

MINUTES OF THE HEALTH POLICY COMMISSION

Meeting of May 22, 2014

MASSACHUSETTS HEALTH POLICY COMMISSION

THE HEALTH POLICY COMMISSION

Docket: Thursday, May 22, 2:00PM

1. Approval of Minutes from April 16, 2014 (VOTE)
2. Executive Director Report
3. Care Delivery and Payment System Reform Update
 - a. Update on Patient-Centered Medical Home Certification Program
 - b. Update on Registration of Provider Organization Program (RPO)
4. Quality Improvement and Patient Protection Update
5. Community Health Care Investment and Consumer Involvement Update
 - a. CHART Phase 2 Framework (VOTE)
6. Cost Trends and Market Performance Update
 - a. Material Change Notices (MCN)
 - b. Final Report on Cost and Market Impact Review (VOTE)
7. Schedule of Next Commission Meeting (July 2, 2014)

Health Policy Commission

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

Date of Meeting: Thursday, May 22, 2014

Beginning Time: 2:10 PM

End Time: 3:45 PM

Board Member	Attended	ITEM 1	ITEM 5a	ITEM 6b
		Approval of Minutes from May 22	Approval of RFP Issuance for CHART Phase 2	Approval of Final CMIR on Lahey-Winchester Transaction
Carole Allen	Yes	Yes	Yes (2 nd)	Yes (2 nd)
Stuart Altman*	Yes	Yes	Yes	Yes
David Cutler	Yes	Yes	Yes	Yes (M)
Wendy Everett	No	A	A	A
Paul Hattis	Yes	Yes	Yes (M)	Yes
Rick Lord	Yes	Yes (M)	Yes	Yes
John Polanowicz	Yes	Yes (2 nd)	Yes	Yes
Glen Shor (Kim Haddad)	Yes	Yes	Yes	Yes
Marylou Sudders	No	A	A	A
Veronica Turner	No	A	A	A
Jean Yang	Yes	A	Yes	Yes
Summary	8 Members Attended	Approved with 7 votes in the affirmative	Approved with 8 votes in the affirmative	Approved with 8 votes in the affirmative

*Chairman

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

PROCEEDINGS

A regular meeting of the Massachusetts Health Policy Commission was held on Thursday, May 22, 2014, at 2:00 PM in the Gardner Auditorium of the Massachusetts State House in Boston, MA.

Commissioners present included Dr. Stuart Altman (Chair); Dr. Carole Allen; Dr. David Cutler; Dr. Paul Hattis; Mr. Rick Lord; Ms. Kim Haddad, designee for Mr. Glen Shor, Secretary, Executive Office of Administration and Finance; and Mr. John Polanowicz, Secretary, Executive Office of Health and Human Services.

Ms. Jean Yang arrived late.

Dr. Wendy Everett, Ms. Veronica Turner, and Ms. Marylou Sudders were not present at the meeting.

Chair Altman called the meeting to order at 2:10 PM and reviewed the agenda.

ITEM 1: Approval of the Minutes from the April 16, 2014 Meeting

Chair Altman solicited comments, additions, or corrections to the minutes from the April 16, 2014, board meeting.

Chair Altman called for a motion to approve the minutes as presented. **Mr. Lord** 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 the April 16, 2014 meeting.

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

ITEM 2: Executive Director Report

Dr. Altman introduced Mr. David Seltz, Executive Director of the Health Policy Commission. Mr. Seltz noted that there were two major items on the agenda for the day: a discussion of the CHART Phase 2 framework and a discussion of the final cost and market impact review (CMIR) of the Lahey/Winchester transaction. He stated that this is the second CMIR completed by the HPC and reflects an ongoing commitment to greater transparency and consumer engagement in the health care market.

Ms. Seltz stated that Committee members would also provide brief updates on the patient-centered medical home (PCMH) certification and registration of provider organization (RPO) program. He announced upcoming HPC meetings, including the Cost Trends and Market Performance (CTMP) and Community Health Care Investment and Consumer Involvement (CHICI) Committees on Wednesday, June 4 and Quality Improvement and Patient Protection (QIPP) and Care Delivery and Payment System Transformation (CDPST) Committees on Wednesday, June 11. He stated that the board would next convene at One Ashburton Place on Wednesday, July 2.

Mr. Seltz provided an update on the status of the HPC's first CMIR, which assessed the proposed acquisitions of South Shore Hospital and Harbor Medical Associates by Partners Healthcare System. He noted that the board approved the final report in February and referred the transaction to the Office of the Attorney General (AGO). He stated that the HPC found that the transaction would increase overall health care costs.

Mr. Seltz stated that the AGO had reached a tentative agreement with Partners Healthcare System on this transaction. He stated that agreement of the parties is pending and, as such, many terms of the

agreement are not yet public. Mr. Seltz stated that the announced agreement would allow Partners to continue its proposed acquisition of South Shore Hospital and Harbor Medical Associates as well as Hallmark Health Systems. He stated that the HPC's preliminary CMIR on Partners' acquisition of Hallmark Health System would be released in July. Mr. Seltz stated that the AGO's agreement with Partners includes a caveat that would allow the Attorney General to seek additional relief based on the HPC's findings and analysis of the proposed Hallmark transaction. Mr. Seltz emphasized that nothing within the AGO's agreement would hinder the HPC's continued statutory duties to review notices of material change (MCN), complete CMIRs, and monitor the performance of provider organizations to achieve the state cost growth benchmark.

Chair Altman thanked Mr. Seltz for this update. He stated that the HPC had fulfilled its statutory duties by issuing a CMIR on this transaction and referring it to the AGO. He stated that the law had worked just as it was intended. Dr. Altman stated that the HPC's role had been analytical and technical. Chair Altman stated that the HPC would continue its independent review of Partners' proposed acquisition of Hallmark Health Systems to assess its overall impact on health care cost growth and access in the Commonwealth.

Dr. Hattis thanked Chair Altman for his comments and commended the HPC's carefully thought out role in this matter. He commended the AGO for their thoughtful and groundbreaking work within the health care market in recent years. In a prepared statement (inserted below), he outlined three hopes for the continued interaction of the HPC and the AGO:

1. That the draft written agreement between the AG and Partners Healthcare be made available for review by the HPC before it goes in front of a judge as part of the consent decree process. Ideally, both the AG and Partners would support such a decision and perhaps, together participate in a discussion with the HPC about the details of such an agreement at a hearing to take place before any court proceeding.
2. That the AG-Partners agreement expressly allows the AG to pursue modifications of the consent decree if the findings identified by the HPC in its CMIR of the Hallmark Health Transaction are significant enough such that the AG determines that pursuit of modifications are warranted.
3. Further, as the AG-Partners agreement will cover some number of 'material change' activities, Chapter 224 requires that the HPC be given notice and, as appropriate, these activities could be assessed as requiring a full CMIR. Therefore it is my hope that the AG-Partners agreement expressly allows the AG to pursue future modifications of the consent decree if the findings flowing from these future CMIRs are significant enough such that the AG determines that pursuit of modifications are warranted.

Commissioners discussed the potential for a public review of the agreement between the AGO and Partners Healthcare System. Mr. Seltz thanked the Commissioners for their comment and stated that this is new for the entire Commission. He added that he and Ms. Lois Johnson, General Counsel, would continue to explore this situation and inform future dialogue.

Chair Altman moved to the next agenda item.

ITEM 3: Care Delivery and Payment System Transformation Update

Chair Altman introduced Dr. Carole Allen, Chair of the Care Delivery and Payment System Transformation (CDPST), to give an update from the Committee.

ITEM 3a: Update on Patient-Centered Medical Home Certification Program

Dr. Allen stated that the Committee met on May 12, 2014, to review public comments on the criteria for the patient-centered medical home (PCMH) certification program. She reminded commissioners that the HPC's approach to PCMH focuses on high-value elements that would streamline the certification process and eliminate unnecessary administrative burden. She noted that the Committee has highlighted the need for the integration of behavioral health into the PCMH certification criteria.

Mr. Seltz stated that the Committee had an in-depth discussion on the balance of meeting high value criteria and removing complexities and administrative burden on practices. He stated that, while this is a voluntary program, the state has many grant programs in place that give preference to practices that are PCMH-certified.

Dr. Allen stated that 38 stakeholders offered public comment. Following the comment period, the Committee considered two major changes in approach: (1) the inclusion of a fast track certification process for organizations that already have third-party certification and (2) the creation of a two-tier certification pathway rather than a three-tier pathway. She noted that neither of these changes are designed to diminish the value or rigor of the HPC's certification process.

Dr. Allen outlined the proposed two-tier certification pathway. She stated that standards could be met on an "Advanced" tier, obtained by meeting 24 criteria, or an "Advanced Plus" tier, obtained by meeting the "Advanced" criteria and 12 additional criteria. She stated that the Committee is continuing to refine definitions and measurements for these criteria.

Dr. Allen stated that the Committee would continue its work in conjunction with the HPC staff, outside consultants, stakeholders, and members of the public.

Mr. Seltz stated that the HPC staff is working on a market scan of commercial payers and their work on payment initiatives, as requested by Dr. Cutler at the CDPST meeting.

Chair Altman thanked members for their continued work on this initiative.

ITEM 3b: Update on Registration of Provider Organization Program

Dr. Allen introduced Mr. Iyah Romm, Director for System Performance and Strategic Investment, to provide an update on the Registration of Provider Organization (RPO) program.

Mr. Romm stated that the Committee made significant progress on the RPO program since the last board meeting. He noted that the HPC released a draft Data Submission Manual (DSM) for public comment on April 2, 2014. He stated the DSM describes all the data that providers would be required to submit under the program. He added that the DSM incorporates public comments from seventeen organizations across the Commonwealth.

Mr. Romm provided a brief summary of comments offered during the public comment period and their resulting impact on the regulations. He stated that, as a result of comments, the HPC has proposed dividing the initial registration for the program into two stages. He stated that public comment also included suggestions for a revised registration timeline, additional training on the registration process, an appeals process, and clarification on the types of changes that an RPO would have to report in-between biannual registration cycles.

Mr. Romm outlined an implementation timeline for the RPO program. He stated that the HPC staff would present final regulations to the board in July. He stated that the RPO program is on track to begin in the fall of 2014.

Chair Altman moved to the next agenda item.

ITEM 4: Quality Improvement and Patient Protection Update

In the absence of Ms. Marylou Sudders, Chair of the QIPP Committee, Mr. Seltz provided an update on the Committee's activities. He stated the Committee has continued its broad work on behavioral health integration. He stated that the House of Representatives included funding in its FY15 state budget for the HPC to undertake additional behavioral health initiatives. He noted that the Senate was currently debating similar funding. He added that the HPC and the Committee would monitor these developments closely.

Chair Altman moved to the next agenda item.

ITEM 5: Community Health Care Investment and Consumer Involvement Update

Dr. Hattis, Chair of the Community Health Care Investment and Consumer Involvement (CHICI) Committee, provided an update on the Committee's work. He stated that the Committee met on May 21, 2014, to discuss the framework for CHART Phase 2. He noted the Committee indicated its enthusiasm and support for the framework. He also noted that the Committee also discussed a community hospital study to be performed by the HPC.

ITEM 5a: CHART Phase 2 Framework

Mr. Seltz introduced Mr. Romm to present further on the CHART Phase 2 framework.

Mr. Romm summarized key design elements for CHART Phase 2. He stated that the proposed framework allowed up to \$60 million in total funding with tiered, multi-year opportunities across eligible hospitals. He noted that awards would be capped at \$6 million per hospital over two years. He stated that projects would be within one of three outcome-oriented aims and include work on emerging technology and project sustainability.

Mr. Romm stated that a core element of Phase 2 is leveraging partnerships among community organizations, hospitals, and other stakeholders.

Dr. Allen expressed hope that the HPC would consider non-health entities for community partnerships. She indicated these could be school-based programs or other initiatives outside the provider realm. Mr. Romm stated that this framework includes the ability for collaboration with both providers and non-providers.

Secretary Polanowicz stated that the Department of Public Health (DPH) had just dispersed investments through the Prevention and Wellness Task Force. He highlighted examples for community partnerships from this program. Mr. Romm responded that the CHART Phase 2 model incorporates many elements similar to the Prevention and Wellness Trust Fund.

Mr. Romm outlined the standardized aims of CHART Phase 2: (1) maximizing appropriate hospital use, (2) enhancing behavioral health care, and (3) improving hospital-wide processes to reduce waste and improve safety. He stated that a hospital may choose to complete projects across one or more of these aims, but that the overarching goal would be to drive transformation toward accountable care. Mr. Romm stated that there is a new requirement in Phase 2 that hospitals within systems will have a system-contribution requirement. He stated that there is no specific amount of contribution required at this time.

Mr. Romm provided examples of proposals that hospitals could submit in CHART Phase 2.

Mr. Romm outlined a summary of community collaboration in CHART Phase 2. He stated that hospital-hospital collaborative proposals are strongly encouraged. He stated that, under the proposed framework, hospitals may submit up to two applications: a hospital-specific proposal and a joint proposal. He added that hospitals can receive a total of \$6 million across both proposals.

Mr. Romm reviewed the core activities of CHART Phase 2. He noted that the HPC would continue to provide data and management expertise to assist awardees throughout the process. He noted that Phase 2 would include activities to encourage long-term sustainability planning.

Mr. Romm gave a brief overview of the Phase 2 application process. He stated that the staff would return to the board with a recommendation for awards in the fall. Mr. Romm noted that commissioners could elect to sit on the CHART Phase 2 Selection Committee. Chair Altman thanked Dr. Hattis for his participation in the CHART Phase 1 selection process and welcomed other Commissioners to join the Phase 2 process.

Mr. Romm noted that the Phase 2 applications will be submitted in two steps: a short prospectus and a full proposal. He noted that the prospectus would be a brief overview of the key elements of the hospital's intended application.

Dr. Hattis made a motion to authorize the issuance of a RFP for CHART Phase 2. It was duly seconded by **Dr. Allen**.

Ms. Yang stated that proposals need to be solid and achievable. She stated that this framework reflects that.

Seeing no further comment, Chair Altman brought the motion to a vote. It was approved unanimously. Voting in the affirmative were the eight board members present. There were no votes in opposition or abstention.

Chair Altman thanked the Committee and the HPC staff for their comprehensive and thorough work on this issue.

Mr. Seltz introduced the proposed HPC community hospital study.

Mr. Romm noted that the HPC has taken charge from Chair Altman to study the current status and potential future of community hospitals across the Commonwealth. He stated this is a very early concept and that will develop over the next few months with input with various stakeholders including DPH, EOHHS, and the Health Planning Council. He stated staff would have a more specific scope and proposal for the study later in the summer.

Chair Altman stated that this is an incredibly important initiative. Secretary Polanowicz indicated he had spoken with the HPC about this study and that it aligns with the work of the Health Planning Council and the Executive Office of Health and Human Services. He added that he believed the study was very timely and necessary.

Dr. Hattis reiterated his support for this work and thanked Mr. Polanowicz and others for their extensive work already on the situation in North Adams.

ITEM 6: Cost Trends and Market Performance Update

Dr. Cutler, Chair of the Cost Trends and Market Performance Committee, provided an outline of the agenda. He introduced Ms. Karen Tseng, Policy Director for Market Performance.

ITEM 6a: Update on Material Change Notices (MCN)

Ms. Tseng noted that the HPC has received 24 notices of material change since April 2013. She stated that the HPC has received the most notices for transactions concerning physician group affiliation or acquisition. She highlighted that the HPC has four pending notices.

ITEM 6b: Approval of Final Report on Cost and Market Impact Review

Ms. Tseng presented the findings of the final CMIR regarding Lahey Health System's proposed acquisition of Winchester Hospital and Winchester Physician Associates. She stated that a vote would be sought to endorse the report during today's meeting.

Ms. Tseng stated that, due to the results of the analysis, the HPC staff would not recommend this transaction be referred to the Attorney General. She noted that following the board's approval of the report, the parties would have to wait thirty days, by statute, before completing the transaction.

Ms. Tseng stated that the findings of the final report were consistent with those of the preliminary report. She affirmed that the HPC's analysis found that this transaction would bring potential cost savings and an improvement in overall care delivery.

Ms. Tseng highlighted actions taken since the approval of the preliminary report. She stated that the HPC asked two questions of the parties: (1) if they expected the transaction to significantly increase market leverage and (2) if there would be a large increase in facility fees following the transaction.

She noted that the parties' responses indicated that market concentration would be moderate and give only a potential for rise in market leverage and facility fees were not intended to increase based on the transaction proposed.

Chair Altman asked for comments from the board.

Dr. Hattis stated that the response by Lahey Health Systems was thorough and demonstrated transparency and responsibility. He noted that the HPC had raised particular concerns and that Lahey had answered them well.

Dr. Cutler stated that the HPC had received substantive and helpful answers to their various questions in this report.

Chair Altman reiterated that the HPC would continue to monitor this transaction in conjunction with the Center for Health Information and Analysis (CHIA). He noted that the report was very thorough.

Chair Altman asked for a motion to approve and authorize the issuance of the final CMIR on the Lahey/Winchester transaction. **Dr. Cutler** made the motion and **Dr. Allen** seconded. The board unanimously approved the motion. Voting in the affirmative were the eight board members present. There were no votes in opposition or abstention.

Mr. Seltz noted this concluded business for this meeting.

ITEM 7: 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 (July 2, 2014) and asked for any public comment.

Public comment was offered by Celia Wcislo of SEIU1199.

Seeing no further comment, Chair Altman adjourned the meeting of the Health Policy Commission at 3:45 PM.

