

MINUTES OF THE HEALTH POLICY COMMISSION

Meeting of April 14, 2021

MASSACHUSETTS HEALTH POLICY COMMISSION

Date of Meeting: April 14, 2021

Start Time: 12:00 PM

End Time: 2:29 PM

	Present?	ITEM 1: Approval of Minutes	ITEM 2: Election of Vice Chair	ITEM 3: 2022 Health Care Cost Growth Benchmark	ITEM 4: C4SEN Awardee Selection
Stuart Altman*	X	X	X	X	X
Don Berwick	X	2nd	X	X	A
Barbara Blakeney	X	X	X	X	M
Martin Cohen	X	M	abs.	X	X
David Cutler	X	X	X	X	X
Timothy Foley	X	X	2nd	2 nd	A
Patty Houpt	X	X	X	M	2nd
Chris Kryder	X	X	X	abs.	X
Ron Mastrogiovanni	X	X	M	X	X
Sec. Marylou Sudders	X	X	X	X	X
Sec. Michael Heffernan	X	X	X	X	X
Summary	11 Members Attended	Approved with 11 votes in the affirmative	Approved with 11 votes in the affirmative	Approved with 10 votes in the affirmative	Approved with 9 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 virtual meeting of the Health Policy Commission (HPC) was held on April 14, 2021, at 12:00 PM. A recording of the meeting is available [here](#). Meeting materials are available on the Board meetings page [here](#).

Participating commissioners included: Dr. Stuart Altman (Chair), Mr. Martin Cohen (Vice Chair); Dr. Donald Berwick; Ms. Barbara Blakeney; Dr. David Cutler; Mr. Timothy Foley; Ms. Patricia Houpt; Dr. John Christian “Chris” Kryder; Mr. Ron Mastrogiovanni; Undersecretary Lauren Peters, designee for 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.

Dr. Altman began the meeting at 12:00 PM and welcomed the commissioners, staff, and members of the public viewing the meeting live on the HPC’s YouTube channel. Dr. Altman turned the meeting over to Mr. David Seltz, Executive Director, who gave an overview of the day’s agenda.

ITEM 1: Approval of Minutes

Dr. Altman called for a vote to approve the minutes from the January 13, 2021, Board meeting. Mr. Cohen made the motion to approve the minutes. Dr. Berwick seconded it. The vote was taken by roll call. The motion was approved with 10 votes in favor and one abstention.

ITEM 2: Election of Vice Chair

Dr. Altman called for a vote to reappoint Mr. Cohen as Vice Chair. Mr. Mastrogiovanni made the motion to reappoint Mr. Cohen. Mr. Foley seconded it. The vote was taken by roll call. The motion was approved with 10 votes in favor and one abstention.

ITEM 3: Market Oversight and Transparency

Dr. Altman turned the presentation over Ms. Coleen Elstermeyer, Deputy Executive Director.

ITEM 3a: 2022 Health Care Cost Growth Benchmark

Ms. Elstermeyer presented on the 2022 Health Care Cost Growth Benchmark. For more information, see slides 9-13.

Dr. Altman noted that the HPC had limited authority in its ability to modify the benchmark. He said that he believed that, despite the fact that spending had exceeded the benchmark over the past few years, it had played a role in slowing cost growth since growth in Massachusetts no longer so dramatically exceeded growth in the rest of the country.

Mr. Foley said that during the benchmark hearing two hospitals had raised objections to the 3.1 percent benchmark. He asked if these organizations had proposed an alternative benchmark or were just concerned about being held to the same growth standard as higher-priced

organizations. Dr. Altman said that the benchmark is an overall target for the state and does not limit growth in any single provider or insurer. Mr. Seltz agreed with Dr. Altman's statement and added that an important part of the HPC's performance improvement plan (PIP) review process was examining the underlying price level of the organization. Mr. Foley reiterated his question as to whether an alternate benchmark had been proposed. Dr. Altman said that one had not. Ms. Elstermeyer confirmed that this was correct.

Dr. Cutler said that he was very much in favor of maintaining the benchmark at 3.1 percent. He said that, given all that had happened in the health care market in 2020, growth would likely be well below 2019 levels and it would be important to keep an eye on trends as the system recovered from the pandemic in years moving forward. He said that, in light of the trends in recent years, the HPC would likely have to take action in the PIP realm because it appeared to him that market participants were concluding that there were not consequences for exceeding the benchmark. He reiterated that he supported the 3.1 percent target but said the HPC would have to do more to contain spending growth. Dr. Altman noted that the data lag presented challenges for the Board and said that the benchmark concept would be tested in the years to come.

Mr. Cohen thanked all of the organizations that provided testimony to help inform the Board's decision on setting the benchmark. He said that he would be voting to maintain the 3.1 percent target and underscored the point that it was an overall target and not meant to apply to any individual organization. He agreed with Dr. Cutler's point and said that the benchmark represented just one tool in the HPC's toolbox. He acknowledged that the timing was difficult given the COVID pandemic but that cases in which the benchmark was exceeded warranted additional scrutiny nonetheless.

Mr. Mastrogiovanni said that he also planned to vote for the 3.1 percent benchmark and agreed with previous comments regarding the PIPs process. He said that it might be time for the HPC to be a little more aggressive in holding organizations accountable to the benchmark.

Dr. Altman noted that Dr. Michael Chernow's presentation at that benchmark hearing had raised concerns about future spending growth and had provided an interesting model for how the state might be able to slow that growth. He encouraged commissioners to revisit that presentation, keeping in mind the HPC's statutory constraints.

Dr. Berwick said that he agreed strongly with the comments from Dr. Cutler and Mr. Cohen. He noted that Lawrence General Hospital's (LGH's) and Signature Healthcare's testimony in opposition to the 3.1 percent benchmark was not without merit. He said that there were organizations being paid far less than they needed and that, while the HPC may be clear about what the 3.1 percent target means, it may be that some organizations are not so clear. He said that the HPC needed to consider the psychology of the benchmark itself with the awareness of pricing variation. He added that he did support the 3.1 percent benchmark. Dr. Altman thanked Dr. Berwick for this comment, but reiterated Mr. Seltz's point that PIP analyses do look at price levels and take into account an organization's revenue growth over time. He reiterated the HPC's commitment to being mindful of the key differences among organizations in terms of spending growth.

Dr. Kryder said that his instinct was to modify the benchmark. He said that 2020 provided the opportunity to reflect on the implications of accepting ever-increasing costs in the health care system. He said that COVID-19 had revealed the urgency of moving away from fee-for-service (FFS) care to more value-based contracting. He said that COVID had spurred widespread acceptance of telemedicine and remote monitoring capabilities which reduce overhead. He said that he believed that it was a mistake to continue to accept growth rates that suggested a fixed marketplace given how dynamic the health care system seemed to be following the pandemic. Dr. Altman noted that this was the last year that the Board was statutorily restricted to the 3.1 percent growth number. He said that he would task Mr. Seltz and the staff with bringing the benchmark topic back for discussion later in the year for a deeper dive on what should be done with the benchmark moving forward.

Dr. Altman called for a vote to establish the 2022 Health Care Cost Growth Benchmark at 3.1 percent. Ms. Houpt made the motion. Mr. Foley seconded it. The vote was taken by roll call. The motion was approved with 10 votes in the affirmative and one abstention.

ITEM 3b: Market Transactions

Mr. Seltz provided an overview of the market transactions portion of the meeting.

Mr. Seltz introduced Ms. Katherine Mills, Senior Director, Market Oversight and Transparency (MOAT), who provided an update on material change notices (MCNs) received by the HPC since the last Board meeting. For more information, see slides 16-23.

Regarding the Ophthalmic Consultants of Boston's proposal to acquire Eye Health Services listed on slide 17, Dr. Berwick asked if the HPC would be reviewing changes to market concentration as part of the review. Ms. Mills confirmed that the HPC would be reviewing changes to market concentration.

Ms. Mills presented on the Mass General Brigham determination of need (DoN) applications. For more information, see slides 25-29.

Dr. Altman noted that this expansion would represent a major increase in capacity not only for Mass General Brigham but for the Commonwealth as a whole. He said that Mass General Brigham was a provider with a record of high-quality, but high-cost care.

Dr. Berwick said that an increase in beds and imaging services for the state's highest-cost provider would have a substantial impact on costs in Massachusetts. He said that he was eager to see the data on this. He asked if the HPC would be able to do its own cost analysis on the expansion rather than waiting on the independent cost analysis (ICA) to be done. If so, he asked what the timing on that analysis would be. Ms. Mills noted that staff had been looking closely at these applications since they were filed in January, that the HPC is working with the same teams of experts that it works with in cost and market impact reviews, and that those analyses had already begun. She said that she did not think the timing of the comment would impact the

HPC's ability to conduct a rigorous review. She noted that the ICA itself was under the purview of the department of public health (DPH). Ms. Lois Johnson, General Counsel, added that the ICA is conducted by a third-party consultant paid for by the DoN applicant, but not under the applicant's control. Dr. Berwick asked when the Board might expect to see some of the analysis being conducted. Ms. Mills said that the goal was to keep commissioners informed as the analytic work progressed similar to the process with cost and market impact reviews (CMIRs). She noted that based on past CMIRs, the analytic stage is generally a minimum of four months and that, based on the complexity of these proposals, it could be longer in this case.

Ms. Houpt said she was concerned about the impact on the commercial market and private payers from a broad geographic expansion of a high quality, but high cost provider. She also asked whether the HPC could make a recommendation that any expansion of this nature be tied to a commitment on health equity. Ms. Mills said that staff members were examining these three proposed projects through a health equity lens. She noted that the DoN program had the ability to impose conditions as a part of an approval, even if they do decide to approve the projects.

Mr. Foley echoed Ms. Houpt's point regarding the application of an equity lens to the proposals. He said that Ms. Mills's outline of the timing of the HPC's report made sense to him and that targeting a comment or analysis to be between the ICA and the final DPH staff report would be ideal. He noted that we've seen growing number of outpatient services by academic medical centers (AMCs) driving cost growth in Massachusetts in recent years, indicating that it is important for the HPC to take a close look at MGB's expansion plans.

In response to Ms. Houpt's comment, Mr. Cohen noted that the DoN process in Massachusetts requires a percentage of the cost be dedicated to community investment.

Mr. Seltz said that staff would continue to work in analyzing the impact these proposals and would keep commissioners informed along the way in preparation of a comment for later in the year in support of DPH and the DoN review process.

ITEM 3c: Impact of COVID-19 on the Massachusetts Health Care System: Interim Report

Mr. Seltz provided an overview of the interim report on COVID-19's impact on the Massachusetts health care system. For more information, see slides 32-33.

Mr. Seltz introduced Ms. Sara Sadownik, Deputy Director, and Dr. Laura Nasuti, Associate Director, Research and Cost Trends (RCT), who presented on the interim report's findings on emergency department (ED) visits. For more information, see slides 34-40.

Ms. Blakeney asked if she had heard correctly in the presentation that adolescents tended to be boarded longer than adults in the ED for behavioral health (BH) issues. Dr. Nasuti said that this was correct. Ms. Blakeney asked if these patients were ultimately admitted or discharged. Dr. Nasuti said that she could look at the data and get back to Ms. Blakeney.

Ms. Sadownik presented on the remainder of the interim report's findings. For more information, see slides 41-61. (transcript page 39)

Dr. Cutler asked how much inpatient care had dropped in 2020. Dr. David Auerbach, Director, Research and Cost Trends, said that total admissions were down 9 percent. Dr. Cutler said that this indicated a decrease in spending which suggested that Dr. Kryder's comment that there may be negative spending growth in 2020 was a correct assumption. Dr. Altman asked what time period these numbers on inpatient admissions covered. Ms. Sadownik said that they were for the full year of 2020. Dr. Altman said that the numbers he had seen nationally suggested that spending was down only a little over 1 percent. He said it was possible that Massachusetts had seen a greater decrease in spending but it appeared to him that spending had rebounded. Dr. Cutler said that seemed surprising given what had been presented. He said that it was highly unlikely Massachusetts spending was down only 1 percent given this data. Dr. Altman noted that the national 1 percent decrease number was off the top of his head and was total spending, not just inpatient. Dr. Auerbach added that prices increased in many areas so even with a 9 percent decrease in inpatient admissions, the total spending drop for inpatient services might not be 9 percent. Dr. Cutler said that made sense. Dr. Altman said that it looked like providers were raising prices to offset the reduced utilization. Regarding the second bullet point on slide 57, Dr. Cutler noted that the acuity of admitted patients was also higher which could mean higher reimbursements for providers.

Dr. Altman emphasized that the information presented was part of an interim report and said that there was more information coming in daily and that the Board would be able to see more as the data was analyzed. Mr. Seltz said that this was correct. He said that today's analysis was from the first batch of data and that staff looked forward to updating the Board as more information became available. He said that staff hoped to incorporate information not only from 2020, but from the first quarter of 2021, and to look closer at the underlying components that contribute to total spending including examining areas such as home health care, ambulatory care, outpatient care, and prescription drug care.

Dr. Berwick said that this was the best analysis he had seen from anywhere in the country. He asked whether the organization-level analyses on losses and gains might be impacted by the relief funds that many hospitals received. Ms. Sadownik said that this was a difficult question to answer given that the variation among providers in type and financial performance. She said that it was a good question that the HPC might be able to explore with colleagues at the Center for Health Information and Analysis (CHIA). Mr. Seltz said that staff were examining health system financials and comparing systems but noted that these are complicated organizational structures with many different component pieces. He said that hospitals are often part of broader systems that include physician organizations so even looking at hospital margins does not show you much about the financial health of the entire system. He said that CHIA had revamped its financial reporting to be more rigorous about the definitions of those reporting and that this was something the HPC hoped to be adopting into some of its data collection sources as well.

Dr. Altman said that there would be a much better picture of all of this as the HPC got more complete data for 2020. He said that the Commonwealth Fund had conducted a study on utilization at the national level for 2020 and it would be interesting to see how Massachusetts compared to the country as a whole.

Dr. Kryder said that Dr. Berwick's point about hospital margins was an interesting one. He encouraged staff to look into some of the high and low outliers among hospitals to see what might account for the differences and determine whether the data was being reported in a consistent manner. He said it would also be interesting to hear from CHIA what the trends in low-value procedures had been in 2020. Dr. Altman said that this point was well-taken but noted that there were many ways for organizations to categorize spending data in ways that might manipulate it. He said that this was why it was sometimes more illuminating to look at total spending and said that the ability of the staff to go beneath the surface on individual entities could be somewhat limited.

ITEM 4: Care Delivery Transformation

Ms. Blakeney provided an introduction to the presentation on the 2022 Cost-Effective, Coordinated Care for Caregivers and Substance Exposed Newborns (C4SEN) Investment Program.

ITEM 4a: 2022 Cost-Effective, Coordinated Care for Caregivers and Substance Exposed Newborns (C4SEN) Investment Program Awardee Selection

Ms. Blakeney turned the presentation over to Ms. Kelly Hall, Senior Director, Health Care Transformation and Innovation (HCTII), who presented on the awardee selection for the C4SEN investment program. For more information, see slides 63-72.

Dr. Altman called for a vote to approve the awardee recommendations for the C4SEN program. Ms. Blakeney made the motion. Ms. Houpt seconded it. The vote was taken by roll call. The motion was approved with 9 votes in the affirmative.

Mr. Seltz previewed the upcoming public meetings. The meeting adjourned at 2:30 PM.

