MASSACHUSETTS
HEALTH POLICY COMMISSION

BUSINESS REPORT AND FUNDS STATEMENT

July 2016

FY2013 – FY2016

About the HPC

The Massachusetts Health Policy Commission (HPC) was established as an independent state agency through Chapter 224 of the Acts of 2012, the Commonwealth's landmark health care cost containment legislation. Chapter 224 set the ambitious goal of bringing health care spending growth in line with growth in the state's overall economy. Since its inception in November 2012, the HPC has been building infrastructure and capacity to reduce overall health care cost growth by promoting informed dialogue, recommending evidence-based polices, identifying collaborative solutions, and designing high-profile and impactful grant programs.

Under the leadership of an 11-member Board, the HPC engages in health care market research through the publication of the Annual Health Care Cost Trends Report; monitors the health care market through Notices of Material Change and Cost and Market Impact Reviews; analyzes the structure of the delivery system through the creation of criteria for Accountable Care Organizations and the Registration of Provider Organizations Program; and invests in more efficient care through the CHART community hospital and Health Care Innovation Investment grant programs. Through these and other policy initiatives, the HPC strives to promote and incentivize the development of a high-value health care system in the Commonwealth.

Mission Statement

The HPC's mission is to advance a more transparent, accountable, and innovative health care system through independent policy leadership and investment programs. The goal is better health and better care at a lower cost across the Commonwealth.

The HPC's Role in the History of Massachusetts Health Care Reform

In 2006, the Massachusetts Legislature enacted Chapter 58 of the Acts of 2006, a law designed to provide near universal health insurance coverage for state residents. Today, more than 96% of Massachusetts residents have health insurance coverage, giving Massachusetts the highest rate of insurance coverage in the nation.

While Massachusetts is a national leader in innovative and high-quality health care, it is also among the states with the highest health care spending. The rapid rate of growth in health care spending has contributed to a crowding-out effect for households, businesses, and government, reducing resources available to spend on other priorities. As such, following the passage of Chapter 58, health care policymaking efforts in Massachusetts focused on enhancing the transparency of the state's health care system and identifying health care cost drivers.

In August 2012, the state enacted Chapter 224 of the Acts of 2012, *An Act Improving the Quality of Health Care and Reducing Costs through Increased Transparency, Efficiency and Innovation*. This first-in-the-nation law has the ambitious goal of bringing health care spending growth in line with growth in the state's overall economy by establishing the health care cost growth benchmark, a statewide target for the rate of growth of total health care expenditures. Chapter 224 also created more than 20 commissions, councils, committees, advisory boards, and task forces, including the HPC.

HPC Board, Policy Committees, and Advisory Council

HPC Commissioners

Dr. Stuart Altman, Chair
Dr. Wendy Everett, Vice Chair
Dr. Carole Allen
Dr. Donald Berwick
Mr. Martin Cohen
Dr. David Cutler
Secretary Kristen Lepore, Administration and Finance
Mr. Richard Lord
Mr. Renato "Ron" Mastrogiovanni
Secretary Marylou Sudders, Health and Human Services
Ms. Veronica Turner

The HPC is an independent agency established within the Executive Office of Administration and Finance. It is governed by an 11-member Board, appointed by the Governor, the Attorney General, and the State Auditor. Two cabinet secretaries serve as ex-officio members. Commissioners were initially appointed to staggered terms of 1-5 years and may be reappointed for a 5-year term. As designated by law, each Commissioner has demonstrated expertise in a particular aspect of health care delivery and finance. Commissioners serve without pay and cannot be employed by, a consultant to, have a financial stake in, or otherwise be a representative of a health care entity while serving on the Board.

Dr. Stuart Altman was appointed as the first Chair of the HPC by Governor Deval Patrick in November, 2012 for an initial 3-year term and was subsequently reappointed by Governor Charlie Baker in January, 2016 for a five-year term. The Vice-Chair of the Board is Dr. Wendy Everett. As of April 1, 2016, the HPC has held 32 Board meetings.

HPC Policy Committees

In order to facilitate the work of the HPC, and to allow Commissioners an opportunity to more fully examine specific topic areas, the HPC has four standing policy committees. These committees are organized around specific functions of the HPC and Chapter 224, and have both monitoring and operational responsibilities.

Care Delivery and Payment System Transformation (CDPST)

Key focus areas for the CDPST Committee include: 1) developing and implementing standards for a certification program of Patient-Centered Medical Homes (PCMHs) and Accountable Care Organizations (ACOs); 2) overseeing the Registration of Provider Organizations (RPO) Program; 3) developing model payment standards to support PCMHs; and, 4) promoting the development of alternative payment methodologies. As of April 1, 2016, the CDPST Committee has held 25 public meetings.

Community Health Care Investment and Consumer Involvement (CHICI)

Key focus areas for the CHICI Committee include: 1) overseeing the development and administration of the CHART Investment Program for community hospital transformation; 2) developing strategies for engaging with key stakeholders and the public on the implementation of Chapter 224; 3) overseeing the development and administration of competitive grant program to foster the development and evaluation of innovative health care delivery, payment models, and quality of care measures, 4) helping consumers navigate health care cost and quality and monitoring price transparency requirements; and, 5) monitoring and reporting on developments in health insurance product design, including high deductible health plans. As of April 1, 2016, the CHICI Committee has held 22 public meetings.

Cost Trends and Market Performance (CTMP)

Key focus areas for the CTMP Committee include: 1) supporting HPC's role of establishing the annual health care cost growth benchmark; 2) guiding the preparation of the HPC's annual cost trends report and hosting of annual cost trends hearings; 3) overseeing material change notices and cost and market impact reviews of provider transactions; and, 4) overseeing the development of the process for and implementation of performance improvement plans. As of April 1, 2016, the CTMP Committee has held 22 public meetings.

Quality Improvement and Patient Protection (QIPP)

Key focus areas for the QIPP Committee include: 1) examining the impact of health system changes on the quality of health care; 2) overseeing operations of the Office of Patient Protection (OPP); 3) tracking the progress of behavioral health integration; 4) developing regulations and guidance relative to nurse staffing in hospital intensive care units (ICUs); and 5) coordinating with the Department of Public Health, MassHealth, the Center for Health Information and Analysis, and other agencies on statewide quality improvement strategy. As of April 1, 2016, the QIPP Committee has held 25 public meetings.

HPC Advisory Council

To ensure broad stakeholder input and feedback into the work of the HPC, the Executive Director is required by Chapter 224 to establish an Advisory Council. The Advisory Council was established in March 2013 and consists of over 30 members, including representatives of providers, payers, consumer and patient advocates, and business, labor, education, and innovation. Key focus areas of the Advisory Council include: 1) advising on the overall operation and policy of the HPC, ensuring the consideration of diverse perspectives; 2) providing specific input on particular policy issues before the HPC; 3) contributing feedback on the administration of the investment programs, including setting program priorities; 4) facilitating direct communication between HPC staff, HPC Board members, and a broad distribution of health care industry participants and stakeholders; and 5) serving as a network for communicating to a larger community the mission and work of the HPC. The Advisory Council meets quarterly and as of April 1, 2016, has held 7 public meetings.

For more information, see Appendix 1: HPC Commissioners and Advisory Council

HPC Staff

The Board appoints an Executive Director, who leads the administrative affairs and general management and operations of the HPC. The first Executive Director of the HPC, David Seltz, was appointed in December 2012.

Under the leadership of the Executive Director, the HPC staff is divided into multiple teams. These teams work on focused tasks as well as collaborative projects to ensure that the HPC's statutory deadlines are met in a robust and timely manner. There are two executive teams, which have oversight and administrative duties, and four teams that focus on policy, research, and program development.

Departments and Teams

Office of the Chief of Staff (Administration and Finance and External Affairs Departments): The Office of the Chief of Staff is responsible for both agency-level and cross-functional strategic planning and operations. Within this Office, the administration team coordinates human resource functions and fiscal operations. The External Affairs team oversees the agency's public meetings/events, press and media relations, website and social media management, and legislative/intergovernmental relations. The Chief of Staff also provides high-level support to Board members in their official capacity. OCS also houses the new Office of Strategic Initiatives, which coordinates and aligns cross-agency projects. The Office of the Chief of Staff is led by Coleen Elstermeyer.

Office of the General Counsel (Legal Department): The General Counsel's office provides legal counsel and advice on a wide range of strategic, policy, and operational issues for the agency. The Legal department is responsible for supporting the HPC's policy and legal work, including the development of regulations and support of agency compliance functions. The Office of the General Counsel is led by Lois Johnson.

Accountable Care Department: This team is responsible for developing a coordinated strategy to advance care delivery and payment system transformation in the Commonwealth by collaborating with the leaders of reforms in the payer and provider community, and partnering with senior policymakers at other state agencies. The AC team is

responsible for fulfilling the HPC's statutory charge to develop and implement state certification programs for Patient-Centered Medical Homes (PCMHs) and Accountable Care Organizations (ACOs), to promote the integration of behavioral health with primary care, and to develop policy recommendations to support these care delivery models. The team also works to advance accountable care through other avenues, such as enhancing data transparency, convening key stakeholders to better align models, and identifying key barriers and accelerators of reform. The Accountable Care Department is led by Katherine (Katie) Shea Barrett.

Market Performance Department: This team is responsible for advancing the HPC's statutory charge to encourage a more value-based health care system by increasing the transparency of and catalyzing improvements in the performance of the health care market. Among other responsibilities, this includes (1) implementing a first-in-the-nation registration program to provide transparency on the composition and function of provider organizations in Massachusetts (RPO), (2) tracking and analyzing the number, type, and frequency of material changes to the governance or operations of health care providers (MCNs), (3) evaluating the impact of significant provider transactions on the competitive market and on the state's ability to meet the health care cost growth benchmark (CMIRs), and (4) collaborating with other HPC teams to catalyze improvements in the performance of the health care market, such as by analyzing the impact of market structure on cost trends and evaluating different approaches and identifying best practices for incenting provider performance. The Market Performance Department is led by Katherine (Kate) Scarborough Mills.

Office of Patient Protection: This team is charged with developing regulations and implementing certain provisions of M.G.L. Chapter 176O governing insurance carriers' internal grievance procedures, detailing certain guarantees of continuity of care and specialty care referral and coverage, and establishing a process for obtaining an independent external review where coverage is denied based upon a medical necessity determination. OPP is also charged with administering and granting insurance enrollment waivers to eligible individuals who seek to purchase non-group insurance when enrollment is closed. Additionally, the Office of Patient Protection assists consumers with questions or concerns relating to health insurance, including grievance and appeal rights and enrollment waiver questions. The Office of Patient Protection is led by Steven Belec.

Research and Cost Trends Department: The RCT team is responsible for fulfilling the HPC's statutory charge to examine spending trends and underlying factors and to develop evidence-based recommendations for strategies to increase the efficiency of the health care system. This team draws on its diverse research expertise to inform, motivate, and support action to achieve the benchmark and the goals of Chapter 224. The team is responsible for producing the HPC's annual cost trends report and contributes to the annual hearings on cost trends. RCT represents the HPC to the research and analytic community and carries out special research projects as determined by the Executive Director and the Board, including an ongoing effort to advance the use of the All-Payer Claims Database (APCD). The Research and Cost Trends Department is led by Dr. Marian Wrobel.

Strategic Investments Department: This team is responsible for leading system performance analyses, including a particular focus on measuring value and promoting effective allocation of health care resources. The SI team is responsible for developing and administering the Community Hospital Acceleration, Revitalization, and Transformation (CHART) community hospital investment program that represents a key component of the HPC's broad mandate to increase health care quality and access while reducing cost growth in the Commonwealth. SI also oversees the development and administration of other competitive grant program to foster the development and evaluation of innovative health care delivery, payment models, and quality of care measures, such as the Health Care Innovation Investment Program.

For more information, see Appendix 2: HPC Organizational Chart.

Programs

The HPC's goal is better health and better care at a lower cost across the Commonwealth. The agency works to attain this goal through various programs and research as authorized by Chapter 224, such as, the publication of annual reports on health care cost trends; market monitoring through Notices of Material Change and Cost and Market Impact Reviews; analysis of structure of the delivery system through the creation of criteria for Accountable Care Organizations and the Registration of Provider Organizations Program; and investment in more efficient care through the CHART community hospital and innovation investment programs. Through these and other policy initiatives, the HPC strives to promote and incentivize the development of a high-value health care system in the Commonwealth.

Research

Health Care Cost Growth Benchmark

Chapter 224 requires the HPC to set health care cost goals.

The HPC establishes the state's health care cost growth benchmark, an annual statewide target for the rate of growth of total health care expenditures. The benchmark seeks to keep health care costs growth in line with the state's overall economy. For 2013-2016, the health care cost growth benchmark has been set at 3.6%.

Annually in September, the Center for Health Information and Analysis releases an annual report on the Commonwealth's performance under the benchmark. Following this report, the HPC conducts research assessing the drivers behind the Commonwealth's performance and completes in-depth analyses on areas of particular concern.

Health Care Cost Trends Hearing

Chapter 224 requires the HPC to hold an annual public hearing process to foster dialogue and accountability in support of the Commonwealth's health care cost containment goals.

The annual Health Care Cost Trends Hearing is a public examination into the drivers of health care costs as well as the engagement of experts and witnesses to identify particular challenges and opportunities within the Commonwealth's health care system. The HPC conducts the hearing, in coordination with the Office of the Attorney General (AGO) and Center for Health Information and Analysis (CHIA).

At the hearing, Massachusetts provider organizations, health plans, employers, consumers, and national experts testify, under oath, on the Massachusetts health care delivery and payment system, factors that contribute to cost growth, and strategies to contain costs while improving patient care. The HPC requests written (pre-filed) testimony from nearly 70 organizations and posts the responses on its website in advance of the Hearing. Additionally, the HPC calls on over 30 individuals to testify in-person at the two-day Hearing. The pre-filed and live testimony helps to inform various research and policy streams, including the HPC's Annual Cost Trends Report.

At the 2015 Cost Trends Hearing, Governor Charlie Baker, Attorney General Maura Healey, Dr. Amitabh Chandra, and Dr. Leemore Dafney among many others testified before the HPC. A full video recording of the proceedings and copies of all submitted testimony may be found here.

Health Care Cost Trends Report

Chapter 224 requires the HPC to analyze and report cost trends through data examination.

Consistent with the statutory mandate of the HPC, the annual Cost Trends Reports presents an overview of health care spending and delivery in Massachusetts, opportunities to improve quality and efficiency, and progress in key areas and contains recommendations for strategies to increase quality and efficiency in the Commonwealth.

Cost Trend Reports from 2013-2015 identified four specific areas of opportunity:

1. Fostering a value based market in which payers and providers openly compete to provide services and in which consumers and employers have the appropriate information and incentives to make high-value choices for their care and coverage options,

2. Promoting an efficient, high-quality health care delivery system in which providers efficiently deliver coordinated, patient-centered, high-quality health care that integrates behavioral and physical health and produces better outcomes and improved health status,
3. Advancing alternative payment methods that support and equitably reward providers for delivering high-quality care while holding them accountable for slowing future health care spending increases, and
4. Enhancing transparency and data availability necessary for providers, payers, purchasers and policy makers to successfully implement reforms and evaluate performance over time.

The annual Cost Trends Report also provides recommendations to market participants and state agencies to fulfill the goals of Chapter 224 and has expressed the HPC's commitments to action in service of those goals.

In 2016 thus far, the HPC released four reports in the Cost Trends Report Series:

- 2015 Cost Trends Report
- 2015 Cost Trends Report Series: Provider Price Variation
- 2015 Cost Trends Report Series: Out-of-Network Billing
- 2015 Cost Trends Report Series: Community Hospitals at a Crossroads

Past Cost Trends Reports can be found here.

Behavioral Health

Chapter 224 requires the HPC to promote the integration of mental health, substance use disorder and behavioral health services.

Given the prevalence of mental illnesses and substance use disorders (collectively referred to as behavioral health), the successful integration of appropriate and timely identification of, and treatment for, these conditions into the broader health care system is essential for realizing the Commonwealth's goals of improving outcomes and containing overall long-term cost growth. Prior research from the HPC indicates that patients with one or more behavioral health conditions have higher than average physical health care costs.

The HPC is actively engaged in the following initiatives to promote behavioral health integration and research:

- **Opioid Report** (*mandated by Section 30 of Chapter 258 of the Acts of 2014*)
  The HPC is advising the legislature in ways to improve the adequacy of coverage and availability of opiate abuse treatment. This includes examining the ways in which the Commonwealth is addressing both long term incidence and prevalence - from the extent to which providers have the training and clinical decision support tools necessary to treat pain appropriately, to the availability of medication assisted treatment, inpatient treatment, and recovery assistance tools (e.g., peer supports). For example, the HPC is geo-mapping methadone, buprenorphine, and naltrexone prescribers across the state to identify shortage areas, surveying buprenorphine providers to assess how many are close to not being able to accept new patients, and comparing the Commonwealth's prescription monitoring program to those in other states to identify areas of functionality and/or usability that could be improved. To ensure that its recommendations are objective, data-driven, and evidence-based, the HPC is drawing on leading state and national policies, emerging best practices, literature, and input from a wide spectrum of experts and stakeholders.
- **Promoting behavioral health integration in primary care settings and systems wide care**
  The HPC certifies patient centered medical homes (PCMHs) and Accountable Care Organizations (ACOs) that demonstrate capacity to integrate behavioral health into the health care setting (e.g., by conducting comprehensive screenings, entering into agreements with behavioral health providers to ensure patients have access to timely referrals, and demonstrating capacity around care management). The HPC is providing technical assistance to qualifying PCMHs to improve capacity around behavioral health integration, which is supported by a $250,000 line item in the FY2015 budget.
- **Integration of behavioral health into various Investments and Pilot Programs** *(described below)*

Further Plans

Expanded All-Payer Claims Data Base Capabilities

The Massachusetts All Payer Claims Database (APCD) is the most comprehensive source of health claims data from public and private payers in Massachusetts. With information on the vast majority of Massachusetts residents, the APCD promotes transparency and affords a deep understanding of the Massachusetts health care system. It is used by the HPC

and health care providers, health plans, researchers, and others to address a wide variety of issues, including price variation, population health, and quality measurement.

Chapter 224 directs the HPC to use data collected by CHIA in preparing the Cost Trends Report, and the APCD is one of CHIA's richest data resources. Past Cost Trends Reports featured person- and provider-level analyses based on the commercial and Medicare fee-for-service claims from the APCD. In addition, the HPC has employed the APCD to analyze health care market functioning, including examining market share and assessing the cost and access impacts of proposed transactions. HPC's pioneering work with the APCD also builds a foundation of knowledge that benefits other agencies and researchers.

The HPC plans to expand its APCD work to include data for Medicare managed care organizations and MassHealth, when possible, and to use the APCD to evaluate programs, design model payment, and develop spending measures as well as to continue the work described above.

In 2014, HPC and CHIA jointly published key findings from the APCD, titled the APCD Almanac. A chartbook of findings from this analysis may be found here.

Ongoing White Papers
In 2015, the HPC initiated a series of white papers to complement the Cost Trends Report. Like the Cost Trends Report, the white papers examine topics that are actionable and relevant, employ rigorous methods, and include recommendations. Relative to the breadth of the Cost Trends Report, the whitepapers offer an in-depth study of one issue, often in partnership with outside researchers, and frequently involving studies of cause and effect, more advanced analytic methods, and/or original data collection.

Market Monitoring and Transparency

The HPC began its work during a period of dynamic change among provider organizations, including accelerated consolidation and new contractual and clinical alignments. Such provider changes have been shown to impact health care market functioning, and thus the performance of our health care system in delivering high quality, cost effective care. Chapter 224 directs the HPC to monitor this aspect of the Massachusetts health care system.

Material Change Notices (MCN)

Chapter 224 requires the HPC to monitor changes within the health care marketplace.

Providers and provider organizations must submit notice to the HPC not fewer than 60 days before the proposed effective date of any proposed Material Change. A Material Change consists of:

- A physician group merger, acquisition or network affiliation;
- Acute hospital merger, acquisition or network affiliation;
- Clinical affiliation;
- Formation of a contracting entity;
- Merger, acquisition or network affiliation of other provider type (e.g. post-acute);
- Change in ownership or merger of corporately affiliated entities; and
- Affiliation between a provider and a carrier.

Based on criteria articulated in M.G.L. c. 6D, § 13 and informed by the facts of each Material Change, the HPC analyzes the likely impact of the Material Change, relying on the best available data and information. The HPC's work includes review of the parties' stated goals for the Material Changes and of the information they provide in support of how and when the Material Change would result in efficiencies and care delivery improvements.

More information on Material Change Notices (MCNs) may be found here. As of April 1, 2016, the HPC has received notices relating to 63 transactions. A full list of MCNs filed with the HPC can be found here.

Cost and Market Impact Reviews (CMIR)

Chapter 224 requires the HPC to review the impact of significant changes within the health care marketplace.

The HPC may engage in a more comprehensive review of particular transactions anticipated to have a significant impact on health care costs or market functioning. The result of a cost and market impact review (CMIR) is a public report detailing the HPC's findings. In order to allow for public assessment of the findings, the transactions may not be finalized until the HPC issues its final report. Where appropriate, such reports may identify areas for further review or monitoring, or be referred to other state agencies in support of their work on behalf of health care consumers. Through the CMIR process the HPC can seek to improve the understanding of these trends and other market developments affecting short and long term health care spending, quality, and consumer access.

Additionally, the CMIR process enables the HPC to identify particular factors for market participants to consider in proposing and responding to potential future organizational changes. Through this process, the HPC seeks to encourage providers and payers alike to evaluate and take steps to minimize negative impacts and enhance positive outcomes of any given material change.

To date, the HPC has released CMIR reports on four transactions. The reports can be found here. The HPC is currently conducting CMIRs on three transactions, for which preliminary reports will be released in summer 2016.

Registration of Provider Organizations (RPO)

Chapter 224 requires the HPC to enhance the transparency of provider organizations.

The HPC is responsible for developing and administering a biennial registration program for certain provider organizations. The launch of this first-in-the-nation program makes Massachusetts the first state to have transparent, publicly available information about the corporate, contracting, and clinical relationships of its largest health systems. This public resource contributes to a foundation of information necessary for government, researchers, and market participants to evaluate and improve the Commonwealth's health care system.

Through the Registration process, provider organizations provide information about their corporate affiliates, contracting affiliates, contracting practices, licensed facilities, clinical affiliations, and the physicians on whose behalf they establish contracts with carriers or Third-Party Administrators. In the first year of the program, the HPC limited the types of provider organizations that were required to register to hospitals, physician groups, behavioral health providers, and other organizations that bear downside risk according to the terms of an alternative payment contract. A total of 59 provider organizations were required to register in the first year of the program.

Provider organizations submitted their initial registration data to the HPC in the fall of 2015. The HPC expects to have clean data available for release in 2016. The HPC will use the resulting database to enhance its work in other policy areas, including reviewing Notices of Material Change, setting standards for certifying Accountable Care Organizations, and analyzing cost trends and the Commonwealth's progress in meeting the health care cost growth benchmark.

More information on the RPO program may be found here.

Performance Improvement Plans (PIPs)

Chapter 224 requires the HPC to reduce health care cost growth by requiring certain health care organizations to file and implement a performance improvement plan

Chapter 224 outlines a process for the state to require certain health care payers and providers to enter into Performance Improvement Plans (PIPs) to improve efficiency and reduce cost growth. Each year, CHIA is directed to identify payers and/or providers whose cost growth is excessive and threatens the state health care cost growth benchmark, and the HPC must provide notice to those identified entities.

Beginning in 2016, the HPC may require a subset of the identified payers and providers to file a PIP, where the HPC has confirmed concerns about the entity's cost growth and where the HPC finds that engagement in the PIP process could result in meaningful reforms that impact the entity's cost growth.

The HPC is recently issued interim guidance on filing and implementing PIPs. If required to file, the payer or provider must develop a PIP and propose it to the HPC for approval. The PIP must identify the causes of the entity's cost growth and include specific strategies the entity will implement to improve cost performance. Implementation of a PIP will involve reporting, monitoring, and assistance from the HPC.

More information on PIPs can be found here.

Strategic Investments

Community Hospital Acceleration, Revitalization, and Transformation (CHART) Investment Program

Chapter 224 requires the HPC to invest in community hospitals and other providers to support the transition to new payment methods and care delivery models.

The Community Hospital Acceleration, Revitalization, and Transformation (CHART) Investment Program is a $120 million reinvestment program funded by an assessment on large health systems and commercial insurers. The CHART program makes phased investments into eligible Massachusetts community hospitals to enhance their delivery of efficient, effective care. CHART hospitals share the common characteristics of being non-profit, non-teaching, and having relatively lower prices than many other hospitals.

The CHART Investment Program seeks to promote care coordination, integration, and delivery transformations; advance electronic health records adoption and information exchange among providers; increase alternative payment methods and accountable care organizations; and enhance patient safety, access to behavioral health services, and coordination between hospitals and community-based providers and organizations.

In October 2013, the HPC solicited responses from eligible community hospitals to participate in CHART Phase 1. A total of $9.2 million was distributed to 28 community hospitals. CHART Phase 1 funded high-need, short-term, care delivery improvement initiatives at eligible community hospitals. These Foundational Investments in **System Transformation** enabled the HPC to assess awardees' capability and capacity for performance improvement.

In October 2014, the HPC's Board authorized over $60 million in investments for CHART Phase 2. CHART Phase 2 focuses on **Driving System Transformation** in three key areas:

- Maximizing appropriate hospital use;
- Enhancing behavioral health care;
- Improving hospital-wide (or system-wide) processes to reduce unnecessary spending and improve quality and safety.

All funded hospitals are engaged in projects aiming to reduce acute utilization as measured by admissions, readmissions, emergency department revisits, or emergency department length of stay, with a focus on **behavioral health** integration and enhanced services.

More information on the CHART Program may be found here. Additionally, in order to ensure learnings are shared across CHART projects and hospitals, the HPC has published the following reports:

- CHART Phase 1 Report
- CHART Leadership Summit: Proceedings Report
- CHART Case Study: Use of Locally Derived Data
- CHART Case Study: Effective Management and Leadership
- CHART Brochure

Innovation Investment Programs

Chapter 224 requires the HPC foster innovation in health care payment and service delivery through competitive investment opportunities.

In March, 2016, the HPC released requests for proposals (RFPs) for three new grant programs, totaling $9.5 million, to drive innovation in health care delivery and payment in Massachusetts. These programs, the Health Care Innovation Investment (HCII) Program, the Telemedicine Pilot Initiative, and the Neonatal Abstinence Syndrome (NAS) Investment Opportunity together create unprecedented opportunity for Massachusetts providers, health plans, and their partners to test and spread innovations that advance the Commonwealth's cost containment goals while improving access to high-quality care.

- Created in Chapter 224, the Health Care Innovation Investment (HCII) Program is a $5 million opportunity for eligible carriers and health care providers to execute new and innovative health care payment and delivery models. All HCII investments must further efforts to meet the health care cost growth benchmark and target the most complex health care cost challenges in Massachusetts.
- Created through Section 161 of Chapter 46 of the Acts of 2015, the Telemedicine Pilot is a $1 million opportunity for eligible carriers and health care providers to propose initiatives that will implement telemedicine-based services to enhance access to behavioral health care for any of the following populations in Massachusetts with unmet behavioral health needs: (1) Child and adolescents, (2) Older adults aging in place, and (3) Individuals with substance use disorders.
- Created through Chapter 46 of the Acts of 2015, the Neonatal Abstinence Syndrome Investment Opportunity is an initiative for eligible birthing hospitals in Massachusetts to develop and/or enhance programs designed to improve care for infants with Neonatal Abstinence Syndrome (NAS) and for women in treatment for opioid use disorder during and after pregnancy.

More information on the Innovation Investment programs may be found here. Proposals for these programs are due on May 13, 2016.

Care Delivery and Payment System Transformation

Patient-Centered Medical Homes

Chapter 224 requires the HPC to develop and implement standards of certification for patient-centered medical homes (PCMHs)

Pursuant to Chapter 224, the HPC is required by law to develop and implement standards of certification for patient-centered medical homes. The purpose of this certification process is to complement existing local and national care transformation and payment reform efforts, validate value-based care, and promote investments in efficient, coordinated, and high-quality primary care.

The HPC, in collaboration with the National Committee for Quality Assurance (NCQA), has developed the PCMH PRIME Certification Program. PCMH PRIME emphasizes the importance of behavioral health integration in primary care. Behavioral health conditions suffer from both under and delayed diagnosis and treatment. This is a serious public health problem nationally and across the Commonwealth. Behavioral health issues can often be identified first in a primary care setting, and there is growing consensus that behavioral health needs to be well integrated into primary care.

PCMH PRIME identifies components key to the integration of behavioral health care into primary care, and certifies practices that meet a majority of these criteria. The program seeks to provide benefits to practices and their patients by:

- Supporting the use of evidence-based guidelines in treating patients;
- Helping increase patient access to behavioral health care services;
- Recognizing practices that deliver comprehensive care by addressing both physical and behavioral health in the practice setting;
- Providing opportunities for practices to receive technical assistance from the HPC; and
- Helping practices identify behavioral health issues, before they become acute, resulting in better outcomes and improved patient experience.

In addition to certification standards, PCMH PRIME will include technical assistance, consumer education, and payer engagement, including close alignment with MassHealth.

More information on PCMH PRIME may be found here.

Accountable Care Organizations

Chapter 224 requires the HPC to develop and implement standards of certification for Accountable Care Organizations (ACOs)

The HPC is charged with developing and implementing standards of certification for Accountable Care Organizations (ACOs) in the Commonwealth. An ACO is generally defined as a group of physicians, hospitals, or other providers whose mission is to improve health outcomes and quality of care while slowing the growth in overall costs for a specific population of patients. The HPC believes that ACOs represent a promising model for transforming care delivery through improvements in care coordination and integration, access to services, and accountability for quality outcomes and costs.

The purpose of the certification program is to complement existing local and national care transformation and payment reform efforts, validate value-based care, and promote investments by all payers in efficient, high-quality, and cost-effective care across the continuum. HPC certification of ACOs will complement, not replace, requirements and activities of other state agencies by evaluating core competencies for ACOs in care delivery.

Over time, the HPC envisions refining certification criteria and recognizing ACOs that deliver quality care and control total medical expenditure cost growth. Throughout the design of the program, the HPC is engaging provider, payer and consumer stakeholders, and closely aligning with MassHealth and the GIC, to ensure that the ACO certification program is flexible, evidence-based, feasible, and complements existing ACO-type payment arrangements and initiatives already in place in Massachusetts.

More information on the ACO certification program may be found here.

Office of Patient Protection

Chapter 224 requires the HPC to protect patient access to necessary health care services.

The Office of Patient Protection (OPP) was established through Chapter 141 of the Acts of 2000, and operated within the Department of Public Health from 2000 to 2013.

Chapter 224 transferred the Office of Patient Protection to the HPC in 2013. OPP safeguards the rights of health insurance consumers by regulating the internal grievance process and administering external reviews for consumers with fully-insured Massachusetts health plans, administering health insurance enrollment waivers, and providing information and education about health insurance concepts to the public. OPP is a resource for individuals who want to become more informed and empowered health care consumers.

The main duties of OPP are:

- Regulating the internal review process for consumers who wish to challenge denials of coverage by their health insurance companies
- Regulating and administering the external review process for consumers who seek a second independent appeal to challenge denials of coverage by their insurance companies
- Administering an enrollment waiver process for consumers who want to buy non-group health insurance
- Receiving, analyzing, and publishing information from annual reports by Massachusetts health plans
- Providing information to consumers about health insurance appeal rights, waivers, and other issues related to health insurance and health care

More information on the Office of Patient Protection may be found here. The most recent annual report of the Office may be found here.

Budget

Chapter 224 authorizes the Executive Director to prepare and submit the HPC's annual budget for Board approval. In fiscal year 2016 (FY16), the HPC is supported by two trust funds: The Health Care Payment Reform Trust Fund (HCPRTF) and the Distressed Hospital Trust Fund (DHTF). Fund sheets for FY13-FY16 for both trust funds can be found in Appendix 3.

Overview of HPC Trust Funds

Chapter 224 dedicated $170 million in one-time revenues to be administered by the HPC through an assessment on certain health care market participants and a portion of one-time gaming license fees. These funds, allocated to the Health Care Payment Reform Trust Fund and/or the Distressed Hospital Trust Fund, collectively support the HPC operations, policy programs, professional services, investment programs, market monitoring, and provider engagement initiatives necessary to promote a more affordable, effective, and accountable health care system in Massachusetts.

Health Care Payment Reform Trust Fund

The HCPRTF was established in Chapter 194 of the Acts of 2011, *An Act Establishing Expanded Gaming in the Commonwealth*. The main purposes of this fund is to support the establishment of the programs and operations of the HPC, foster innovation in health care payment and service delivery through a competitive grant program, and provide direct technical assistance and support for the HPC's patient-centered medical homes and accountable care certification programs**.** The HCPRTF receives revenue from the following sources:

- Chapter 224 one-time industry assessment (~$11M total over four years, ending in FY16)
- 23% of any gaming license fees (administered by the Office of the State Comptroller)
- Annual industry assessment (beginning in FY17)

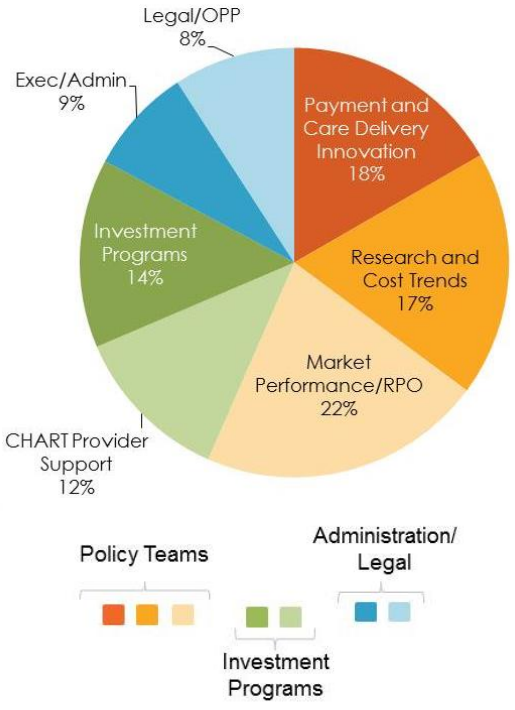
Distressed Hospital Trust Fund

Chapter 224 established the $119 million DHTF to provide grants to the Commonwealth's community hospitals. For FY13-FY19, the balance of the DHTF will be used to support the CHART Investment Program. In addition to direct funding to community hospitals through the CHART Program, up to 10% of the DHTF is authorized by Chapter 224 for administrative costs related to the CHART Program, including program development, program operations, and financial controls.

FY16 Board Approved Budget

On July 28, 2015, the HPC's Board approved an operating budget of $13,475,444 for fiscal year 2016. This budget supports all of the programs and activities described in this report. Projected spending by category may be found to the right.

Figure: Board Approved FY16 Budget by Spending Area



Moving From Chapter 224 Assessments (FY13-FY16) to the New Annual Industry Assessment (FY17)

FY16 will be the final year of collections for the Chapter 224 one-time assessment. In FY17, the HPC's operations and programs will be funded by a new annual assessment on acute care hospitals, ambulatory surgery centers, and health plans. This will be similar to the current financing mechanism for the Center for Health Information and Analysis (CHIA).

For more information, see Appendix 3: HPC Fund Sheets FY13-FY16.

Regulations

One-Time Assessment Regulation (958 CMR 2.00)

For Fiscal Years 2013-2016, the HPC is partially funded through a one-time assessment on certain Massachusetts payers and providers. The HPC's first regulation governs said payments to the HPC and provides details on which acute hospitals and surcharge payers must contribute to the assessment.

Health Insurance Consumer Protection Regulation (958 CMR 3.00)

The Office of Patient Protection handles external reviews for denied health insurance claims. This regulation establishes the requirements for carriers in administering their internal grievance procedures and conducting external reviews of carriers' medical necessity adverse determination. The regulation also sets out requirements for continuity of care, referral to specialty care, and carrier reporting requirements.

Health Insurance Open Enrollment Waivers Regulation (958 CMR 4.00)

Under Massachusetts and federal law there are open enrollment periods, which are certain times during the year when individuals and families may buy non-group health insurance coverage. This regulation establishes the requirements for requests by consumers who wish to enroll in a non-group health plan outside of the open enrollment periods. The HPC is updating this regulation to comply with the Affordable Care Act and new Massachusetts laws.

CHART Investment Program Regulation (958 CMR 5.00)

Chapter 224 created the CHART Investment Program, a phased grant program that invests in eligible Massachusetts community hospitals to enhance their delivery of efficient, effective care. This regulation governs the procedures and criteria used to award grants to certain qualifying acute hospitals, as authorized by the HPC Board. This regulation specifies how the HPC will administer the grant program in compliance with the Office of the Comptroller's regulation.

Registration of Provider Organization Regulation (958 CMR 6.00)

Chapter 224 directs the HPC to develop and administer a registration program for provider organizations, through which those entities subject to the law will submit information on their organizational and operational structure and governance. This regulation governs the procedures and criteria used to administer the provider organization registration program. It specifies the criteria for who must register and what information must be submitted to complete Registration.

Notices of Material Change and Cost and Market Impact Reviews Regulation (958 CMR 7.00)

Chapter 224 directs the HPC to monitor changes in the health care marketplace, including consolidations and alignments that have been shown to impact health care market functioning, and thus the performance of our health care system in delivering high quality, cost effective care. This regulation governs certain procedures for filing Notices of Material Change as well as the procedures by which the HPC will review Notices of Material Change and conduct Cost and Market Impact Reviews.

ICU Nurse Staffing Regulation (958 CMR 8.00)

Chapter 155 of the Acts of 2014 established patient assignment limits for registered nurses in intensive care units in acute hospitals and charged the HPC with promulgating regulations governing the implementation and operation of the law including: the formulation of an acuity tool to assess ICU patient stability; the method of reporting to the public on staffing compliance in hospitals ICUs; and the identification, measurement, and public reporting by hospitals of 3 to 5 related patient safety quality measures. This regulation establishes Patient Assignment limits for Registered Nurses in Intensive Care Units in Acute Hospitals licensed by the Massachusetts Department of Public Health and in hospitals operated by the Commonwealth of Massachusetts, including the process for selecting or developing an Acuity Tool and required elements of the Acuity Tool.

For more information about HPC regulations, please visit here.

APPENDIX 1:

HPC COMMISSIONERS AND ADVISORY COUNCIL

HPC Commissioners

Dr. Stuart Altman, Chair

Statutory Requirement: One member, designated as chairperson, with demonstrated expertise in health care delivery, health care management at a senior level or health care finance and administration, including payment methodologies. (Appointed by the Governor)

Stuart Altman, P.h.D., is the Sol C. Chaikin Professor of National Health Policy at The Heller School for Social Policy and Management at Brandeis University. He is an economist with approximately five decades of experience working closely with issues of federal and state health policy within government, the private sector, and academia.

Dr. Altman has served on numerous government advisory boards on both the federal and state levels. Between 1971 and 1976, Dr. Altman was Deputy Assistant Secretary for Planning and Evaluation/Health at the U.S. Department of Health Education and Welfare (HEW). While serving in that position, he was one of the principal contributors to the development and advancement of a National Health Insurance proposal. From 1972 to 1974, he also served as the Deputy Director for Health as part of President Nixon's Cost-of-Living Council, where he was responsible for developing the council's program on health care cost containment.

For twelve years, from 1984 to 1996, he was the Chairman of the Prospective Payment Assessment Commission (ProPac), which was responsible for advising the U.S. Congress and the administration on the functioning of the Medicare Diagnosis-Related Group (DRG) Hospital Payment System and other system reforms. He was appointed in 1997 by President Clinton to the National Bipartisan Commission on the Future of Medicare. From 2000 to 2002, he was Co-Chair of the Legislative Health Care Task Force for the Commonwealth of Massachusetts.

Dr. Altman is a published author of numerous books and journal articles, the most recent,*Power, Politics and Universal Health Care: The Inside Story of a Century-Long Battle*(2011). He has been recognized as a leader in the health care field by *Health Affairs* and by *Modern Healthcare*, which named him in 2006 among the 30 most influential people in health policy over the previous 30 years, and which from 2003 to 2011 named him one of the top 100 most powerful people in health care.

Dr. Altman earned his M.A. and Ph.D. degrees in economics from UCLA.

Dr. Wendy Everett, Vice Chair

Statutory Requirement: One member with demonstrated expertise in the development and utilization of innovative medical technologies and treatments for patient care. (Appointed by the State Auditor)

Wendy Everett, Sc.D., is the President of NEHI, a national health policy research institute focused on enabling innovation to improve health care quality and lower costs. She was appointed as the organization's first president in July 2002.

Dr. Everett has more than 40 years of experience in the health care field. She has held executive positions at the University of California, San Francisco Medical Center (UCSF) and at Brigham and Women's Hospital in Boston. She has directed national demonstration programs for The Robert Wood Johnson and the Kaiser Family Foundations. In the mid-1990s, Dr. Everett became a Director of the Institute for the Future, leading the Health and Health Care research team for six years and overseeing the creation of ten-year, national forecasts in health and health care.

Dr. Everett earned two Bachelor of Science degrees, and she holds master's and doctoral degrees in health policy and management from Harvard University.

Dr. Carole Allen

Statutory Requirement: One member who is a primary care physician. (Appointed by the Governor)

Carole Allen, M.D., is a retired pediatrician from Arlington, Massachusetts with 37 years of experience in general pediatrics. She spent the early part of her career practicing medicine at East Boston Neighborhood Health Center. Most recently, Dr. Allen was the Director of Pediatrics for Harvard Vanguard Medical Associates. A Clinical Instructor of Pediatrics at Harvard Medical School and Boston University School of Medicine, Dr. Allen has taught pediatrics to residents, medical students and nurse practitioners for more than 25 years. Last year she received the Special Award for Excellence in Medical Service from the Massachusetts Medical Society for providing "exceptional care and dedication to the medical needs of his or her patients and the general public."

A member of the Board of Directors of the American Academy of Pediatrics, Dr. Allen has also been involved in community activities related to public health and has a special interest in issues related to parenting of gay children and adolescents. Her anti-tobacco activism has won her the Massachusetts Association of Health Boards Paul Revere award for "outstanding dedication and leadership in tackling public health issues."

Dr. Allen earned a B.A. degree from Cornell University and her M.D. from Tufts University School of Medicine.

Dr. Donald Berwick

Statutory Requirement: One member with expertise in health care consumer advocacy. (Appointed by the Attorney General)

Donald M. Berwick was President and CEO of the Institute for Healthcare Improvement (IHI) for nearly 20 years. In July 2010, President Obama appointed Dr. Berwick to the position of Administrator of the Centers for Medicare & Medicaid Services, a position he held until December 2011. He was formerly Clinical Professor of Pediatrics and Health Care Policy at the Harvard Medical School, and Professor in the Department of Health Policy and Management at the Harvard School of Public Health. Dr. Berwick has served as vice chair of the US Preventive Services Task Force, the first "Independent Member" of the American Hospital Association Board of Trustees, and chair of the National Advisory Council of the Agency for Healthcare Research and Quality. An elected member of the Institute of Medicine (IOM), Dr. Berwick served two terms on the IOM's governing Council and was a member of the IOM's Global Health Board. He served on President Clinton's Advisory Commission on Consumer Protection and Quality in the Healthcare Industry. He is a recipient of several awards and author of numerous articles and books, including *Curing Health Care* and *Escape Fire*.

Mr. Martin Cohen

Statutory Requirement: One member with expertise in behavioral health, substance use disorder, and mental health services. (Appointed by the Attorney General)

Martin D. Cohen is the president/CEO of the MetroWest Health Foundation, a community health philanthropy serving the MetroWest area of Massachusetts. Mr. Cohen has more than 30 years of experience working with federal and state policymakers to plan and implement comprehensive strategies for improving public mental health services. Prior to joining the foundation, Mr. Cohen served as the executive director of the Technical Assistance Collaborative, Inc., a national health and human services consulting firm. He previously served as a deputy program director and senior program consultant for the Robert Wood Johnson Foundation, and was a deputy assistant secretary in the Massachusetts Executive Office of Health & Human Services. He serves on the board of advisors of the David and Lura Lovell Foundation and the Harvard Pilgrim Health Care Foundation. Cohen holds both a BA and MSW from Boston University.

Dr. David Cutler

Statutory Requirement: One member who is a health economist. (Appointed by the Attorney General)

David Cutler, P.h.D., is the Otto Eckstein Professor of Applied Economics in the Department of Economics at Harvard University and holds secondary appointments at Harvard's Kennedy School of Government and the Harvard School of Public Health. David served as Assistant Professor of Economics from 1991 to 1995, was named John L. Loeb Associate Professor of Social Sciences in 1995, and received tenure in 1997. Professor Cutler was associate dean of the Faculty of Arts and Sciences for Social Sciences from 2003-2008.

Honored for his scholarly work and singled out for outstanding mentorship of graduate students, Professor Cutler's work in health economics and public economics has earned him significant academic and public acclaim. Professor Cutler served on the Council of Economic Advisers and the National Economic Council during the Clinton Administration and has advised the Presidential campaigns of Bill Bradley, John Kerry, and Barack Obama as well as being Senior Health Care Advisor for the Obama Presidential Campaign and a Senior Fellow for the Center for American Progress.

Professor Cutler is author of two books, several chapters in edited books, and many of published papers on the topic s of health care and other public policy topics. Author of Your Money Or Your Life: Strong Medicine for America's Health Care System, published by Oxford University Press, this book, and Professor Cutler's ideas, were the subject of a feature article in the New York Times Magazine, The Quality Cure, by Roger Lowenstein. Cutler was recently named one of the 30 people who could have a powerful impact on healthcare by Modern Healthcare magazine and one of the 50 most influential men aged 45 and younger by Details magazine.

Professor Cutler earned an A.B. from Harvard University and his P.h.D. in Economics from MIT (1991).

Secretary Kristen Lepore, Administration and Finance

Statutory Requirement: Secretary of Administration and Finance (Appointed by the Governor, Ex-Officio)

Kristen Lepore was sworn in as Secretary of the Executive Office for Administration and Finance under Governor Charlie Baker in January 2015. In her role, Secretary Lepore is in charge of formulating the governor's budget plan, providing guidance on the economy, and implementing state government's operating and capital budgets. She also manages the state's administrative agencies, including revenue collection, information technology, human resources, procurement, and state facilities.

She was previously Vice President of Government Affairs at Associated Industries of Massachusetts (AIM). As Vice President, she was responsible for AIM's health care agenda and advocated for policies to lower the cost of health care in Massachusetts. She also worked on education and workforce development issues on behalf of the association.

Immediately prior to joining AIM, she served as Policy Director on Charlie Baker's 2010 gubernatorial campaign. In addition, she was appointed by President Bush to serve as the New England regional representative for the U.S. Department of Education where she advocated the President's education agenda. Prior to her federal appointment, she served as Deputy Chief of Staff to Governor Paul Cellucci; Director of Fiscal Policy for the Executive Office for Administration and Finance and Assistant Executive Director of the Massachusetts Port Authority.

Kristen holds a bachelor's degree in political science from Suffolk University and a master's degree in public administration from Suffolk's Sawyer School of Management.

Mr. Richard Lord

Statutory Requirement: One member with demonstrated expertise as a purchaser of health insurance representing business management or health benefits administration. (Appointed by the State Auditor)

Richard C. Lord is President and Chief Executive Officer of Associated Industries of Massachusetts (AIM). AIM is a state-wide employer advocacy and service organization of more than 5,000 member companies. Mr. Lord joined AIM in 1991 and served as Executive Vice President for Legislative Policy where he was responsible for AIM's public policy advocacy on health care, economic development, taxation, worker's compensation and other issues of interest to employers in the Commonwealth. He has been President and CEO since 1999.

Prior to joining AIM, Mr. Lord served as Chief of Staff for the Committee on Ways and Means of the Massachusetts House of Representatives. The Committee is responsible for all legislation involving state funds and revenues, including the Commonwealth's annual budget and all tax related matters. Mr. Lord was employed by the Committee for six years, serving as the Budget Director before being promoted to the Chief of Staff position.

Rick is a 1977 Phi Beta Kappa graduate of Williams College where he earned a B.A. degree in Economics and Psychology.

Mr. Renato "Ron" Mastrogiovanni

Statutory Requirement: One member with demonstrated expertise in health plan administration and finance. (Appointed by the Governor)

Ron Mastrogiovanni, President and Chief Executive Officer of HealthView Services, has more than 25 years of experience in management consulting, financial services and health care software design. He is responsible for developing the HealthView platform, a solution-based planning system that integrates health care cost projections, Medicare means testing, long-term care expenses and Social Security optimization into the retirement planning process. Mr. Mastrogiovanni has emerged as a widely respected thought leader in the area of health care costs projections, and has co-authored several white papers on such topics as the Annual Health Care Cost Data Report and the Impact of Medicare Means Testing on Future Retirees.

Prior to HealthView, Mr. Mastrogiovanni was the co-founder of FundQuest, one of the first fee-based asset management companies that provided financial institutions - including banks, insurance companies, and brokerage firms – with wealth management solutions. Mr. Mastrogiovanni, who designed the firm's asset allocation and money management process, was responsible for overseeing the management over $12 billion in client assets. The company was acquired by BNP Paribas, a global leader in banking and financial services.

HealthView Services and Mr. Mastrogiovanni have been featured in several national publications, including The Wall Street Journal, CNBC, and MarketWatch. Mr. Mastrogiovanni received a B.S. degree from Boston State College and an M.B.A. from Babson College.

Secretary Marylou Sudders, Health and Human Services

Statutory Requirement: Secretary of Health and Human Services (Appointed by the Governor, Ex-Officio)

Appointed as Secretary of the Executive Office of Health and Human Services (EOHHS) by Governor Charlie Baker in January 2015, Marylou Sudders leads the largest executive agency in state government, a $19.4 billion state budget with 22,000 dedicated public servants, and oversees critical services that touch one in four residents of the Commonwealth. Professionally trained as a social worker, Sudders has dedicated her life to public service and to some of our most vulnerable citizens. She has been a public official, provider executive, advocate and college professor.

She was the Massachusetts Commissioner of Mental Health from 1996 to 2003, championing significant legislative reforms including insurance parity, fundamental patient rights and the first children's mental health commission. In 2012, Sudders was appointed to the state's Health Policy Commission (HPC) for her behavioral health expertise; she remains on this important Commission in her capacity as Secretary.

For almost ten years, she headed the Massachusetts Society for the Prevention of Cruelty to Children, promoting the rights and well-being of some 24,000 children and families. Just prior to her appointment as Secretary, Sudders was an associate professor and Chair of Health and Mental Health at Boston College's Graduate School of Social Work. Sudders has served on many charitable boards throughout her career, including the Pine Street Inn, Massachusetts Association for Mental Health and the National Alliance on Mental Illness.

Secretary Sudders' talent and dedication has been recognized multiple times. She received an Honorary Doctorate from the Massachusetts School of Professional Psychology and was named Social Worker of the Year from the Massachusetts Chapter of the National Association of Social Workers. She was also nationally recognized with the Knee-Whitman Outstanding Achievement for Health & Mental Health Policy from the National Association of Social Workers Foundation.

Ms. Veronica Turner

Statutory Requirement: One member with demonstrated expertise in representing the health care workforce as a leader in a labor organization. (Appointed by the State Auditor)

Veronica Turner is the Executive Vice President of 1199SEIU, the state's largest union of health care workers. Ms. Turner is also an Executive Vice President of the Massachusetts AFL-CIO and Secretary-Treasurer of the SEIU

Massachusetts State Council. She is a board member of the Commonwealth Corporation and a former board member of Jobs with Justice.

Ms. Turner has championed innovative joint-labor management work in facilities across the state to improve patient care – and is recognized as a rising star and leading voice within the local and national labor communities.

HPC Advisory Council

- Abraham Morse, President, Mass Senior Care Association
- Amy Whitcomb Slemmer, Executive Director, Health Care for All
- Candace Kuebel, Director of Member Support, Mass Home Care Association
- Cheryl Bartlett, Executive Director, Cape Cod Healthcare Substance Abuse Prevention & Public Health Initiatives
- Cheryl Pascucci, APRN, FNP-C, Commonwealth Care Alliance
- Christie Hager, Senior Vice President, New England Region, Beacon Health Options
- Dan Keenan, Senior VP, Government Relations, Sisters of Providence Health System
- Dan Tsai, Assistant Secretary for Medicaid, Executive Office of Health and Human Services
- David Matteodo, Executive Director, MA Association of Behavioral Health Systems, Inc.
- Dianne Anderson, President & CEO, Lawrence General Hospital
- Dr. Cheryl Clark, Director of Health Equity Research & Intervention, Brigham & Women's Hospital
- Dr. Gene Lindsey, CEO Emeritus, Atrius Health
- Dr. Paul Hattis, Associate Professor of Public Health & Community Medicine, Tufts University
- Dr. Ron Dunlap, Past President, Massachusetts Medical Society
- Elisabeth L. Daley, 1199 SEIU of Massachusetts
- Eric Dickson, President & CEO, UMass Medical School
- James Hunt, President & CEO, Massachusetts League of Community Health Centers
- JD Chesloff, Executive Director, Massachusetts Business Roundtable
- John Erwin, Executive Director, Conference of Boston Teaching Hospitals
- Jon Hurst, President, Retailers Association of Massachusetts
- Joseph Alviani, Vice President, Government Affairs, Partners Healthcare
- Joyce A. Murphy, Executive Vice Chancellor, Commonwealth Medicine/UMass Medical School
- Julie Pinkham, Executive Director, Massachusetts Nurses Association
- Laurel Sweeney, Senior Director of Health Economics & Market Access, Philips Healthcare
- Lora Pellegrini, President & CEO, Massachusetts Association of Health Plans
- Lynn Nicholas, President & CEO, Massachusetts Hospital Association
- Marci Sindell, Director of Government Relations, Atrius Health
- Michael Caljouw, Vice President, Government & Regulatory Affairs, Blue Cross Blue Shield of MA
- Parashar Patel, Vice President, Global Health Economics & Reimbursement, Boston Scientific
- Pat Kelleher, Executive Director, Home Care Alliance of Massachusetts
- Ralph de la Torre, President & CEO, Steward Health Care
- Rich Buckley, Vice President of Corporate Affairs for North America, AstraZeneca
- Steve Walsh, Executive Director, Massachusetts Council of Community Hospitals
- Vic DiGravio, President & CEO, Association for Behavioral Healthcare

APPENDIX 2:
ORGANIZATIONAL CHART

Executive Director (David Seltz)

Chief of Staff and Director of External Affairs (Coleen Elstermeyer)

- Deputy Chief of Staff
- Special Assistant
- Office Manager
- **Executive Assistant**

Fiscal/Human Resources

- Chief Fiscal Officer
- Human Resources Coordinator
- Fiscal Associate

External Affairs

- Government Affairs Manager
- Press Secretary
- Graphic Designer

Strategic Initiatives

- Director
- Senior Manager, Evaluation*
- **Project Manager**
- Senior Program Associate
- Program Associate

General Counsel (Lois Johnson)

Legal

- Deputy General Counsel
- Assistant General Counsel
- Associate Counsel
- Associate Counsel
- Associate Counsel

Office of Patient Protection

- Director
- Program Coordinator
- Program Assistant

Policy Director (Katie Barrett) Accountable Care

- Deputy Director
- Strategy Manager
- **Project Manager**

Behavioral Health Integration

- Senior Manager

Certification Programs (PCMH/ACO)

- Senior Manager
- Senior Policy Associate
- Policy Associate
- Program Coordinator

Policy Director (Kate Mills) Market Performance

Market Oversight (MCN/CMIR)

- Deputy Director
- Project Manager
- Policy Associate

System Performance (PPV, PIPs)

- **Senior Manager**
- Project Manager
- Senior Policy Associate
- **Policy Associate**

RPO Program

- Senior Manager
- Senior Policy Associate
- Policy Associate

Director (Marian Wrobel) Research and Cost Trends

- Deputy Director

Research/Analytics

- **Senior Manager**
- Project Manager
- Senior Research Associate
- Research Associate
- Research Assistant

Cost Trends

- Senior Manager
- Project Manager
- **Research Associate**

Director (OPEN) Strategic Investments

- Deputy Director

CHART Program

- Project Manager
- Program Officer
- Program Officer
- **Program Officer**
- Senior Program Associate
- Program Coordinator
- Program Assistant
- Clinical Officer

Innovation Investments

- Program Manager*
- Program Associate*

MASSACHUSETTS HEALTH POLICY COMMISSION

Orange text symbolizes an approved, but unfilled position.
* Temporary Reporting Structure
Updated April 20, 2016

APPENDIX 3:
FUNDS SHEETS, FY13-FY16

MASSACHUSETTS
HEALTH POLICY COMMISSION

Health Care Payment Reform Trust Fund	FUND STATEMENT (actual spend from trust fund by FY)			ESTIMATED REVENUE & EXPENSES
	FY13*	FY14	FY15	FY16**
Sources of Funds				
Beginning Balance				
	$ -	$ 2,280,191	$ 2,959,749	$ 15,149,622
Revenue				
Ch. 224 Industry Assessment	$ 2,280,191	$ 3,851,548	$ 2,528,290	$ 2,528,290
Casino Gaming Licenses	$ -	$ 1,725,000	$ 38,525,000	$ -
Total Revenue	$ 2,280,191	$ 5,576,548	$ 41,053,290	$ 2,528,290
Total	$ 2,280,191	$ 7,856,739	$ 44,013,039	$ 17,677,912
Uses of Funds				
Expenditures				
Payroll/Benefits	$ -	$ 2,757,960	$ 3,826,455	$ 5,766,331
Rent/Utilities^	$ -	$ 149,356	$ 215,420	$ 555,040
Professional Services	$ -	$ 1,682,053	$ 1,151,528	$ 2,800,000
Administration/IT Support^	$ -	$ 307,621	$ 721,921	$ 470,050
Total Expenditures	$ -	$ 4,896,990	$ 5,915,323	$ 9,591,421
State Levies				
CTR Trust Fund Assessment	$ -	$ -	$ 269,525	$ 739,831
Total Levies	$ -	$ -	$ -	$ 739,831
Investments				
Health Care Innovation Investment	$ -	$ -	$ -	$ 3,500,000
PCMH/ACO Technical Assistance	$ -	$ -	$ -	$ 3,000,000
Total Investments	$ -	$ -	$ -	$ 6,500,000
Transfers Out				
FY15 State Budget Shortfall	$ -	$ -	$ 10,000,000	$ -
MassHealth Rate Reimbursements	$ -	$ -	$ 12,307,769	$ -
CHIA RPO	$ -	$ -	$ 313,599	$ 147,000
CHIA Survey	$ -	$ -	$ 57,200	$ -
Total Transfers Out	$ -	$ -	$ 22,678,568	$ 147,000
Total	$ -	$ 4,896,990	$ 28,863,416	$ 16,978,252
Balance Forward				
Ending Balance				
	$ 2,280,191	$ 2,959,749	$ 15,149,622	$ 699,660

* HPC received $683,098 from three General Fund sources in FY13. All expenditures in FY13 were from the General Fund. Total expenditures were $562,707 and accounted for mostly staff payroll.

** Final fund statement for FY16 will be available in Fall 2016. Numbers reflect Board approved budget.

^ HPC moved locations in FY15. Increases in Administrative/IT Support and Rent/Utilities reflect moving costs.

^^ Effective January 1, 2015, HPC trust funds were subject to an assessment on payroll and professional services. This assessment is paid to the Office of the State Comptroller.

MASSACHUSETTS
HEALTH POLICY COMMISSION

Distressed Hospital Trust Fund

FUND STATEMENT
(actual spend from trust fund by FY)

	FY13*	FY14	FY15	ESTIMATED REVENUE & EXPENSES FY16**
Sources of Funds				
Beginning Balance				
	$ -	$ 25,994,173	$ 57,906,278	$ 74,566,988
Revenue				
Ch. 224 Industry Assessment	$ 25,994,173	$ 40,410,479	$ 25,637,017	$ 25,637,017
Total Revenue	$ 25,994,173	$ 40,410,479	$ 25,637,017	$ 25,637,017
Total	$ 25,994,173	$ 66,404,652	$ 83,543,295	$ 100,204,005
Uses of Funds				
Expenditures				
Payroll/Benefits	$ -	$ 259,789	$ 751,189	$ 875,122
Rent/Utilities^	$ -	$ 17,603	$ 52,095	$ 97,948
Professional Services	$ -	$ 220,885	$ 1,144,789	$ 1,453,000
Administration/IT Support^	$ -	$ 42,449	$ 193,796	$ 82,950
Total Expenditures	$ -	$ 540,726	$ 2,141,870	$ 2,509,020
State Levies				
CTR Trust Fund Assessment	$ -	$ -	$ 117,988	$ 488,172
Total Levies	$ -	$ -	$ 117,988	$ 488,172
Investments				
CHART Investments	$ -	$ 7,957,648	$ 6,716,450	$ 58,000,000
NAS Investments	$ -	$ -	$ -	$ 3,000,000
Telemedicine Investments	$ -	$ -	$ -	$ 1,000,000
Health Care Innovation Investments	$ -	$ -	$ -	$ 1,500,000
Total Investments	$ -	$ 7,957,648	$ 6,716,450	$ 63,500,000
Total	$ -	$ 8,498,374	$ 8,976,307	$ 66,497,192
Balance Forward				
Ending Balance				
	$ 25,994,173	$ 57,906,278	$ 74,566,988	$ 33,706,813

* HPC did not expend any funds from the DHTF in FY13. The CHART Program was formalized in FY14.

** Final fund statement for FY16 will be available in Fall 2016. Numbers reflect Board approved budget.

^ HPC moved locations in FY15. Increases in Administrative/IT Support and Rent/Utilities reflect moving costs.

^^ Effective January 1, 2015, HPC trust funds were subject to an assessment on payroll and professional services. This assessment is paid to the Office of the State Comptroller.