MINUTES OF THE HEALTH POLICY COMMISSION

Meeting of April 16, 2014

MASSACHUSETTS HEALTH POLICY COMMISSION

THE HEALTH POLICY COMMISSION
Sackler Building, Room 114
Tufts Medical School
145 Harrison Avenue
Boston, MA 02111

Docket: Wednesday, April 16, 2014, 1:00PM

1. Opening Remarks, Dr. Harris Berman, Dean of Tufts University Medical School

2. Approval of Minutes from March 5, 2014 Meeting (VOTE)
    a. Executive Director Report

3. Care Delivery and Payment System Transformation Update
    a. PCMH Certification Program

4. Quality Improvement and Patient Protection Update

5. Cost Trends and Market Performance Update
    a. Material Change Notices (MCN)
    b. Preliminary Report on Cost and Market Impact Review (VOTE)

6. Community Health Care Investment and Consumer Involvement Update
    a. CHART Phase 1
    b. CHART Evaluation and CHART Phase 2 Framework

7. Administration and Finance
    a. Consideration of Professional Services Contract (VOTE)
    b. CHART Administrative Budget for FY14 (VOTE)
    c. Market Review Contract Extension (VOTE)
    d. Office Space Lease (VOTE)

8. Schedule of Next Commission Meeting (May 22, 2014)

Health Policy Commission

Presented below is a summary of the meeting, including time-keeping, attendance, and votes.

Date of Meeting: Wednesday, April 16, 2014
Beginning Time: 1:02 PM
End Time: 4:02 PM

Board Member	Attended	ITEM 1	ITEM 5a	ITEM 7a	ITEM 7b	ITEM 7c	ITEM 7d
		Approval of Minutes from December 18	Approval of Preliminary Report on LHS/WH	Approval of CHART Professional Services	Approval of CHART Administrative Budget for FY14	Approval of Market Review Contract Extension	Approval of Office Space Lease
Carole Allen	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Stuart Altman*	Yes	Yes	Yes	Yes (M)	Yes	Yes (M)	Yes
David Cutler	Yes	Yes	Yes (M)	Yes	Yes	Yes	Yes
Wendy Everett	Yes	Yes	Yes (2nd)	Yes	Yes (M)	Yes	Yes (2nd)
Paul Hattis	Yes	Yes	Yes	Yes (2nd)	Yes (2nd)	Yes	Yes
Rick Lord	Yes	Yes (2nd)	Yes	Yes	Yes	Yes (2nd)	Yes
John Polanowicz	Yes	A	Yes	A	A	A	A
Glen Shor (Kim Haddad)	Yes	A	Yes	Yes (KH)	Yes (KH)	Yes (KH)	Yes (KH)
Marylou Sudders	Yes	Yes (M)	Yes	Yes	Yes	Yes	Yes (M)
Veronica Turner	Yes	Yes	Yes	A	A	A	A
Jean Yang	No	A	A	A	A	A	A
Summary	**10 Members Attended**	**Approved with 8 votes in the affirmative**	**Approved with 10 votes in the affirmative**	**Approved with 8 votes in the affirmative**	**Approved with 8 votes in the affirmative**	**Approved with 8 votes in the affirmative**	**Approved with 8 votes in the affirmative**

*Chairman

(M): Made motion; (2nd): Seconded motion; (ab): Abstained from Vote; (A): Absent from Meeting

PROCEEDINGS

A regular meeting of the Massachusetts Health Policy Commission was held on Wednesday, April 16, 2014, at 1:00 PM in Room 114 of the Sackler Building, Tufts Medical School, Boston, MA.

Commissioners present included Dr. Stuart Altman (Chair), Dr. Wendy Everett (Vice Chair), Dr. Carole Allen, Dr. David Cutler, Dr. Paul Hattis, Ms. Marylou Sudders, Mr. Rick Lord, and Ms. Veronica Turner.

Mr. Glen Shor, Secretary, Executive Office of Administration and Finance, and Mr. John Polanowicz, Secretary, Executive Office of Health and Human Services arrived late.

Ms. Jean Yang was absent from the meeting.

Chair Altman called the meeting to order at 2:03 PM and reviewed the agenda.

ITEM 1: Opening Remarks, Dr. Harris Berman, Dean of Tufts University Medical School

Dr. Harris Berman, Dean of Tufts University Medical School, welcomed the HPC and thanked them for their important work in the Commonwealth.

ITEM 2: Approval of the Minutes from the March 5, 2014 Meeting

Chair Altman solicited comments, additions, or corrections to the minutes from the March 5, 2014, board meeting.

Chair Altman called for a motion to approve the minutes as amended. **Ms. Sudders** made a motion to approve the minutes. After consideration upon motion made and duly seconded by **Mr. Lord**, the board voted unanimously to approve the minutes from the March 5, 2014 board meeting.

Voting in the affirmative were the eight present Commission members. There were no abstentions and no votes in opposition.

ITEM 2: Executive Director Report

Mr. Seltz welcomed everyone to the fifteenth meeting of the Health Policy Commission and thanked Dr. Berman for use of the facilities. He presented a report regarding the status of the Commission.

Mr. Seltz reviewed upcoming HPC meetings. He noted that the Cost Trends and Market Performance Committee had been rescheduled to April 29, 2014. He stated that the next Health Policy Commission board meeting would be on Thursday, May 22, 2014.

Mr. Seltz reviewed the HPC's 2014 activities. He stated that the Patient-Centered Medical Home (PCMH) Certification Program and CHART Phase 2 were of high priority for the HPC and would be reviewed during the day's meeting.

Mr. Seltz stated that the HPC had its quarterly Advisory Council Meeting immediately before the day's board meeting. He highlighted discussion around the changing landscape of health care in Massachusetts, with specific focus on community hospitals and their needs. He added there was significant reflection on the CHART Phase 2 program and the situation at North Adams Regional Hospital (NARH).

Mr. Seltz introduced the day's agenda, including updates from each of the policy committees. He added that there would also be a number of administrative votes presented at the end of the meeting.

ITEM 3: Care Delivery and Payment System Transformation Update

Chair Altman gave the floor to Dr. Carole Allen to present a report on CDPST's activities.

Dr. Allen informed the group that Dr. Patricia Boyce, Policy Director for Care Delivery and Quality Improvement, had recently left the HPC to work for the federal government. She stated that she was incredibly grateful for Dr. Boyce's work on this initiative. Dr. Allen thanked the HPC staff for their continuing work on this issue and assured the Commission that work would continue.

ITEM 3b: PCMH Certification Program

Dr. Allen reviewed the feedback from the PCMH public comment period. She stated that 38 organizations had offered informative comment. She added that there were many comments on the importance of behavioral health integration and the partnership between the HPC's PCMH program and existing resources within the state. Dr. Allen highlighted the need to balance value against burden for the PCMH certification standards.

At this point, Secretary Shor arrived at the meeting.

Chair Altman suggested that staff provide a more detailed overview of the PCMH certification criteria at a later meeting. Dr. Allen stated that this would be the next step in the process.

Mr. Seltz stated that many of the comments addressed third party certification programs and asked whether the HPC would acknowledge this accreditation. Mr. Seltz stated that the role of third party certification would be considered throughout the process. Secretary Polanowicz suggested that the HPC could review third party certifications and grant deemed status to those who are third party accredited and meet a superset of HPC defined additional measures. Dr. Allen stated that HPC staff is researching the deeming approach and would return with more information after CDPST's next meeting.

Dr. Allen reviewed the proposed measurement and validation certification requirements. She clarified that the certification requirements were still open to discussion and would continue to develop.

Dr. Hattis asked how the pilot program will differ from the certification program. Dr. Allen responded that the pilot program will be an iterative learning experience that will inform the certification program.

Ms. Sudders suggested that there be further discussion about medical homes that have special populations with substance/behavioral abuse issues. Dr. Allen commented that CDPST is working on standards to address special populations.

Dr. Allen discussed revising the structure of the HPC's PCMH certification program to change from three tiers of certification to two. She stated that CDPST would meet on May 12, 2014 to continue discussion on the PCMH program.

ITEM 4: Quality Improvement and Patient Protection Update

Ms. Marylou Sudders, Chair of the Quality Improvement and Patient Protection (QIPP) Committee, updated the Commission regarding the status and activities of the committee. She stated that QIPP held a joint meeting with CDPST to discuss behavioral health integration.

Ms. Sudders detailed various approaches to behavioral health integration. She stated that the integration of Electronic Medical Records (EMR) is a key element. Ms. Sudders commented on the difficulty of this task, noting that these medical records are extremely personal.

Dr. Cutler stated that the meeting on behavioral health integration was helpful.

Chair Altman asked Secretary Polanowicz whether he had an understanding of how Massachusetts ranks comparatively in behavioral health treatment. Secretary Polanowicz responded that the Health Planning Council is looking into the resources and capacity of the behavioral health system. He added that this information should eventually be brought to the HPC for review.

Dr. Allen suggested an audit of community resources available for both physical and behavioral health services.

Secretary Polanowicz said that once the primary care payment reform (PCPR) initiative reaches Tier 3 of integration there would be better data and examples of how behavioral health integration should be done.

ITEM 5: Cost Trends and Market Performance Update

Dr. David Cutler, Chair of the Cost Trends and Market Performance (CTMP) Committee, updated the Commission regarding the status and activities of the Committee. Dr. Cutler stated that the board would hear an update on the status of material change notices (MCN) and a

presentation on the preliminary report on the cost and market impact review (CMIR) for Lahey Health System's (Lahey) acquisition of Winchester Hospital (Winchester).

Mr. Seltz gave an overview of the CMIR process as established in statute. He reminded the Commission that the HPC does not have the authority to block or deny any transaction. Chair Altman asked Mr. Seltz what would happen if the HPC does not refer a transaction to the Attorney General. Mr. Seltz stated there would still be a 30-day waiting period before any transaction could take place.

ITEM 5a: Material Change Notices (MCN)

Mr. Seltz introduced Ms. Karen Tseng, Policy Director for Market Performance, to present a review of transactions noticed. She gave a brief overview of the different types of transactions received since April 2013. She additionally outlined the four pending notices before the HPC.

ITEM 5b: Preliminary Report on Cost and Market Impact Review

Ms. Tseng presented the findings of the preliminary report of the proposed acquisition of Winchester Hospital by Lahey Health System (LHS). She provided a brief overview of the two parties involved.

Ms. Tseng outlined the structure of the HPC's cost and market impact review. She stated that the presentation would be split into six parts to examine the outcomes of cost, quality, care delivery, and access.

Ms. Tseng stated that on September 27, 2013, Lahey and Winchester executed an Affiliation Agreement for Winchester to become a fully-integrated, community-based member of LHS. She added that this agreement includes a one-time $35 million investment for health information technology and a five-year capital commitment. She stated that the goal of the transaction is to create an independent health care system north of Boston to provide locally based, high quality clinical services in lower cost community settings.

Ms. Tseng outlined the range of services offered by Lahey as compared to those offered at Boston academic medical centers (AMCs). She stated that the data confirms that LHS operates at about the same level of service as Boston AMCs.

Ms. Tseng presented the cost and financial metrics examined. Ms. Tseng stated that this transaction is not motivated by financial distress. She compared the medium priced comparisons of other area hospitals to Lahey and Winchester, which showed a higher price. However, the overall TME of Lahey was lower than other Boston AMCs. Ms. Tseng outlined that the Winchester Physicians Association receives higher physician prices than LHS for the largest commercial payer. She stated that they would further reflect how these prices can affect overall TME in the long run.

Ms. Tseng outlined the primary service areas (PSAs) of Lahey's hospitals and Winchester Hospital. She stated that most of Winchester's service area is already served by Lahey hospitals. Ms. Tseng outlined Winchester and Lahey's shares of the market within the PSA.

Ms. Sudders asked whether there was data on psychiatric beds at Bay Ridge Hospital. Ms. Tseng stated that there was no analysis of Bay Ridge versus other free-standing psychiatric hospitals.

Ms. Tseng discussed the quality and care delivery metrics. These included more than ninety measures of inpatient and outpatient care, with the two parties being compared to each other, to area providers, and to national and statewide benchmarks. This analysis demonstrated that both parties exceed average performance statewide.

Ms. Tseng reviewed the overall payer and service mix of both parties. When examined by revenue and volume, Winchester has a higher commercial payer mix and a lower Medicaid mix among area hospitals. She stated that Winchester provides a smaller share of behavioral health discharges and a larger share of deliveries than other area hospitals.

Ms. Tseng paused for questions. Seeing none, she identified the questions used to examine the cost impacts of the transaction. She stated that, if both parties maintain their relative efficiency, the analysis indicates projected cost savings to major insurers of about $1.28 million.

Dr. Everett stated that the potential cost-savings seemed very low. Ms. Tseng stated that the focus of the CMIR is on hospital care, and, as such, the analysis does not include physicians. The ultimate number would be larger if physicians were included.

Dr. Hattis asked whether the analysis includes data documenting the community hospital shifts or just the AMCs. Ms. Tseng stated that it focuses on AMCs, but includes lower and higher price. She added that the parties involved projected a cost savings of $3-5 million including physician care.

Mr. Lord asked for clarification regarding the large percent of care shifted from Boston AMCs versus the small amount of potential savings. Ms. Tseng said these numbers represent a focused analysis on five major AMCs. She added that the actual net impact stems from the fact that some AMCs have lower cost than portions of the service area. She added that the differences in price are not so overwhelming that they would drive a larger, overall price change.

Ms. Tseng presented on the Herfindahl-Hirschman Index (HHI), which is a well-established metric of market concentration utilized by federal agencies to assess whether changes in concentration are likely to raise concerns that warrant further review. She stated that a highly concentrated market would have an HHI change of over 2,500. She stated that the HHI change of the day's transaction was 288.

Ms. Tseng outlined that the quality and care delivery impact analysis focused on two main questions: (1) Are there differences in the parties' historic quality performance that are likely to drive transaction-specific quality improvement? and (2) What have the parties described as the role of this transaction in supporting population health management?

Ms. Tseng stated that the parties' historic performances on quality measures and in risk contracts do not clearly indicate that the transaction itself is instrumental to driving improvements as the parties have historically performed very well. She added that both parties have been participating in Medicare Shared Savings ACOs since 2013, for which performance data is not yet available.

Ms. Tseng outlined the results of access impact analysis. Lahey has indicated that it plans to integrate behavioral health services into its PCMH program for its current system as well as Winchester. She added that the parties have not indicated any specific plans to make service line changes at Winchester or to increase overall mix of inpatient behavioral health services.

Dr. Allen asked if Lahey plans to continue the same level of pediatric care post-transaction. Ms. Tseng responded that, to the best of her knowledge, it does.

Ms. Tseng outlined the overall conclusions of the preliminary report on CMIR. She noted a potential cost savings of up to $2.7 million per year as a result of potential decreases in WPA physician prices and shifts in utilization from higher-priced hospitals to Lahey facilities. She added that it is unclear whether the transaction will raise the parties' existing care delivery performance as both already perform well above standard. She further stated that Lahey proposes to integrate behavioral health services into some Winchester physician practices in 2015, but that the HPC did not anticipate changes to existing inpatient service mix and payer mix trends.

Chair Altman thanked Ms. Tseng for her presentation and asked for questions.

Dr. Hattis asked if the projected $2.7 million in savings is contingent upon Winchester voluntarily agreeing to reduce their overall payment rates. Ms. Tseng stated that the specific timing of these projections depends on when the Winchester physicians would move to Lahey contracts. The HPC's preliminary report and analysis does not include actual compensation set by the system.

Ms. Sudders asked whether the data analyzed by the HPC includes Bay Ridge discharges. Ms. Tseng said it does not. Ms. Sudders stated that the exclusion of this data may result in an unfair comparison.

Dr. Cutler stated that he was struck by how small the proposed cost savings were and asked about the role of potential up-front capital investments. Ms. Tseng stated that up front capital investments are confirmed to be in line with historical Winchester spending. She added that certain aspects of the health information technology (HIT) system updates could not be completed without these investments. She stated that, in regards to the cost savings, the numbers poised a policy question on how much warrants a positive or negative impact.

Chair Altman stated that he shared the concerns of Dr. Cutler and Ms. Sudders. He added that the HPC should only intervene when a transaction has significantly negative impacts on the community.

Dr. Everett raised a concern of what could actually happen with facility fees. She added that she agreed with Chair Altman that this looks like a cost-neutral transaction and that the HPC's focus

should be upon whether there is a positive or negative affect on services. Dr. Hattis noted that this transaction looks cost-neutral now. He added hope that this would still be the case in five to seven years. Dr. Cutler added that there are many reasons for consolidation and that revenue is only one of them.

Chair Altman challenged fellow commissioners to consider what the delivery system will look like in five years. He added that hypothetically it could turn out that a merger leads to price increases and yet it might be in the broader sense a positive if it brings together another strong delivery system. He stated that he believed the HPC should also examine if this consolidation would be a net positive or negative. He echoed Dr. Cutler's point that there are a lot of good reasons for transaction, such as integration of services.

Mr. Seltz stated that Chair Altman's comments speak to the purpose of the HPC's CMIR reports, which is to provide data as the foundation for discussion around the potential cost and benefits of market transactions.

Dr. Hattis observed that this proposed transaction is really about one strong hospital buying another relatively strong one, both with low Medicaid payer mixes, and wondered whether those facts raise any concerns from a market perspective even when neither one is the market share leader
Dr. Cutler stated that it is a very difficult economic question to determine what happens to consumers if two parties merge.

Ms. Tseng reviewed the 30-day time frame for a final report and response from involved parties. **Dr. Cutler** made a motion to issue the preliminary report for the cost and market impact review of Lahey Health System's proposed acquisition of Winchester Hospital. After consideration upon motion made and duly seconded by **Dr. Everett**, the board unanimously approved the motion.

At this point, Secretary Shor left the meeting and Ms. Kim Haddad acted on his behalf.

ITEM 6: Community Health Care Investment and Consumer Involvement Report

Chair Altman turned over the floor to Dr. Paul Hattis, Chair of the Community Health Care Investment and Consumer Involvement Committee (CHICI), to give an update on its activities.

ITEM 6a: CHART Phase 1

Dr. Hattis began the conversation on the CHART Investment Program by discussing the situation at North Adams Regional Hospital (NARH), a recipient of CHART Phase 1 investment. He stated that the sudden closure of the hospital was concerning and that the HPC should consider its role in monitoring and assisting community hospitals moving forward.

Chair Altman reminded commissioners that, by statute, the CHART Investment Program's name is the Distressed Hospital Trust Fund. He noted that the board's choice to change the name of the

program was a very conscientious decision to indicate that the CHART Program is an investment into community hospitals rather than a “bail-out” program.

Dr. Hattis stated that the HPC is a policy body and, therefore, does not have the mandate of investigating the situation at NARH. He stated that the HPC could, however, recommend that the Commonwealth consider emergency service planning in the case of a crisis. He added that the HPC might also be able to facilitate a conversation about what led to the sudden closure of NARH.

Chair Altman added that it is the HPC’s charge to look at how the closure of NARH affects quality and access in the state. Secretary Polanowicz stated that the Executive Office of Health and Human Services will work together with the HPC to figure out the long-term impact on health care access in Northern Berkshire County. He stated that the Attorney General’s Office has indicated they will launch a thorough investigation, as well.

Ms. Sudders stated that there are many lessons to be learned from the situation at NARH. She added that there were warning signs, such as the early closure of psychiatric services at NARH. She stated that psychiatric services are often the first thing to close when a hospital is financially distressed.

Ms. Turner commented that the HPC should have a conversation about what would happen to overall access if other community hospitals were to close.

Mr. Seltz stated that this was not the end of the conversation about the situation at NARH. He asked commissioners for further comments on the closure of NARH. Seeing none, he asked Mr. Iyah Romm, Director of System Performance and Strategic Investment, to provide an update on investments in Phase 1 of the CHART Program.

Mr. Romm presented a brief overview of the 28 CHART hospitals. He stated that HPC staff have visited nine of the hospitals and that enthusiasm for the program is high. He added that the goal of the CHART Investment Program is to understand how community hospitals can innovate. Mr. Romm stated that HPC staff is consistently involved in ongoing conversation and monitoring of Phase 1 projects and funds.

ITEM 6b: CHART Evaluation and Phase 2 Framework

Mr. Romm presented a brief overview of the CHART Phase 2 program. He added that the CHICI Committee heard a robust presentation on the details of the Phase 2 framework at the April 2, 2014 meeting. He stated that the day’s discussion would focus on four discussion points: (1) structuring tiers and caps, (2) specifying the focus of project, (3) creating funding models, and (4) ensuring accountability.

Mr. Romm reviewed the competing aims and pressures considered when framing CHART Phase 2. He stated that many CHART hospitals are looking to the HPC to provide a greater level of specificity around the proposed projects.

Mr. Romm opened a discussion about the overall investment pool in CHART Phase 2. Staff proposed a final investment pool of $50-60 million, the amount gleaned from years one and two of the One-Time Assessment. Mr. Romm stated that this money could be dispersed through three funding models: 1) a few, large awards to five or six hospitals; (2) a system of tiered awards allowing investments of various sizes to all eligible hospitals; or (3) many small awards providing funding to all eligible hospitals. He opened the floor for discussion.

Dr. Hattis stated that the CHICI Committee supported a tiered funding model for Phase 2 investments.

Mr. Romm affirmed that the HPC Advisory Council also tended towards a tiered approach. He added that the Advisory Council expressed concerns about spreading CHART funds too thin and taking a balanced approach to qualified hospitals. Dr. Allen reiterated that the Advisory Council showed a significant lack of support for small awards.

Ms. Turner stated her support of a tiered approach to Phase 2 funding based on project proposals.

Dr. Cutler stated that he would find it hard to make investments to hospitals without considering need. He commented that many hospitals will have to adapt to a new environment in different ways and that CHART investments should be allocated to encourage this change.

Mr. Romm said that the amount of the award will be determined by the project proposals. He added that hospitals would be held to a standard of performance and competitiveness in their proposal.

Dr. Cutler stated that he envisioned CHART as a method to push hospitals forward in a rapidly evolving health care market. He said the HPC's requirements should aid in helping them adapt.

Secretary Polanowicz stated that he disagreed with the idea of small tiered awards for hospitals. He stated that the HPC should consider total amount of grants awarded to particular hospitals from other agencies to determine the highest and best use of CHART investments. He also added that overall profitability of these hospitals should be considered when awarding CHART funds.

Ms. Sudders echoed Secretary Polanowicz's belief that CHART funds should be awarded based upon actual investment and innovation.

At this point, Secretary Polanowicz and Ms. Turner left the meeting.

Mr. Romm outlined the three outcome-based aims for implementation during CHART Phase 2. He stated that CHART hospitals would have to adhere to some of these aims in order to consider CHART investment a success. He added that there was significant discussion of this at the CHICI meeting.

Dr. Hattis stated that the strategic planning portion of the CHART Phase 2 framework could be a method of assisting hospital transformation.

Dr. Everett asked for clarification on the strategic planning requirement. She suggested that the HPC consider having a cohort of community hospitals work to create a strategic and sustainable plan for the next five years.

Chair Altman stated that he believed staff had garnered enough comment to continue working with the Committee on this issue. Seeing no further comments, he moved to the next agenda item.

ITEM 7: Administration and Finance Update

Chair Altman stated that Mr. Seltz would lead the board through a series of administrative matters.

ITEM 7a: Approval of Professional Services Contract with Safe & Reliable Healthcare

Mr. Seltz asked the board for approval to enter a contract with the consultant, Safe & Reliable Healthcare for professional assistance with the CHART Investment Program. He reminded commissioners that any contract over $500,000 required board approval.

Mr. Romm outlined the proposed contract with and work to be completed by Safe & Reliable Healthcare. He stated that the contract called for Safe & Reliable to complete a series of activities, including (1) completing a scan of hospital specific culture work to-date at CHART hospitals, (2) conducting site visits to assess culture and leadership capacity at CHART hospitals, and (3) developing the CHART Leadership Academy.

Chair Altman asked whether the information gleaned by Safe & Reliable would be employed in Phase 2 of the CHART Program. Mr. Romm indicated that it would.

Chair Altman asked if the CHICI Committee had endorsed the contract. Dr. Hattis, Chair of CHICI, responded that it had.

Chair Altman made a motion to approve the contract with Safe & Reliable Healthcare. After consideration upon motion made and duly seconded by **Dr. Hattis**, the board voted unanimously to approve the contract.

ITEM 7b: Approval of CHART Administrative Budget for FY14

Mr. Seltz outlined the proposed administrative budget for the CHART Investment Program. He stated that the program's initial balance for FY14 was $40.29 million. He added that, under statute, the HPC can spend up to 10% of the CHART budget for administrative costs. Mr. Seltz proposed a FY14 administrative budget for CHART of $594,307, or approximately 1.5% of available funds.

Dr. Everett asked if the $594,307 reflect one-third of the contractual amount approved for the consultant, Safe & Reliable Healthcare. Mr. Seltz indicated the amount for Safe & Reliable was

included. He added that he would return to the board with the CHART Investment Program's FY15 budget in the summer.

Chair Altman asked for a motion to approve the FY14 CHART administrative budget. **Dr. Everett** made the motion. After consideration upon motion made and duly seconded by **Dr. Hattis**, the board voted unanimously to approve the FY14 CHART administrative budget.

ITEM 7c: Approval of Market Review Contract Extension

Mr. Seltz asked the board to consider an extension of market review contracts. He reviewed the board's decision that the Executive Director must seek board approval for all contracts above $500,000.

Mr. Seltz stated that the approval of the day's contract extension would allow consultants to continue ongoing analysis of MCNs and CMIRs. He added that it is often difficult to gauge the scope of need for these processes. He requested authorization to extend market performance contracts by an additional $100,000, noting that this amount was feasible within the approved FY 2014 budget.

Chair Altman made the motion. After consideration upon motion made and duly seconded by **Mr. Lord**, the board voted unanimously to approve the extension of market performance professional contracts.

ITEM 7d: Approval of Office Space Lease

Mr. Seltz introduced the HPC's ongoing quest for new office space. Mr. Seltz stated that the agency currently resides in the China Trade Center at Two Boylston Street, Boston. He outlined that the HPC's current location is no longer sufficient for the agency due to increased space needs and proposed building renovations.

Mr. Seltz stated that the HPC is working with the Division of Capitol Asset Management and Maintenance (DCAMM) to procure new office space for the HPC. Mr. Seltz stated that, after careful consultation and consideration, the HPC had awarded a letter of interest to a space and begun lease negotiations. Mr. Seltz asked for an authorization to finalize the negotiations and enter into a lease.

Dr. Hattis asked if there would be additional staff growth and that this new space would meet those needs. Mr. Seltz assured him that the new space would accommodate all staff and potential growth.

Ms. Sudders made the motion. After consideration upon motion made and duly seconded by **Dr. Everett**, the board unanimously approved the office space lease.

ITEM 8: Schedule of Next Commission Meeting

Following the conclusion of the final agenda item, Chair Altman announced the date of the next board meeting (May 22, 2014) and asked for public comment.

Public comment was offered by Laura Henze Russell.

Chair Altman adjourned the meeting of the Health Policy Commission at 4:02 PM.