

# **MINUTES OF THE HEALTH POLICY COMMISSION**

**Meeting of February 8, 2017**

**MASSACHUSETTS HEALTH POLICY COMMISSION**

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**Date of Meeting:** Wednesday, February 8, 2017  
**Start Time:** 12:00 PM  
**End Time:** 3:00 PM

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	<b>Present?</b>	<b>ITEM 1: Approval of Minutes</b>	<b>ITEM 2: Executive Director Contract Renewal</b>	<b>ITEM 3: 2016 Cost Trends Report</b>	<b>ITEM 4: Performance Improvement Plan Regulation</b>
Carole Allen	X	2nd	X	X	M
Stuart Altman*	X	X	M	X	X
Don Berwick	A	A	A	A	A
Martin Cohen	X	X	X	M	2nd
David Cutler	X	X	X	X	X
Wendy Everett	X	M	X	2nd	M
Rick Lord	X	X	2nd	X	X
Ron Mastrogiovanni	X	X	X	X	X
Marylou Sudders	X	X	X	X	X
Kristen Lepore	X	X	X	X	X
Timothy Foley	X	X	X	X	X
<b>Summary</b>	<b>10 Members Attended</b>	<b>Approved with 10 votes in the affirmative</b>	<b>Approved with 10 votes in the affirmative</b>	<b>Approved with 10 votes in the affirmative</b>	<b>Approved with 10 votes in the affirmative</b>

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 Wednesday, February 8, 2017.

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

Dr. Altman called the meeting to order at 12:00 PM and welcomed those present.

## ITEM 1: Approval of Minutes from January 11, 2017

Dr. Altman solicited comments on the minutes from January 11, 2017. Seeing none, he called for a motion to approve the minutes, as presented. **Dr. Everett** made a motion to approve the minutes. **Dr. Allen** seconded. The minutes were unanimously approved.

## ITEM 2: Executive Director Contract Renewal

Dr. Everett provided an overview of the performance review she conducted of Executive Director David Seltz. She thanked Mr. Seltz for his leadership of the HPC.

Dr. Altman asked for comments or questions.

Secretary Sudders noted that it was the position of the current administration that agency heads not take salary increases at this time. She stated, however, that Mr. Seltz' position predated this position.

Dr. Altman called for a motion to authorize the Chair to enter into negotiations with Mr. Seltz to renew his employment contract. **Dr. Altman** made a motion to approve the contract. **Mr. Lord** seconded. The motion passed unanimously.

Dr. Altman thanked Mr. Seltz for his work on behalf of the Board.

Mr. Seltz thanked the Board.

## ITEM 3: Cost Trends and Market Performance

Dr. Cutler provided a brief overview of work completed by the Cost Trends and Market Performance (CTMP) Committee since the last meeting.

### ITEM 3a: Update on Notices of Material Change

Dr. Cutler introduced Ms. Katherine Mills, Policy Director for Market Performance, and Ms. Megan Wulff, Deputy Director for Market Performance. Ms. Wulff provided an update on new Material Change Notices (MCN) received by the HPC since the last Board meeting. For more information, see slides 9-12.

Mr. Lord asked whether the HPC was currently conducting a cost and market impact review (CMIR). Ms. Wulff responded that the HPC does not have a CMIR under review.

### **ITEM 3b: 2016 Cost Trends Report**

Dr. Cutler provided a brief introduction to the findings from the 2016 Cost Trends Report. He said that the Board would be asked to vote to authorize the Executive Director to release the report at the conclusion of the presentation. He noted that there would still be opportunities for the board to offer edits that would be incorporated into the final document.

Mr. Seltz provided a summary of findings from the 2016 Cost Trends Report. For more information, see slides 15-16.

Dr. Everett asked whether the HPC had investigated why premiums in Massachusetts had grown so significantly in 2016. Mr. Seltz responded that staff had been actively discussing this issue with the Division of Insurance (DoI), the Executive Office of Health and Human Services (EOHHS), and other state agencies. He said that, midway through 2015, it appears that rate filings increased dramatically.

Dr. Cutler said that this issue could be discussed at the next CTMP meeting.

Secretary Sudders said that the data on premium increases was stunning. She noted that the rate filings increased significantly over the period examined. She added that the weighted averages are much more helpful than just averages alone in examining the problem.

Dr. Altman said that price increases are generally used to examine rates of growth. He said that the HPC's finding on 2015 premium growth highlights that relative mix also drives overall spending.

Dr. Altman stated that one could see increases in total spending without an increase in price if patients move from lower-cost providers to higher-cost providers. He noted that Massachusetts patients use higher-cost settings more than people in other parts of the country.

Dr. Allen thanked Mr. Seltz for his summary of the Cost Trends Report findings. She emphasized the importance of focusing on the value of the health care being produced by the system and examining how these costs were being justified. She added that the Board should also focus on health care disparities.

Dr. Cutler said that, speaking to health care executives in Massachusetts, he has found that approximately 25% of health care spending in the Commonwealth is unnecessary. He identified this as a potential area for future research and potential cost savings.

Dr. Everett cited an Institute of Medicine (IOM) report from 2012 that estimated 50% of health care spending nationwide was wasteful. She added that, in more recent estimates, this number has come down but that wasteful spending is still significant.

Dr. Everett said that Mr. Seltz had done an excellent job of summarizing the report's findings. She said that the Board has to determine which issues should be prioritized, as outlined in on slide 17.

Secretary Sudders asked for clarification on why the average commercial premium increases were reported at 1.8 percent when insurance rate increases have been significantly above that. Dr. Cutler noted that a similar trend on the Affordable Care Act (ACA) exchanges was explained by the fact that people were switching plans when rates increased. Dr. David Auerbach, Director for Research and Cost Trends, said that this cause was cited in the Cost Trends Report.

Mr. Seltz said that averages and aggregates could mask important differences underneath the data. He said that the numbers from 2014 and 2015 include both individuals and employers in the insurance market.

Mr. Seltz led a discussion of the findings from the 2016 Cost Trends Report. For more information, see slides 17-30.

Dr. Everett asked whether the Special Commission on Provider Price Variation had considered a recommendation similar to the HPC's proposed policy priority to promote an efficient, high-quality health care delivery system through adherence to evidence-based care. Mr. Seltz responded that the HPC's policy priority is more focused on utilization. He noted that this priority has less to do with the price of services than with whether there are unnecessary services being ordered.

Regarding the HPC's proposed policy priorities to promote an efficient, high-quality delivery system, Dr. Altman stated that the Commonwealth could do three things: generate regulations, offer incentives to providers, and/or offer incentives to patients.

Mr. Seltz agreed. By way of example, he noted that the Commonwealth has a host of levers that could be used to influence readmissions.

Secretary Sudders added that the system had seen providers drive a number of trends, particularly in the realm of pain management. With a mix of regulatory, legislative, and public awareness levers, she pointed out that Massachusetts had decreased the amount of prescriptions for opioids by 15 percent.

Dr. Cutler reiterated the question of where the Board should focus its efforts to tackle the issues outlined in the report.

Secretary Sudders said that the Board should focus on issues seven, two, and four outlined in the slides.

Dr. Everett said the Board should highlight both issues it believes need attention and issues it would like to tackle as projects. She stated that she would recommend that the HPC focus on

unnecessary hospital use and other institutional care issues as these are areas in which the Board has authority and the ability to conduct research.

Dr. Cutler asked what precisely the HPC could do in this realm. Dr. Everett responded that the Board could examine what is working in other states and determine barriers to Massachusetts adopting these practices.

Secretary Sudders added that there is national data on readmissions against which the HPC could benchmark. She stated that the Board should adopt some themes and strategic focus on this topic moving forward.

Mr. Cohen agreed that readmission is a key issue. He added that there are also opportunities for the HPC to address behavioral health integration and health equity.

Dr. Allen noted that the HPC should not solely focus reducing readmissions. She highlighted the importance of making the population healthier and providing consumers with value-based care. She suggested strengthening health care options outside of hospitals.

Dr. Everett and Dr. Cutler noted that the issue of readmissions is closely tied to utilization and the need for community-appropriate care.

Mr. Lord noted that he was troubled that, after five years of trying direct care to more community appropriate settings, the trend was going in the wrong direction.

Mr. Foley said that reducing the rate of discharge to institutional care following hospitalization was an important area for further research that had been raised at the 2016 Cost Trends Hearing.

Dr. Cutler suggested that the Board also look closely at making the adoption and alignment of alternative payment methods (APMs) a key policy priority. He said that there was potential for a good deal of progress in this area.

Mr. Mastrogiovanni stated that making quality and price information more transparent is key to helping consumers make better decisions.

Secretary Sudders noted that Chapter 224 set benchmarks around APMs. She stated that the HPC could have a convening role around this issue.

Dr. Cutler asked Mr. Seltz what, if any, feedback on APMs he had heard from members of the HPC's Advisory Council. Mr. Seltz responded that Advisory Council members expressed an interest in aligning reporting requirements for APMs, particularly on the commercial side.

Dr. Allen noted that providers are often overburdened with administrative requirements. She added that it would be a huge accomplishment to establish an effective set of measures.

Dr. Altman said that the HPC's responsibility to make information available and point to areas in which improvements could be made.

Dr. Altman said that a lot of the concerns raised in the report went to the heart of how the system pays for care. He pointed to the way that facility fees had incentivized providers to keep care in the hospital setting and said that APMs could help address issues like this.

Dr. Cutler summarized the points that had been made so far.

Mr. Foley said that the Board may also want to highlight the impact of pharmaceutical spending on total cost.

Mr. Seltz thanked the Board for its input.

Dr. Altman called for motion to authorize the Executive Director to issue the 2016 Cost Trends Report. **Mr. Cohen** made the motion. **Dr. Everett** seconded. The motion passed unanimously.

Dr. Auerbach thanked the Research and Cost Trends (RCT) staff for their work on the report.

### ITEM 3c: 2018 Health Care Cost Growth Benchmark

Mr. Seltz provided a brief introduction the 2018 health care cost growth benchmark. He turned the discussion over to Ms. Lois Johnson, General Counsel, who provided an overview of the process for setting the 2018 health care cost growth benchmark. For more information, see slides 32-33.

Mr. Seltz provided background on the legislative development of the benchmark. For more information, see slides 34-35.

Dr. Allen asked for clarification on the rationale behind adjusting the benchmark for 2018. Mr. Seltz responded that the current structure for the benchmark reflects compromises made throughout the drafting of Chapter 224.

Dr. Cutler said that he believed that part of the rationality behind the adjustment was that, as efficiencies are realized over time, the benchmark should naturally move to a lower level.

Ms. Johnson continued to provide an overview of the benchmark. For more information, see slides 36-41.

Mr. Mastrogiovanni suggested adding the Massachusetts inflation rate to the list of factors to consider when contemplating a potential adjustment of the benchmark.

Dr. Altman said that, with regards to the benchmark, Chapter 224 failed to account for demographic changes and changes in enrollment.

Dr. Cutler added that the Board should also consider what the obstacles exist for organizations to meet the benchmark. He said that it was important to consider whether conditions in the Commonwealth had changed since the passage of Chapter 224 to a degree that the automatic reduction in the benchmark was no longer viable.

Mr. Mastrogiovanni suggested that the number must be set at a realistic level, particularly given the national environment, and that not meeting the benchmark consistently could be highly problematic for the state.

Ms. Peters said that she would caution against looking solely at performance to date when thinking about whether the benchmark should be adjusted. She said that the Board should examine specific reasons why the benchmark had not been met and use those factors to consider whether to adjust. She added that the important question is whether the system has the capacity to meet the lower benchmark rather than whether the higher benchmark has been met in the past.

Dr. Cutler asked Ms. Johnson to provide an overview of the March 8 hearing on the benchmark. Ms. Johnson said that the hearing would be an opportunity to hear presentations from experts on the health care environment as well as testimony from payers, providers, and members of the public with regard to a possible benchmark modification. She added that the Board would not be voting on the modification at the hearing.

Dr. Cutler said that the Board was slated to vote on the actual modification at the March 29, 2017 Board meeting.

Mr. Foley asked what the Legislature's timeline was to respond to the Board's decision. Ms. Johnson said that Legislature would be required to hold a hearing within 30 days of the Board decision to raise the benchmark and would then provide a recommendation to the General Court.

Mr. Seltz added that, were the Board to allow the benchmark to decrease to 3.1 percent, there would be no further action on the Legislature's part.

Dr. Allen asked whether this new Benchmark was for a single year. Ms. Johnson responded in the affirmative.

Dr. Cutler asked if there were further questions. Hearing none, he thanked Ms. Johnson.

### **ITEM 3d: Performance Improvement Plan Proposed Regulation (VOTE)**

Ms. Mills provided a brief introduction to the proposed regulation governing performance improvement plans (PIPs) and thanked the Board, stakeholders, and other agencies for their work on the regulation.

Ms. Kara Vidal, Senior Manager for Market Performance provided an overview of the PIPs regulation. For more information, see slides 43-54.

Secretary Sudders asked how staff had arrived at the 45 day requirement for filing a PIP, waiver, or extension request. The 45 day timeframe is set forth in statute. Ms. Vidal stated that, given the Executive Director's ability to authorize an extension of up to 45 days, the actual timeframe could be closer to three months.



Mr. Seltz pointed out to the Board that the HPC added language to the regulation highlighting the role of other state agencies in the review processes. He recommended including this proviso when it came time to vote on the proposed regulation.

Mr. Lord asked whether the regulation spells out what happens if the Board chooses not to approve a PIP. Ms. Vidal said that staff would review the regulation to ensure that this was explicitly spelled out. Mr. Seltz said that the regulation states that if a PIP is determined by the Board to be unacceptable, the entity will be notified and provided additional time for a resubmission.

Ms. Mills noted that one of the main goals of the process being proposed was continuous engagement with the Board.

Secretary Sudders asked at what point in the process it becomes a public discussion rather than engagement between staff, Board members, and the entity. Dr. Everett asked whether it would become public when it came to the Cost Trends and Market Performance Committee. Ms. Mills responded that it would become public at the point that the Board recommended that there be a PIP.

Secretary Sudders asked for clarity around the staff role versus the Board role and what would be discussed behind closed doors versus in public. She added that Chapter 224 had envisioned a very specific role for the Board members regarding PIPs.

Ms. Mills noted that staff is also proposing the issuance of a sample PIP form for public comment.

Dr. Altman summarized that the vote was not for the final regulation but to send the proposed version and forms out for public comment.

Dr. Altman called for motion to authorize the issuance of the proposed regulation on performance improvement plans and to direct the Cost Trends and Market Performance Committee to conduct a public hearing and comment period on the regulation. **Dr. Everett** made the motion. **Mr. Cohen** seconded. The motion passed unanimously.

Dr. Everett added that there is a component to PIPs regarding confidentiality on the part of entities. She said that this was something the Board would have to consider in the process of crafting the legislation. She said that when the final regulation came back to the Board, staff should highlight when certain information was kept confidential.

## **ITEM 4: Quality Improvement and Patient Protection**

Mr. Cohen provided a brief introduction to the Quality Improvement and Patient Protection (QIPP) section of the meeting.

### **ITEM 4a: Office of Patient Protection (OPP) Annual Report**

Mr. Cohen turned the discussion over to Ms. Johnson and Mr. Steven Belec, Director of the Office of Patient Protection (OPP). Mr. Belec provided an overview of the 2015 OPP Annual Report. For more information, see slides 57-63.

Dr. Altman thanked Mr. Belec for his presentation.

## **ITEM 5: Community Health Care Investment and Consumer Involvement**

Mr. Lord provided a brief introduction to the Community Health Care Investment and Consumer Involvement (CHICI) presentation.

### **ITEM 5a: CHART Phase 2 Update**

Mr. Seltz provided an update on CHART Phase 2. For more information, see slides 66-69.

### **ITEM 5a: CHART Phase 3**

Mr. Seltz provided an overview of the CHART Phase 3. For more information, see slides 71-87.

Dr. Allen said that she was concerned with services being unnecessarily medicalized. She said that this was something to keep in mind and be cautious about moving forward. She added that it is important to consider the role of the medical home and primary care, as well.

Dr. Everett said that it was heartening to see many examples from CHART Phase 2 that were well-integrated into their communities. She said that sustainability was important for these CHART models but that the HPC should also take into account spread and scale when looking at how these programs could be replicated across the state.

Dr. Cutler asked whether a return on investment (ROI) calculation was being conducted on CHART Phase 2. He said that showing the financial viability of these programs might help to ensure their long-term sustainability.

Mr. Seltz said that staff had engaged with the Boston University School of Public Health (BUSPH) to carry out a full evaluation of CHART Phase 2. He said that strategic planning money had been set aside in CHART Phase 2 to assist entities in examining their programs' ROI and strategies for long-term implementation.

Mr. Seltz added that some hospitals had already committed to continuing these programs even without funding from the HPC as they meet important needs for their populations.

Mr. Foley suggested that consideration of the health care workforce might be an important factor to take into account in future grants.

Dr. Allen said that part of the ROI would have to be in the health care workforce itself. She noted that, if a staff's higher morale translated into better outcomes for patients, then that would be a part of the ROI. She added that the health system capabilities outlined on slide 73 represented some of the most important takeaways from the presentation.

Mr. Seltz agreed and said that it was important to look at all of the infrastructure and capabilities that go into being successful when it comes to accountable care. He said that, as a part of the evaluation with BUSPH, staff was conducting an extensive qualitative evaluation. Early findings demonstrate that CHART programs had been highly successful in breaking down silos both within hospitals themselves and between hospitals and their communities.

Ms. Peters said that part of the conversation should be how the HPC strategically promotes some of the positive outcomes from these programs.

Mr. Lord asked if there were further questions or comments. Hearing none, he thanked Mr. Seltz and the staff.

## **ITEM 6: Executive Director's Report**

Mr. Seltz provided a brief overview of his Executive Director's report. For more information, see slides 92-97.

## **ITEM 7: Schedule of Next Meeting**

Dr. Altman adjourned the meeting 3:00 PM. The next Board meeting is scheduled for March 29, 2017.