MEETING MINUTES:

MARKET OVERSIGHT AND TRANSPARENCY COMMITTEE

Meeting of January 14, 2020

MASSACHUSETTS HEALTH POLICY COMMISSION

Market Oversight and Transparency Committee
Health Policy Commission
50 Milk Street, 8th Floor
Boston, MA

Docket: Tuesday, January 14, 9:30 AM

PROCEEDINGS
The Massachusetts Health Policy Commission's (HPC) Market Oversight and Transparency (MOAT) Committee held a meeting on Tuesday, January 14, 9:30 AM, at the HPC's offices, 50 Milk Street, 8th Floor, Boston, MA.

Members present included Dr. David Cutler (Chair); Mr. Richard Lord; Mr. Ron Mastrogiovanni; and Ms. Cassandra Roeder, designee for Secretary of Administration and Finance Michael Heffernan.

Mr. Martin Cohen (Chair of the Care Delivery Transformation Committee) was also in attendance.

The meeting notice and agenda can be found here.
The presentation from the meeting can be found here.
A video of the meeting can be seen here.

Dr. Cutler called the meeting to order at 9:35 AM. He welcomed members of the public to the meeting.

ITEM 1: APPROVAL OF MINUTES FROM THE OCTOBER 2, 2019 MEETING
Dr. Cutler called for a motion to approve the minutes from the October 2, 2019, meeting. Mr. Mastrogiovanni motioned to approve the minutes. Mr. Lord seconded the motion. The minutes were approved with three votes in the affirmative.

Dr. Cutler provided a brief outline of the day's agenda. He turned the presentation over to Mr. David Seltz, Executive Director.

Mr. Seltz outlined the timing for the release of the annual cost trends report (CTR) and previewed the rest of the meeting agenda.

ITEM 2: ANNUAL COST TRENDS REPORT FINDINGS
Mr. Seltz turned the presentation over to Dr. David Auerbach, Director, Research and Cost Trends who presented on select findings from the CTR. For more information, see slides 7-29.

Regarding the chart on slide 11, Mr. Mastrogiovanni asked why the examination had not included Medicare supplement plans. Dr. Auerbach said that this was a good question. He said that a lot of the Medicare data was not captured by the Center For Information and Analysis (CHIA) though some of it did appear in the national analysis. Mr. Seltz added that the CTR would include some Medicare comparisons.

Mr. Lord asked if there was any explanation as to why growth in the Massachusetts Health Connector premiums was less than that in the employer market. Dr. Auerbach said that the Connector might be a better resource to answer this question but said there were a number of factors that contributed to this. He noted that Massachusetts had a head start over the rest of the country in establishing its Health

Connector and that it had developed a competitive market with a lot of options. He noted that there were several features of the Connector such as default enrollment into one of its two low-cost plans that contributed to constraining cost growth. Dr. Cutler added that the provider networks differ in the Connector and that many high-cost providers were not in-network. Dr. Auerbach said that this was correct. He said that the Connector plans with the lowest premiums excluded higher-priced providers such as Partners HealthCare. He said that they may pay providers at rates comparable to the MassHealth accountable care organization (ACO) program. Mr. Seltz added that there was a generous subsidy that was able to keep some of the most price-sensitive populations in the Connector market.

Regarding slide 17, Dr. Cutler noted that the 900,000 residents included in the claims data was a relatively small portion of the state's population. He said that he did not think that Medicaid and Medicare could be accounting for the rest and asked what else might not be captured in this data. Dr. Auerbach said that Dr. Cutler was correct and noted that the full commercial population in the Commonwealth was about four million. He said that commercially-insured individuals captured in the APCD represented about two-thirds of that population. He said that likely the biggest group not captured in this data was the self-insured population but that there were also individuals who could not be attributed to a provider organization or the provider organization was too small to appear in the data. He added that staff believe the 900,000 captured here were a fairly good representation of the overall commercial population.

Dr. Cutler asked if the emergency department (ED) utilization figures on slide 19 were risk adjusted. Dr. Auerbach confirmed that they were. Dr. Cutler noted that in the case of Boston Medical Center (BMC), even given the population they serve, avoidable ED utilization was still very high. Dr. Auerbach noted that this graph represented BMC's commercial population.

Mr. Mastrogiovanni asked why so many low-value procedures were still being performed across providers. Dr. Auerbach said that this was a great question. He said there were a variety of factors ranging from organizational inertia to financial incentives. Dr. Laura Nasuti, Associate Director, Research and Cost Trends, added that staff had spoken with a number of clinicians about this and said that many physicians described ordering low-value procedures for patients because they knew that a surgeon would not operate unless these tests were conducted. Dr. Auerbach said that some states were launching information campaigns to change this behavior. He noted that Washington State had noticed similar trends and launched a campaign specifically targeted at ending low-value pre-operative testing.

Mr. Lord asked if the procedures outlined on slides 22-23 were universally accepted as low value. He asked if the Choosing Wisely campaign had identified these specifically. Dr. Auerbach said that he believed the procedures listed had all come from Choosing Wisely.

Regarding the graph on slide 29, Mr. Cohen asked when the International Classification of Diseases (ICD) codes had changed. Dr. Auerbach said that this occurred in 2015 and did not appear to be a factor in the data shown.

Dr. Auerbach turned the presentation over to Dr. Nasuti and Dr. Katya Fonkych, Senior Researcher, Research and Cost Trends, who continued the presentation on the hospital inpatient and outpatient data. For more information, see slides 30-46.

Mr. Seltz said that the finding that certain shifts from inpatient to outpatient sites of care were actually cost-increasing if patients were moving to higher-priced providers, was an extremely important one.

Referencing the chart on slide 36, he noted that a number of providers were working on expanding outpatient services. He said that analysis of these plans needed to include an understanding of the pricing and variation among providers and sites of care.

Dr. Auerbach summarized the findings of the outpatient spending growth portion of the CTR. For more information, see slide 47.

Dr. Cutler asked what portion of the outpatient volume was occurring in the downtown academic medical centers (AMCs) versus off-campus locations. Dr. Nasuti said that, starting in 2016, there was a place-of-service code added that indicated whether a procedure was off-campus. She said that, as of the 2017 claims data, staff did not have a high degree of confidence in their ability to identify the on-campus versus off-campus procedures. She said that this was an obvious area for improvement because of its implications for site-neutral payments. Dr. Cutler said that, in addition to the site-neutral factors, there were also implications for uncompensated care and teaching functions as hospitals may use higher prices at these facilities to offset those losses.

Mr. Cohen asked what might be driving the shift to higher-priced providers for some of these procedures. Dr. Cutler said that this was great question. He said that staff would like to investigate whether there was a quality difference. He said that the factors driving the shift had been a topic of investigation for the MOAT Committee. He noted that the higher commercial margins for the higher-priced providers allowed those providers to invest in better facilities and purchase physician groups that then refer patients to these facilities. He said that this was a cycle that could reinforce itself to some extent. Mr. Seltz added that the HPC was examining shifts in physician affiliations and the impact this has on referral behavior.

ITEM 3: OFFICE OF PATIENT PROTECTION 2018 ANNUAL REPORT

Ms. Nancy Ryan, Director, Office of Patient Protection (OPP), presented on the OPP 2018 Annual Report. For more information, see slides 54-63.

Dr. Cutler asked whether there were specific plans that accounted for the most appeals. Ms. Ryan said that there was a graph in the full report that showed the number of appeals per number of health plan members. She said that in this year's report Fallon had the highest number of appeals per member.

Mr. Cohen asked if there was a breakdown of the risk-bearing provider organizations (RBPOs)/accountable care organizations (ACOs) appeals that showed what percentages were medical/surgical versus behavioral health (BH). Ms. Ryan said that she did not believe that this was information that OPP requested in its annual reporting from RBPOs/ACOS specifically but said it was something that could be asked for moving forward.

Mr. Seltz thanked OPP for all of its work providing exceptional customer service to the residents of the Commonwealth. He noted that the OPP was a small team that fields thousands of calls a year.

ITEM 4: REDUCING ADMINISTRATIVE COMPLEXITY

Mr. Seltz provided a brief introduction for the update on the HPC's work to reduce administrative complexity. He turned the presentation over to Ms. Kara Vidal, Associate Director, Market Oversight and Transparency, who presented an update on the HPC's administrative complexity work. For more information, see slides 65-67.

Dr. Cutler thanked Ms. Vidal for her presentation. He said that he agreed with the points about what steps could be taken to address some of the prior authorization issues. He said that it would be helpful to think about what some of the next steps might be after that and what the HPC could do to take on bigger issues regarding the topic of administrative complexity. He suggested that this might be a worthy topic for the 2020 Cost Trends Hearing and that the HPC could think about laying out steps for the Commonwealth to take to tackle the issue of administrative costs.

Mr. Seltz briefly outlined the timeline for the development of the HPC's drug pricing regulation. For more information, see slide 69.

ITEM 5: ADJOURNMENT

Dr. Cutler thanked the Committee and the staff. The meeting adjourned at 11:23 AM.