

COMMONWEALTH OF MASSACHUSETTS
HEALTH POLICY COMMISSION

Cost Trends and
Market Performance

May 20, 2015



Agenda

- Approval of Minutes from the April 1, 2015 Meeting
- Update on Market Metrics for Specialty Hospitals and Primary Care Services
- System-Wide Data Update
- Schedule of Next Committee Meeting (July 15, 2015)



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Vote: Approving Minutes

Motion: That the Cost Trends and Market Performance Committee hereby approves the minutes of the Committee meeting held on April 1, 2015, as presented.

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 - Specialty Hospital Service Areas
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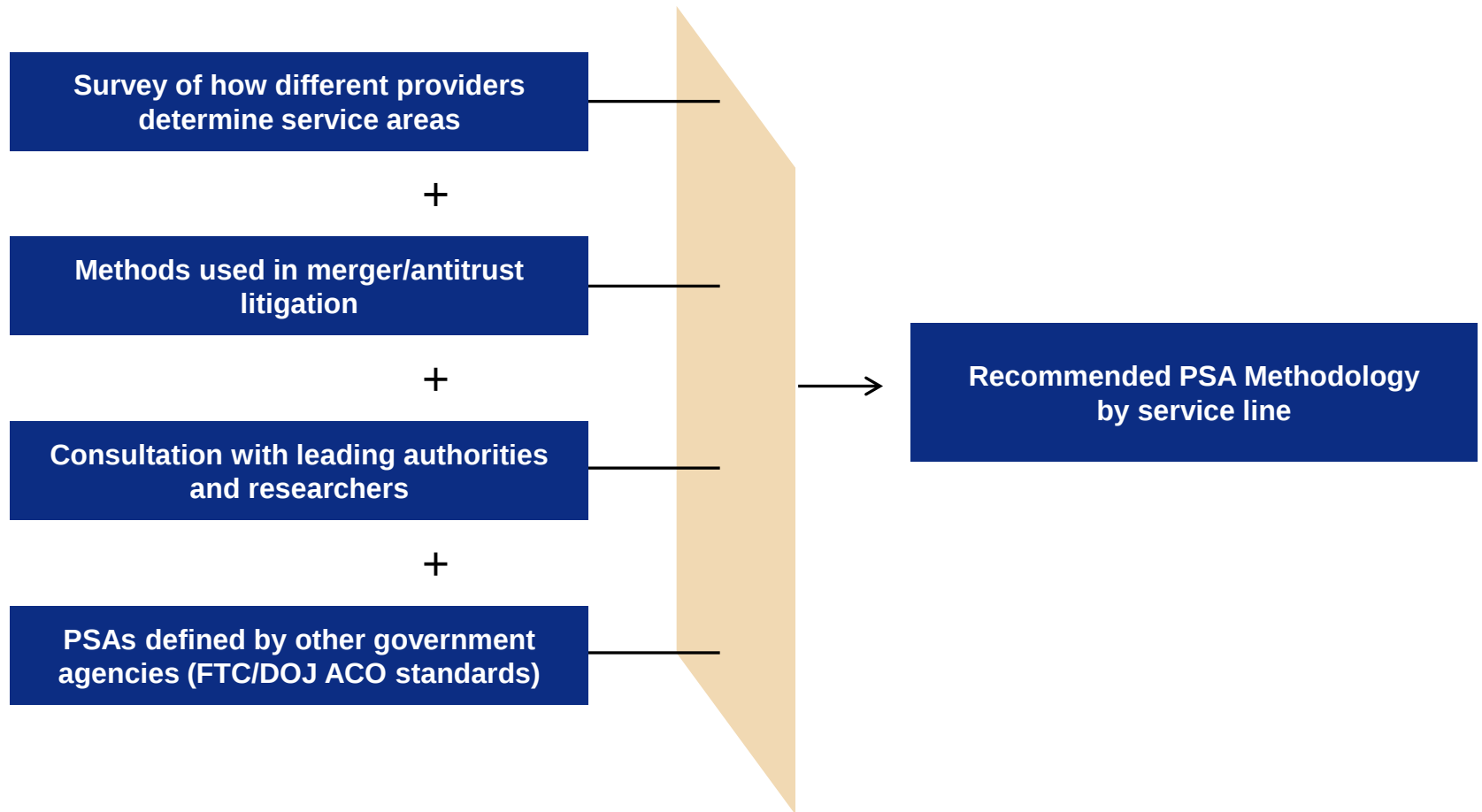
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Review: Background and Purpose of Primary Service Areas (PSAs)

- The HPC is required to define Primary Service Areas (PSAs) through regulation.
- PSA is a metric by which the HPC may evaluate Material Change Notices, and serve as the geographic area in which cost, quality, and access factors are evaluated.
- Service areas are well-vetted and established in economic literature as important tools for evaluating market effects.

Review: Overall Process for Defining PSAs



Development Timeline for Primary Service Areas and Other Market Metrics



Review: PSA Methodology for General Acute Care Hospitals

- Order zip codes based on drive time from the focal hospital.
- Starting with the closest zip codes, count the commercial discharges from each zip code until 75% of the hospital's commercial discharges are included.
- Correct for over-inclusion/under-inclusion to ensure that the PSA is a compact, contiguous area that represents an area for which the hospital is important (e.g., remove border zip codes where under 1% of the zip code's total discharges are from that hospital).
- In a full CMIR, make any necessary fact-specific adjustments to the PSA, and consider how the parties define their own primary service area.

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Developing PSAs for Specialty Hospitals

Particular Considerations

1. Determining the appropriate services to examine for each specialty hospital and its nearby competitors (specialty hospitals do not provide the full range of general acute care services, but do compete with general acute care hospitals in specific service lines).
2. Analyzing out-of-state patients (specialty hospitals commonly treat a greater proportion of out-of-state patients than general acute care hospitals).

Approach to Modeling PSAs for Specialty Hospitals

Principles for an HPC PSA

- PSAs should be contiguous or nearly so.
- PSAs should primarily comprise zip codes that send a nontrivial fraction of their patients to the focal hospital for the hospital's specialized services.
- PSAs should account for a consistent, significant proportion of the focal hospital's patients (75%).

HPC Approach and Results

- Modeled multiple approaches reflecting these principles, such as including out-of-state patients.
- Found that small modifications to the HPC general acute care hospital methodology yield coherent results for specialty hospitals that provide a significant proportion of inpatient care.

Next Steps for Specialty Hospital Market Metrics

- Compare specialty hospitals in MA to similar hospitals in other states.
- Explore methods for analyzing outpatient visits for specialty hospitals that provide primarily outpatient services.

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Developing PSAs for Primary Care

Particular Considerations

1. Identifying providers who specialize in “primary care.”
2. Capturing non-physician providers (NPs, PAs, etc.).
3. Mapping providers with more than one practice location.
4. Identifying robust, statewide data sources.

Approach to Modeling PSAs for Primary Care

Principles for Primary Care PSAs

- Because provider groups may include multiple primary care practice locations, Primary Care PSAs may not be contiguous.
- Primary Care PSAs should primarily comprise zip codes that send a nontrivial fraction of their patients to the provider group.
- Primary Care PSAs should account for a consistent, significant proportion of the provider group's primary care patients (e.g., 75% by revenue).
- Primary Care PSAs should take into account nearby hospitals where the provider group refers its primary care patients.

HPC Approach and Expected Results

- Modeling multiple approaches reflecting these principles.
- Modeling across different types of provider groups (e.g., urban, rural, large, small).
- Working toward a proposed methodology that yields coherent results across different provider group types.

Next Steps for Primary Care Market Metrics

- Continue modeling primary care PSAs for provider groups ranging widely in size and geography.
- Analyze primary care market shares and concentration by service area.
- Repeat above steps for pediatric primary care.

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Contact Information

For more information about the Health Policy Commission:

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