

MINUTES OF THE HEALTH POLICY COMMISSION

Meeting of December 12, 2017

MASSACHUSETTS HEALTH POLICY COMMISSION

Date of Meeting: Tuesday, December 12, 2017

Start Time: 12:04 PM

End Time: 2:53 PM

	Present?	ITEM 1: Approval of Minutes	ITEM 2: Committee Structure	ITEM 3: CD Investment Program Design	ITEM 4: Authorize Proposed CMIR	ITEM 5: Executive Session
Stuart Altman*	X	X	X		X	
Don Berwick	A	A	A		A	
Martin Cohen	X	X	M		X	
David Cutler	X	X	2nd		X	
Wendy Everett	X	M	X		M	
Timothy Foley	X	X	X		2nd	
Rick Lord	X	2nd	X		X	
Ron Mastrogiovanni	X	X	X		X	
Sec. Marylou Sudders	X	X	X		X	
Sec. Michael Heffernan	X	X	X		X	
Summary	9 Members Attended	Approved with 9 votes in the affirmative	Approved with 9 votes in the affirmative	Vote Postponed to January 2018	Approved with 9 votes in the affirmative	Vote Postponed to January 2018

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

*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 Tuesday, December 12, 2017.

Commissioners present included Dr. Stuart Altman (Chair); Dr. Wendy Everett (Vice Chair); Mr. Martin Cohen; Dr. David Cutler; Mr. Ron Mastrogiovanni; Mr. Rick Lord; Mr. Timothy Foley; Secretary Marylou Sudders, Executive Office of Health and Human Services; and Ms. Elizabeth Denniston, designee for Secretary Michael Heffernan, Executive Office of Administration and Finance.

Dr. Altman called the meeting to order at 12:04 PM

ITEM 1: Approval of Minutes from November 1, 2017

Dr. Altman solicited comments on the minutes from November 1, 2017. Seeing none, he called for a motion to approve the minutes. **Dr. Everett** made a motion to approve the minutes. **Mr. Lord** seconded. The minutes were unanimously approved.

ITEM 2: Executive Director's Report

Dr. Altman reflected on the origin of the HPC. He noted that, upon originally reviewing the agency's mandate, he and Mr. David Seltz, Executive Director, opted to create subcommittees of Board members to complete detailed work in a variety of areas.

Dr. Altman said that the time had come to review and reestablish the HPC's subcommittees.

Mr. Seltz thanked the audience for coming to the last HPC meeting of 2017. He reminded those in attendance that enrollment was currently open through the Massachusetts Health Connector.

In light of the HPC's five year anniversary, Mr. Seltz provided an overview of key milestones at the HPC. For more information, see slides 7-9.

ITEM 2A: Committee Restructuring and Responsibilities

Mr. Seltz introduced the proposed restructuring of the HPC's committees, noting that the goal was to ensure that the committees closely aligned with the strategic vision for the HPC. For more information, see slides 11-14.

Ms. Coleen Elstermeyer, Deputy Executive Director, provided a history of the HPC's committees and an overview of the proposed restructuring. Aligning with Chair Altman's recommendation, the HPC is proposing the creation of two committees: (1) Market Oversight and Transparency and (2) Care Delivery Transformation. For more information, see slides 15-19.

Dr. Altman noted that all Board members are invited to attend each committee meeting. He solicited comments on the proposed restructuring.

Dr. Everett requested that the agendas for each meeting be sent to all Board members and not just those on a particular committee.

Dr. Altman noted that HPC staff will work to schedule the committee meetings, if approved, with the new Chairs.

Dr. Altman called for a motion to approve the new committee structure. **Mr. Cohen** made a motion to approve the new structure. **Dr. Cutler** seconded. The motion was unanimously approved.

Mr. Seltz provided a brief overview of the day's agenda.

ITEM 3: Investment Programs

Mr. Seltz introduced Ms. Kathleen Connolly, Director, Strategic Investment, and Ms. Margaret Senese, Deputy Director, Strategic Investment, to provide a presentation on Phase 2 of the CHART Investment Program.

ITEM 3A: Care Transformation and Performance to Date in CHART Phase 2

Ms. Senese provided a summary of the CHART Investment Program and its grants to community hospitals across the Commonwealth. For more information, see slides 23-27.

Ms. Senese provided an overview of CHART Phase 2 and select results from this phase of the investment program. She provided a detailed overview of the HPC's investment program at Harrington Memorial Hospital and Mercy Medical Center. For more information, see slides 28-31.

Mr. Lord asked for clarification on the term "ED visits served." Ms. Senese responded that this term meant that the teams were measuring visits, not individual people. She noted that this number does not include individuals who did not interact with the CHART Program.

Secretary Sudders asked for clarification on the number of visits. Ms. Senese clarified that there were 350 visits for 170 patients, of which 80% received services.

Secretary Sudders noted that these numbers suggest that patients were visiting the ED twice a month, on average. She asked for clarification as to whether the CHART investment was helping to reduce ED utilization. Ms. Senese responded that early results indicated that the program at Mercy was both reducing ED utilization and increasing community connections to care. She noted that there was a 21% reduction in the count of ED visits over the observation period.

Secretary Sudders noted that, on average, people were still using the ED twice per month. Ms. Senese responded in the affirmative.

Ms. Connolly provided an overview of transformation highlights from CHART Phase 2. For more information, see slides 32-36.

Dr. Cutler asked whether the personnel working on CHART Phase 2 programs were hired specifically for this purpose or had already existed in the organization. Ms. Connolly responded that these were generally new personnel.

Mr. Foley asked about the training for these staff. Ms. Connolly responded that the HPC did not create a standard training for new Community Health Workers. She stated that many hospitals dedicated portions of their grants to funding this training. She noted that one of the

main learnings that the HPC wants to share from CHART Phase 2 is on the role of Community Health Workers.

Mr. Seltz noted that there were approximately 250 workers hired for CHART Phase 2.

Mr. Mastrogiovanni asked how the HPC could determine what percent of the programs will continue their work and maintain this staff. Mr. Seltz responded that a CHART awardee will present later in the meeting to discuss this topic.

Dr. Altman stated that this presentation was helpful. He noted the importance of sharing these learnings with others around the country. Ms. Connolly stated that staff will come back to the Board in early 2018 to discuss the proposed learning and dissemination strategy.

Ms. Connolly highlighted select CHART Programs which worked to address the opioid epidemic at the individual and community level. For more information, see slide 37.

Ms. Connolly stated that, for each CHART award, the HPC set aside \$50,000 for strategic planning to help ensure the continuation of successful programs. For more information, see slides 45-47.

Mr. Mastrogiovanni noted that, at the previous CHICI meeting, staff from the Boston University School of Public Health (BUSPH) expressed concern over the continuation of CHART Phase 2 programs based on interviews from their program evaluation. Ms. Connolly noted that the interviews BUSPH presented were over a year old and, at this point, many hospitals have a better understanding of the successes from the CHART programs and the resources available to continue them.

Mr. Cohen asked whether the HPC had any data on how the CHART Program has impacted the cost of care from the CHART Investment Program. Ms. Connolly said that the HPC does not have data in this area at this time.

Secretary Sudders stated that the HPC should have a cost-benefit analysis of the program to determine the return from the \$63 million investment. Dr. Cutler responded that BUSPH was working to complete a cost-benefit analysis of the program as part of their evaluation report. Mr. Seltz stated that the external evaluation will be a mixed method qualitative and quantitative analyses on the impact of these programs. The open question is to whom the savings accrue.

Secretary Sudders noted that an opportunity for continued funding was through DSRIP. She asked about the sustainability for programs that are not part of an ACO and, therefore, not qualified for these funds. Mr. Foley added that the HPC should continue to monitor the sustainability of these programs after the award period.

Dr. Altman stated that the HPC must complete a careful cost-benefit analysis. He stated that benefits will be difficult to measure since they could be to the institution, plans, or the system. He urged the Board to be careful about how it discusses failure and success, noting that some hospitals may discontinue their CHART programs for financial reasons.

Ms. Connolly thanked the CHART Programs across the state for their work. For more information, see slide 48.

Ms. Connolly introduced representatives from Lahey Health to present on Strategic Planning for Sustainability: Beverly and Addison Gilbert Hospital. For more information, see slides 50-69.

Board members engaged in discussion with the presenters. Dr. Altman thanked Lahey Health for their presentation.

Mr. Mastrogiovanni asked whether the HPC could investigate other sources of revenue to help fund these programs. Mr. Seltz noted that many of the CHART Hospitals are participating in the MassHealth ACO program, which is allowing them access to additional funding.

ITEM 3B: New Care Delivery Investment Opportunity

Mr. Seltz introduced the HPC's proposed new investment program. He noted that the CHICI Committee voted to endorse the design of this program at its recent meeting. For more information, see slide 71.

Ms. Katie Barrett, Policy Director for Accountable Care, provided an overview of the proposed design for the new care delivery investment program. For more information, see slides 72-74.

Ms. Barrett provided a timeline for the proposed investment program. For more information, see slide 75.

Dr. Altman read the motion to approve the proposed design of the investment program.

Secretary Sudders noted her concern over the timeline. Understanding that any Massachusetts provider is eligible for these funds, she asked why the program was not focused on non-ACOs. She noted that the HPC had prioritized organizations in ACOs because they operate in a reformed payment environment, making it easier to ensure sustainability.

Secretary Sudders asked how the HPC will be able to evaluate the impact of these limited funds when these organizations are also experiencing transformations from participating in the ACO. Mr. Seltz responded that the applicants will need to provide the HPC with an evaluation plan and strategy as part of their submission.

Dr. Everett asked how the HPC could adjust the timing to better fit within the MassHealth ACO work. Secretary Sudders stated that MassHealth's deadline is March 1, 2018. She again noted her concern about the evaluation and timeline of the program. She stated that ACOs will have an advantage in this program because they will be able to use DSRIP funding to match the HPC's funds.

Mr. Seltz stated that CHART eligible hospitals not in ACOs will continue to have preferential consideration of their awards.

Dr. Altman stated that the ACOs in general are up against headwinds and may need this advantage.

Mr. Mastrogiovanni suggested that the HPC table this discussion until the next Board meeting to allow time for discussion on the evaluation factors. Secretary Sudders seconded this notion.

Dr. Everett suggested making a list of proposed questions for staff regarding this program. Mr. Seltz noted that the staff will review the competitive factors and timing issues.

Dr. Everett also suggested that staff review the potential advantage to ACOs in applying for this program based on their DSRIP funding.

Dr. Altman tabled the vote on this issue and thanked staff for their work.

ITEM 4: 2017 Health Care Cost Trends Report

Mr. Seltz said that, as in previous years, the HPC will review select findings from the report today and will release the final report in January 2018. He reviewed the revised design of the report. For more information, see slide 78.

Dr. David Auerbach, Director, Research and Cost Trends, provided an overview of the preliminary findings from the 2017 Cost Trends Report. For more information, see slides 79-89.

Referencing slide 82, Secretary Sudders asked whether the MA rate for 2016 was preliminary. Dr. Auerbach confirmed that the U.S. rate was final while the MA rate was preliminary. Dr. Cutler added that the national number is not calculated in the same way as the MA number.

Referencing slide 83, Mr. Mastrogiovanni asked how Medicare was defined. Dr. Auerbach responded that it was individuals enrolled in Medicare Fee for Service (Part A).

Referencing slide 85, Dr. Everett noted the difference in the U.S. and MA trend before and after 2012.

Referencing slide 86, Mr. Lord requested that the HPC conduct a similar analysis for small and large groups. Dr. Auerbach responded that this analysis was partially done in the 2016 Cost Trend Report.

Dr. Altman asked whether the difference from 2012 to 2016 on slide 86 was attributable to premiums or cost sharing. Dr. Auerbach responded that it was only premiums. Dr. Altman stated that the HPC should be clear on this.

Ms. Sara Sadownik, Deputy Director, Research and Cost Trends, presented preliminary findings relative to trends in prescription drug and outpatient hospital spending. For more information, see slides 90-98.

Referencing slide 93, Mr. Foley asked what falls into the “all other services” category. Ms. Sadownik responded that this category covered regular office visits, facility fees, etc.

Referencing slide 94, Dr. Altman asked whether the HPC was able to determine the cost for moving from inpatient to outpatient settings. Ms. Sadownik responded that this will be a topic of future investigation. Mr. Seltz said that the HPC briefly investigated this in a previous report, which found that the overall spend was similar with this type of move.

Dr. Everett asked whether the HPC would be able to determine the root costs for both inpatient and outpatient procedures to better understand cost drivers.

Referencing slide 96, Dr. Everett asked whether the numbers in the table represented actual payments by Medicare. Ms. Sadownik confirmed that this was the case.

Mr. Cohen asked if the trend demonstrated on slide 97 was reflective of additional consolidation of providers in MA. Ms. Sadownik responded that this could be a driver. Dr. Everett noted that there has been recalcitrance to shifting individuals from academic medical centers (AMCs) to community settings. She noted that this number has not really moved over the past few years. Mr. Seltz noted that another hypothesis could be from health systems acquiring free-standing physicians and transforming them into outpatient care settings.

Dr. Altman clarified that a community setting is not necessarily a community hospital.

Dr. Cutler asked that the HPC conduct a calculation on the impact of individuals staying within a physician office setting.

Dr. Auerbach presented preliminary findings on avoidable hospital utilization. For more information, see slides 99-104.

Dr. Auerbach and Mr. Seltz presented preliminary findings relative to post-acute care. For more information, see slides 105-107.

Dr. Altman asked for an analysis comparing the distribution of savings over the past five years including the five major systems. Mr. Seltz described two analyses: (1) the share of community-appropriate discharges and (2) discharge to skilled nursing facilities (SNFs).

Mr. Foley asked whether the HPC has looked at the impact of a discharge to home versus SNF on readmissions. Dr. Auerbach stated that this is an area for future potential research.

Mr. Seltz highlighted key findings from the report. For more information, see slide 122.

In the interest of time, the HPC tabled the discussion on the remaining preliminary findings. Mr. Seltz stated that this data would be presented at the next Board meeting.

ITEM 5: Market Performance

Mr. Seltz introduced Ms. Kate Mills, Policy Director, Market Performance, to provide a brief overview of the presentation.

ITEM 5A: Notices of Material Change

This agenda item was tabled due to time constraints.

ITEM 5B: Authorization of CMIR

Ms. Mills presented on the proposed transaction that may be subject to a cost and market impact review (CMIR). For more information, see slide 130.

Dr. Everett asked for clarification as to whether just Mount Auburn's physician organization or the whole Mount Auburn organization are part of this transaction. Ms. Mills responded by referencing slide 131, noting that MACIPA is not proposing to join the new entity, but rather to contract with it.

Ms. Mills briefly reviewed the background on the parties in the transaction. For more

information, see slides 133-139.

Dr. Altman asked staff to provide a full summary on the impact of an independent physician organization (IPO) functioning as a contracting affiliate at a future meeting.

Ms. Mills reviewed the parties' claims for the new proposed transaction. For more information, see slide 140.

Ms. Mills provided an overview of the recommendation to conduct a CMIR on the proposed transaction. For more information, see slide 141. She then provided a brief overview of the CMIR process and timeline. For more information, see slide 142-144.

Dr. Everett asked that the staff make sure that the Board has full understanding of the varied terms used in the presentation. She asked that staff also provide the pros and cons of the different types of affiliations.

Dr. Altman stated that the Board should continue to discuss this for a significant portion of each future meeting. He noted that this is a complicated and important issue.

Dr. Cutler observed that the HPC should ensure that it receives the necessary data from the parties throughout the development of the report. He also stated that this is the biggest and most difficult transaction that the HPC has reviewed. He noted that the analysis on this topic will likely have more caveats because it will be more complicated.

Secretary Sudders left the meeting and her designee, Undersecretary Lauren Peters, joined in her stead.

Mr. Lord asked how the HPC will answer questions related to tracking higher cost care at lower cost settings and vice versa. Ms. Mills responded that the HPC receives data from a variety of sources to assess this question.

Dr. Altman encouraged the staff to analyze external research on the impact of consolidation in the health care market as part of this report. Mr. Seltz responded that the HPC will converse with national experts on this matter throughout the review process.

Mr. Foley reiterated the need to have regular updates on this report for the full Board.

Dr. Altman called for a motion to authorize a CMIR on the proposed transaction. **Dr. Everett** made a motion to approve. **Mr. Foley** seconded. The motion was unanimously approved.

ITEM 6: Performance Improvement Plans

Dr. Altman asked the Board whether they would like to postpone the discussion on Performance Improvement Plans until the first week of January. He asked for any objections to this move. Seeing none, he officially tabled this agenda item.

ITEM 7: Adjournment and Schedule of Next Meeting

Dr. Altman adjourned the meeting at 2:53 PM and announced that the next Board meeting is scheduled for January 3, 2017.

