

MINUTES OF THE HEALTH POLICY COMMISSION

Meeting of November 20, 2019

MASSACHUSETTS HEALTH POLICY COMMISSION

Date of Meeting: September 11, 2019

Start Time: 8:00 AM

End Time: 11:07 AM

| | Present? | ITEM 1: Executive Session | ITEM 2: Approval of Minutes | ITEM 3: Drug Pricing Review Regulation |
|---------------------------|-----------------------------------|---|---|---|
| Stuart Altman* | A | A | A | A |
| Don Berwick | A | A | A | A |
| Barbara Blakenev | X | 2nd | M | 2nd |
| Martin Cohen | X | X | X | X |
| David Cutler | X | X | 2nd | X |
| Timothy Foley | A | A | A | A |
| Chris Kryder | X | X | X | X |
| Rick Lord | X | X | X | M |
| Ron Mastrogiovanni | X | X | X | X |
| Sec. Marylou Sudders | X | M | X | X |
| Sec. Michael Heffernan | X | X | X | X |
| Summary | 8 Members Attended | Approved with 8 votes in the affirmative | Approved with 8 votes in the affirmative | Approved with 8 votes in the affirmative |

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 Health Policy Commission (HPC) was held on November 20, 2020, at 8:00 AM. A recording of the first portion of the meeting is available [here](#). A recording of the second portion of the meeting is available [here](#). Meeting materials are available on the Board meetings page [here](#).

Commissioners present included: Mr. Martin Cohen (Vice Chair); Ms. Barbara Blakeney; Dr. David Cutler; Dr. John Christian “Chris” Kryder; Mr. Richard Lord; Mr. Ron Mastrogiovanni; Secretary Marylou Sudders, Executive Office of Health and Human Services; and Ms. Cassandra Roeder, designee for Secretary Michael Heffernan, Executive Office of Administration and Finance.

Undersecretary Lauren Peters, designee for Secretary Marylou Sudders, was also in attendance.

Mr. Cohen called the meeting to order at 8:00 AM.

ITEM 1: Executive Session

Mr. Cohen called for a vote to enter into executive session for the purpose of discussing the entities identified by the Center for Health Information and Analysis (CHIA) as exceeding the cost growth benchmark. He announced that the Board would re-convene in open session following the executive session.

Secretary Sudders made a motion to enter into executive session. Ms. Blakeney seconded it. Mr. Cohen asked for a roll call vote to enter into executive session. The vote was unanimous.

The Board entered into executive session.

ITEM 2: Approval of Minutes

Mr. Cohen reconvened the meeting in public session at 9:11 AM.

Mr. Cohen called for a vote to approve the minutes from the September 11, 2019, Board meeting. Ms. Blakeney made the motion to approve the minutes. Dr. Cutler seconded it. The motion was approved unanimously.

Mr. David Seltz, Executive Director, introduced Ms. Kara Vidal, Associate Director of Market Structure and Performance, who gave an overview of the performance improvement plan (PIP) process. For more information, see slides 13-15.

Mr. Cohen thanked the PIPs team for their work on the analysis. He noted that while the Board had voted to close the 2015-2016 PIP process, there was a great deal of concern about continued cost growth in certain contracts from both payers and providers. He said that the Board would be keeping this in mind as the analysis began on the next CHIA list.

Dr. Cutler echoed Mr. Cohen’s thanks to the PIPs team. He said that compared to other HPC responsibilities, the PIPs process had been particularly challenging relative to his initial expectations. He said that Board had to consider the extent to which changes in risk scores and

health status adjusted spending levels reflected changes in coding practices as opposed to changes in patient health status. He added that the data-lag was also a concern. He suggested that legislative changes regarding the referral standard may be necessary to make the PIPs process more effective.

ITEM 3: Market Oversight and Transparency

Item 3a: Notices of Material Change

Mr. Seltz turned the presentation over to Ms. Katherine Scarborough Mills, Senior Director, Market Oversight and Transparency, and Ms. Megan Wulff, Director of Market Oversight and Monitoring, who provided an update on material change notices (MCNs) received since the last Board meeting. For more information, see slides 9 through 12.

Item 3b: Health Plan Administrative Expenses and MLR

Mr. Seltz provided a brief introduction to the presentation on health plan administration expenses and medical loss ratio (MLR). He turned the presentation over to Mr. Ray Campbell, Director, CHIA, who presented on health plan administrative expenses and MLR. For more information, see slides 17-21.

CHIA's full presentation can be viewed [here](#).

Following the CHIA presentation, Secretary Sudders introduced for the record a letter from Blue Cross Blue Shield of Massachusetts (BCBSMA) correcting an erroneous response to a question asked at the previous month's cost trends hearing (CTH). The letter clarified that BCBSMA had included social workers as a part of its behavioral health (BH) network since 2008, correcting its in-person testimony which stated that its BH network did not include social workers.

Item 3c: Proposed Drug Pricing Regulation

Mr. Seltz provided a brief introduction to the presentation on the proposed drug pricing regulation. He turned the presentation over to Ms. Mills and Ms. Lois Johnson, General Counsel. For more information, see slides 23-36.

Regarding slide 29, Ms. Blakeney asked whether the wholesale acquisition cost and prices included public funding sources such as grants for research or research conducted by the federal government. Ms. Johnson said that the proposed standard reporting form includes a section to collect this information.

Mr. Lord asked what the implications would be if the Board concluded at the end of the process that the pricing of a drug was excessive. He asked Secretary Sudders if MassHealth would then not cover that particular drug. Secretary Sudders said that MassHealth is required to include all drugs on its formulary. She thanked the HPC staff for their close work with the MassHealth team in devising this regulation. She said that this process would be implemented only when MassHealth believed that negotiations with a particular drug maker did not resolve in a favorable manner for the citizens of the Commonwealth. She noted that referral of a drug to the HPC was

the third step in the process, with the first being the negotiations, and the second being the proposal of a public process to establish a value. She said that the information that the HPC would gather would be helpful for MassHealth to go back and restart the process. Mr. Lord thanked Secretary Sudders for this explanation. Secretary Sudders thanked the legislature for its work on this topic.

Mr. Cohen asked when information in this process the names of the drug makers became public. Ms. Johnson clarified that the statute did not specify that the name of an entity referred be confidential at any step in the process. She said that the information submitted by the drug maker would remain confidential.

Mr. Cohen called for a vote to approve the advance of the proposed regulation for public comment. Mr. Lord made the motion to release the proposed regulation. Ms. Blakeney seconded it. The motion was approved unanimously.

Item 3d: Hospital Inpatient Utilization and Spending Trends

Mr. Seltz provided a brief overview of the 2019 Cost Trends Report. He introduced the presentation on hospital inpatient utilization and spending trends. He turned the presentation over to Dr. Laura Nasuti, Associate Director, and Mr. Lyden Marcellot, Senior Research Associate, Research and Cost Trends. For more information, see slides 39-58.

Mr. Cohen asked how observation beds might have played into the numbers presented. Dr. Nasuti said this was something staff had investigated a couple of times previously. She said that, in the commercial population, the use of observation beds had actually decreased.

Dr. Cutler noted that in the chart on slide 57, it appeared that the share of inpatient versus outpatient hysterectomies varied widely by organization. He said that it might be interesting to break this out on a chart to see which institutions were doing more inpatient versus outpatient and vice versa. Mr. Seltz agreed that the numbers in this chart may be masking some variation among providers. Dr. Cutler suggested that this information may be instructive for the providers themselves. Mr. Seltz said that some of the variation might be due to specific market strategies in which certain institutions are more heavily invested in outpatient settings or ambulatory surgery centers. Dr. Nasuti added that the analysis had looked specifically at system rather than hospital type as, when it was sorted by hospital type, the data did not show the same variation. She said that this suggested that it was a question of resources at the system level to shift care to outpatient settings. Undersecretary Peters said that staff should look at other circumstantial factors when examining outpatient trends such as unit closures or competition with resources from other systems. Ms. Blakeney added that some of the variation could be due to the underlying reasons for performing a hysterectomy which could vary considerably.

Mr. Cohen thanked the staff.

ITEM 4: Care Delivery Transformation

Item 4a: CHART Investment Program: Evaluation Results

Mr. Seltz provided an overview of the Community Hospital Acceleration, Revitalization, and Transformation (CHART) program.

Mr. Seltz turned the presentation over to Ms. Kelly Hall, Senior Director, and Ms. Fran Hodgins, Manager, Health Care Transformation and Innovation, who presented on the results of the CHART evaluation. For more information see slides 61-77.

Dr. Cutler asked whether the CHART program had saved the Commonwealth money through reducing utilization. Ms. Hall said that this question was not specifically examined in the evaluation. She said that this question also came up in terms of the individual hospitals' return on investment (ROI). She said that ROI for each hospital is a unique calculation and that this was part of the reason the evaluation focused on broader sustainability factors. Ms. Hodgins added that many of the awardees used their funding to invest in infrastructure and capacity building to set themselves up for success in a future payment environment. For this reason, she said, examining the amount of money saved may be misleading. Mr. Seltz agreed with Ms. Hall and Ms. Hodgins and said that this was a question that staff had run down as far as possible. He said that in later investment programs, the HPC had been better able to collect the kind of data that would help shed light on this question. He said, however, that reductions in acute care utilization had been observed, including fewer emergency department (ED) visits, as a result of these programs. He noted that Ms. Blakeney had participated in a learning and dissemination conversation with some of the CHART awardees and asked if she had any reflections from that experience that she would like to share. Ms. Blakeney thanked Mr. Seltz for the opportunity to share. She said that there was a hunger among the participants to have the space and opportunity to explore and discover. She noted that innovation in health care is non-linear and requires the opportunity for experimentation. She said that a challenge for the HPC was to find ways to create spaces for organizations to empower their frontline caregivers to experiment and learn from one another. She said that she looked forward to future opportunities in which the HPC could help organizations innovate in this way.

Mr. Mastrogiovanni asked what the reasons were for the six programs that opted not to continue. Ms. Hall said there were a couple of hypotheses that might explain why these organizations chose not to sustain their programs. She said that the first was the emergence of the MassHealth Accountable Care Organization (ACO) Program and other potentially duplicative programs, and so the work may have continued but possibly under different auspices. She noted that CHART offered these hospitals an opportunity to get ahead of a market trend. She said that another possibility was that the market did not move as quickly as initially anticipated when the CHART program was launched and that it may not have made sense for certain entities to continue to make investments in programs that had the net effect of reducing utilization. She said that the CHART program had helped to lay the groundwork for when the market catches up to where staff had thought it would be. Mr. Seltz added that moving to a capitated or value-based model would unlock the potential of this innovation, so continuing to push the system in that direction would make these investments more valuable.

Dr. Kryder asked whether staff were confident that the organizations that had reduced ED utilization were going to continue to use data and analytics differently than they were prior to the

programs. Ms. Hall said that she had a high degree of confidence that these changes would be sustained. She said that once an organization went down the path of using a database to make decisions rather than assumptions based on conjecture or qualitative data, it was difficult to go back. Mr. Seltz noted that the HPC had continued to work with some of these hospitals in subsequent grant programs and had seen that they were much more adept at launching new programs because they had already developed the capacity to use data to engage patients during their CHART grants. Dr. Kryder said it might be valuable to continue to ask these providers what systems they gravitate towards. Mr. Seltz agreed and said that there was a great opportunity to check back in with these awardees.

Mr. Seltz thanked Mr. Lord for his prior work as the Chair of the now disbanded Community Health Care Investment and Consumer Involvement (CHICI) Committee which had helped oversee the CHART program.

Mr. Cohen reviewed the public meeting schedule for the remainder of 2019 and adjourned the meeting at 11:07 AM.