

2018 Pre-Filed Testimony Hospitals and Provider Organizations



**As part of the
*Annual Health Care
Cost Trends Hearing***

Notice of Public Hearing

Pursuant to M.G.L. c. 6D, § 8, the Massachusetts Health Policy Commission (HPC), in collaboration with the Office of the Attorney General and the Center for Health Information and Analysis, will hold a public hearing on health care cost trends. The hearing will 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.

Scheduled hearing dates and location:

Tuesday, October 16, 2018, 9:00 AM
Wednesday, October 17, 2018, 9:00 AM
Suffolk University Law School
First Floor Function Room
120 Tremont Street, Boston, MA 02108

The HPC will call for oral testimony from witnesses, including health care executives, industry leaders, and government officials. Time-permitting, the HPC will accept oral testimony from members of the public beginning at approximately 3:30 PM on Tuesday, October 16. Any person who wishes to testify may sign up on a first-come, first-served basis when the hearing commences on October 16.

Members of the public may also submit written testimony. Written comments will be accepted until October 19, 2018, and should be submitted electronically to HPC-Testimony@mass.gov, or, if comments cannot be submitted electronically, sent by mail, post-marked no later than October 19, 2018, to the Massachusetts Health Policy Commission, 50 Milk Street, 8th Floor, Boston, MA 02109, attention Lois H. Johnson, General Counsel.

Please note that all written and oral testimony provided by witnesses or the public may be posted on the HPC's website: www.mass.gov/hpc.

The HPC encourages all interested parties to attend the hearing. For driving and public transportation directions, please visit: <http://www.suffolk.edu/law/explore/6629.php>. Suffolk University Law School is located diagonally across from the Park Street MBTA station (Red and Green lines). Parking is not available at Suffolk, but information about nearby garages is listed at the link provided. The event will also be livestreamed on the [HPC's homepage](#) and available on the [HPC's YouTube Channel](#) following the hearing.

If you require disability-related accommodations for this hearing, please contact HPC staff at (617) 979-1400 or by email at HPC-Info@mass.gov a minimum of two (2) weeks prior to the hearing so that we can accommodate your request.

For more information, including details about the agenda, expert and market participant witnesses, testimony, and presentations, please check the [Annual Cost Trends Hearing section](#) of the HPC's website. Materials will be posted regularly as the hearing dates approach.

Instructions for Written Testimony

If you are receiving this, you are hereby required under M.G.L. c. 6D, § 8 to submit written pre-filed testimony for the 2018 Annual Cost Trends Hearing. On or before the close of business on **September 14, 2018**, please electronically submit written testimony to: HPC-Testimony@mass.gov. Please complete relevant responses in the provided template. If necessary, you may include additional supporting testimony or documentation in an Appendix. Please submit any data tables included in your response in Microsoft Excel or Access format.

We encourage you to refer to and build upon your organization's 2013, 2014, 2015, 2016, and/or 2017 pre-filed testimony responses, if applicable. Additionally, if there is a point that is relevant to more than one question, please state it only once and make an internal reference. **If a question is not applicable to your organization, please indicate so in your response.**

The testimony must contain a statement from a signatory that is legally authorized and empowered to represent the named organization for the purposes of this testimony. The statement must note that the testimony is signed under the pains and penalties of perjury. An electronic signature will be sufficient for this submission.

If you have any difficulty with the templates, did not receive the email, or have any other questions regarding the pre-filed testimony process or the questions, please contact HPC staff at HPC-Testimony@mass.gov or (617) 979-1400.

HPC Contact Information

For any inquiries regarding HPC questions, please contact HPC-Testimony@mass.gov or (617) 979-1400.

AGO Contact Information

For any inquiries regarding AGO questions, please contact Assistant Attorney General Sandra Wolitzky at Sandra.Wolitzky@mass.gov or (617) 963-2030.

HPC Pre-Filed Testimony Questions

1) STRATEGIES TO ADDRESS HEALTH CARE SPENDING GROWTH

To address excessive health care costs that crowd out spending on other needs of government, households, and businesses alike, the Massachusetts Health Policy Commission (HPC) annually sets a statewide target for sustainable growth of total health care spending. From 2013 to 2017, the benchmark rate was set at 3.6% growth. For the first time for 2018 and again for 2019, the HPC exercised its authority to lower this target to a more ambitious growth rate of 3.1%, the lowest level allowed by state law. Achieving this reduced growth rate in the future will require renewed efforts by all actors in the health care system, supported by necessary policy reforms, to achieve savings without compromising quality or access.

- a) What are your organization's top areas of concern for the state's ability to meet the 3.1% benchmark? Please limit your answer to no more than three areas of concern.

Emerson Hospital's top areas of concern that will limit the state's ability to meet the 3.1% benchmark include the potential cost of nurse staffing ratios if Ballot Question 1 passes in the November 2018 election. This could potentially increase Emerson's labor expense well above the 3.1% target. We are also experiencing an increasing prevalence of high deductible health plans which are contributing to our rising bad debt expense. Other factors that are top concerns are pharmaceutical inflation rates that far exceed the growth benchmark, IT costs, and above average wage inflation in the current Massachusetts labor market.

- b) What are the top changes in policy, market behavior, payment, regulation, or statute your organization would recommend to address these concerns?

Our organization recommends MassHealth payment reform to fully cover the costs of treating MassHealth patients, full funding of the state's obligation to the Health Safety Net, reversing policies that limit the supply of Behavioral Health beds for MassHealth patients, increasing MassHealth reimbursement rates for outpatient Behavioral Health services, and continuing efforts in reducing opioid abuse.

- c) What are your organization's top strategic priorities to reduce health care expenditures? Please limit your answer to no more than three strategic priorities.

Emerson Hospital is working to expand its Population Health capabilities which will lead to improved clinical outcomes and cost management. Strategic growth initiatives focus on expansion of lower cost sites of care such as urgent care, primary care, home care, and outpatient rehab services. We are also focused on clinical affiliations that allow patients to access specialty care in the community hospital setting where appropriate, rather than in a higher cost academic medical center.

2) INFORMATION ABOUT ALTERNATIVE CARE SITES

The HPC recently released a [new policy brief](#) examining the significant growth in hospital and non-hospital based urgent care centers as well as retail clinic sites in Massachusetts from 2010 to 2018. Such alternative, convenient points of access to health care have the potential to reduce avoidable and costlier emergency department (ED) visits.

Question Instructions: *If your organization does not own or operate any alternative care sites such as urgent care centers, please only answer questions (e) and (f) below. For purposes of this question, an*

urgent care center serves all adult patients (i.e., not just patients with a pre-existing clinical relationship with the center or its providers) on a walk-in (non-appointment) basis and has hours of service beyond normal weekday business hours. Information requested in question (a) below may be provided in the form of a link to an online directory or as an appended directory.

- a) Using the most recent information, please list the names and locations of any alternative care sites your organization owns or operates in Massachusetts. Indicate whether the site is corporately owned and operated, owned and operating through a joint venture, or a non-owned affiliate clinical affiliate.

Emerson Hospital opened two Urgent Care practices in 2017:

Emerson Urgent Care at Littleton

830 Constitution Ave, Littleton, MA, owned by Emerson Hospital

Emerson Urgent Care at Hudson

38 Highland Common East, Hudson MA, owned by Emerson Hospital

- b) Please provide the following aggregate information for calendar year 2017 about the alternative care sites your organization owns or operates in Massachusetts, including those operated through a joint venture with another organization (information from non-owned affiliates should not be included):

Number of unique patient visits	9242
Proportion of gross patient service revenue that was received from commercial payers, Medicare, MassHealth, Self-Pay, and Other	Commercial – 81% Medicare – 13% Medicaid – 3% Self-Pay – 2% Other – 1%
Percentage of patient visits where the patient is referred to a more intensive setting of care	Not readily available

- c) For the alternative care sites your organization owns or operates in Massachusetts, briefly describe the clinical staffing model, including the type of clinicians (e.g., physicians, nurse practitioners, physician assistants, paramedics, nurses). If different models are used, describe the predominant model.

Emerson Urgent Care centers are staffed with Physicians, Medical Assistants, and Radiology technicians.

- d) For the alternative care sites your organization owns or operates in Massachusetts, briefly describe the method and timeliness of how the medical record of a patient's visit to an alternative care site is shared with that patient's primary care provider (e.g., interoperable electronic health record, secure email transfer, fax). What barriers has your organization faced in sharing real-time information about patient visits to your alternative care sites with primary care providers or other health care providers?

For patients who have Primary Care Physicians with interoperable electronic health records, medical records are shared real-time. For other patients, records are faxed to their Primary Care Physician. A barrier to sharing real-time information is the lack of a shared health record across all providers.

- e) Besides establishing alternative care sites, what other strategies is your organization pursuing to expand timely access to care with the goal of reducing unnecessary hospital utilization (e.g., after-hours primary care, on-demand telemedicine/virtual visits).

Most of Emerson's primary care practices offer after-hours visits. Emerson is exploring the potential to use telemedicine visits in some of our Hospital-owned practices.

- f) Please comment on the growth of alternative care sites in Massachusetts, including implications for your organization as well as impacts on health care costs, quality, and access in Massachusetts.

Our organization believes that the growth of alternative care sites is an important part of reducing healthcare costs. We believe that reducing the cost of care is best achieved through hospital affiliated alternative care sites.

3) STRATEGIES TO SUPPORT PROVIDERS TO ADDRESS HEALTH-RELATED SOCIAL NEEDS

Earlier this year, the HPC held a special event entitled, [*Partnering to Address Social Determinants of Health: What Works?*](#), where many policymakers, experts, and market participants all highlighted the need for health care systems to partner with community-based organizations to address patients' and families' health-related social needs (e.g., housing stability, nutrition, transportation) in order to improve health outcomes and slow the growth in health care costs.

- a) What are the primary barriers your organization faces in creating partnerships with community-based organizations and public health agencies in the community/communities in which you provide care? [check all that apply]
- Legal barriers related to data-sharing
 - Structural/technological barriers to data-sharing
 - Lack of resources or capacity of your organization or community organizations

- Organizational/cultural barriers
- Other: [Click here to enter text.](#)

b) What policies and resources, including technical assistance or investments, would your organization recommend to the state to address these challenges?

In the Emerson Hospital community, transportation is a challenge that crosses many areas when we look at addressing Social Determinants of Health. Emerson Hospital recommends the state make investments in improving transportation in urban and suburban settings. Affordable housing and housing stability are also challenges to some populations in our community.

AGO Pre-Filed Testimony Questions

1. For provider organizations: please submit a summary table showing for each year 2014 to 2017 your total revenue under pay for performance arrangements, risk contracts, and other fee for service arrangements according to the format and parameters reflected in the attached **AGO Provider Exhibit 1**, with all applicable fields completed. To the extent you are unable to provide complete answers for any category of revenue, please explain the reasons why. Include in your response any portion of your physicians for whom you were not able to report a category (or categories) of revenue.

2. Chapter 224 requires providers to make price information on admissions, procedures, and services available to patients and prospective patients upon request.
- a) Please use the following table to provide available information on the number of individuals that seek this information.

Health Care Service Price Inquiries CY2016-2018			
Year		Aggregate Number of Written Inquiries	Aggregate Number of Inquiries via Telephone or In-Person
CY2016	Q1		123
	Q2		127
	Q3		142
	Q4		145
CY2017	Q1	1	144
	Q2	2	223
	Q3	0	162
	Q4	1	107
CY2018	Q1	0	167
	Q2	1	151
TOTAL:		5	1491

- b) Please describe any monitoring or analysis you conduct concerning the accuracy and/or timeliness of your responses to consumer requests for price information, and the results of any such monitoring or analysis.

We log every phone call we receive on the estimate line. We fill out an estimate request and we call all patients back the same day if they had to leave a message. We assure the estimate line is covered every weekday. We have a separate line to ensure consistency and that we are getting every estimate logged and patients receive calls back. The management team works with the estimate team to assure timeliness of estimates.

- c) What barriers do you encounter in accurately/timely responding to consumer inquiries for price information? How have you sought to address each of these barriers?

Emerson has a software tool that calculates estimates based on our charge master and the patient's insurance plan. Our biggest barrier is patients not knowing what they are having done.

We guide patients by helping them obtain the information they need for their estimate and many times we call their physician's office to help the patient. We work with the advisors

weekly from our software company to make any adjustments that are needed to assure accuracy with the tool as changes occur.

3. For hospitals and provider organizations corporately affiliated with hospitals:
 - a) For each year 2015 to present, please submit a summary table for your hospital or for the two largest hospitals (by Net Patient Service Revenue) corporately affiliated with your organization showing the hospital's operating margin for each of the following four categories, and the percentage each category represents of your total business: (a) commercial, (b) Medicare, (c) Medicaid, and (d) all other business. Include in your response a list of the carriers or programs included in each of these margins, and explain whether and how your revenue and margins may be different for your HMO business, PPO business, and/or your business reimbursed through contracts that incorporate a per member per month budget against which claims costs are settled.

Margin by payer category is attached

- b) For 2017 only, please submit a summary table for your hospital or for the two largest hospitals (by Net Patient Service Revenue) corporately affiliated with your organization showing for each line of business (commercial, Medicare, Medicaid, other, total) the hospital's inpatient and outpatient revenue and margin for each major service category according to the format and parameters provided and attached as **AGO Provider Exhibit 2** with all applicable fields completed. Please submit separate sheets for pediatric and adult populations, if necessary. If you are unable to provide complete answers, please provide the greatest level of detail possible and explain why your answers are not complete.

For Exhibit 2 we have provided total margin at the service line levels that are used in Hospital internal reporting. Emerson Hospital does not have fully implemented cost accounting systems that allow us to accurately report total margin by service line and payer group.

	<u>2017</u>				<u>2016</u>				<u>2015</u>			
	<u>Commercial</u>	<u>Medicare</u>	<u>Medicaid</u>	<u>Other</u>	<u>Commercial</u>	<u>Medicare</u>	<u>Medicaid</u>	<u>Other</u>	<u>Commercial</u>	<u>Medicare</u>	<u>Medicaid</u>	<u>Other</u>
NPSR (CHIA cost Report Tab 5)	139,222,293	70,693,566	8,873,506	5,465,914	133,992,974	65,053,543	9,044,143	4,154,713	120,111,576	62,360,645	7,195,329	4,121,715
GPSR (CHIA cost Report Tab 5)	305,474,416	228,109,918	27,371,558	25,441,205	294,477,202	201,076,373	26,026,384	22,755,004	271,675,092	188,305,753	23,430,488	20,857,106
Patient Care Allocated Costs	121,731,364	90,901,660	10,907,549	10,138,304	115,557,992	78,905,877	10,213,207	8,929,461	107,734,397	74,673,782	9,291,501	8,271,011
Margin	17,490,929	(20,208,094)	(2,034,043)	(4,672,390)	18,434,982	(13,852,334)	(1,169,064)	(4,774,748)	12,377,179	(12,313,137)	(2,096,172)	(4,149,296)
Percent of Business	52%	39%	5%	4%	54%	37%	5%	4%	54%	37%	5%	4%

Payers:

<u>Commercial:</u>	<u>Medicare</u>	<u>Medicaid</u>	<u>Other:</u>
Blue Cross	Medicare Manage	Medicaid Manag	Worker's Comp
Harvard Pilgrim	Medicare Non-Ma	Medicaid Non-M	Self-Pay
Tufts			Other Government/Tricare
United Healthcare			HSN
Cigna			
Aetna			
Connector Care			
Other Commercial			