MINUTES OF THE HEALTH POLICY COMMISSION

Meeting of December 17, 2014

MASSACHUSETTS HEALTH POLICY COMMISSION

THE HEALTH POLICY COMMISSION
Suffolk University Law School
First Floor Function Room
120 Tremont Street
Boston, MA

Docket: December 17, 12:00PM

1. Approval of Minutes from October 22, 2014 (VOTE)
2. Annual Executive Director Report
3. Annual Chair Remarks
4. Cost Trends and Market Performance Update
5. Quality Improvement and Patient Protection Update
6. Care Delivery and Payment System Transformation Update
7. Community Health Care Investment and Consumer Involvement Update
8. Schedule of Next Commission Meeting (January 20, 2015)

Health Policy Commission

Date of Meeting: Wednesday, December 17, 2014
Start Time: 12:03 PM
End Time: 2:57 PM

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

Board Member	Attended	ITEM 1	ITEM 4a	ITEM 4d	ITEM 7a
		Approval of Minutes from October 22, 2014	**Submission of Letter to Essential Health Services Task Force**	**Issuance of Final Regulation on MCN/CMIR and Accompanying Technical Bulletin**	**Authorizing CHART Phase 2 Award for Hallmark Health System Hospitals**
Carole Allen	Yes	Yes	Yes	Yes	Yes (2nd)
Stuart Altman*	Yes	Yes	Yes	Yes	Yes
David Cutler	Yes	Yes	Yes	Yes	Yes
Wendy Everett	Yes	Yes	Yes (M)	Yes (M)	Yes
Paul Hattis	Yes	Yes	Yes	Yes	Yes (M)
Rick Lord	Yes	Yes	Yes (2nd)	Yes	Yes
John Polanowicz	Yes	Yes (2nd)	ab	Yes	Yes
Glen Shor	Yes	Yes	Yes (2nd)	Yes	Yes
Marylou Sudders	Yes	Yes (M)	A	Yes	Yes
Veronica Turner	Yes	Yes	Yes	Yes	A
Jean Yang	Yes	Yes	Yes	Yes (2nd)	Yes
Summary	**11 Members Attended**	**Approved with 11 votes in the affirmative**	**Approved with 9 votes in the affirmative**	**Approved with 11 votes in the affirmative**	**Approved with 10 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, December 17, 2014 at 12:00 PM in the First Floor Function Room of Suffolk University Law School, 120 Tremont Street, Boston, MA.

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

Veronica Turner; Ms. Jean Yang; Mr. John Polanowicz, Secretary, Executive Office of Health and Human Services; and Mr. Glen Shor, Secretary, Executive Office of Administration and Finance.

Chair Altman called the meeting to order at 12:03 PM and reviewed the agenda.

ITEM 1: Approval of the Minutes from the October 22, 2014 Meeting

Chair Altman solicited comments on the minutes from October 22, 2014. Seeing none, he called for a motion to approve the minutes as presented. **Ms. Sudders** made a motion to approve the minutes. After consideration upon motion made and duly seconded by **Secretary Polanowicz**, the board voted unanimously to approve the minutes from October 22, 2014. Voting in the affirmative were the eleven members present. There were no abstentions and no votes in opposition.

ITEM 2: Annual Executive Director Report

Chair Altman introduced Mr. David Seltz, Executive Director, to review the HPC's 2014 activities.

Mr. Seltz stated that the day's agenda reflects a culmination of work by staff, commissioners, and stakeholders. At the day's meeting, the board would discuss factors that effect cost, quality, and access to health care to frame the HPC's 2015 agenda.

Mr. Seltz stated that the board would be asked to approve a final regulation governing material change notices (MCN) and cost and market impact reviews (CMIR). The board would also hear preliminary findings from the 2014 Cost Trends Report.

Mr. Seltz provided a summary of work completed by the HPC in 2014. He noted that the HPC produced three annual reports, one submission to the Court, and four final cost and market impact reviews. He stated that, in 2014, the HPC developed 4 regulations, reviewed 17 MCNs, processed 366 appeals for external review of health care claims, and received 73 applications for the Registration of Provider Organizations program.

At this point, Secretary Shor left the meeting. As his designee to the board, Ms. Kim Haddad joined the meeting.

Mr. Seltz reviewed the impact of Phase 1 of the CHART Investment Program, which disbursed $10 million to 27 qualified hospitals across the Commonwealth. Phase 1 projects impacted over 140,000 patients, and the HPC provided over 400 hours of direct technical assistance to awardees.

Mr. Seltz reviewed the HPC's public engagement in 2014. He stated that the HPC held 45 public meetings. He also noted that the HPC's twitter followers increased by 83%, and that over 200 articles mentioned the agency.

Finally, Mr. Seltz noted that, in 2014, the Legislature tasked the HPC with enhanced responsibilities, including the development of regulations governing nurse staffing in intensive

care units and substance abuse disorder treatment. The Legislature also appropriated $2 million to the HPC to integrate behavioral health care.

Seeing no comments or questions on the Executive Director's report, Chair Altman moved to the next agenda item.

ITEM 3: Annual Chair Remarks

Before Chair Altman offered remarks on the HPC's work in 2014, he noted this would be the last meeting of the "inaugural" board of the HPC. He thanked Secretary Polanowicz and Secretary Shor for their hard work and dedication throughout their tenure on the board. Chair Altman thanked Ms. Sudders for her work thus far and noted his excitement to work with her as she assumes the role of the Secretary of Health and Human Services.

Chair Altman acknowledged the HPC's efforts to improve the Commonwealth's health care system. He thanked Massachusetts' payers, providers, and consumers for their collaboration.

Chair Altman opened the floor to comment from other commissioners.

Dr. Allen thanked Dr. Ann Hwang, designee for Secretary Polanowicz, for her work on the board and wished her the best in future endeavors.

Dr. Hattis stated that the HPC has been brave in its evidence-based approaches to serious matters over the past year. He stated that this was most evident in the CMIR process. He noted that the HPC continuously reviewed and offered comment that was reflective of a robust, evidence-based analysis. Dr. Hattis stated that the work of the Attorney General in regards to this process was extremely important. He stated that, in 2015, the HPC should expand its research on community hospitals and offer potential policy recommendations regarding the Medicaid program.

Seeing no further comment, Chair Altman moved to the next agenda item.

ITEM 4: Cost Trends and Market Performance Update

Dr. Cutler reviewed topics for discussion under this agenda item. He stated that the board would be asked to vote on a letter to the Essential Services Task Force and to approve a final regulation governing MCNs and CMIRs. The board would also hear a presentation on preliminary findings from the 2014 Cost Trends Report.

ITEM 4a: Essential Services Task Force Letter

Mr. Seltz stated that hospital closures create a significant impact on the health care market and must be examined accordingly.

Mr. Seltz reviewed the existing process for hospital closures. He stated that closures of North Adams Regional Hospital (NARH) and Quincy Medical Center (QMC) demonstrate that this process must be reviewed and improved. He stated Section 229 of the FY15 budget created the Essential Services Task Force to review the closure notification process. Mr. Seltz noted that, as

the Executive Director of the HPC, he is a member of this task force. He stated that the first meeting of the group was scheduled for December 18, 2014.

Because of the HPC's role in monitoring service line changes through MCNs, Mr. Seltz stated that the HPC would seek to offer a letter to the Task Force, asking for a more formal opportunity to provide input on the closure process.

Chair Altman stated that commissioners had been provided with a copy of the proposed letter. He noted that the HPC would only comment on the issues being addressed by the Essential Services Task Force as appropriate by statute. He added that the market impacts of closures vary and must be examined moving forward. Chair Altman stated that, if the board votes to endorse the Essential Services Task Force letter, it shows Board consensus that the HPC should be involved in this conversation.

Ms. Sudders stated that the letter to the Essential Services Task Force is the appropriate place to discuss the HPC's role in closures. She noted that the HPC should continue to collaborate with the Task Force and other agencies throughout this process.

Dr. Allen stated that she has heard significant comment from her colleagues on the impacts of closures of pediatric services. She noted her agreement with the HPC playing a role in this process.

Dr. Hattis stated his support for the letter. He suggested that the HPC's CHART Investment Program and the Community Hospital Study provide recommendations on how best to assist struggling community hospitals.

Dr. Hattis asked for clarification of the Essential Services Review process through the Executive Office of Health and Human Services. Secretary Polanowicz provided an explanation of the existing process. He noted that hospitals are required to provide notice 90 days in advance of closure.

Chair Altman asked if the Task Force could expand the 90-day notice requirement. Secretary Polanowicz responded that this was possible, but would not address the issue of continuity of care.

Seeing no further comment, Dr. Cutler called for a motion to submit the proposed letter to the Essential Services Task Force. **Dr. Everett** made the motion. After consideration upon motion made and duly seconded by **Mr. Lord**, the board approved the motion. Voting in the affirmative were the nine members present. As Secretary of Health and Human Services, Mr. Polanowicz abstained from the vote. There were no votes in opposition.

ITEM 4b: Material Change Notices

Dr. Cutler introduced Ms. Karen Tseng, Policy Director for Market Performance, to provide an update on Notices of Material Change. Noting the time, the board tabled this agenda item.

ITEM 4c: Final Regulation on Notices of Material Change and Cost and Market Impact Reviews (VOTE)

Ms. Tseng reviewed the development of the proposed final regulation governing CMIRs and MCNs. She reminded the board that the HPC is currently operating under Interim Guidance as it processes MCNs and conducts CMIRs. She added that the HPC is statutorily required to adopt regulations governing these processes. Ms. Tseng stated that the HPC has spent more than a year engaging with stakeholders and experts to develop the proposed regulation.

Ms. Tseng stated that the public comment period for the proposed regulation began in September 2014. The HPC received six comments. She noted that the HPC intends to continue engaging with stakeholders as it refines the complex definitions and methodology. She added that the HPC anticipates issuing further guidance on these processes through technical bulletins and other materials, such as step-by-step guides and frequently asked questions.

Ms. Tseng introduced Ms. Kate Mills, Deputy Director for Market Performance, to review the proposed final regulation.

Ms. Mills stated that the regulation is divided into two basic parts: definitions and processes. The definitions are drawn primarily from the statute, Interim Guidance, and committee-level discussions with stakeholders and experts.

Ms. Mills reviewed a summary of public comments on the draft regulations. She stated that most of the comments requested further clarification of terms. Where possible, the HPC provided clarification and incorporated the definition of statutory terms into the regulation.

Ms. Mills reviewed comments addressing the scope of transactions required to file a notice of material change. Some stakeholders suggested that the HPC limit the types of clinical affiliations that require notice. Subsequently, the proposed regulation exempts organizations from providing notice on clinical affiliations solely for clinical trials or graduate medical education.

Ms. Mills reviewed comments on the process for conducting a CMIR. She stated that the proposed regulation clarifies that the 185-day timeframe for cost and market impact reviews can only be extended "commensurate with any additional time" granted by the HPC for the parties to comply with the HPC's requests for information as provided in statute.

Ms. Mills stated that the HPC received comments that suggested that the agency consider additional factors in CMIRs. She stated that the broad nature of the HPC's statute allows it to consider any factors determined to be in the public's interest.

Ms. Mills stated that some comments inquired about the basis for elective referral of a CMIR to the Office of the Attorney General. She noted that the HPC's statute requires referral of a final CMIR report to the Attorney General under certain circumstances and allows the HPC to elect to refer any final CMIR report to the Attorney General when appropriate.

Ms. Mills briefly reviewed technical edits to the regulation. She noted that some of these changes incorporate statutory process points into the regulation.

Dr. Cutler reviewed some key areas of discussion on the regulation, including whether to include full or service line closures in the MCN process and whether certain service changes, such as telehealth initiatives, are included in the MCN process.

Chair Altman thanked Dr. Cutler and CTMP for their work on this matter.

Dr. Hattis emphasized the need to balance this process and not over burden the market. He noted that there are issues not captured in this regulatory process that may warrant further investigation by the HPC. Chair Altman stated these issues would be examined further.

Seeing no further comment, Dr. Cutler called for a motion to approve the final regulation. **Ms. Sudders** made the motion. After consideration upon motion made and duly seconded by **Secretary Polanowicz**, the board unanimously approved the motion. Voting in the affirmative were the eleven members present. There were no abstentions and no votes in opposition.

ITEM 4d: Annual Cost Trends Report: Presentation of Preliminary Findings

Dr. Cutler reviewed the HPC's process for releasing the Annual Cost Trends Report. He noted that the report is released in two phases: (1) a preliminary board discussion of findings and (2) a discussion of recommendations informed by findings and the release of the report. He stated that the board would engage in the discussion of preliminary findings at the day's meeting and vote to issue the final report in January 2015.

Dr. Cutler introduced Dr. Marian V. Wrobel, Director for Research and Cost Trends, to review preliminary findings from the report.

Dr. Wrobel stated that this report is reflective of significant collaboration among a wide range of stakeholders. She stated there would be a presentation of select findings concerning the 2014 Cost Trends Report, including an overview of spending and the delivery system, opportunities to improve quality and efficiency, and progress in key areas.

Dr. Wrobel introduced Dr. David Auerbach, Deputy Director for Research and Cost Trends, to further review preliminary findings from the report.

Dr. Auerbach reviewed data on the Commonwealth's health care spending trends. He stated that Massachusetts's health care spending in 2009 was 36% higher (per capita) than the national average. This translates to nearly $2,500 per consumer, the highest per capita health care cost in the United States.

Dr. Auerbach reviewed the health care cost growth benchmark. He noted that, in 2013, the benchmark was 3.6%. The Center for Health Information and Analysis found that the Commonwealth met the 2013 health care cost growth benchmark with health care cost growth at about 2.3%. The HPC conducted further analyses to describe and understand spending trends. Dr. Auerbach stated that health care spending in Massachusetts is slowing. He noted that, if the Massachusetts health care spending had grown at U.S. rates between 2009 and 2013, the Commonwealth would have spent rough $900 million more in 2013.

Dr. Auerbach reviewed spending growth as compared to the cost growth benchmark. He noted that per-capita spending in the commercial market grew by 1.7% and per-capita spending in the Medicare Fee-for-Service (FFS) market shrank by 0.9%.

Chair Altman stated that Medicare FFS is a $13 billion program and, thus, a reduction in spending reflects a significant achievement by the providers in managing growth in this sector.

Ms. Yang asked if the Medicare FFS included Medicare Supplement business that private payers offer. Dr. Cutler stated this reflected total Medicare FFS spending including amounts paid by the member and Medigap coverage.

Ms. Yang asked if the decrease is driven by traditional Medicare Parts A and B or by the Medicare Supplement business. Dr. Auerbach responded that our data do not enable us to draw this distinction, and added that in 2013, Massachusetts Medicare FFS spending growth was below the national average. He stated that lower growth in Medicare Part D costs in Massachusetts versus the U.S. explained a large part of why Massachusetts had lower Medicare spending growth.

Dr. Auerbach stated that MassHealth spending growth has been consistently below 3% and below U.S. Medicaid spending growth for comparable populations in recent years. Dr. Auerbach noted further that the growth in Massachusetts commercial spending has also been lower than the U.S. in recent years.

Dr. Auerbach reviewed findings on delivery system trends. He stated that the 2013 Cost Trends Report found that Massachusetts' health care is increasingly delivered in large systems. He stated that the percentage of inpatient discharges from the Commonwealth's top five hospital systems increased between 2009 and 2012. He noted that the percentage of inpatient discharges from independent community hospitals decreased from 29% (2009) to an estimated 17% (2014).

Dr. Auerbach reviewed findings on inpatient discharges. He noted that the percentage of inpatient discharges in hospitals that are part of larger systems grew from 51% (2012) to 56% (2014). He noted that, with the inclusion of the Partners HealthCare's proposed acquisition of South Shore Hospital, the 2014 percentage of inpatient discharges would increase to 61%.

Ms. Yang asked whether this data reflects the migration of admissions or simply a result of consolidation. Dr. Auerbach stated that from 2012-2014 it is the acquisitions and from 2009-2012 it reflects both.

Dr. Auerbach reviewed the HPC's findings on hospital occupancy rates. He stated that, from 2009 to 2012, academic medical centers experienced a high occupancy rate (~90%), while teaching and community hospitals were slightly lower (75% and 60% respectively).

Secretary Polanowicz asked for clarification on how the HPC defined occupancy rates. He noted that this term could reflect staffed beds or licensed beds. Dr. Auerbach stated that he would review the topic. [Following the meeting, Dr. Auerbach confirmed that the rates were based on staffed beds.]

Secretary Polanowicz stated that this data does not include observation stays and that this should be noted whenever the data are presented. Observation stays also lead to "heads in beds" but are not counted in the numbers presented.

Dr. Auerbach then introduced Ms. Sara Sadownik, Senior Manager for Research and Cost Trends, to present findings on opportunities to improve quality and efficiency.

Ms. Sadownik reviewed the relationship between Massachusetts health care spending and quality. She stated that the HPC assessed this relationship through an analysis of variation in healthcare spending across episodes of care at different hospitals. She defined an episode of care as a procedure, including related care before and after the procedure. She stated that the difference in prices for procedures at different hospitals is well documented, but that the HPC looked across an episode of care to examine spending variation across the care continuum. She added this research also investigates whether some providers are justified in having higher prices because they provide higher quality care.

Ms. Sadownik reviewed the HPC's study on episodes through two examples: knee replacement and percutaneous coronary intervention.

She stated that, for knee replacements, New England Baptist Hospital was used as the benchmark against which academic medical centers (AMCs) and community hospitals were measured.

Ms. Sadownik stated that a knee replacement at an AMC was 15% more on average than one at New England Baptist without measurable differences in quality according to the available measures. Ms. Sadownik noted that, for all hospitals in the knee replacement study, the price of the procedure drove the spending.

Chair Altman stated that there is a broader debate throughout the nation around the value of specialty hospitals (sometimes called 'focused factories" or "Centers of Excellence.") He stated this conversation must be considered in the HPC's future research.

Ms. Sadownik reviewed findings from an examination of total spending for percutaneous coronary intervention (PCI). She stated that spending per PCI episode for AMCs was 11% higher than for teaching hospitals, again without measurable differences in quality (assessed via mortality rates from PCI episodes).

Dr. Hattis asked for clarification on price variation data. Ms. Sadownik stated that, for this study, the HPC employed 2012 data. Dr. Wrobel stated that the staff conducted a similar study in 2011 with identical results.

Dr. Hattis pointed out, under current incentives, consumers may have no incentive to consider the cost of care when choosing a hospital for a planned procedure.

Ms. Sadownik stated that the 2013 Cost Trends Report found that Massachusetts hospitals discharged patients to post-acute care at a rate 2.1 times the national average. She noted that this data was adjusted for patient characteristics, clinical conditions, and length of stay. The HPC estimates that, if Medicare patients in Massachusetts had the same post-acute care use as the U.S. average, the Commonwealth could save almost $400 million year on post-acute care.

Ms. Sadownik stated that Massachusetts post-acute care discharge patterns vary widely by hospital. She noted this reflects a pattern across all conditions.

Ms. Sadownik added that, relative to the nation, a higher percentage of joint replacement patients are discharged to institutional settings in Massachusetts. She elaborated that 50% of US Medicare patients are discharged to an institutional setting following joint replacement, compared to 70% in Massachusetts. Among working age commercial patients, 30% of Massachusetts patients are being discharged to a nursing home or another institutional setting following a joint replacement, compared to 18% nationally.

Ms. Sadownik stated that, when adjusted for risk, the percentage of patients discharged to an institutional setting following a joint replacement varies widely, suggesting differences in practice patterns by hospital, rather than patient mix differences.

Dr. Hattis asked whether this trend was evident in more than one observed year. Dr. Wrobel responded that the topic would be important to track over time and that the post-acute care market is rapidly changing.

Dr. Everett suggested that the HPC should frame this as an issue for future study in order to include further data for comparison. She stated this examination does not appear to yield any specific recommendations for provider practice.

Dr. Hattis stated that he would like to determine how much of the discharge variation is driven by orthopedists versus primary care physicians. Dr. Cutler stated that it would be helpful to discuss this topic with several hospitals.

Secretary Polanowicz stated that variation is driven by a myriad of different approaches. He noted that further examination should continue to explore the differences in length of stay and coverage policies for post-acute care.

Ms. Sadownik briefly reviewed findings on wasteful health care spending in Massachusetts in two areas: Medicare readmission and emergency department visits.

Ms. Sadownik briefly reviewed findings on high cost patients in Massachusetts. She stated that patients with high total medical spending for three consecutive years represent an important group for further examination. She added that results reinforced a focus on behavioral health and managing chronic conditions.

Ms. Sadownik briefly reviewed findings on behavioral health conditions in Massachusetts. She stated that, for specific medical conditions, the HPC's research identifies spending differentials between patients with and without behavioral health conditions. She noted the data challenges that the state faces when seeking to develop evidence-based policy for behavioral health.

Dr. Wrobel reviewed progress in aligning incentives to reduce health care cost while improving the quality of care in Massachusetts. She introduced alternative payment methods (APMs) and noted that this effort stalled among commercial payers in Massachusetts. She stated that, with strong payer and provider efforts in specific areas, APMs could cover 55% of members in 2016.

Dr. Hattis asked whether APMs included self-insured individuals. Dr. Wrobel answered in the affirmative.

Dr. Wrobel stated that there are many opportunities for the Commonwealth to expand APM coverage and strengthen implementation through: (1) aligning quality measures and other technical elements across payers, (2) ensuring that providers have the data they need to succeed, (3) offering targeted technical support to providers, (4) designing episode-based payment for selected conditions, and (5) continuing evaluation to determine which APMs are most effective in creating intended results.

Dr. Auerbach reviewed findings on demand-side incentives. He stated that well-designed insurance products offer incentives to employers and consumers to support value and patient-centered care. He added that adoption of limited network products is low in fully-insured commercial markets, but substantial in the Group Insurance Commission (GIC). Finally, he noted that Chapter 224 required payers and providers to publish price information for consumers and that continued progress would be needed.

Dr. Wrobel stated there is significant room for improvement around data transparency. She noted that this would be of particular importance when advancing the state's strategies for behavioral health.

After Dr. Wrobel concluded her presentation, Dr. Cutler asked for broad comments on the nature of conclusions and areas of examination to be discussed in the final report.

Chair Altman stated that Massachusetts is clearly ahead of the curve in terms of supply-side cost-containment initiatives, but that the demand-side initiatives would need to be significantly expanded. He also called up payers to step up and expand APMs to their PPO plans and expressed confidence that this change was possible.

Mr. Lord stated that he was struck by the increasing rate of inpatient discharges from AMCs versus community hospitals, especially when there were not wide variations in quality between the two. He stated that consumer education would be paramount in continuing to make progress in this area and that he would like to expand our knowledge of the use of price transparency tools.

Secretary Polanowicz stated that there is a perception in Massachusetts that primary and secondary care must be received at more prestigious institutions in order for them to be high quality. He said public attitudes and education in this arena must be examined further. Chair Altman agreed.

Dr. Cutler stated that the HPC should be very specific in its recommendations with timelines and achievable goals and assign responsibility for monitoring progress. He noted the need for improved data to inform future research and his belief that HPC should publish results for individual providers and identify the providers.

Ms. Yang stated that it is very important to have credible and robust data to inform this work. Our APCD is no longer the best in the nation. She commended the staff for their work on the

production of this report and encouraged ongoing examination of issues – such as emergency department boarding and use of tiered-network plans – before issuing the final report or in forthcoming white papers.

Dr. Everett stated that there should be a clear delineation within the report about areas where we are in a position to make recommendations and areas where more data is needed to inform policy decisions. Dr. Cutler stated that the HPC plans to draft white papers on specific issues to expand upon the latter type of areas and asked the staff to bring a list of potential topics to the January meeting.

Chair Altman stated that most of the spending growth is a result of price increases. He noted that this should be examined in depth through a white paper.

Dr. Hattis stated that the final report should include a series of actionable next steps and that the HPC should set goals for our own progress and achievements.

Dr. Cutler stated his excitement for further examination of these issues in the full report in January. Dr. Wrobel stated that the day's comments would be incorporated into the full report.

Ms. Sudders asked for clarification on additional data sources that the HPC would need to conduct its research. Dr. Wrobel responded that missing data included valid MassHealth in the APCD, MBHP behavioral health data in the APCD, and free-standing psychiatric hospitals in the discharge data She also noted the need for real-time data exchange among providers to inform care coordination and care delivery.

Seeing no further comment, Chair Altman moved to the next agenda item.

ITEM 5: Quality Improvement and Patient Protection (QIPP) Update

Ms. Sudders stated that the board would hear an update on the Office of Patient Protection's (OPP) 2013 Annual Report and proposed regulations governing ICU nurse staffing.

ITEM 5a: Office of Patient Protection (OPP) Annual Report.

Mr. Seltz stated that HPC released the OPP Annual Report in November 2014. The report examines data on external reviews, payer-specific appeals, and behavioral health claims. He noted that the entire report is available on the HPC's website.

Ms. Sudders stated that it would be interesting to see the impact of the new substance abuse law in a future OPP report.

ITEM 5b: ICU Nurse Staffing

Mr. Seltz provided a brief update on the HPC's legislative responsibility to create regulations governing nurse staffing in intensive care units (ICU). He stated the HPC is responsible for the formulation of an acuity tool, the development of public reporting methods for hospital compliance, and the identification of three to five patient safety quality indicators.

Mr. Seltz stated that the HPC held two listening sessions on the development of regulations. He added that the HPC has visited two ICUs and engaged a wide variety of stakeholders and industry experts in the process.

Mr. Seltz reviewed next steps for this process. He stated that the HPC would continue to engage stakeholders.

At this point, Ms. Turner left the meeting.

Mr. Lord asked if there is a specific timetable for completion of this process. Mr. Seltz stated that the regulatory process drives the timeline. He stated that, if the board approves draft regulations on January 20, then the final regulations would be proposed in late March or early April. He noted that the HPC is committed to taking the time necessary to develop robust and balanced regulations.

Seeing no further comment, Chair Altman moved to the next agenda item.

ITEM 6: Care Delivery and Payment System Transformation (CDPST) Update

Dr. Allen stated that the HPC has significantly expanded staffing in order to increase work on patient-centered medical home (PCMH) and Accountable Care Organization (ACO) certification programs. She introduced Ms. Ipek Demirsoy, Policy Director for Accountable Care, to provide a brief overview on this process.

ITEM 6a: PCMH/ACO Certification Programs

Ms. Demirsoy reviewed priority issue areas for CDPST. She stated that care delivery transformation initiatives, such as ACO and PCMH certification programs, would continue to play a large role. She added that the committee would focus on payment system transformation initiatives such as APM penetration, cross-payer alignment, and patient outcome/payment models alignment.

Ms. Demirsoy reviewed the HPC's proposed partnership with the National Committee for Quality Assurance (NCQA) to develop and implement the standards for the HPC's PCMH certification program. This process would benefit the HPC with a faster time to market, the ability to leverage NCQA's clinical and operation experience, a recognition of the roughly 30% of Massachusetts practices that already have NCQA certification, and an opportunity to influence national dialogue on PCMH certification.

Ms. Demirsoy reviewed a proposed structure for the certification program. She stated the program would consist of a two-tier system composed of and "best practices." She added that it would include providers of varying sizes.

Ms. Demirsoy stated that the HPC would make PCMH certification Massachusetts specific by modifying existing NCQA certification across four domains: (1) behavioral health, (2) resource

stewardship, (3) population health management, and (4) patient engagement. She stated that the HPC would involve a wide variety of stakeholders in the process to modify these standards.

Ms. Demirsoy reviewed the proposed timeline for certification. She stated that proposed criteria would be released for public comment in early February with the goal of finalizing design in late April.

Ms. Demirsoy reviewed the HPC's work on the ACO certification program. She stated that the HPC is currently researching and discussing the definition of an ACO. She added that there is an effort to make criteria less prescriptive and allow for significant innovation in the market.

Ms. Demirsoy reviewed the timeline for ACO certification. She stated that this timeline is aligned with the MassHealth ACO timeline and that the HPC's certification process is expected to begin in mid-August.

Ms. Demirsoy reviewed key priorities for payment reform in 2015, including the development of model payment structures for PCMH and ACO, engagement of payers and providers to encourage APM adoption, and significant inclusion of behavioral health in APM budgets. She added that this would be further detailed at the January 2015 board meeting.

ITEM 6b: Registration of Provider Organizations (RPO) Program

Given time constraints, Chair Altman tabled this agenda item.

ITEM 7: Community Health Care Investment and Consumer Involvement Update

ITEM 7a: CHART Phase 2 Awards (VOTE)

Dr. Hattis stated that, at the October 22, 2014 board meeting, the Commission voted to advance CHART Phase 2 investments for all awardees except for the hospitals in Hallmark Health System. He noted that the board opted to delay voting on Hallmark's awards until it had more information on the proposed acquisition of Hallmark by Partners HealthCare System. As such, the Hallmark hospitals were not authorized to begin the 90-day implementation planning period.

Mr. Seltz stated that the HPC is confident that the implementation period can now begin and asked for a motion to authorize a Phase 2 CHART Investment into Hallmark Health System. **Dr. Hattis** made the motion and **Dr. Allen** seconded.

Secretary Polanowicz asked for clarification on the motion. Mr. Seltz confirmed that the board was voting to authorize $100,000 initiation payment to two Hallmark hospitals. He stated that this was consistent with overall process. Chair Altman called the motion to a vote. Voting in the affirmative were the ten members present. There were no abstentions and no votes in opposition.

ITEM 8: Schedule of Next Commission Meeting

Following the conclusion of discussion of the final agenda item, Chair Altman announced the date of the next board meeting (January 20, 2015) and asked for any public comment. Seeing no comment, Chair Altman adjourned the meeting of the Health Policy Commission at 2:57 PM.