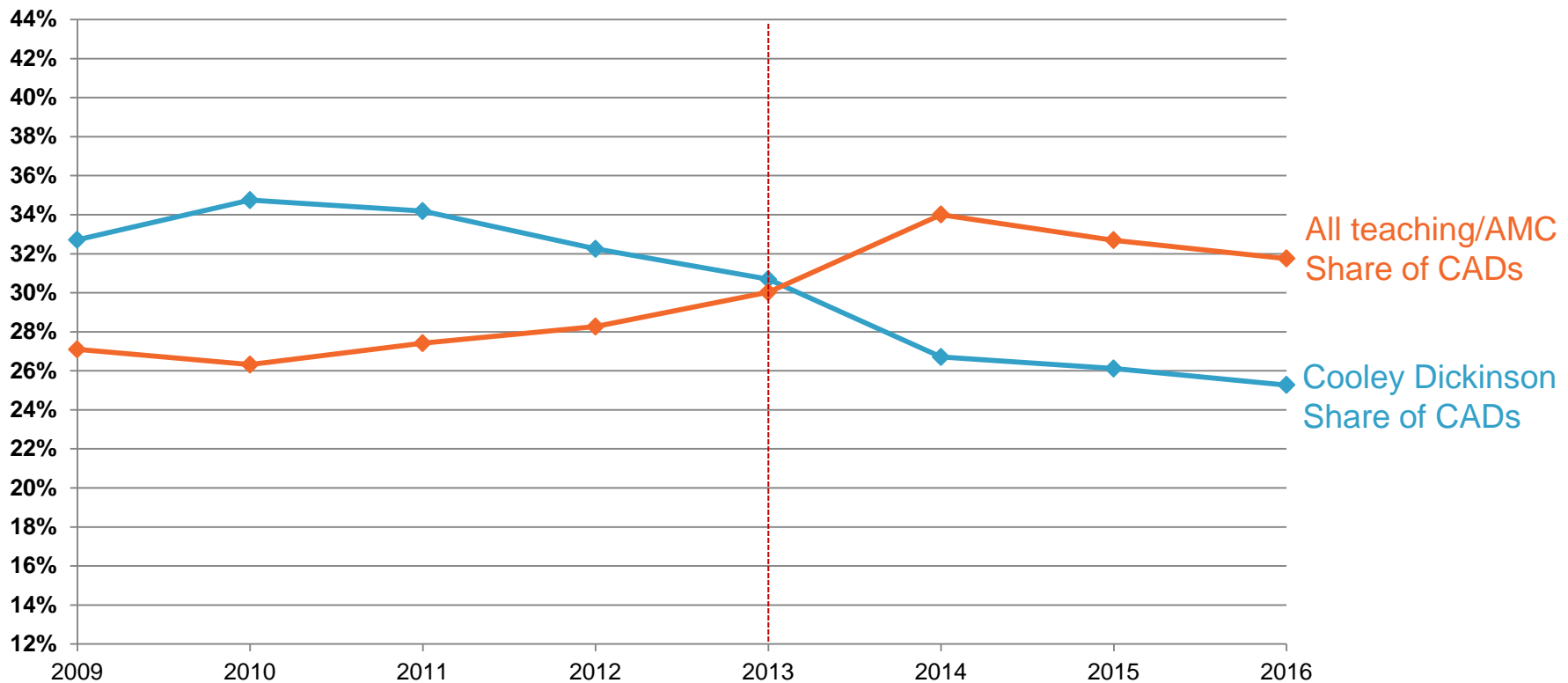
Shares of CADs in Lawrence General PSA



- Anna Jaques and Cambridge Health Alliance also saw their shares of CADs in their local areas decrease at a rate faster than the statewide trend after affiliating with BIDCO, with AMCs and teaching hospitals gaining shares at a rate faster than the statewide trend.

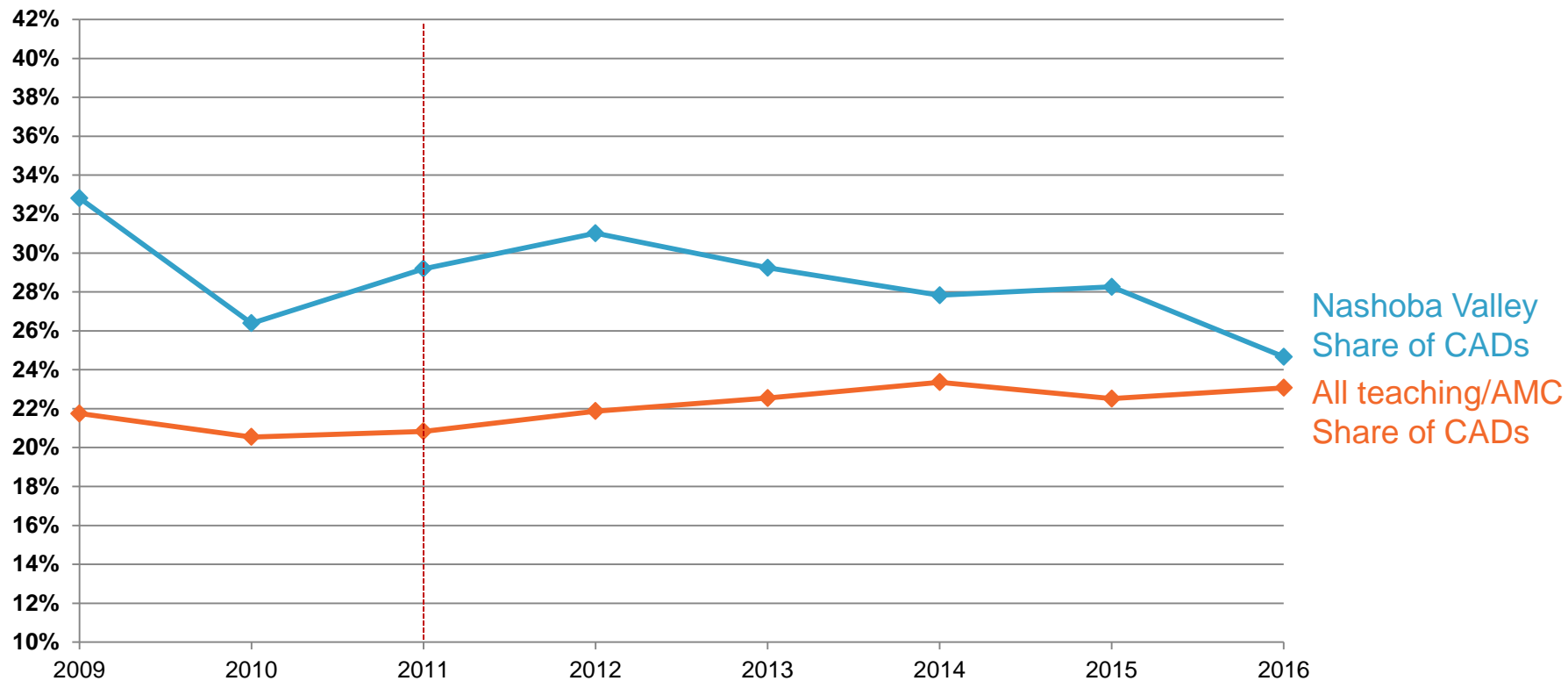
## Cooley Dickinson's share of local community-appropriate discharges also decreased faster than the statewide trend after it was acquired by Partners.

Shares of CADs in Cooley Dickinson PSA



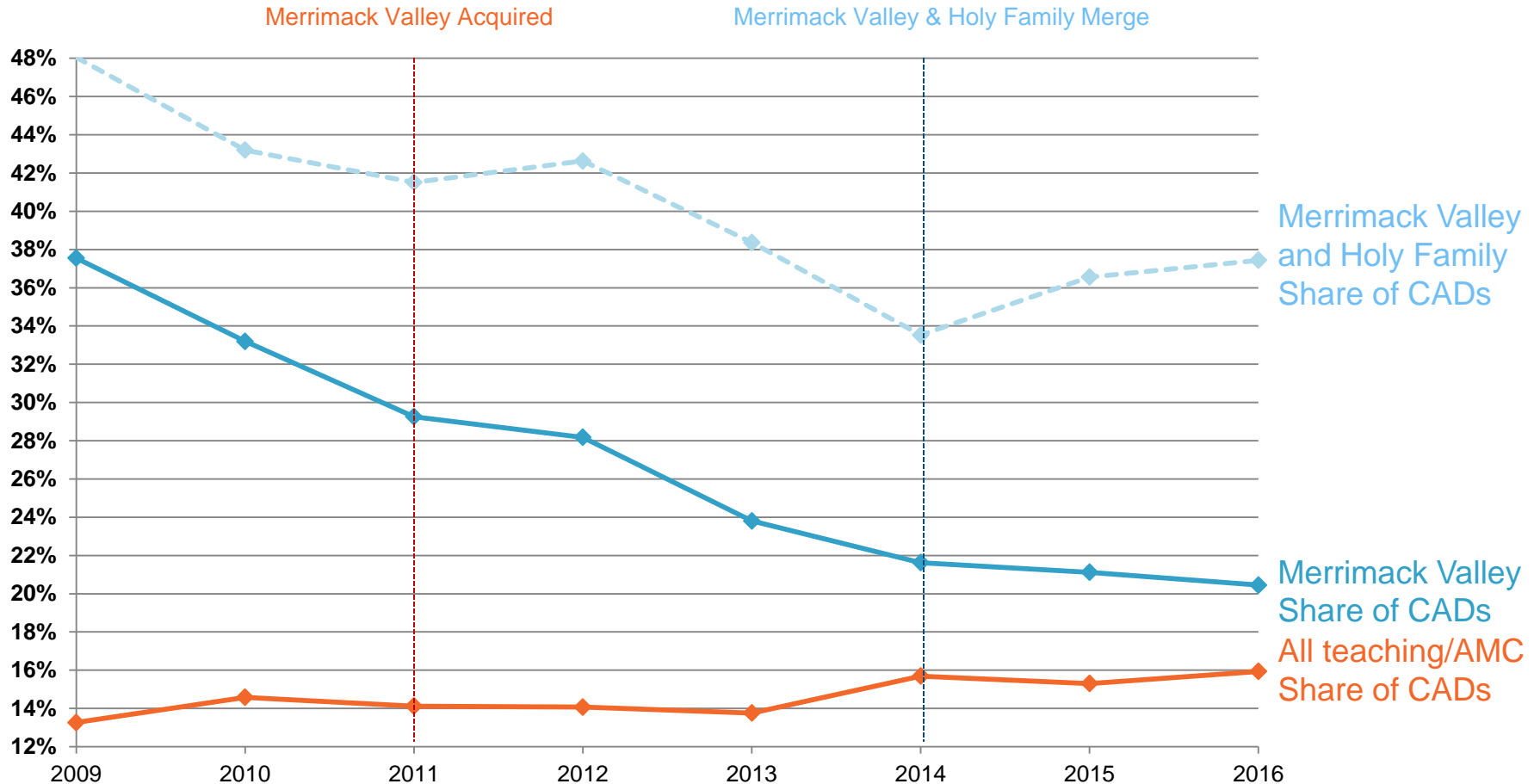
## Nashoba Valley also lost shares of community-appropriate discharges in its local area after it was acquired by Steward.

Shares of CADs in Nashoba Valley PSA



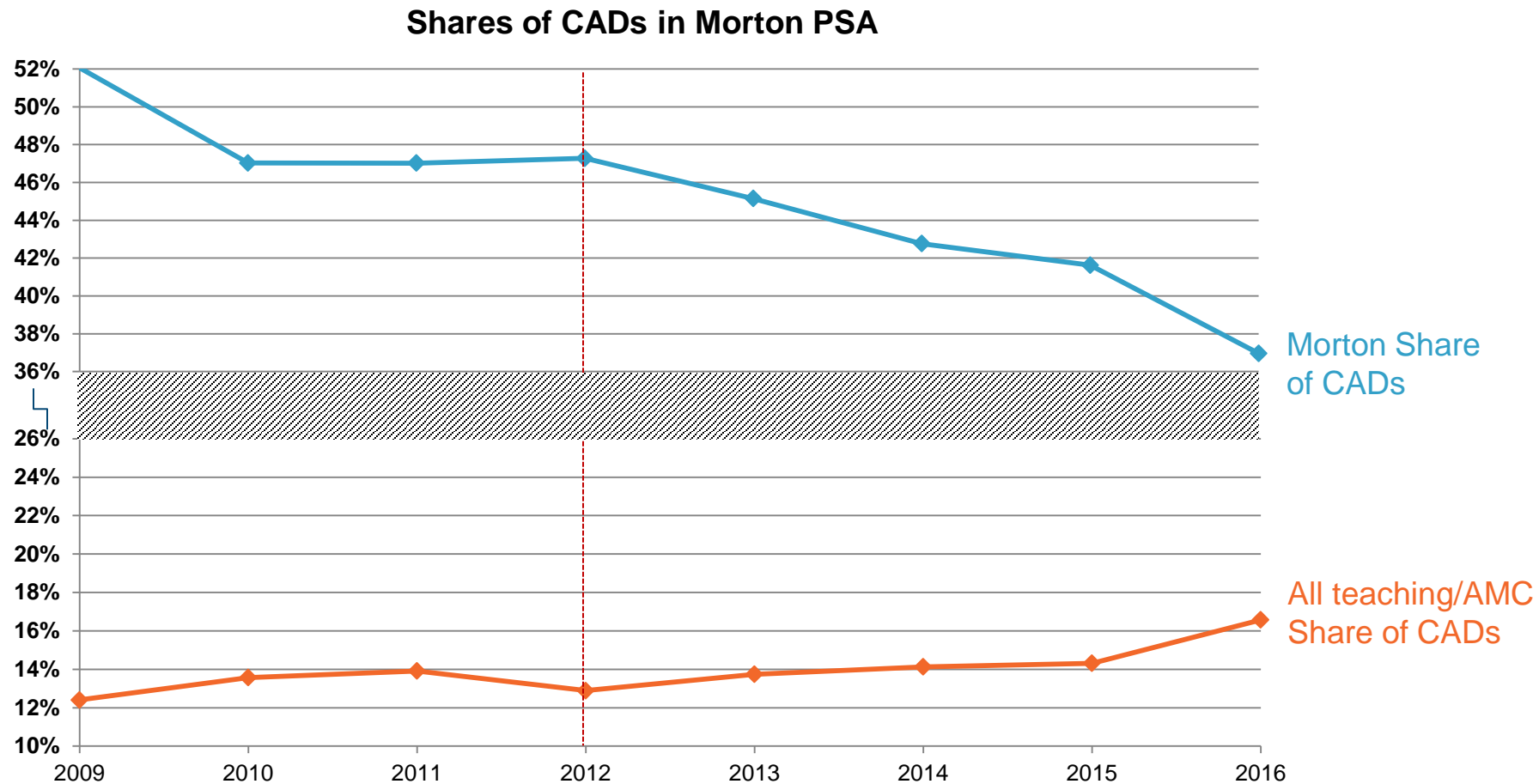
## Merrimack Valley also lost shares of community-appropriate discharges in its local area after it was acquired by Steward.

Shares of CADs in Merrimack Valley PSA

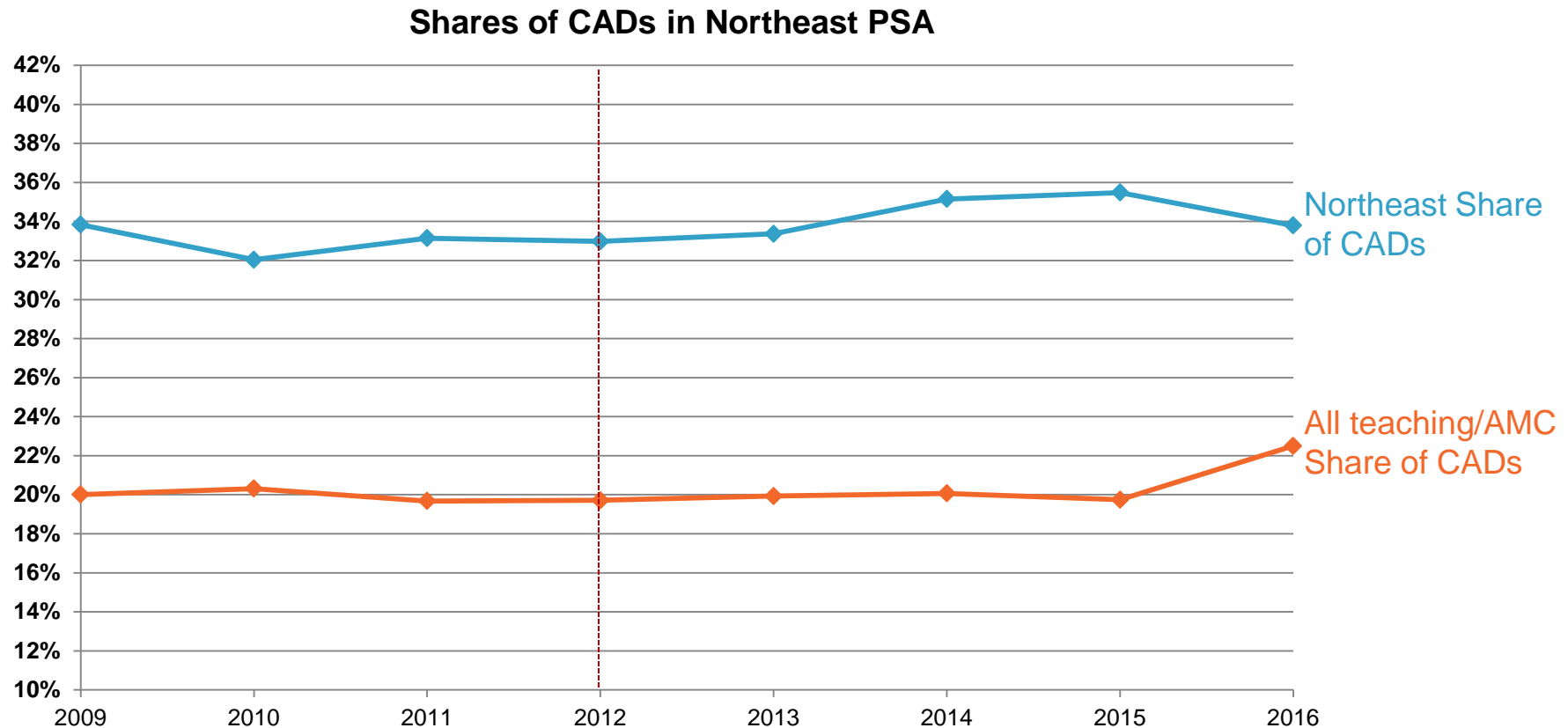




## Morton Hospital lost a significant share of community-appropriate discharges in its local area after it was acquired by Steward.



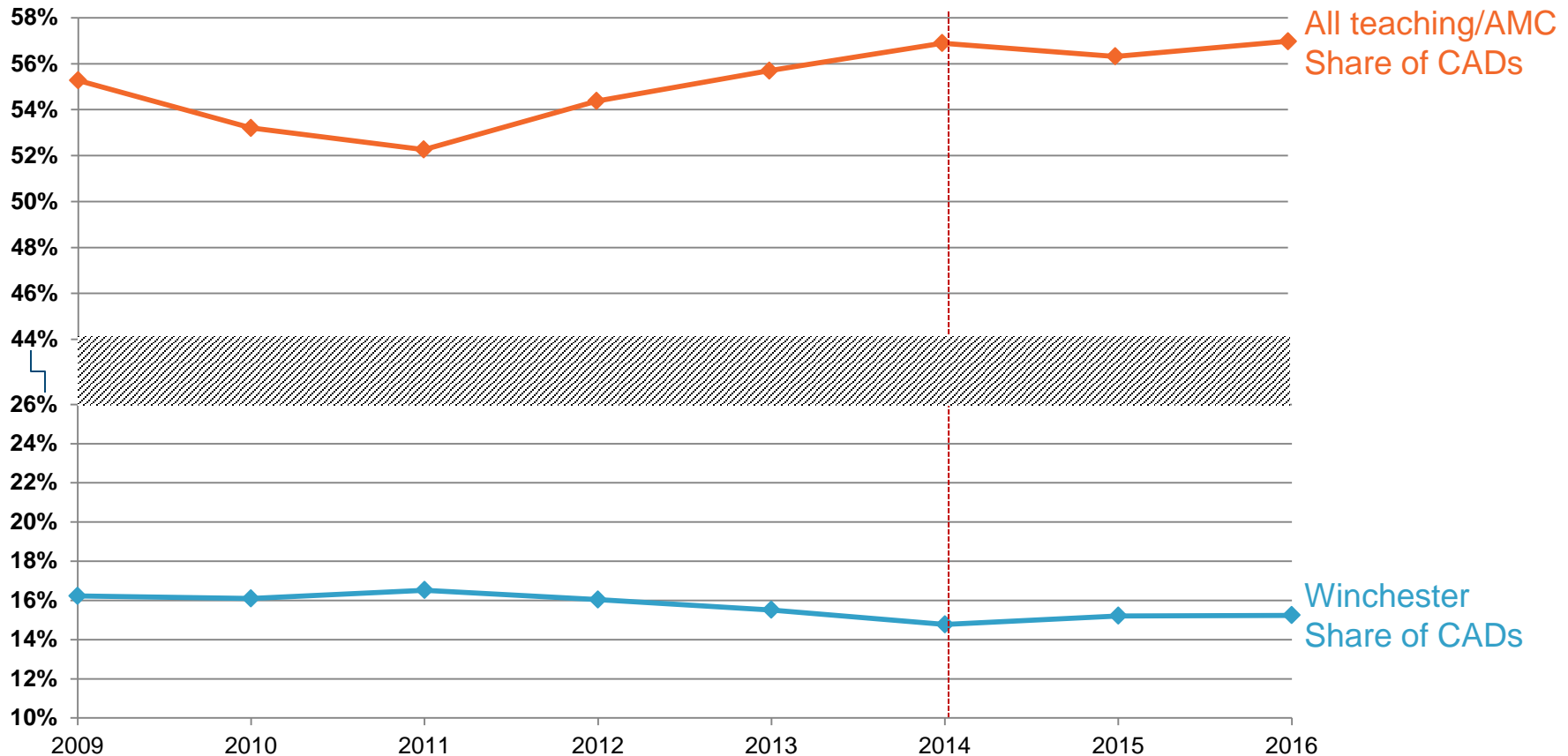
**In contrast, Northeast Hospital did not experience the same decline in its share of community-appropriate discharges after acquisition by Lahey.**



- The share of community-appropriate discharges at Northeast Hospital (Beverly Hospital and Addison-Gilbert) has **slightly increased** following acquisition by Lahey.
- Until 2016, the share of community-appropriate discharges at teaching hospitals and AMCs was also relatively stable.

**Similarly, Winchester Hospital did not have a decline in its share of community-appropriate discharges after it was acquired by Lahey.**

**Shares of CADs in Winchester PSA**



- Winchester Hospital's share of community-appropriate discharges was decreasing before its acquisition by Lahey, but its share appears to have now stabilized and slightly increased.
- While AMCs and teaching hospitals gained a slightly larger share of CADs in this service area following Winchester's acquisition, it has also been slower than the statewide trend.

## **The HPC is monitoring a range of other performance metrics for those providers that have formed new corporate or contracting affiliations.**

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The HPC is continuing to monitor a range of metrics for providers that have new affiliations such as:

- Relative price and composite relative price percentile;
- Inpatient net patient service revenue per case mix adjusted discharge;
- Inpatient costs per case mix adjusted discharge;
- Case mix index;
- Occupancy rate;
- Payer mix;
- Nationally-recognized quality metrics;
- Total Medical Expenses for patients residing in the providers' primary service areas; and
- Total Medical Expenses by provider organization.

We look forward to reporting information about these and other performance metrics in the future.

## Panel 2: Evaluating the Impact of Recent Provider Transactions

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### Witnesses

Lahey Health  
Lawrence General Hospital  
Massachusetts General Hospital  
Steward Health Care System

Dr. Howard Grant, President and CEO  
Ms. Dianne Anderson, President and CEO  
Dr. Peter Slavin, President  
Mr. John Polanowicz, Executive Vice President

### Goals

This panel will examine trends in keeping community-appropriate care in the community, before and after recent hospital acquisitions and affiliations. The panel will also discuss how broader changes in the provider market are impacting care delivery as well as cost, quality, and access.