

# **MINUTES OF THE HEALTH POLICY COMMISSION**

**Meeting of September 3, 2014**

**MASSACHUSETTS HEALTH POLICY COMMISSION**

**THE HEALTH POLICY COMMISSION**  
**One Ashburton Place**  
**21<sup>st</sup> Floor**  
**Boston, MA**

---

**Docket: September 3, 12:00PM**

---

1. Approval of Minutes from July 17, 2014 (VOTE)
2. Executive Director Report
3. Cost Trends and Market Performance Update
4. Quality Improvement and Patient Protection Update
5. Care Delivery and Payment System Transformation Update
6. Community Health Care Investment and Consumer Involvement Update
7. Schedule of Next Commission Meeting (October 22, 2014)

## Health Policy Commission

**Date of Meeting: Wednesday, September 3, 2014**

**Start Time: 12:05 PM**

**End Time: 2:44 PM**

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

<b>Board Member</b>	<b>Attended</b>	<b>ITEM 1</b>	<b>ITEM 3c</b>	<b>ITEM 3d</b>	<b>ITEM 3e</b>
		<b>Approval of Minutes from July 17, 2014</b>	<b>Approval of Final Partners Acquisition of Hallmark Health Corporation CMIR</b>	<b>Approval of Submission into Court Authorized Comment Period</b>	<b>Approval of Proposed Regulation on Notices of Material Change and Cost and Market Impact Reviews</b>
Carole Allen	Yes	Yes (M)	Yes	Yes (2 <sup>nd</sup> )	Yes
Stuart Altman*	Yes	Yes	Yes	Yes	Yes
David Cutler	Yes	Yes (2 <sup>nd</sup> )	Yes (M)	Yes	Yes
Wendy Everett	Yes	Yes	Yes	Yes	Yes (2 <sup>nd</sup> )
Paul Hattis	Yes	Yes	Yes (2 <sup>nd</sup> )	Yes	Yes
Rick Lord	A	A	A	A	A
John Polanowicz	Yes	A	Yes	Yes	Yes
Glen Shor	Yes	A	Yes	Yes	Yes
Marylou Sudders	Yes	A	Yes	Yes (M)	Yes
Veronica Turner	Yes	Yes	ab	Yes	Yes (M)
Jean Yang	Yes	A	Yes	Yes	Yes
<b>Summary</b>	<b>10 Members Attended</b>	<b>Approved with 6 votes in the affirmative</b>	<b>Approved with 9 votes in the affirmative</b>	<b>Approved with 10 votes in the affirmative</b>	<b>Approved with 10 votes in the affirmative</b>

\*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 3, 2014 at 12:00 PM at One Ashburton Place, 21<sup>st</sup> Floor, Boston, MA.

Commissioners present included Dr. Stuart Altman (Chair); Dr. Wendy Everett (Vice Chair); Dr. David Cutler; Dr. Carole Allen; Dr. Paul Hattis; and Ms. Veronica Turner.

Mr. Glen Shor, Secretary, Executive Office of Administration and Finance; Mr. John Polanowicz, Secretary, Executive Office of Health and Human Services; Ms. Marylou Sudders; and Ms. Jean Yang arrived late.

Mr. Rick Lord was absent.

Chair Altman called the meeting to order at 12:05 PM and reviewed the agenda.

## **ITEM 1: Approval of the Minutes from the July 17, 2014 Meeting**

Chair Altman solicited comments, additions, and/or corrections to the minutes from the July 17, 2014 board meeting. Seeing none, he called for a motion to approve the minutes as presented. **Dr. Allen** made a motion to approve the minutes. After consideration upon motion made and duly seconded by **Dr. Cutler**, the board voted unanimously to approve the minutes from the July 17, 2014 meeting.

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

## **ITEM 2: Executive Director Report**

Chair Altman introduced Mr. David Seltz, Executive Director, to provide an update on recent HPC activities.

Mr. Seltz stated that, over the past month, the HPC held four committee meetings and the CHART Leadership Summit, which gathered over 200 hospital leaders from across Massachusetts to facilitate a discussion around the future of health care transformation. Mr. Seltz noted that the board would be briefed on the Summit later in the day's agenda.

Mr. Seltz announced the release of the Center for Health and Information Analysis (CHIA) Annual Report, which measured the state's performance against the health care cost growth benchmark established by Chapter 224 for the first time. He stated that Mr. Áron Boros, Executive Director of CHIA, would present on the report at the 2014 Health Care Cost Trends Hearing. Mr. Seltz presented a brief summary of the report's major findings. He stated that the health care cost growth benchmark for 2013 was set at 3.6%. Through their analysis CHIA found that total health care expenditures (THCE) in Massachusetts grew by 2.3%, which is below the health care cost growth benchmark. He noted that THCE is calculated through a combination of Medicaid, Medicare, commercial payers, out of pocket cost sharing, and the net cost of private health insurance. He noted that Medicare spending grew by 3.1% due to increased enrollment.

*Secretary Polanowicz, Secretary Shor, and Ms. Yang arrived at the meeting.*

Chair Altman stated that discussion of THCE and growth in enrollment should also include discussion of per member costs. Dr. Cutler noted that the 2.3% calculation of THCE is measured per capita. Mr. Seltz added that this highlights a discussion in the 2013 Cost Trends Report around the impacts upon the cost growth benchmark of shifts in enrollment between payers.

Mr. Seltz stated that, in previous years, research had shown that insurance premiums would increase while benefits decline. In their report, CHIA found that premium and benefit levels remained unchanged. He also added that member cost-sharing saw no increase in 2013. Mr. Seltz highlighted that the proportion of commercial members covered by alternative payment methodologies (APMs) decreased from 35% in 2012 to 34% in 2013 and that the proportion of commercial members in HMO products dropped 10.8% from 2010 to 2013.

Dr. Hattis asked whether the report stated that Partners Health CareSystem has total medical expenditures (TME) above the average of other payers and, whether it grew faster than the market as a whole. Dr. Altman stated that is correct.

Dr. Cutler stated that the Commonwealth set a very aggressive goal to have medical spending increase at a rate no greater than the growth of the state economy. He noted that the benchmark was originally widely criticized by the health care industry. Dr. Cutler noted that CHIA's report, however, shows that the Commonwealth met and exceeded this goal. He stated that Massachusetts will also have achieved a lower rate of increase in medical spending than the nation as a whole. Dr. Cutler added that this is a testament to collaboration among a wide variety of stakeholders.

Chair Altman noted his agreement with Dr. Cutler. He stated that people have asked him two questions: (1) what has the HPC done to make this happen and (2) what will be done if the cost growth benchmark is not met next year. He stated that Chapter 224 made stakeholders in the Commonwealth more accountable. He noted that victory should not be declared yet and that there are aspects of the report that still need to be addressed. One such area is the performance of major provider and payer groups that exceeded the cost growth benchmark. Dr. Altman also noted that the number of providers and payers utilizing APMs and HMOs is not a trend in the right direction. He stated that the HPC must remain vigilant on this issue of application of APMs to PPO contracts.

Dr. Hattis stated that Tufts Health Plan was mentioned as the first payer to utilize APMs within PPO products and that this should be examined more at the 2014 Health Care Cost Trends Hearing.

Mr. Seltz stated that performance under the health care cost growth benchmark will be a central topic of the 2014 Health Care Cost Trends Hearing. He added that the hearings will also focus on barriers to the expansion of APMs.

Mr. Seltz announced upcoming meetings, including the 2014 Health Care Cost Trends Hearing on October 6 and 7.

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

### **ITEM 3: Cost Trends and Market Performance Update**

Chair Cutler provided an updated on recent activity from the Cost Trends and Market Performance Committee. He stated that the day's discussion would first review topics for the 2014 Health Care Cost Trends Hearing and Report. He added that there would then be a brief review of Material Change Notices. Following this, the board would be asked to vote for the final Partners-Hallmark Cost and Market Impact Review (CMIR).

#### **ITEM 3a: 2014 Health Care Cost Trends Hearing and Report**

Dr. Marian Wrobel, Director for Research and Cost Trends, reviewed recommendations from the July 2014 Cost Trends Supplement. She noted that the HPC acts on the recommendations in a variety of ways, including strategic investment through the CHART Program, the creation of various certification programs, the provision of technical assistance bulletins, and the agenda setting for the 2014 Health Care Cost Trends Hearing.

Dr. Wrobel summarized HPC committee discussions on the July 2014 Supplement into four themes. The first theme is the need for continued collaboration with other state agencies to maximize alignment, efficiency, and value.

Dr. Wrobel stated that the second theme is the continued development of research on costs relative to post-acute and long-term care. She noted that future work in this subject area would include an examination of utilization, the interaction of behavioral health, trends between physicians and hospitals that contribute to referral decisions, and best practices.

Dr. Wrobel stated the third theme is the need to extend work to essential new areas such as additional categories of service, market consolidation, changing insurance markets, examination of APM expansions, and employers' concerns and perspectives.

Dr. Wrobel reviewed a final theme, which is to maintain a strong focus on developing and using objective evidence. She stated that this would be achieved through the development and use of robust data sources, especially in regards to behavioral health; through strong qualitative and quantitative methods; through an examination of innovation outside Massachusetts; and through a comparison of state and national data.

Dr. Wrobel reviewed four potential topics for 2014 HPC research, each of which emphasizes the agency's ongoing commitment to transparency, accountability and measurement: (1) the health care cost growth benchmark and current trends; (2) the delivery system; (3) the insurance markets; and (4) opportunities to increase efficiency and value.

Dr. Everett stated that the 2014 July Supplement to the Cost Trends Report and the CHIA Report highlight the continuing issue with the shift from HMO to PPO. She stated her hope that there would be a robust and more fruitful discussion about this continued shift at the 2014 Health Care Cost Trends Hearing. Ms. Sudders responded that this type of conversation requires a panel of employers that could discuss cost-based decision methodologies around insurance plans.

Dr. Cutler stated another issue of concern is post-acute care use and the high rate of utilization in Massachusetts compared to elsewhere. He stated his hope for a more thorough discussion of that trend this year. Dr. Wrobel stated that this topic was a focus of the CHART Leadership Summit and noted that it would be expanded upon at the 2014 Health Care Cost Trends Hearing.

Chair Altman stated that consolidated delivery systems can lead to more aggressive provider behavior and higher costs. Tiered networks and higher deductible plans, in turn, cause consumers to take a more active role in selecting their health care. Chair Altman added that more information and data will be needed to examine these trends further. Dr. Wrobel stated there are two factors to be looked at here: (1) what is actually causing these shifts to tiered networks and (2) what information is actually available to the consumer to allow them to make informed choices.

Dr. Allen stated that another way to reduce demand for health care services is to keep the population healthier. She recommended that the HPC seek to continue population health work through various initiatives, such as the Patient-Centered Medical Home.

Dr. Hattis noted that the CHIA Annual Report stated that membership in fully-insured and self-insured high deductible health plans increased from 11% (2011) to 14% (2013). The report found that total out-of-pocket expenses across the state remained the same. He stated that as the Commonwealth moves towards high-deductible plans, more costs will be shifted to disadvantaged populations.

Mr. Seltz stated that the HPC's 2014 research agenda will be informed by the testimony and presentation received at the 2014 Health Care Cost Trends Hearing. He presented a draft agenda for the hearing, noting that the two-day event includes three expert presentations and six panels with health care stakeholders from around the Commonwealth. Mr. Seltz stated that these panels will engage market participants on specific policy areas. He noted that day one will focus heavily on the Commonwealth's performance under the health care cost growth benchmark and alternative payment methodologies. The second day will include a presentation from the Attorney General's Office (AGO), two panels on coordinated care, and panels on the value-based market, with perspectives from providers and insurers.

Chair Altman stated that Medicaid is an area of growing concern due to recent Supreme Court rulings and states' restructuring of the program. He affirmed that the growing importance of Medicaid spending should be examined at the 2014 Health Care Cost Trends Hearing.

Secretary Polanowicz noted his agreement with discussing Medicaid programs at the Cost Trends Hearing. He stated there is a lot of work left to do and that state and federal entities, specifically the Centers for Medicare and Medicaid Services (CMS), have to align priorities in order to succeed.

Mr. Seltz reviewed next steps for the 2014 Health Care Cost Trends Hearing. He noted that submissions for pre-filed testimony will be received by September 8, 2014 and posted to the HPC website on a rolling basis. He noted that pre-filed testimony will be received by the HPC much earlier than last year to allow for preliminary examination and analysis prior to the hearing. Mr. Seltz added that the data gathered through the hearing would inform the 2014 Annual Cost Trends Report.

Seeing no further comment, Dr. Cutler moved to the next agenda item.

### **ITEM 3b: Material Change Notices (MCN)**

Dr. Cutler introduced Ms. Karen Tseng, Policy Director for Market Performance, to provide a brief update on Material Change Notices (MCN) pending before the HPC.

Ms. Tseng stated that the HPC has received notice of 28 transactions since April 2013, with "physician group affiliation or acquisition" being the leading type. She noted that there are two notices currently pending before the HPC.

### **ITEM 3c: Final Cost and Market Impact Review (VOTE)**

Ms. Tseng outlined the HPC's process to review the proposed acquisition of Hallmark Health Corporation by Partners HealthCare System. She stated that, after issuing the preliminary report in July, the HPC received the parties' joint written response. The HPC analyzed the parties' response,

conducted additional analysis, which included further discussions with the parties and experts, and incorporated feedback from Commissioners. Ms. Tseng added that the HPC has prepared a detailed analysis of the parties' response, which addresses each point raised by the parties. She stated that the final report incorporates changes based on the HPC's further analysis, as well as attached exhibits with summaries from economic, actuarial, clinical, and financial experts on the analyses they performed during the review of this transaction.

Ms. Tseng stated that the proposed final report refers the transaction to the Attorney General's Office for further review.

Ms. Tseng provided a summary of the HPC's findings. The report found a projected combined increase in spending of \$15.5 million to \$23 million per year for the three major commercial payers and an expansion in the size and market share of Partners HealthCare System. She noted that the transaction also contemplates significant care delivery changes that have the potential to improve quality and access. The HPC, however, did not receive the information it requested to assess the extent to which such quality and access potential is likely to be realized.

Ms. Tseng reviewed the negative cost and market impacts of the transaction. She reviewed the settlement between Partners HealthCare System and law enforcement officials, stating that the negative impacts of the transaction are expected regardless of the settlement. Ms. Tseng reviewed how shifts in the site of patient care to higher-priced providers will lead to increases in spending. She noted that the proposed settlement monitors those changes in spending as changes in total medical expenses only for Partners' commercial risk business, which is a small fraction of its total commercial business. She clarified that non-risk spending, which accounts for 89% of Partner's business, is not monitored under the agreement.

Ms. Tseng reviewed findings on how the transaction will lead to increases in unit price for hospitals, physicians, and outpatient facilities. She stated that the settlement constrains overall price growth for 6.5 years, but does not monitor volume. Thus, Partners has the flexibility to allocate price increases across its component providers to optimize volume and market position.

Ms. Tseng reviewed findings on Partners' bargaining leverage. She stated that the use of component contracting to counteract Partner's leverage had several potential limitations, as identified in the HPC's report. Ms. Tseng explained that in a merger of direct competitors, the overall system recaptures Hallmark's volume even if Hallmark is dropped, because the next most popular provider in Hallmark's service area is Partners. She stated this means revenue would stay within Partners' network.

Ms. Tseng stated that, in their written response, the parties provided a revised estimate of savings of \$21 million per year from population health management (PHM) initiatives. Ms. Tseng explained that the parties have not provided sufficient information to support their overall savings estimate of \$21 million. She stated that, without information on the program impact, scope of population served, and target rates for savings, the HPC is unable to validate the projection and, therefore, cannot demonstrate how PHM savings will offset documented spending increases.

Ms. Tseng noted that the final report provides key questions so the public can continue to monitor whether and how potential for improved access is realized.

Ms. Tseng stated that the parties have confirmed that the transaction will not lead to a reduction in capacity for behavioral health. Improvement in access to behavioral health, however, will depend on



the expansion of necessary services. The parties have not yet provided firm commitments surrounding the minimum number of beds, funding, or staffing. She stated that the parties have not shared plans to mitigate access burdens identified for vulnerable populations from the proposed relocation of inpatient behavioral health services.

Ms. Tseng added that the parties provided a high-level response regarding their approach to determining the community's need for services, but have not demonstrated whether their approach validated decisions to invest over \$300 million in Hallmark Hospital to expand specific service lines.

Ms. Tseng stated that based on the HPC's analysis, the findings in the preliminary report, and the parties' written response, the HPC refers the final Cost and Market Impact Review report to the Massachusetts Attorney General's Office.

Dr. Cutler sought commissioner comment on these findings.

Dr. Hattis asked how the HPC made projections on how contracts would change under the transaction. Ms. Tseng stated that the HPC assessed key information, including the parties' approach to contracting. She added that the HPC also examined the parties' stated objectives for the transaction, including the integration and employment of the Hallmark providers. She stated that these factors, combined with various stakeholder discussions, informed the projections.

Dr. Hattis asked how the HPC responded to the parties' proposed cost-savings by expanding services offered at Massachusetts General Hospital (MGH) to the Hallmark service area. Ms. Tseng stated that, in their written response, the parties' provide examples of how other community hospitals have benefited from the same type of investments. Utilizing this information, the HPC was able to examine care referral patterns for these key communities. This analysis showed that Partners' hospitals pulled care from other key community providers more often than from the metropolitan Boston area.

Dr. Hattis asked for further clarification on whether the projected increase in access to services in the Hallmark service area reflected a shift of care away from non-Partners hospitals. Ms. Tseng stated this was correct.

Dr. Hattis stated that the HPC's preliminary report made solid projections of savings from the transaction. He asked whether the parties' response provided additional information for further analysis. Ms. Tseng confirmed that the parties did not provide enough information to make accurate projections on saving.

Dr. Cutler stated that there is a difference in opinion over the proposed impacts of this transaction, with Partners projecting cost-savings while various analysts project significant cost increases. He added that additional discussion and information did not resolve these differences of opinion. Dr. Cutler noted that the HPC signaled to Partners to make specific commitments to cost savings in their written response and they had not done so.

Dr. Hattis clarified that the HPC asked Partners to guarantee specific savings. Dr. Cutler noted that, at the July 17 board meeting, he asked for specific examples of cost savings.

Chair Altman stated that Partners made assertions about what would happen with this transaction. The HPC examined these assertions in practice at other hospitals and found that they had not been

met. He noted that the lack of concrete savings gives legitimacy to the conclusions reached by the HPC.

Dr. Everett noted her agreement with Chair Altman. She stated that the assertions by Partners were not well-documented in spite of repeated requests for specific information. Dr. Everett stated that, based on the information provided, the HPC does not believe this transaction will be beneficial to the Commonwealth and may even be detrimental.

Ms. Yang stated her agreement with the analysis and the position of the HPC on this matter. She stated that all should be cautious of further consolidation.

Dr. Cutler asked for any further comment on the report. Seeing none, **Dr. Cutler** made a motion to approve the final Partners-Hallmark CMIR and refer it to the Office of the Attorney General. **Dr. Hattis** seconded the motion. The motion was approved.

Voting in the affirmative were the nine commissioners present, with one abstention and no votes in the opposition. Commissioner Turner abstained from the vote due to a conflict of interest.

### **ITEM 3d: Submission into Court Authorized Public Comment Session (VOTE)**

Mr. Seltz stated that at the July 17 board meeting, the board voted to submit documents to the public comment period on the proposed settlement between Partners and the AGO. He added that the final Partners-Hallmark CMIR should be included in this submission to the Court.

Dr. Hattis provided written comment.

Chair Altman stated that the proposed settlement between the parties left open the possibility that it could be modified based on the comment of the HPC and other stakeholders. He stated that the AGO had petitioned the judge to stay further action until the HPC had completed its final report on Partner's proposed acquisition of Hallmark Health System. He added that the HPC has been judicious in its report and that it specifically examines Partners-Hallmark outside the context of the agreement as a whole.

Seeing no further comment, **Ms. Sudders** made a motion to authorize submission of the final CMIR report into the court authorized comment period. **Dr. Allen** seconded the motion. The motion was unanimously approved.

Voting in the affirmative were the ten commissioners present, with no abstentions and no votes in opposition.

### **ITEM 3e: Proposed Regulation for Material Change Notices (VOTE)**

Ms. Tseng presented on the proposed regulation governing Material Change Notices. She stated that she would focus primarily on the content of the regulation and overall next steps should the board vote to approve the proposed regulation.

Ms. Tseng noted that the draft regulation is divided into two parts. The first part contains key definitions drawn primarily from the statute and interim guidance or agreed upon by the Cost Trends and Market Performance (CTMP) Committee. Ms. Tseng added that in response to requests for technical clarity, the HPC has prepared a Technical Bulletin with very detailed steps for calculating

materially higher price, materially higher health status adjusted TME, primary service area, and market share.

Ms. Tseng reviewed the proposed process for MCNs. She reviewed what entities must file MCNs and the procedure for the HPC to gather materials for its review.

Ms. Tseng reviewed the CMIR process by identifying the 12 factors (e.g., including metrics of cost, quality, and access, and any other factors in the public interest) pertinent to the review. She stated that the regulation states that information gathered from the parties for the purpose of the review will be kept confidential. The regulation outlines the work products expected from the CMIR process. She noted that the regulation allows for the HPC to make referrals to the AGO at its discretion.

Ms. Tseng stated that, if the board moved to approve the proposed regulation, the HPC would enter a two month public comment period. She stated that final regulation is expected in December 2014.

Dr. Cutler stated that the CTMP committee had extensively discussed this regulation and its associated definitions. He noted that the committee spent a great deal of time discussing whether a hospital closure would trigger a notice. He added that the committee had sought input from Secretary Polanowicz. He stated that the Executive Office of Health and Human Services (EOHHS) has processes regarding hospital closures.

Ms. Sudders noted her concern about the definition of material change excluding hospital closures and changes of services lines. She stated that the definitions are too limiting, specifically with regards to the goals set for behavioral health in Chapter 224. She asked that the motion language be changed to simply authorize the issuance of the regulation, but not to “approve” them. Mr. Seltz noted this would be an acceptable amendment to the motion.

Dr. Hattis stated that the regulation should stipulate that new information should not be provided only in the parties’ formal written response, but should be more readily available throughout the review.

Seeing no further comment, Dr. Cutler called for a motion to issue the proposed regulation. **Ms. Turner** made the motion and **Dr. Everett** seconded. The motion was unanimously approved.

Voting in the affirmative were the ten commissioners present, with no abstentions and no votes in opposition.

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

Ms. Sudders provided an update on the activities of the QIPP committee.

### **ITEM 4a: Legislative Update**

Ms. Sudders provided the board with an update on the HPC’s role in the new nurse staffing ratio law, Chapter 155 of the Acts of 2014 – *An Act relative to patient limits in all hospital intensive care units*. She stated this law establishes a nurse to patient staffing ratio of 1:1 or 1:2 in hospital Intensive Care Units (ICUs) depending on stability of the patient as assessed by an acuity tool developed or chosen by the hospital, staff nurses, and nurse manager resolution. The HPC is charged with promulgating regulations to implement this new law, including the formulation of the acuity tool, the creation of a

method of public reporting on hospital compliance, and the identification of three to five related patient safety indicators to be measured and publicly reported by hospitals.

Ms. Sudders reviewed proposed next steps for the development of regulations. She stated that the HPC was already engaged in background research and analysis and conducting stakeholder meetings. She noted that the QIPP committee will hold a listening session on October 29 to further inform the drafting of the regulations. Ms. Sudders added that it is the goal of the HPC to approve final regulations in the first quarter of 2015.

Mr. Seltz provided a brief update regarding the HPC's behavioral health agenda: (1) promoting clinical standards through accountable care models; (2) promoting integrated care delivery models through investment; (3) research, evaluation, and analysis; (4) health planning activities; (5) public forum for policy discussion; and (6) protecting patient access to necessary care, specifically through the Office of Patient Protection (OPP).

Mr. Seltz reviewed Chapter 258 of the Acts of 2014 – *An Act to increase opportunities for long-term substance abuse recovery*, which is a comprehensive law regarding substance use disorder treatment and recovery. He stated that, under this statute, the HPC is required to issue a report recommending policies intended to ensure access to and coverage for substance use disorder treatment throughout the Commonwealth. This report must be published by May 30, 2015.

Dr. Cutler stated that examinations of behavioral health spending and utilization have been the focus in the cost trends research. He added that this behavioral health agenda is broad enough to touch on several areas of work of the HPC.

## **ITEM 5: Care Delivery and Payment System Transformation Update**

Dr. Allen stated that the CDPST Committee met on August 13 to discuss how to move forward on accountable care. She stated that the committee also heard a presentation from Boston Medical Center on their existing ACO model.

### **ITEM 5a: Registration of Provider Organizations Update**

Mr. Seltz introduced Ms. Kara Vidal, Program Manager for System Performance, to provide an update on the Registration of Provider Organizations (RPO).

Ms. Vidal stated that regulation governing RPO became effective on Friday, July 18, 2014. She added that the HPC released a *Helpful Information* memo and the Data Submission Manual (DSM) for Initial Registration: Part 1.

Ms. Vidal reviewed the timeline for the RPO Program. She stated the HPC is now in a phase of “one-on-one” meetings that are available to organizations seeking assistance with the registration process. She noted that Initial Registration: Part 1 will open on October 1 with all materials due to the HPC by November 14.

Dr. Everett asked what the response has been to one-on-one meeting invitations. Ms. Vidal responded that HPC had surveyed attendees at the RPO training sessions about these meetings and that many indicated that they would be signing up for a one-on-one meeting.

Dr. Allen asked how many organizations had attended these trainings. Ms. Vidal stated that 34 unique provider organizations had attended training sessions. She added that representatives from the Division of Insurance (DOI) and the Center for Health and Information Analysis (CHIA) were also in attendance.

Ms. Vidal stated that the HPC would be focusing on providing guidance and support to registering entities over the next two months. She stated that any entity could contact the RPO Program via email at [HPC-RPO@state.ma.us](mailto:HPC-RPO@state.ma.us).

Seeing no further comment, Dr. Everett moved to the next agenda item.

## **ITEM 6: Community Health Care Investment and Consumer Involvement Update**

Mr. Seltz introduced Ms. Cecilia Gerard, Deputy Director for System Performance, to provide an update on the CHART Investment Program and Community Hospital Study.

### **ITEM 6a: CHART Phase 2**

Ms. Gerard provided an update on CHART Phase 2. She noted the HPC has issued a Request for Proposals to CHART-eligible community hospitals. She stated that submissions are due September 12. Ms. Gerard noted that the HPC received a total of 31 prospectus submissions from 30 qualified hospitals, including seven joint proposals. She stated that the prospectus submissions reflected the goals for CHART Phase 2 and she would follow up with more specifics.

Dr. Hattis asked if the joint submissions reflected different geographic locations. Mr. Seltz reiterated that the HPC received 31 submissions from 30 qualified hospitals. He noted that the RFP allowed hospitals to submit both a hospital-specific proposal and a joint proposal. He stated that, in some cases, hospitals only submitted a joint proposal.

Ms. Gerard provided a brief update on CHART Phase 1. She noted that the HPC has conducted site visits with all 27 hospitals that receiving a Phase 1 award. She added that 19 hospitals were given no-cost extensions for Phase 1 with most lasting two months or less.

### **ITEM 6b: CHART Leadership Academy**

Ms. Gerard introduced Mr. Sam Wertheimer, Senior Policy Associate for Performance Analytics, to provide an update on the CHART Leadership Summit.

Mr. Wertheimer stated that over 200 CHART hospital executives attended the September 2 event. The event included discussions around hospital-specific data, best practices, and system transformation.

Mr. Wertheimer stated that each hospital attending the Summit received a hospital-specific chart book that contained over 50 pages of customized data. He noted that hospitals found this information incredibly useful to foster specific and joint hospital collaboration.

Dr. Hattis stated that the chart book gave hospitals a new perspective on their work. He stated that a theme of the day was that, for community hospitals to successfully transform, they need to communicate within their organization and with other hospitals.

Dr. Cutler asked if hospital executives asked for other specific data or resources to help them in their work. Mr. Seltz stated that the need for data, information, internal communication, and organization-wide strategic planning were themes throughout the event.

Dr. Everett stated that the discussions from the CHART Summit relate to Ms. Yang's earlier point regarding the desire to invest resources in community hospitals. She noted this gets at issues of how community hospitals will actually pay for the transformations they need to make. Ms. Yang stated this will be a chronic challenge the market will face in transformation and that various stakeholders must find their role in addressing it.

Secretary Polanowicz stated the other important part of the conversations is to understand what support is being given through other initiatives. He stated this is an opportunity for a robust conversation on this issue.

Dr. Everett stated this is a perfect transition to discuss the HPC's Community Hospital Study.

### **ITEM 6c: Community Hospital Study**

Ms. Gerard reviewed the overall goals and scope of the Community Hospital Study. She stated that the study aims to conduct an analysis of acute care supply within the cohort of community hospitals to identify challenges and opportunities for transformation. She added that the study would support policymakers and stakeholders as they make decisions regarding future transformations.

Ms. Gerard stated that HPC staff met with various experts to inform key study questions and refine the scope of the project.

Ms. Sudders asked if the Community Hospital Study is required by Chapter 224 and raised concerns about the amount of time and cost of the study. Dr. Hattis stated that the study is not required, but that the HPC had agreed to proceed with this study after the closure of North Adams Regional Hospital (NARH). Dr. Hattis stated that the HPC had convened an interagency work group to involve stakeholders in other government agencies.

Secretary Polanowicz described the work of the Health Planning Council under EOHHS and noted the potential for overlap. Mr. Seltz stated that this study, which the CHICI Committee has been discussing since May, would inform the goals and objectives of CHART Phase 2. He also noted his intention to ensure that work is not duplicative of the work of the Health Planning Council.

Ms. Sudders stated that the study does not appear to address behavioral health issues. Dr. Hattis stated that an examination of behavioral health supply and demand is the role of the Health Planning Council. Secretary Polanowicz confirmed this was.

Mr. Seltz stated the HPC is still in the scoping phase of the study and that commissioners would be further engaged at these early stages.

Dr. Everett acknowledged this study was discussed at the June board meeting and that the board agreed to move forward.

Chair Altman, Secretary Shor, and Ms. Yang expressed further support for the study.

Seeing no further comment, Dr. Hattis noted that this concluded his report.

### **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 (October 22, 2014) and asked for any public comment.

Seeing no further comment, Chair Altman adjourned the meeting of the Health Policy Commission at 2:44 PM.

## Sept. 3 Board Meeting Statement

### Commissioner Paul Hattis

--We, the HPC, have been evidenced based and reserved about commenting on issues until they have been put before us—we've been cautious about stepping out

--We have wanted to respect the legal duties delegated to the AG's office as well as their decision-making efforts

Notwithstanding those concerns, in July, feeling obligated by our Statutory charge, we ventured out a bit when we filed our initial Commentary with Judge Sanders—reiterating some specific worries about the studied transactions as well as noting a few general concerns about the current proposed settlement agreement. Specifically we noted the fact that the agreement is ultimately time limited—as when it ends, it leaves nothing in place to check Partners market power—and its overall 'monitor-ability' seems daunting to say the least.

But then-- Partners filed a rebuttal where they cloaked themselves in the settlement agreement as a way to mitigate the worries that we noted in our Preliminary Hallmark review. Their decision to do that has forced us out of our corner to respond head-on to some of the general remedy approaches put forward in the proposed settlement agreement.

I am proud to say as a Commissioner—that we did not run away from that responsibility.

*No, we did not.*

Hard to imagine finding many people who after reading our report today (especially Appendix B) who could say that the HPC believes that the current proposed settlement agreement adequately resolves the competitive harms from the SS, Harbor Medical and Hallmark transactions.

Said differently: Today, I read our Commission's report to say, that to our best understanding, looking at both short term as well as long term effects, the current proposed settlement agreement does not appear to be in the public's interest. (That's not just Paul Hattis saying that—that is *what I read* the Commission's Final report in Hallmark to say today...)

We're not the first credible policy group to make that statement. An important subset of 20 plus of our nation's top academic health care antitrust economists and lawyers came together to tell Judge Sanders in their submitted comments, that the only effective policy way forward to deal with these proposed transactions is an antitrust lawsuit to stop them—a lawsuit which AG Coakley has filed and is sitting with Judge Sanders today.

Now I wish to share a few thoughts of where we go from here. But now let me be clear, I am not any more summarizing what we as a Commission did today. I am speaking now as an



individual Commissioner, who is also the Consumer Advocate appointee to this Board. In that capacity, I believe it is my prerogative and duty to offer these additional thoughts.

Frankly, I believe I was appointed to the Consumer Advocate seat by Attorney General Coakley because of my active participation in the Greater Boston Interfaith Organization. A Social justice organization that brings diverse groups of people together to do important social action, based on critical thinking, respect for relationships and inspired by moral values.

In trying to be an effective representative of consumer concerns about health policy issues, I have worked closely with Health Care For All and GBIO and others to both stay informed of their thinking, as well as discuss issues and ideas to bring forward to the policy sphere. I see my role as working to protect all consumers—but especially those individuals and communities who are most vulnerable to ever increasing health care costs. GBIO truly shares that concern.

Just yesterday, GBIO filed comments with Judge Sanders that I believe pave a path forward which could help resolve the current complicated situation that confronts us all. So let me tell you about what GBIO suggests. Their letter, by the way, was sent to me along with all of the other Commissioners.

GBIO advocates that rather than either pushing forward with any settlement agreement or lawsuit at this time, there ought to be a ‘timeout’... where the parties forego trying to advance closing these transactions until perhaps some time in 2016.

Between now and then—a lot of additional data and information will come forward, including:

1. Next years’ report on how we did as a state with respect to the Cost Growth Benchmark and Partners’ specific ability to constrain their growth of measured TME against that benchmark.
2. See how Partners conducts its commercial insurance contracting across its Enterprise with a specific observation of how, during this time it handles Hallmarks contracts which expire with the big 3 insurers over the next year or so.
3. Critically important—we can also learn from Partners about how their Population Health Management (PHM) efforts are going and any resultant savings or improvement in quality based on experience with the doctors they *already* employ or contract with—thousands of them working in the Greater Boston area in the community as well as at their Academic Centers. They don’t need to expand and acquire new doctors first to test out PHM???

Perhaps starting some time in late 2016, all of this and other relevant data will be in and Partners can re-propose its transactions—and the HPC can study them, based on the facts and data at that time

In this interim period, for South Shore and Hallmark Hospitals—Partners with its billions of dollars in the bank can give them zero interest loans for capital if they need it—loans which can either be forgiven if these transactions someday go forward, or paid back over time if they don't

Let me end by offering one tweak to GBIO's thoughtful ideas. In their letter, they write to Judge Sanders asking her to make this timeout happen by saying 'No' to the proposed settlement agreement. And it may well be at this juncture, that is the only way to get there. But I make a different appeal--If Partners is the sort of leadership organization that we all have known it to be, and want it to be moving forward, working to advance quality, affordable health and health care for communities that they serve--on their own accord, they can take these transactions off the table right now, do as GBIO suggests and not need to await for Judge Sanders to act.