MINUTES OF THE HEALTH POLICY COMMISSION

Meeting of September 11, 2013

MASSACHUSETTS HEALTH POLICY COMMISSION

THE HEALTH POLICY COMMISSION
Boston Public Library
Johnson Building, Rabb Lecture Hall
700 Boylston Street
Boston, MA 02116

Docket: Wednesday, September 11, 2013, 12:00PM

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1. Approval of the Minutes from July 25, 2013 Meeting (APPROVED)

2. Executive Director Report

3. Community Health Care and Consumer Involvement Update

    a. Approval of Final Regulation of the CHART Grant Program (APPROVED)
    b. Discussion of Framework for the CHART Grant Program

4. Care Delivery and Payment System Reform Update

    a. Discussion of Framework for the PCMH Program

5. Quality Improvement and Patient Protection Update

    a. Update on the Behavioral Health Task Force Report
    b. Update on Office of Patient Protection Data

6. Cost Trends and Market Performance Update

    a. Update on Material Change Notices
    b. Update on Annual Cost Trends Hearing (October)

Health Policy Commission

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

Date of Meeting: Wednesday, September 11, 2013
Beginning Time: 12:04PM
End Time: 3:11PM

Board Member	Attended	ITEM 1	ITEM 3a
		Approval of Minutes from July 25, 2013	**Approval of Final Regulation (958 CMR 5.00) for the CHART Grant Program**
Carole Allen	Yes	Yes	Yes
Stuart Altman*	Yes	Yes (M)	Yes (2nd)
David Cutler	Yes	Yes	Yes
Wendy Everett	Yes	Yes (2nd)	Yes
Paul Hattis	Yes	Yes	Yes (M)
Rick Lord	No	A	A
John Polanowicz	Yes	A	Yes
Candace Reddy (Glen Shor)	Yes	Yes	Yes
Marylou Sudders	Yes	Yes	Yes
Veronica Turner	No	A	A
Jean Yang	Yes	Yes	Yes
Summary	**9 Members Attended**	**Approved with 8 votes**	**Approved with 9 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, September 11, 2013, at the Boston Public Library, Johnson Building, Rabb Lecture Hall, 700 Boylston Street, Boston, MA 02116.

Commissioners present included Chair Stuart Altman; Dr. Carole Allen; Dr. David Cutler; Dr. Wendy Everett; Dr. Paul Hattis; Mr. John Polanowicz, Secretary, Executive Office of Health and Human Services; Ms. Candace Reddy in place of Mr. Glen Shor, Secretary, Executive Office of Administration and Finance; Ms. Marylou Sudders; and Ms. Jean Yang.

Commissioners absent from the meeting were Mr. Rick Lord and Ms. Veronica Turner.

Chair Altman called the meeting to order at 12:04PM and reviewed the agenda.

ITEM 1: Approval of the Minutes from the July 25, 2013 Meeting

Chair Altman initiated the meeting at 12:04PM. He solicited comments, additions, or corrections to the minutes from the July 25, 2013 Health Policy Commission meeting. Chair Altman then called for a motion to approve the minutes of the July 25, 2013 meeting. **Chair Altman** made a motion to approve the minutes. After consideration, upon motion made and duly seconded by **Dr. Everett**, it was voted unanimously to approve the minutes from the July 25, 2013 board meeting.

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

ITEM 2: Executive Director Report

Mr. David Seltz, Executive Director for the Health Policy Commission, presented a report regarding the status of the Commission.

Mr. Seltz gave a brief overview of upcoming agenda items for the current Commission meeting.

He next gave an update regarding the status of the Commission's collection of a one-time assessment on hospitals and payers. He reported that as of September 11, 2013: all hospitals and payers had been invoiced for a total amount of $72,420,000; $72,390,000 had been received from the assessment with 100-percent compliance from assessed hospitals and 98-percent compliance from assessed payers. Mr. Seltz anticipated that the outstanding collection from payers would be resolved expeditiously.

He reviewed the distribution of the payments collected in the first year, noting that 5-percent would go to the Health Care Payment Reform Fund and $40.3 million would be diverted to the Distressed Hospital Fund. He also reviewed the anticipated amounts to be collected in years 2, 3, and 4 of the assessment, with the year 2 collection deadline on June 30, 2014. He additionally noted that the amount collected in year 1 would be larger than the amounts collected in subsequent years due to the fact that certain entities had opted to pay in one lump sum; he identified that the collections in years 1 and 2 would result in a deposit of approximately $66 million into the Distressed Hospital Fund.

Mr. Seltz announced the date, time, and location of the next Health Policy Commission Advisory Council meeting: Wednesday, September 25, 2013, 12PM at the Corcoran Jennison Building, 150 Mount Vernon Street, Dorchester.

ITEM 3: Community Health Care Investment and Consumer Involvement Update

Dr. Hattis, chair of the Community Health Care Investment and Consumer Involvement Committee, introduced the two agenda items to be covered by his Committee: a vote regarding approval of the final regulation for the CHART Grant Program (958 CMR 5.00) and a discussion of the proposed framework for the CHART Grant Program. He briefly discussed the background, logistics, and funding possibilities and limitations of the CHART Grant Program.

ITEM 3a: Approval of Final Regulation of the CHART Grant Program

Dr. Hattis read the motion to approve 958 CMR 5.00 prior to discussion, and requested that Mr. Iyah Romm, Director for System Performance and Strategic Investment for the Health Policy Commission, review the final regulation before Commission members voted.

Mr. Romm reviewed the purpose of 958 CMR 5.00: to provide administrative foundations for the CHART Program; to create a broad structural framework for the program; to establish eligibility criteria as first defined in Chapter 224; and to establish a framework by which the Commission could develop RFPs, and review and select applications.

He noted that since the approval of draft regulations, a significant amount of comment from market participants had been received. The HPC held a public hearing on August 29, 2013 and received formal comment from CHART-eligible hospitals, non-eligible Massachusetts providers, and organizations such as Health Care for All, the National Alliance on Mental Illness, and the Massachusetts Hospital Association. Overall themes for the comment related to eligibility criteria, program framework, and suggestions for prioritizing investments.

The proposed amendments to 958 CMR 5.00 included additions of clarity around particular terms and definitions (e.g. access and quality, integration of behavioral and physical health, care coordination). Greater clarity had also been defined around program goals and selection criteria stated in regulation. An additional process, which would include Commissioners in selecting awardees, had also been added. This amendment would allow for the Commission chairman to appoint one or more Commissioners as designees to participate in the selection process along with Health Policy Commission staff members.

Commissioners initiated a period of comments and questions. Dr. Everett and Ms. Sudders asked Mr. Romm to give further detail regarding the changes in definitions. Mr. Romm noted changes surrounding the definitions of acute hospitals and teaching hospitals were made for consistency with other state governmental bodies.

Ms. Yang asked for clarification around the stated goals of the program and their relation to application requirements. Mr. Romm noted that within 958 CMR 5.00, subsection 5.03 stipulates that applications must meet one or more of the program's stated goals.

Dr. Altman requested that Secretary Polanowicz speak to whether the work of the CHART Grant Program was consistent with planning efforts initiated by the Executive Office of Health and Human Services. Secretary Polanowicz confirmed that the grant program's work

was very aligned with the planning work of his office. Mr. Seltz added that the Health Policy Commission staff had been in communication with the Secretary's office during the drafting of 958 CMR 5.00 to ensure alignment in developing the CHART Program.

Ms. Sudders requested that the definition of acute care hospital be revisited so that it might not exclude private psychiatric care hospitals in the Commonwealth. Secretary Polanowicz responded appreciatively of Ms. Sudders' comment, but also noted that he would first want to make sure that there were no unintended consequences from making particular inclusions or distinctions.

Mr. Romm explained that many received comments had been excluded from direct inclusion in regulation and would be reserved for the RFP process so as to maintain flexibility within the regulation.

Dr. Hattis again brought the motion to approve final regulation 958 CMR 5.00:

"That the commission hereby approves and issues the attached final regulation on the administration of the distressed hospital trust fund, developed pursuant to section 2GGGG of Chapter 29 of the General Laws by the commission's Community Health Care Investment and Consumer Involvement Committee, and directs staff to take all action necessary to promulgate said regulation."

After consideration, upon motion made and duly seconded by **Chair Altman**, it was voted unanimously to approve final regulation 958 CMR 5.00.

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

ITEM 3b: Discussion of Framework for the CHART Grant Program

Mr. Romm presented a proposed framework for the CHART Grant Program that had been discussed at the September 4, 2013 Community Health Care Investment and Consumer Involvement Committee meeting. The framework outlined an aggressive timeline for the dispersal of the grant. He reiterated the program's purposes of driving innovation and creating sustainable investments in support of long-term change. Mr. Romm discussed the six goals adopted in 958 CMR 5.00 which would structure applications: 1) Efficient, effective care delivery; 2) Advancing HIT adoption; 3) Advancing the spread of HIE; 4) Increasing APM adoption; 5) Supporting/developing capacity for ACO certification; and 6) Improving affordable and quality care.

He presented a map of CHART-eligible hospitals which had been generated on July 10, 2013. He noted that this map would be updated at the time of RFP issuance.

With stakeholder comments in mind, staff proposed a two-phase approach to initiation of the CHART Program. Phase one would launch in the fall of 2013 and include modest investments into a variety of eligible hospitals with short-term, high-need expenditures. In

spring of 2014, phase two would award grants to a more limited set of hospitals. The investments would be into multi-year, system-wide, or service line transformations.

Mr. Romm noted that phase one priority areas would include hospital-identified needs, capacity building, the development of improved flows of clinical information, enhancements to EHR or IT-based patient registries, and limited planning funding. He summarized by noting that these priorities were selected because they would be primarily workflow-focused; would be low-risk, moderate-return investments; and would offer opportunities for hospitals to build the foundational tools necessary for every institution to succeed.

Commissioners initiated a period of questions and discussion. Dr. Altman noted that institutions which do not submit applications during phase one would not be precluded from submitting applications in phase two.

Dr. David Cutler asked whether staff and Commissioners were being too limited in defining the goals of the application. He urged staff and Commissioners to be more open to creative applications. Ms. Yang and Dr. Everett echoed Dr. Cutler's concerns. Secretary John Polanowicz noted that in his experience, the six goals were not constraining, because most applications seeking to effect change in quality of care or in transforming systems and infrastructure would be or could be fit into those areas. He supported the phased approach to investing and noted that many projects would already be prepared and ready to align with one or more of the six areas.

Mr. Romm continued his overview, presenting an anticipated six-month timeline starting with the passage of 958 CMR 5.00 on September 11, 2013 and concluding with the launching of projects for initial grantees just after January 1, 2014. He reviewed next steps for program implementation, including staff activities and engagement with Committee members.

Ms. Sudders expressed concern about the brevity of the timeline. Mr. Seltz reiterated that the proposal was still tentative, and that staff would synthesize Commissioner comments from the meeting regarding program development.

Dr. Altman concluded the discussion by emphasizing the importance of including payers, in addition to providers, in many of the Commission's projects and policies. He noted that it would be difficult to transform care delivery without associated changes in the health care payment system.

ITEM 4: Care Delivery and Payment System Reform Update

Dr. Allen, Chair of the Care Delivery and Payment System Reform Committee, initiated an update regarding the Committee, noting that the Committee had met twice since the last full Commission meeting. She introduced the upcoming discussion of a proposed framework for a Health Policy Commission Patient-Centered Medical Home (PCMH) Program.

ITEM 4a: Discussion of Framework for the PCMH Program

Dr. Patricia Boyce, Director of Policy for Care Delivery and Quality for the Health Policy Commission, presented the overall framework for a proposed PCMH Program to Commissioners.

Dr. Boyce noted overall goals for the program: to be value-based and performance-driven; to achieve meaningful system change while minimizing burden on providers; to create a sustainable process; and to encourage as many practices as possible to employ the high-value elements of the PCMH model while also engaging practices that already employ a PCMH model in Massachusetts.

Mr. Seltz reviewed the statutory obligations of the Commission, as outlined in Chapter 224, for developing a program for PCMH certification. He also noted a recent amendment by the legislature which stipulated that certain model PCMH certified by the Health Policy Commission would be eligible for preferential contracting through the Executive Office of Health and Human Services for some state health care services.

Dr. Boyce reviewed staff research to date which included examining and comparing other state models and standards. She then reviewed the differences between a certification process and a validation process for PCMH.

Dr. Boyce recommended that the Commission focus on HPC-specific criteria for certification and validation. This option would allow the Health Policy Commission to focus on high-value areas, to recognize existing certifications by aligning with national standards, to create clear tiers and milestones for practices, and to ultimately engage local partners in capacity building.

Commissioners initiated discussion regarding the recommended model. Ms. Sudders lauded the adoption of high-value elements of care in developing the program. Dr. Cutler reiterated Chair Altman's prior discussion point that it would be important to engage payers as well as providers in the process of creating a PCMH model and certification process.

ITEM 5: Quality Improvement and Patient Protection Update

Ms. Sudders, Chair of the Quality Improvement and Patient Protection Committee, updated the Commission regarding the status and activities of the Committee. Since the July Commission meeting, the Committee held a listening session regarding the Office of Patient Protection (OPP). Ms. Sudders anticipated that there would be discussion reviewing themes from the listening sessions at the next Committee meeting.

ITEM 5a: Update on Behavioral Health Task Force Report

Ms. Sudders noted that Chapter 224 had established a nearly thirty-member Behavioral Health Task Force, which published its report within the past month. The comprehensive report included 29 recommendations.

During the last meeting of Committee, Marcia Fowler, Commissioner of the Department of Mental Health (DMH) offered personal comments on the report. Commissioner Fowler noted that payment reform, the development and utilization of multiple models of care coordination, and the integration of medical records between behavioral health and physical health, were all priority items from the report. Ms. Sudders identified the last priority as a particularly contentious item which was still being debated in the behavioral health community.

Ms. Sudders anticipated that additional listening sessions would be held regarding the report's findings and the Commissioner's priority items.

ITEM 5b: Update on Office of Patient Protection Data

Ms. Jen Bosco, Director of the Office of Patient Protection (OPP), presented data on external reviews from 2001 to 2012.

The OPP collects data from two main sources: annual reports from carriers and internal reports of data maintained at the OPP regarding external review requests.

Data showed that nearly half of all eligible external reviews were resolved in favor of the consumer; this indicates that the appeals process continues to be an important resource for consumers. Data also demonstrated that behavioral health cases continued to make up a large portion of OPP external reviews; behavioral health claims constituted 132 of the 187 total eligible external review requests. Ms. Bosco also reviewed historical data from 2001 through 2012 regarding eligible appeals and their outcomes.

Commissioners initiated a period of comments and questions. Dr. Everett asked why the data presented had focused so much on behavioral health appeals. Ms. Bosco responded that based upon the data, behavioral health appeals had comprised the largest category of external review requests.

Dr. Altman asked what recommendations could be inferred from the data. Mr. Seltz and Dr. Cutler suggested ways in which the data might be used to further inform policy and policy recommendations.

Dr. Everett cautioned the Commission and Committee from moving forward with making any policy recommendations until the data was more thoroughly analyzed at the Committee level. Ms. Sudders agreed with Dr. Everett, noting that this data would be used to identify trends and to initiate and guide discussion.

ITEM 6: Cost Trends and Market Performance Update

ITEM 6a: Update on Material Change Notices

Mr. Seltz initiated an update regarding material change notices received by the Commission. He first identified a legislative amendment to Chapter 224 which would impact the timeline for issuing cost and market impact reviews (CMIRs). Mr. Seltz read the amendment to Commissioners:

"The commission shall issue its final report of the cost and market impact review within 185 days from the date that the provider or provider organization has submitted notice to the commission; provided that the provider or provider organization has certified substantial compliance with the commission's requests for data and information pursuant to subsection (c) within 21 days of the commission's notice, or by a later date set by mutual agreement of the provider or provider organization and the commission."

Mr. Seltz then reviewed the updated timeline for receipt of notices and the initiation and issuance of CMIRs in accordance with the amendment. He concluded the overview by noting that transactions vary such that the timelines for handling certain notices would be shorter than for others, depending upon the facts and complexity of the transaction. Staff would continue to refine the process with a focus on fact-based analysis.

Mr. Seltz next reviewed the data regarding the number of notices which had been received by the Commission as of September 11, 2013. He reviewed descriptions of notices for which a CMIR had not been initiated, highlighting the first two: (1) the acquisition of Jordan Hospital (Jordan) by Beth Israel Deaconess Medical Center (BIDMC), including corresponding clinical affiliations between Jordan and the Harvard Medical Faculty Physicians at BIDMC and between Jordan and Atrius Health and (2) network affiliations between Beth Israel Deaconess Care Organization (BIDCO) and Jordan and its affiliated physicians, and between BIDCO and Cambridge Health Alliance and its affiliated physicians.

Ms. Karen Tseng, Policy Director for Market Performance with the Health Policy Commission, presented data in support of decisions not to initiate CMIRs on these two transactions.

She reviewed factors which are preliminarily reviewed when a notice of a transaction is received, including price or price changes, as well as how price changes might affect total health care spending and thus affect the Commonwealth's goal of meeting the health care cost growth benchmark. The level of medical spending associated with the parties is reviewed, as are anticipated changes to parties' size or market share.

Related to the first transaction, Jordan is an acute care hospital located in Plymouth, Massachusetts. BIDMC, a major Boston academic medical center, currently owns two additional area hospitals, Milton Hospital and Beth Israel Deaconess-Needham. The price history of the Milton and Needham hospitals were examined, and staff found that prices have remained low under BIDMC ownership. In terms of TME, Jordan's primary care physicians are currently affiliated with the New England Quality Care Alliance (NEQCA), and

under the first transaction, Jordan would be included with the BIDMC system of physicians which has lower TME than NEQCA.

Related to the second transaction between BIDCO and network affiliations, no anticipated changes to market concentration were discovered; there were no indications that changes in Jordan's prices would necessitate a full CMIR; and the main group of Cambridge Health Alliance physicians proposing to switch to BIDCO would have lower prices after the transfer than within their current network.

Commissioners initiated a period of comments and questions. Dr. Hattis asked if the historical behaviors of entities were examined in forecasting the effects of transactions under consideration. Dr. Cutler indicated that based upon the nature of the analysis conducted, there are two primary analyses completed during an initial evaluation: staff read a document to understand the nature of the transaction according to the notice and analyze what effect the transaction would have on spending through fairly mechanical calculations. A second level of analysis is examining the transaction using metrics generally associated with prices over time, and to examine potential changes in the marketplace that would be indicative of changes in price over time such as consolidation or diversification. He iterated that Ms. Tseng had indicated that the two transactions under discussion had come within categories of transactions in which the direct effects are small and negative or the indirect effects do not cause concern.

Ms. Sudders noted that as a part of the discussion regarding consolidation, she would want to include a consideration of the transactional effects on service provision and access to services in addition to an examination of market factors.

ITEM 6b: Update on the Annual Cost Trends Hearing (October)

Mr. Seltz updated the Commission on the status the Annual Health Care Cost Trends Hearing to be held on October 1 and 2, 2013.

He reviewed the statutory requirements regarding testimony collection and witness selection for the hearing. He noted that the Health Policy Commission had solicited written pre-filed testimony from 55 organizations: forty providers, twelve payers, and three municipalities that had entered the Group Insurance Commission.

The pre-filed testimony requests included both narrative and data questions, the answers to which would inform the Health Policy Commission in both the hearing and in the ongoing process of developing an annual cost trends report.

From the full list of 55 organizations, staff had been working to select 15 to 20 representatives to appear in person on October 1 and 2 to give oral testimony and answer questions from the Commissioners.

Mr. Seltz reviewed the two-day agenda for the hearing, outlining the themes of the four witness panels and announcing the expert presentations.

The Commission initiated a period of comments and questions. Ms. Sudders requested clarification regarding written and oral testimonies. Mr. Seltz responded that written testimony would be fully collected within two weeks of the September 11, 2013, Commission meeting and that written responses would be posted online and publicly available. Staff would synthesize written testimony for Commissioners to inform their engagement at the hearing.

Dr. Allen asked Mr. Seltz to further elaborate on how providers had been selected to submit testimony. Mr. Seltz noted that providers had been selected to ensure compliance with the statute and provide a diverse sample of organizations. He noted that beyond the formal testimony during the two-day hearing, there would be opportunity for public testimony for additional organizations to contribute comments.

Following the conclusion of discussion of the final agenda item, Chair Altman adjourned the meeting of the Health Policy Commission at 3:11PM.

LIST OF DOCUMENTS PRESENTED AND POSTED AFTER THE MEETING

1. Meeting Agenda, 9/11/2013
2. Minutes of the 7/25/2013 Health Policy Commission Meeting
3. Committee Presentation, 9/11/2013