



MASSACHUSETTS
HEALTH POLICY COMMISSION

Administration and Finance Committee

February 8, 2017



AGENDA

- **Call to Order**
- Fiscal Year 2016 Summary
- Fiscal Year 2017 Mid-Year Review
- Fiscal Year 2018 Preview
- Executive Director Performance Review (VOTE)



AGENDA

- Call to Order
- **Fiscal Year 2016 Summary**
- Fiscal Year 2017 Mid-Year Review
- Fiscal Year 2018 Preview
- Executive Director Performance Review (VOTE)

FY16 Background

Ch. 224 One-Time Assessment

- FY13 to FY16
- Mandated by Chapter 224
- Funded the Health Care Payment Reform Trust Fund (HCPRTF) and the Distressed Hospital Trust Fund (DHTF)
 - HCPRTF – a multi-year “*glide-path*” to build infrastructure and capacity
 - DHTF – supports the CHART Investment Program and related expenses

HCPRTF – FY16

1

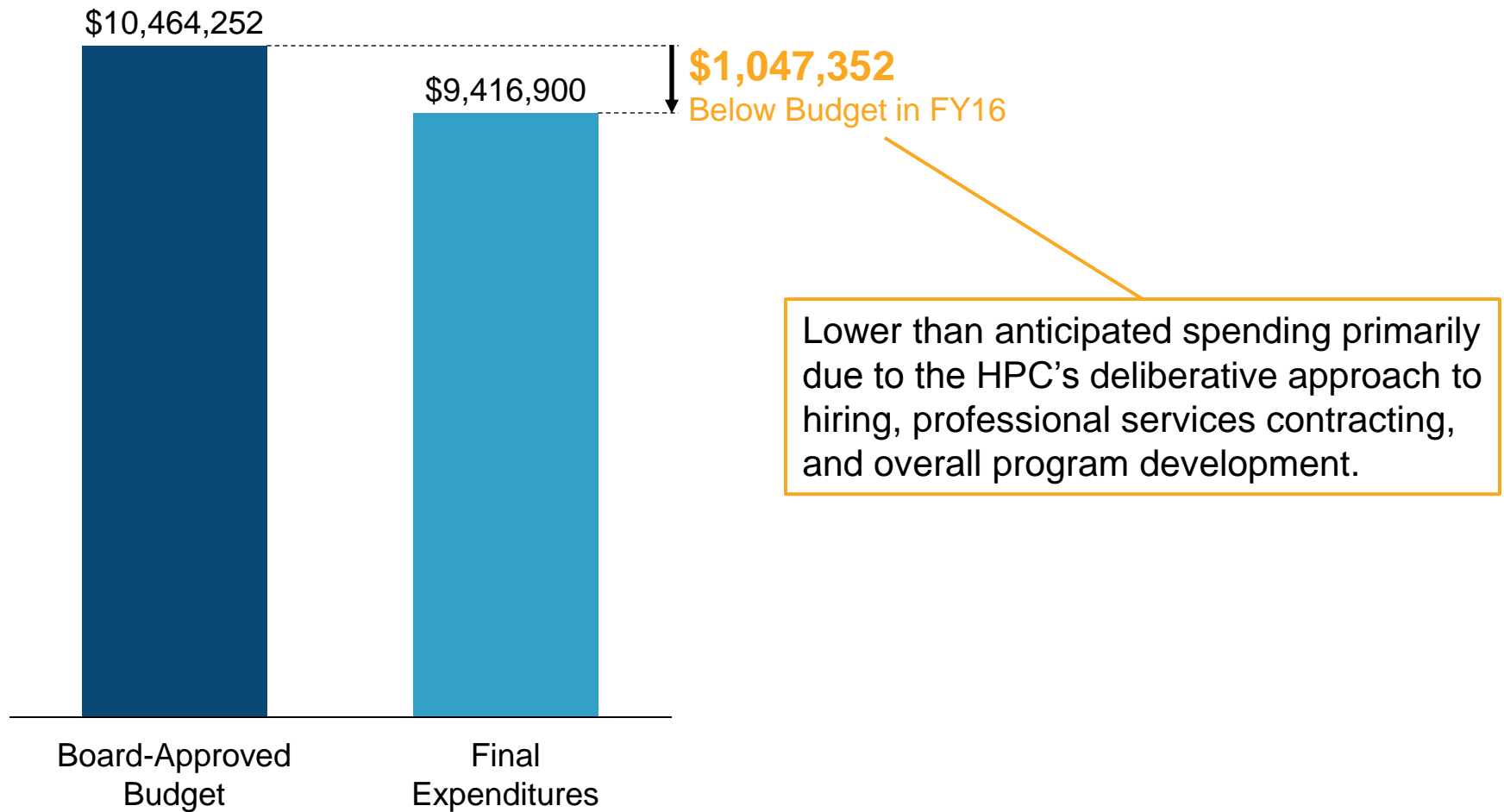
- Board-approved budget:
\$10,464,252
- Main use: Agency operations
- Note: Includes fringe and Comptroller assessment

DHTF – FY16

2

- Board-approved budget:
\$2,997,192
- Main use: CHART administration and hospital technical assistance

FY16 HCPRTF Closeout

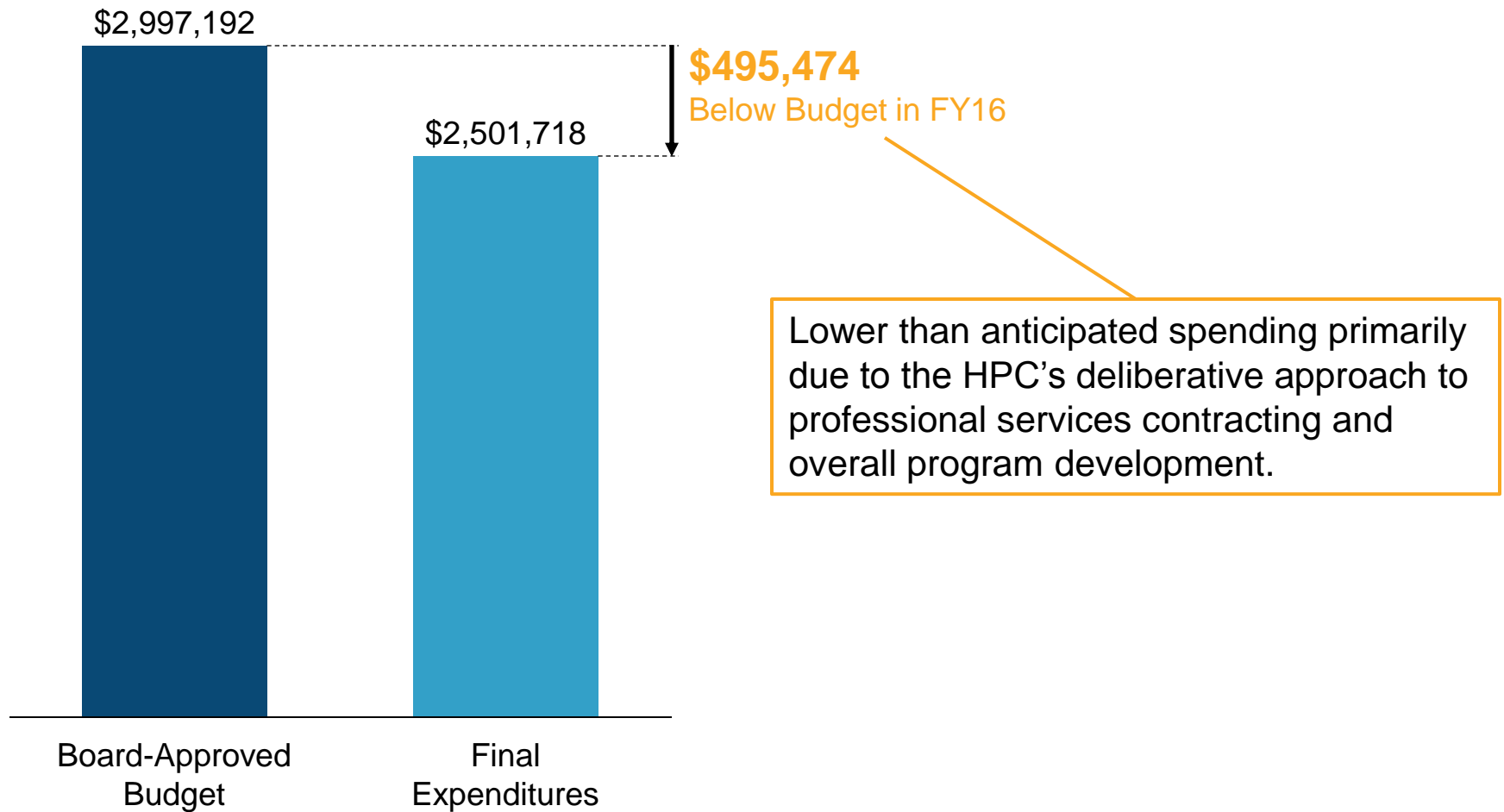


FY16 HCPRTF: Summary of Expenditures

Expenditure	FY16 Budget	FY16 Actual	Variance	Explanation of Variance
Payments				
Payroll/Benefits	\$ 4,521,710	\$ 3,778,789	\$ 742,921	Below budget on payroll/benefits due to phased hiring. Below budget on professional services due no active CMIR until mid-FY16. Above budget on administration/IT support due to IT buildout in the HPC Conference Center, better supporting the needs of all agencies who use the Center.
Rent/Utilities	\$ 555,040	\$ 569,538	\$ (14,498)	
Professional Services	\$ 2,800,000	\$ 2,175,683	\$ 624,317	
Administration/IT Support	\$ 470,050	\$ 571,619	\$ (101,569)	
Total Payments	\$ 8,273,403	\$ 7,095,629	\$ 1,177,774	
State Levies				
CTR Trust Fund Assessment	\$ 739,831	\$ 591,895	\$ 147,936	Under budget due to phased hiring.
Employee Fringe/Benefit Assessment	\$ 1,318,018	\$ 1,141,164	\$ 176,854	
Total Levies	\$ 2,057,849	\$ 1,733,059	\$ 324,790	
Transfers Out				
State Budget Shortfall		\$ 500,000	\$ (500,000)	\$500,000 swept out of the PRTF and into the General Fund to help address the Commonwealth's budget shortfall in FY16.
CHIA RPO	\$ 133,000	\$ 88,212	\$ 88,079	
Total Transfers Out	\$ 133,000	\$ 588,212	\$ (411,921)	
TOTAL FY16 EXPENDITURES	\$ 10,464,252	\$ 9,416,900	\$1,047,352	The HPC spent approximately \$1 million less than projected. These funds roll back for use from FY17 to FY20.

At the end of FY16, the balance of the HCPRTF was \$14.5 million.

FY16 DHTF Closeout



FY16 DHFT: Summary of Expenditures

Expenditures	FY16 Budgeted	FY16 Actual	Variance	Explanation of Variance
Payments				
Payroll/Benefits	\$ 875,122	\$ 991,065	\$ (115,943)	Salary spending was slightly higher than anticipated.
Rent/Utilities	\$ 97,948	\$ 100,508	\$ (2,560)	
Professional Services	\$ 1,453,000	\$ 833,695	\$ 619,305	
Administration/IT Support	\$ 82,950	\$ 100,703	\$ (17,753)	
Total Payments	\$ 2,509,020	\$ 2,025,971	\$ 483,049	
State Levies				
CTR Trust Fund Assessment	\$ 232,812	\$ 180,458	\$ 52,354	
Employee Fringe/Benefit Assessment	\$ 255,360	\$ 295,289	\$ (39,929)	
Total Levies	\$ 488,172	\$ 475,747	\$ 12,425	
TOTAL FY16 EXPENDITURES	\$ 2,997,192	\$ 2,501,718	\$ 495,474	

At the end of FY16, the balance of the DHTF was \$82.5 million.



AGENDA

- Call to Order
- Fiscal Year 2016 Summary
- **Fiscal Year 2017 Mid-Year Review**
- Fiscal Year 2018 Preview
- Executive Director Performance Review (VOTE)

FY17 Background

NEW Annual Assessment

- FY17 and onward
- Mandated by Chapter 224 and implemented through regulation (958 CMR 9.00)
- Supports HPC operations
- Amount is set by line-item in the state budget

Line-Item

1

- Board-approved budget: **\$8,479,800**
- Main use: Agency operations
- Note: Level-funding to the FY16 Board-approved budget

Health Care Payment Reform Trust Fund

2

- Board-approved budget: **\$1,000,000**
- Main use: Direct technical assistance and investments

Distressed Hospital Trust Fund

3

- Board-approved budget: **\$3,795,764**
- Main use: CHART administration and hospital and technical assistance

FY17 State Budget: HPC Provisions

Line-Item

1450-1200: *For the operation of the Health Policy Commission...* \$8,479,800

Outside Section

Section XX. The health policy commission, in consultation with the department of public health, shall implement a 2-year pilot program to further test a model of emergency department initiated medication-assisted treatment, including but not limited to buprenorphine and naltrexone, for individuals suffering from substance use disorder...The commission may direct not more than \$3,000,000 from the Distressed Hospital Trust Fund established in section 2GGGG of chapter 29 of the General Laws to fund the implementation of the program. The commission shall report to the joint committee on mental health and substance abuse and the house and senate committees on ways and means not later than 12 months following completion of the program on the results of the program, including effectiveness, efficiency and sustainability.

NEW Annual Assessment

- FY17 and onward
- Mandated by Chapter 224 and implemented through regulation (958 CMR 9.00)
- Supports agency operations
- Amount is set by line-item in the state budget

2 Rounds of Invoices Annually (October and December)

191 Customers identified by CHIA for Assessment

109 Ambulatory Surgical Centers and Hospitals

82 Surcharge Payers

Assessment is split
50/50 between these
groups

96% Collected of the total assessment (as of February 1, 2017)

FY17 Overview: Combined Spending

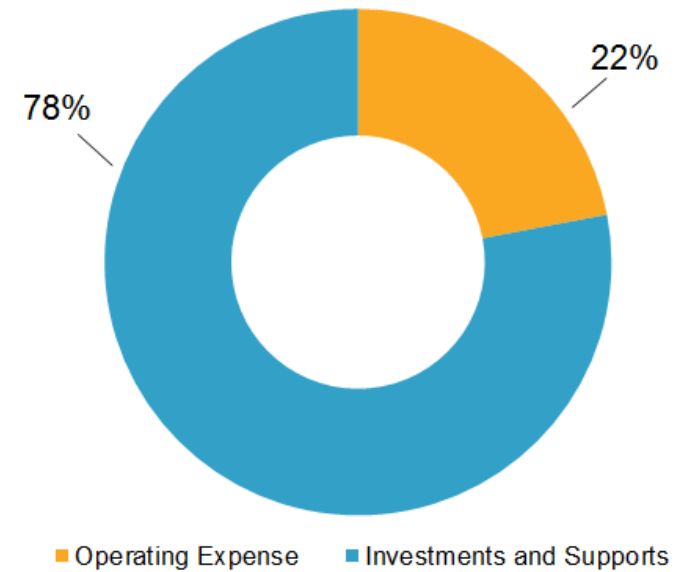
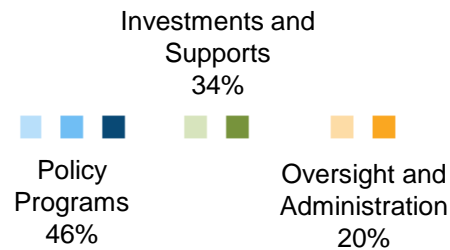
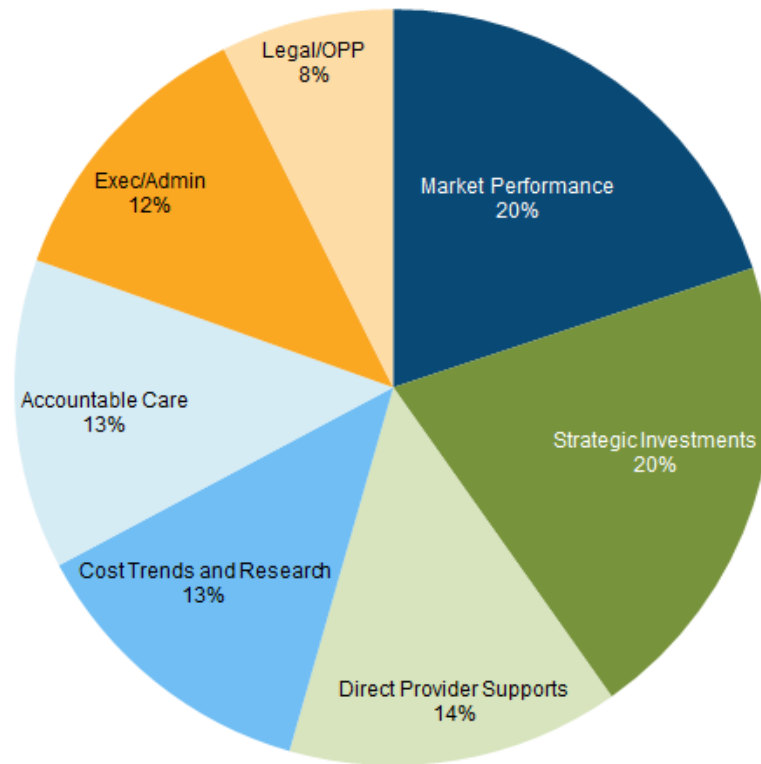
Combined Spending Summary*

	1450-1200	HCPRTF	DHTF
Expenditures			
Payroll/Benefits	\$ 4,725,800	\$ -	\$ 1,144,214
Rent/Utilities	\$ 607,750	\$ -	\$ 107,250
Professional Services	\$ 2,700,000	\$ -	\$ 900,000
Administration/IT Support	\$ 446,250	\$ -	\$ 78,750
Total Expenditures	\$ 8,479,800	\$ -	\$ 2,230,214
State Levies			
CTR Trust Fund Assessment	\$ -	\$ 90,000	\$ 264,421
Employee Fringe Assessment**	\$ -	\$ -	\$ 402,420
Total Levies	\$ -	\$ 90,000	\$ 666,841
Investments			
Provider Supports	\$ -	\$ 910,000	\$ 600,000
Total Investments	\$ -	\$ 910,000	\$ 600,000
Transfers Out			
DPH - ISA	\$ -	\$ -	\$ 298,709
Total Transfers Out	\$ -	\$ -	\$ 298,709
Total	\$ 8,479,800	\$ 1,000,000	\$ 3,795,764

*Does not include direct investments authorized by the Board or expenditures funded by the one-time FY16 appropriations.

**The FY17 Employee Fringe Assessment for payroll in 1450-1200 is included in the annual assessment, but is not included in the state budget line-item.

FY17 Overview: Combined Spending



FY17 Overview: Other Accounts

State Budget One-Time Appropriations (FY17)				
Line-Item	Purpose	Amount Available	HPC Spending	Transfer to DPH
1599-1450	\$500,000 for hospital grant program to address substance exposed newborns; \$100,000 for a technical assistance program to train PCPs on Narcan	\$600,000	\$500,000	\$100,000*
1599-2004	\$250,000 for a pilot program to implement paramedicine in the Greater Quincy Area	\$250,000	\$0	\$250,000*
1599-2012	\$250,000 for technical assistance for PCMHs certified by HPC to enhance behavioral health integration	\$200,000	\$200,000	\$0



*HPC and DPH are currently in discussions to execute these transfers.

FY17 Interagency Service Agreements (ISAs)

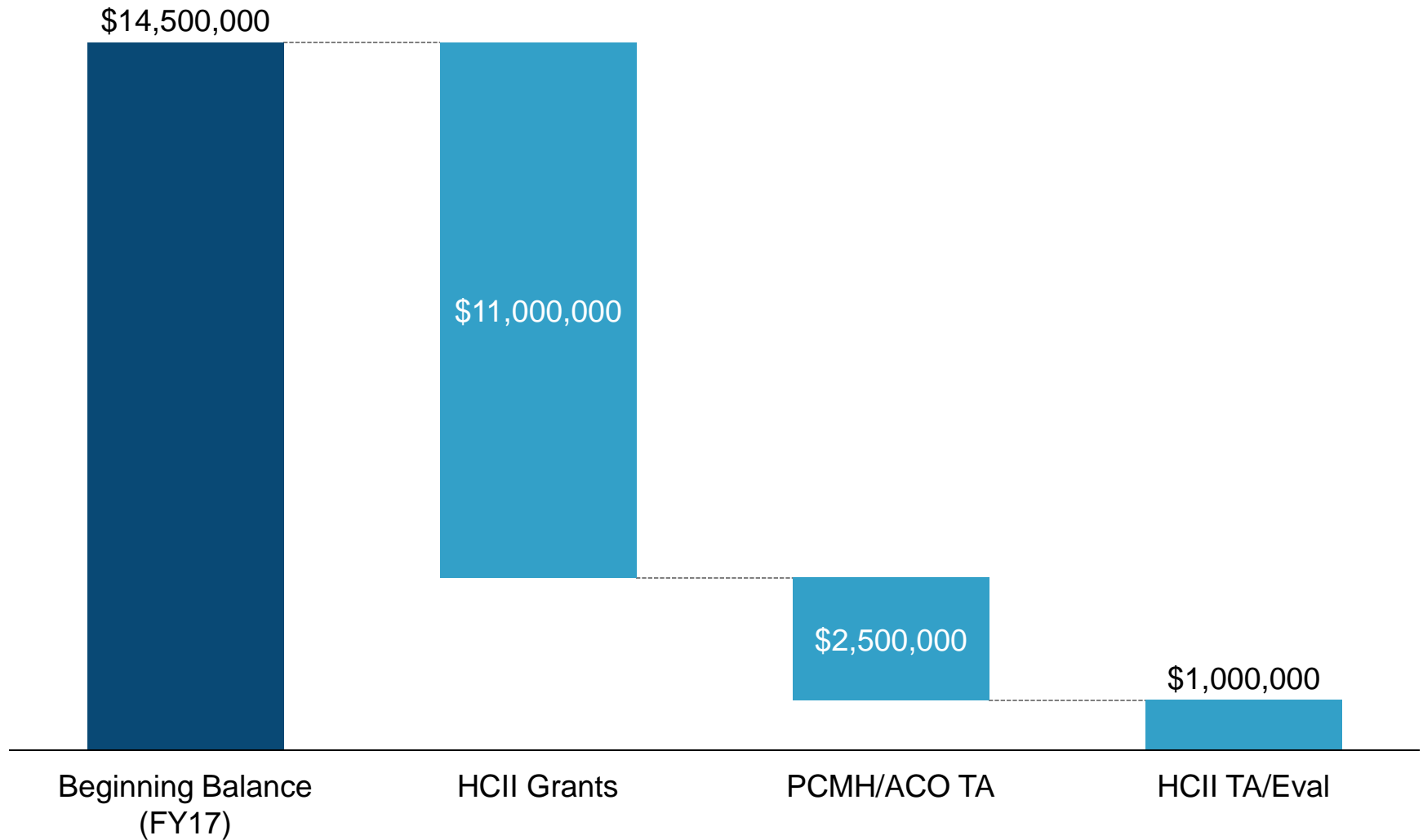
Interagency Service Agreements (FY17)				
Agency	Funds Flow	Purpose	Amount	End Date
UMass Medical School	UMass to HPC	Creation of resource library to be used by participants in the Transforming Clinical Practice Initiative (TCPI), PCMH and ACO certification programs, and CHART	\$84,730	9/28/2017
DPH	HPC to DPH	Implementation and management of HPC's Neonatal Abstinence Syndrome (NAS) investment initiative	\$1,196,124	6/30/2019
DPH	HPC to DPH	Supporting DPH's implementation of a state system for mobile integrated health programs	\$175,000	6/30/2017
CHIA	Non-Financial	Outlines the roles and responsibilities of HPC and CHIA related to the RPO program	Non-Financial	6/30/2018
CHIA	HPC to CHIA	HPC's financial contribution towards CHIA's purchase of the 2016 Patient Experience Survey dataset from MHQP	\$10,000	6/30/2017

FY17 Variance Tracking

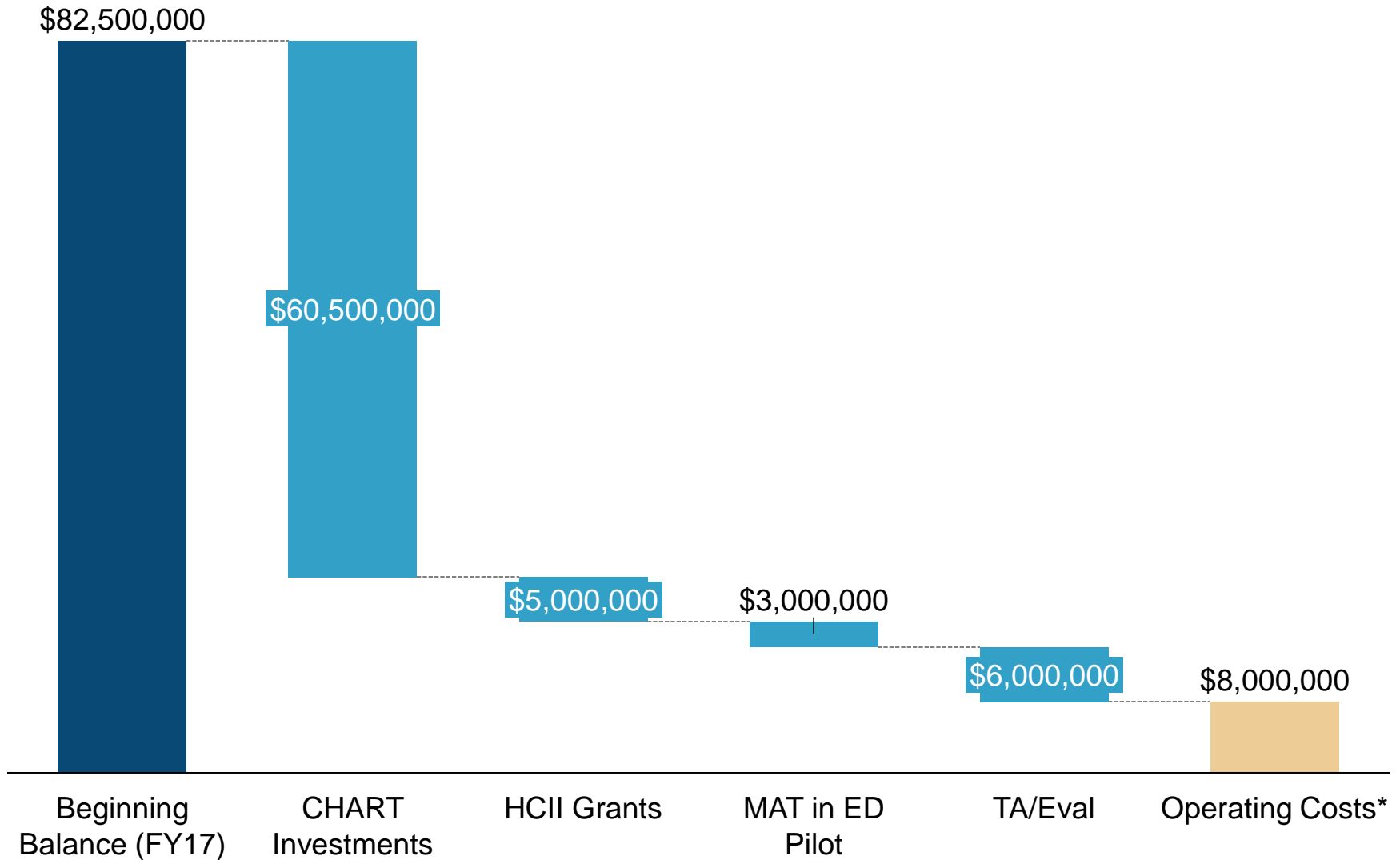
Notable Variances at Mid-Year

- Salary and Benefits 
 - At mid-year, salary spending is below initial projections due to turnover and rolling hiring. Remaining open positions with corresponding benefit expenses are expected to be filled by Q4, with full staffing by beginning of FY18.
- Professional Services 
 - At mid-year, professional services spending is slightly below initial projections. However, many anticipated workstreams in Q3 and Q4 will rely heavily on expert consultant support, including potential market reviews, and ongoing CHART technical assistance for Phase 2 projects.
- Other major categories are tracking to the Board-approved budget. Any “surplus” will be credited to the annual assessment in FY18 or will remain in the appropriate Trust Fund.

FY17-FY20 Projected Spend Down: Health Care Payment Reform Trust Fund



FY17-FY20 Projected Spend Down: Distressed Hospital Trust Fund





AGENDA

- Call to Order
- Fiscal Year 2016 Summary
- Fiscal Year 2017 Mid-Year Review
- **Fiscal Year 2018 Preview**
- Executive Director Performance Review (VOTE)

HPC Line-Item: FY18 Budget Proposals

For FY18, the Governor's Budget recommended "level funding" for the HPC operating account. The state budget is to be finalized by July 1, 2017.

State Budget Process

Governor's FY18 Budget Proposal

1450-1200: *For the operation of the Health Policy Commission...* \$8,479,800

House FY18 Budget Proposal

1450-1200: *For the operation of the Health Policy Commission...* Finalized April 2017

Senate FY18 Budget Proposal

1450-1200: *For the operation of the Health Policy Commission...* Finalized May 2017

Final State Budget

1450-1200: *For the operation of the Health Policy Commission...* Finalized July 2017



AGENDA

- Call to Order
- Fiscal Year 2016 Summary
- Fiscal Year 2017 Mid-Year Review
- Fiscal Year 2018 Preview
- **Executive Director Performance Review (VOTE)**



VOTE: Endorsing Employment Contract Renewal

MOTION: That the Committee hereby endorses the recommendation to authorize the Chair to enter into negotiations to renew the employment contract of Executive Director David M. Seltz for a multi-year term and execute the contract on terms deemed advisable by the Chair.