

**MINUTES OF THE HEALTH POLICY COMMISSION**

**Meeting of July 26, 2017**

**MASSACHUSETTS HEALTH POLICY COMMISSION**

**Date of Meeting:** Wednesday, July 26, 2017  
**Start Time:** 12:06 PM  
**End Time:** 2:23 PM

	<b>Present?</b>	<b>ITEM 1: Approval of Minutes from March 29, 2017</b>	<b>ITEM 2: Continuation of Cost and Market Impact Review</b>	<b>ITEM 3: FY2018 Operating Budget</b>
Carole Allen	X	M	X	X
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	X	X	M
Timothy Foley	X	2nd	X	2nd
Rick Lord	A	A	A	A
Ron Mastrogiovanni	X	X	X	X
Sec. Marylou Sudders	X	X	X	X
Sec. Kristen Lepore	X	X	X	X
<b>Summary</b>	<b>9 Members Attended</b>	<b>Approved with 9 votes in the affirmative</b>	<b>Approved with 9 votes in the affirmative</b>	<b>Approved with 9 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, July 26, 2017.

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

Dr. Altman called the meeting to order at 12:06 PM and welcomed those present.

### ITEM 1: Approval of Minutes from March 29, 2017

Dr. Altman solicited comments on the minutes from March 29, 2017. Seeing none, he called for a motion to approve the minutes. **Dr. Allen** made a motion to approve the minutes. **Mr. Foley** seconded. The minutes were unanimously approved.

### ITEM 2: Cost Trends and Market Performance

Dr. Cutler provided an update on activities by the Committee since the last Board meeting. He introduced three items for the day's review.

#### ITEM 2a: Update on Notices of Material Change

Ms. Megan Wulff, Deputy Policy Director for Market Performance, reviewed updates on Notices of Material Change. For more information, see slides 8-10.

Mr. Cohen asked what “non-clinical assets” referred to on the material change notice concerning Reliant Medical Group and OptumCare. Ms. Mills responded that “non-clinical assets” were under review and that the HPC hoped to have more information at a later meeting.

Mr. Foley asked whether the HPC had received complete applications for the three pending notices of material change. Ms. Wulff said that none of the applications were complete at the time of the meeting. Mr. Seltz added that, once received, the HPC had one month to review the complete notices and decide whether to proceed with a cost and market impact review (CMIR).

Ms. Kate Mills, Policy Director for Market Performance, presented on the recommended CMIR on the proposed acquisition of Massachusetts Eye and Ear Infirmary (MEEI) and its subsidiaries by Partners HealthCare System. For more information, see slide 11.

Dr. Allen asked for clarification on whether a binding agreement would be set in place should an entity claim it would not charge a facility fee. Mr. Seltz said that it would not be a legally binding commitment. Ms. Mills added that commitments are made publicly and that the HPC could review such claims overtime. Dr. Cutler noted that the HPC could also use testimony at the Annual Cost Trends Hearing (CTH) to gauge the performance of transactions reviewed by the HPC.

## ITEM 2c: Continuation of Cost and Market Impact Review

Dr. Cutler tabled the discussion on performance improvement plans (PIPs) until later in the meeting. He asked Ms. Mills to provide an overview of the proposed CMIR.

Ms. Mills discussed the review process for material change notices and CMIRs. For more information, see slide 22.

Ms. Wulff reviewed background information on Partners HealthCare System and MEEI. For more information, see slides 23-26.

Dr. Altman asked for clarification on the parties' suggestion that they would "achieve market competitive rates for MEEI physicians in contracts not already negotiated by Partners." Ms. Wulff said that that statement would be reviewed throughout the CMIR process.

Ms. Mills discussed the factors for review in a CMIR. For more information, see slides 27-29.

Dr. Altman asked for clarification on what would happen if MEEI and Partners merged since MEEI is included in tiered network plans while Partners is not. Mr. Seltz responded that the HPC would examine this question through its review.

Mr. Mastrogiovanni suggested retrospectively reviewing acquisitions and measuring the global impact on care in Massachusetts. Mr. Seltz agreed. He said that the consolidation of care into major systems had been reviewed at previous Cost Trends Hearings. Mr. Seltz added that there have been significant consolidations proposed over the past five years that merit review.

Dr. Allen suggested analyzing the impact of consolidation on specific populations. She asked for clarification on the anticipated impact of the proposed transaction on the pediatric population. Mr. Seltz responded that the HPC would examine the profile of services as well as different demographic and payer populations offered by MEEI.

Dr. Cutler asked when the HPC would issue the preliminary report on this proposed transaction. Ms. Mills responded that the preliminary report would be issued by early November 2017.

Dr. Cutler clarified that the parties would then have time to respond to this report. Mr. Seltz replied in the affirmative, noting that the HPC has already been in communication with the parties to request additional information.

Dr. Altman called for a motion to authorize the continuation of the CMIR on the proposed material change to Partners HealthCare System and Massachusetts Eye and Ear Infirmary. **Mr. Cohen** made the motion. **Dr. Cutler** seconded it. The motion passed unanimously.

## ITEM 2d: Performance Improvement Plans

Dr. Cutler returned to the discussion on PIPs. Dr. Altman asked staff to provide a brief summary of the PIPs review process.

Mr. Seltz stated that Chapter 224 lays out a process for the HPC to review entities that have been identified by the Center for Health Information and Analysis (CHIA) as excessively contributing to health care spending growth in the Commonwealth. He noted that entities identified by CHIA will remain confidential until such time that the HPC votes to require a PIP.

Mr. Seltz stated that, after reviewing these entities, the HPC must decide whether to require a PIP. He added that not all entities identified on CHIA's list will automatically be required to submit a PIP. Mr. Seltz stated that a PIP must include proposed steps taken by the entity (either a provider or health plan) to address its spending cost drivers. Under the law, a PIP is developed by the entity and submitted to HPC for approval.

Mr. Seltz stated that PIPs are significant because they act as the accountability measure for the health care cost growth benchmark. He noted that the HPC's authority to require a PIP had a delayed effective date, meaning that this is only the second year in which the HPC was completing the review process.

Ms. Kara Vidal, Senior Manager for Market Performance, discussed the new methodology that CHIA is using to refer entities to the HPC as well as some summary findings from the HPC's review. For more information, see slides 13-20.

Dr. Everett asked for clarification on CHIA's referral methodology outlined on slide 14. Ms. Vidal stated that CHIA examines each of a payer's books of business (i.e., Commercial, Medicare Advantage, or Medicaid Managed Care) separately, and makes a determination as to whether the entity's performance is referable in that book of business. A payer is referred to the HPC if it meets either of the CHIA pathways for referral for any of its books of business.

Dr. Everett asked if the HPC would review each provider for the multiple payers. Ms. Vidal responded that CHIA's methodology does review each provider for multiple payers. She stated that providers would be referred to the HPC for each book of business in which they had significant HSA TME growth. She noted that, to determine whether a provider had a "Level of HSA TME greater than or equal to the 75<sup>th</sup> percentile of the payer network average," CHIA would examine all providers who had a commercial contract with Payer A and determine if the provider's level of health status adjusted total medical expenses (HSA TME) fell in the 75<sup>th</sup> percentile or higher.

Dr. Everett asked about analyzing providers who had four books of business. She wondered if providers could fall in the 75<sup>th</sup> percentile for one book of business or for all books of business. Ms. Vidal said that CHIA applies a methodology to each individual book of business. She said that providers could be referred for one book of business or multiple.

Mr. Seltz offered an example to the Board to provide clarity on the review process.

Dr. Cutler noted that the HPC's process is intended to be a gated review, in which all identified organizations undergo analysis and only those with excessive cost growth are required to complete a PIP.

Dr. Altman clarified that this review process would include an examination of both smaller and larger health care entities to ensure that the overall system meets the health care cost growth benchmark.

Mr. Seltz noted that size, level, and trend were significant when reviewing entities. He clarified that a book of business is the combination of the health plan (e.g., BCBS, THP, HPHC) and the insurance type (i.e., Commercial, Medicare Advantage, Medicaid Managed Care).

Referencing slide 18, Dr. Altman noted that Medicare and MassHealth place limits on prices and usually fall below the benchmark. He said that utilization could cause these payers to exceed the benchmark. He asked if public insurance typically faced utilization issues. Ms. Vidal responded that price was less of a factor for public insurance. She stated that this year would be complex for MassHealth because of the 2013-2014 Commonwealth Care transitions in the population.

Mr. Foley asked how many referrals the HPC would have made in 2016 if it applied the proposed 2017 review process. Ms. Vidal said that while the HPC has not applied CHIA's new methodology to the 2016 list, the new referral pathways generated only two additional provider books of business in 2017 but did not increase the total number of providers who were referred.

Mr. Foley asked how many of same entities were found on both the 2012-2013 and 2013-2014 lists. Ms. Vidal said that 18 of the 20 entities that were named in 2017 were also named in 2016.

Dr. Everett suggested adding more detail to slide 19 on those specific issues.

Mr. Seltz said that the agency had conducted the preliminary review of CHIA's list in hopes of sharing it with Board members. He stated that the HPC is required to send notice to all entities if their names are found on CHIA's list.

Dr. Cutler provided a brief summary of last year's review of the entities identified on CHIA's list.

### **ITEM 3: Strategic Direction Discussion**

Mr. Seltz introduced the proposed strategic priorities for the HPC. He asked for feedback from the Board on the proposed strategic direction. For more information, see slides 32-42.

Dr. Altman stated that the framework matches what he envisions for the HPC. He noted the importance of dually focusing on decreasing health care spending and investing in innovative care delivery solutions.

Mr. Mastrogiovanni suggested a focus on quality and access.

Mr. Cohen said that it was a logical framework. He noted that payers are not included on slide 33 under "promoting an efficient, high-quality system with aligned incentives." He asked whether

payers were deliberately left out of this policy priority. Mr. Seltz responded that it was not deliberate and that the slide would be amended to include payers.

Dr. Cutler asked Mr. Seltz how he would grade the agency's work thus far. Mr. Seltz said that the HPC's work is a partnership with the health care industry to meet outlined goals. He said that the Commonwealth has work to do on the shift in payment reform as providers are still divided between the fee-for-service model and value-based framework. He added that the HPC should continue to push forward in that area. Mr. Seltz stated that the HPC had had a tremendous impact in terms of market transparency.

Dr. Everett stated that the HPC's Health Care Innovation Investments (HCII) had been successful even though many projects were still in progress. She noted that the agency should continue to invest funds to enable providers to pilot better ways to deliver care.

Mr. Seltz agreed that the HPC has had tremendous success in its investment programs. He said that the priority moving forward is scaling and disseminating lessons learned from the HPC's grant programs to a broader audience.

Dr. Altman noted that the role of the HPC was to provide information to the public on the status of health care cost containment in the Commonwealth. He stated that the HPC, as a non-regulatory agency, does not have control over many of the issues that it monitors.

Dr. Altman suggested that the HPC should compare Massachusetts to U.S. trends to better understand the state's performance against the benchmark in the context of the larger national health care conversation. Dr. Altman noted that the HPC has the responsibility to educate the public on the benchmark. He stated that the Commonwealth should not aim to meet the benchmark at the expense of providing high-quality care to residents.

Mr. Seltz reiterated that the HPC's ultimate goal is to contain total health care spending growth, but that this goal cannot come at the expense of quality or access.

Dr. Allen suggested analyzing the inefficiency of the health care system and proposing new, innovative ways to become more efficient. She noted that focusing on payment reform alone risks perpetuating the problem of institutional inefficiency.

Mr. Mastrogiovanni stated that the HPC is highly motivated and devoted to cost containment. He suggested that the HPC should consider how it can be innovative to increase the quality of care while managing annual increases in cost.

Referencing slide 37, Mr. Seltz asked the Board what broad areas they would suggest focusing on to influence the health care market in a positive way.

Dr. Altman stated that the HPC needs to find a way to translate efficiencies into lower spending.

Dr. Allen suggested focusing on reducing provider practice variation, gaining a better understanding of the standardization of care, and redirecting community-appropriate care. She noted that the HPC should analyze community care to better understand how the Commonwealth could provide needed resources to the community.

Mr. Seltz reviewed slide 38, which outlined key HPC activities to achieve the goals outlined on slide 37.

Dr. Altman suggested adding “Right Provider” to the title on slide 38. He noted that the HPC should also conduct research to compare Massachusetts and the U.S. to other countries. Mr. Seltz agreed on the importance of selecting the right provider. He stated that the HPC has conducted research on the role of advanced nurse practitioners and dental therapists. He added that Governor Baker had filed legislation to expand roles in those areas.

Dr. Cutler asked for clarification on the impact of these strategic priorities on the HPC’s day-to-day operations. Mr. Seltz said that the HPC sought to create a work plan that explained how different activities could feed into certain strategic goals. He noted that this work plan could be tracked and evaluated over time. He noted that the goal of this exercise was to determine, with the Board, which areas the HPC should focus on and then develop an action plan and targets for work in those areas.

Dr. Everett said that this process will help the HPC focus its work on the problems and themes that have emerged over the past four years. She stated that the Board should determine which areas the HPC could proactively help tackle in the next one to two years.

Undersecretary Moore added that, from the perspective of the Executive Office of Health and Human Services, the HPC is incredible to work with. She suggested being cognizant of duplicating projects across state government. She noted that the HPC should keep other agencies in mind when targeting areas for future work and emphasized the significance of having an implementation plan.

Mr. Seltz agreed that it was important to think about how the state could collectively use its resources.

Mr. Cohen asked about the impact of these strategic priorities on the HPC’s committee structure. Mr. Seltz responded that there could be a potential restructuring of committees later this year.

Dr. Cutler suggested analyzing the HPC’s strategic priorities to determine the amount of control and impact the agency could have in these areas. He stated the HPC should think about the 2017 Cost Trends Hearing as a forum through which the HPC can clearly articulate and benchmark its strategic goals.

Mr. Foley suggested reviewing the impact of the cost of the health care system on low-income individuals. He emphasized the need to engage the health care workforce about issues like readmissions and strategies to reduce cost in institutions.



Ms. Peters suggested choosing one to two topics from each focus area where the agency could be a driver in the state.

### **ITEM 3a: 2017 Cost Trends Hearing Discussion**

Mr. Seltz outlined potential themes for the 2017 Cost Trends Hearing. For more information, see slides 45-47. He asked Board members for feedback on themes for the 2017 Hearing.

Dr. Allen suggested adding a focus on the impact of administrative burden on the provider community. She noted the importance of recognizing the impact of this burden on the health care workforce and the quality of care provided. She stated that solutions to this problem vary from technology to staffing models.

Dr. Cohen suggested a focus on post-transaction review as it relates to the reduction of institutional care and the shift from high-priced providers to community providers. He noted that the HPC should ask questions about successes and failures in this area.

Dr. Everett suggested that the Board work to finalize the HPC's strategic goals in advance of the Hearing to better focus the discussion. She suggested creating a panel that focuses on a problem within each strategic area to better understand where the Commonwealth stands and what the state could do to address the problem. She noted the importance of inviting experts who have solved the problem to sit on such a panel.

Mr. Seltz said that HPC continues to have new data insights that the agency could use as a launching pad for these conversations.

### **ITEM 4: Administration and Finance**

Mr. Seltz stated that the HPC's Administration and Finance Committee approved the FY2018 Operating Budget.

Mr. Seltz and Ms. Coleen Elstermeyer, Deputy Executive Director reviewed the proposed budget for the Board. For more information see slides, 50-60.

Dr. Altman asked if there were any further comments. None were heard. He called for a motion to approve the HPC's FY2018 operating budget. **Dr. Everett** made the motion. **Mr. Foley** seconded it. The motion passed unanimously.

### **ITEM 5: Executive Director's Report**

Mr. Seltz provided a brief introduction to his Executive Director's report.

#### **ITEM 5a: Summer Activities at the HPC**

Mr. Seltz and Ms. Elstermeyer reviewed summer activities at the HPC. For more information, see slides 63-64.

#### **ITEM 5b: DataPoints**

Mr. Seltz introduced Ms. Natasha Reese-McLaughlin, Senior Manager for Research and Cost Trends, to discuss HPC DataPoints, a new interactive HPC website to release timely data. For more information, see slides 66-71.

Referencing slide 69, Dr. Altman asked for clarification on the state's opioid rate. Ms. Reese-McLaughlin said that Massachusetts had the highest rate of opioid-related emergency department (ED) visits per population and second highest rate of patient stays in the country.

Noting that Massachusetts does not have the highest incidence of opioid abuse, Dr. Altman asked whether this data indicated that Massachusetts was more likely to treat opioid abuse patients in the ED. Ms. Reese-McLaughlin said that that was correct. She mentioned that the state's rate of ED use was 1.5 times higher than the second highest state. Mr. Seltz stated that, in 2014, Massachusetts was number one in terms of people going to the ED for opioid-related conditions per 100,000 people.

Dr. Altman asked for clarification as to whether the high rate of ED use was a positive, given that people are seeking care, or a negative, given that they are lower cost options available to patients.

Undersecretary Moore stated that the Commonwealth must consider the question of statewide access to treatment.

Mr. Seltz agreed that the Commonwealth must ask where it could provide treatment to individuals and how to connect patients to treatment outside of the hospital. He noted that the data presented is from 2015. Mr. Seltz said that it was important to continue to track these trends moving forward.

Referencing slide 69, Dr. Cutler noted that the rates of opioid-related discharges seemed highest in areas not served by a large hospital. Ms. Reese-McLaughlin clarified that the data was mapped by patient zip code and not where care was received.

Mr. Cohen noted that Tableau and heat maps are good tools to examine opioid use on a community level.

Dr. Everett said that the increasing trends require further investigation.

Dr. Altman said the trends are more striking when examining the data by age distribution. He asked if anyone had any further questions. None were heard.

### **ITEM 5c: Certification Programs**

Mr. Seltz tabled the presentation on the HPC's certification programs due to time constraints.

### **ITEM 5d: Investment Programs**

Mr. Seltz tabled the presentation on the HPC's investment programs due to time constraints.

### **ITEM 6: Schedule of Next Meeting**

Dr. Altman adjourned the meeting 2:23 PM. He announced that the next Board meeting would be held on September 13, 2017.