



HEALTH POLICY COMMISSION

Registration of Provider Organizations Program: Frequently Asked Questions

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The Health Policy Commission (HPC) recognizes that each Provider Organization has a complex, unique structure and that multiple factors may influence how it completes the registration materials. The questions below are meant as general guidance. The HPC encourages Provider Organizations to contact HPC-RPO@state.ma.us with specific questions that are not clearly answered here.

Corporate Affiliations

Q1: My organization is the sole corporate member of an acute care hospital, a physician group, and a Visiting Nurses Association. The acute care hospital and the physician group each have 1/3 of the Board seats at the Physician-Hospital Organization (PHO) that negotiates contracts on behalf of our system. All contracting for our system is done through the PHO. Who should act as the registering entity: my organization or the PHO?

A: The HPC seeks to register Provider Organizations at the uppermost level of their corporate structure.¹ The HPC considers organizations that have an ownership or controlling interest (e.g., have one or more seats on the governing board) in a contracting entity to be organizations that “represent one or more Health Care Providers in contracting with Carriers or Third-Party Administrators for the payment of Health Care Services.”² The registering entity does not have to engage directly in establishing contracts if it has an ownership or controlling interest in a contracting entity.

As the sole corporate member, your organization has ownership interests in the acute care hospital, the employed physician group, and the Visiting Nurses Association. Similarly, the hospital and the physician group have a controlling interest in the PHO, because they control PHO board seats. As the corporate parent of the system, your organization – and not the PHO – should act as the registering entity.

Q2: My organization is a venture capital firm that is the sole corporate member of an acute care hospital. The acute hospital has several wholly-owned, clinical subsidiaries with which it provides comprehensive, coordinated healthcare services, and meets the criteria for registration with the RPO Program. Our firm owns several non-healthcare related entities, and does not provide any oversight or management in the hospital’s day-to-day operations. Is my organization required to serve as the registering entity with the RPO Program?

A: The RPO Program seeks to understand the structure and operations of health systems, both individually and in relation to each other. To create a uniform database, the RPO Program expects a health system’s corporate parent to be the registering entity, provided that the corporate parent’s primary business purpose is related to healthcare delivery or management. Health systems that are owned by

¹ This is the case to the extent that the corporate parent’s primary business purpose is healthcare delivery or management. See Question 2.

² 958 CMR 6.02: Definition of a Provider Organization.

entities whose business purpose is not dedicated to the oversight of the health system should not register at the corporate parent level; these organizations should register at the highest level of corporate ownership within the corporately-integrated system whose business purpose is healthcare delivery or management.

Your organization's primary business purpose is not healthcare delivery or management. Therefore, the HPC would not expect your organization to register. The acute care hospital, which is the senior-most entity within the corporately-integrated system whose primary business purpose is related to healthcare delivery or management, will act as the registering entity. The acute care hospital will list your organization as its corporate parent.

Q3: My organization is the corporate parent of a large health system that meets the NPSR and Patient Panel thresholds for registration. My organization has a 50% controlling interest in the PHO that establishes risk contracts on behalf of our system and several independent community physician practices. The majority of these independent physician practices are members of a local Independent Practice Association (IPA) which controls the other 50% of the PHO. My organization and some of the physician practices establish contracts without downside risk directly with commercial payers. The IPA does not negotiate any contracts. Who is required to register with the RPO Program?

A: As explained in Questions 1 and 2, above, the HPC seeks registration at the highest level of a Provider Organization's corporate structure. Because your organization has partial control of a contracting entity – the PHO – your organization would meet the definition of a Provider Organization³, and would therefore register with the RPO Program. Your organization should report the PHO, along with your other subsidiaries, as corporate affiliates. Your organization should report the independent physician practices on whose behalf the PHO establishes contracts as your contracting affiliates. Some of these physician practices may have to file an abbreviated application if they establish a contract directly with a Carrier or Third-Party Administrator (i.e., not through the PHO) and meet the criteria for registration.

The IPA also has a controlling interest in a contracting entity (the PHO) that meets the registrations thresholds, and therefore could also be required to register. However, because the IPA's application would be largely duplicative of the health system's application, the IPA may not be required to register during Part 1 of Initial Registration in 2014. *If your organization believes it has a similar structure, we highly encourage you to schedule a one-on-one meeting with the HPC to determine the registration framework that best suits your organization.*

Net Patient Service Revenue

Q4: In calculating my organization's Net Patient Service Revenue (NPSR), should I include revenue received from Mass Behavioral Health Partners (MBHP)? Is MBHP considered a Carrier or Third-Party Administrator?

A: Yes. MBHP and other managed behavioral health care companies are considered Third-Party Administrators. Revenue received from these organizations should be counted toward the \$25,000,000 NPSR threshold.

³ The corporate parent of the health system also meets the definition of a Provider Organization through its establishment of non-downside risk contracts with a commercial payer. However, if the corporate parent did not negotiate these direct contracts, it would still meet the definition of a Provider Organization through its partial control of the PHO.