MASSACHUSETTS
HEALTH POLICY COMMISSION

Health Policy Commission
Board Meeting

February 8, 2017

MASSACHUSETTS
HEALTH POLICY COMMISSION

AGENDA

- Call to Order
- Approval of Minutes from the January 11, 2017 Meeting
- Commissioner Updates
- Cost Trends and Market Performance
- Quality Improvement and Patient Protection
- Community Health Care Investment and Consumer Involvement
- Administration and Finance
- Executive Director’s Report
- Schedule of Next Board Meeting

MASSACHUSETTS
HEALTH POLICY COMMISSION

AGENDA

- **Call to Order**
- Approval of Minutes from the January 11, 2017 Meeting
- Commissioner Updates
- Cost Trends and Market Performance
- Quality Improvement and Patient Protection
- Community Health Care Investment and Consumer Involvement
- Administration and Finance
- Executive Director’s Report
- Schedule of Next Board Meeting

MASSACHUSETTS
HEALTH POLICY COMMISSION

AGENDA

- Call to Order
- **Approval of Minutes from the January 11, 2017 Meeting**
- Commissioner Updates
- Cost Trends and Market Performance
- Quality Improvement and Patient Protection
- Community Health Care Investment and Consumer Involvement
- Administration and Finance
- Executive Director’s Report
- Schedule of Next Board Meeting

MASSACHUSETTS
HEALTH POLICY COMMISSION

VOTE: Approving Minutes

MOTION: That the Commission hereby approves the minutes of the Commission meeting held on January 11, 2017 as presented.

MASSACHUSETTS
HEALTH POLICY COMMISSION

AGENDA

- Call to Order
- Approval of Minutes from the January 11, 2017 Meeting
- **Commissioner Updates**
- Cost Trends and Market Performance
- Quality Improvement and Patient Protection
- Community Health Care Investment and Consumer Involvement
- Administration and Finance
- Executive Director’s Report
- Schedule of Next Board Meeting

MASSACHUSETTS
HEALTH POLICY COMMISSION

AGENDA

- Call to Order
- Approval of Minutes from the January 11, 2017 Meeting
- Commissioner Updates
- **Cost Trends and Market Performance**
  - Update on Notices of Material Change
  - 2016 Cost Trends Report (VOTE)
  - 2018 Health Care Cost Growth Benchmark
  - Performance Improvement Plan Proposed Regulation (VOTE)
- Quality Improvement and Patient Protection
- Community Health Care Investment and Consumer Involvement
- Administration and Finance
- Executive Director’s Report
- Schedule of Next Board Meeting

MASSACHUSETTS
HEALTH POLICY COMMISSION

AGENDA

- Call to Order
- Approval of Minutes from the January 11, 2017 Meeting
- Commissioner Updates
- Cost Trends and Market Performance
  - **Update on Notices of Material Change**
  - 2016 Cost Trends Report (VOTE)
  - 2018 Health Care Cost Growth Benchmark
  - Performance Improvement Plan Proposed Regulation (VOTE)
- Quality Improvement and Patient Protection
- Community Health Care Investment and Consumer Involvement
- Administration and Finance
- Executive Director’s Report
- Schedule of Next Board Meeting

Types of Transactions Noticed

April 2013 to Present

Type of Transaction	Number of Transactions	Frequency
Clinical affiliation	18	24%
Physician group merger, acquisition, or network affiliation	18	24%
Acute hospital merger, acquisition, or network affiliation	15	20%
Formation of a contracting entity	13	17%
Merger, acquisition, or network affiliation of other provider type (e.g., post-acute)	6	8%
Change in ownership or merger of corporately affiliated entities	5	7%
Affiliation between a provider and a carrier	1	1%

Elected Not to Proceed

- Proposed formation of a joint venture between **Shields Health Care Group (Shields)**, an independent provider of diagnostic imaging services, and **Berkshire Medical Center (Berkshire)**, to operate a mobile PET/CT diagnostic imaging clinic at Berkshire.
  - Our analysis suggested limited scope for changes in health care spending, because Shields already provides PET/CT services at Berkshire.
  - We did not find evidence suggesting negative impacts on quality or access.

- Clinical affiliation between **Lahey Hospital & Medical Center (Lahey)** and **New England Life Flight, d/b/a Boston MedFlight (MedFlight)**, a non-profit corporation that provides critical care transportation services, under which Lahey would become an affiliate member of MedFlight and would contribute financially to support MedFlight's continued operations.
  - Our analysis suggested limited scope for changes in health care spending, given that referral patterns for critical care transportation services are not expected to shift significantly as a result of this affiliation.
  - We did not find evidence suggesting negative impacts on quality or access.

Elected Not to Proceed

- Proposed formation of a joint venture between **UMass Memorial Health Ventures**, a subsidiary of UMass Memorial Health Care, and **ATI Physical Therapy (ATI)**, a multistate provider of physical therapy services, which would provide non-hospital outpatient physical and occupational therapy services in Central Massachusetts
  - Our analysis indicated limited scope for changes in healthcare spending, because the JV will not charge facility fees and, given the large number of competing providers in Central Massachusetts, the JV is unlikely to command significantly higher prices than other non-hospital providers receive.
  - The parties have stated that UMass's referring physicians will continue to respect patient choice of PT/OT provider.
  - We did not find evidence suggesting negative impacts on clinical quality.

Notices Still Under Review

- Proposed acquisition of First Psychiatric Planners d/b/a **Bournewood Hospital (Bournewood Hospital)**, a for-profit psychiatric hospital located in Brookline, by **Alita Care,** a for-profit Delaware company that owns and operates residential and outpatient behavioral health treatment facilities in eight states, including Massachusetts. Under the proposed acquisition, Alita Care would acquire 100% of the stock of Bournewood Hospital.

- Proposed clinical affiliation between **UMass Memorial Health Care** and **Dana-Farber Cancer Institute (DFCI)**. Under the proposed affiliation, UMass Memorial Medical Center (UMass) would become a member of the Dana-Farber Cancer Care Collaborative, through which DFCI would provide certain consulting, educational, and clinical support services to UMass and its patients.

Received Since 1/11

- **Berkshire Health System's (BHS)** proposal to form a new contracting entity, Partnership for Health in the Berkshires, which would include BHS (including Berkshire Medical Center), physicians affiliated with BHS, and certain other physicians practicing in Berkshire County.

- Proposed acquisition of **PMG Physician Associates (PMG)**, a 19-physician practice in the greater Plymouth area, by **Atrius Health**. Under the proposed transaction, Atrius would acquire select assets of PMG, employ its physicians, and take over many of PMG's leases and contracts.

MASSACHUSETTS
HEALTH POLICY COMMISSION

AGENDA

- Call to Order
- Approval of Minutes from the January 11, 2017 Meeting
- Commissioner Updates
- Cost Trends and Market Performance
  - Update on Notices of Material Change
  - **2016 Cost Trends Report (VOTE)**
  - 2018 Health Care Cost Growth Benchmark
  - Performance Improvement Plan Proposed Regulation (VOTE)
- Quality Improvement and Patient Protection
- Community Health Care Investment and Consumer Involvement
- Administration and Finance
- Executive Director’s Report
- Schedule of Next Board Meeting

2016 Cost Trends Report: Themes and Potential Areas for Policy Action

Overview

Spending and the delivery system

- Spending trends
- Affordability of care
- Prescription drug spending

Opportunities to improve quality and efficiency

- Avoidable hospital utilization
- Post-acute care
- Variation in spending by primary care provider group

Progress in aligning incentives

- Alternative payment methods
- Demand-side incentives

2016 Cost Trends Report: Summary of Findings

Challenges and Opportunities

Overall Trends and Affordability

- Despite recent lower spending growth compared to the U.S. through 2015, Massachusetts continues to be a **high cost health care state**, **with premium costs among the highest in the nation**. These costs disproportionately impact low-to-middle income residents and result in persistent health care affordability concerns for individuals, families, employers, and government in Massachusetts.
- More recent information suggests rising premium costs in 2016 and beyond. After 12 quarters of growth below 4 percent, the Division of Insurance (DOI) reported base rate increases in the small group and individual markets in Massachusetts of between **5.4 and 8.3 percent** from the end of 2015 through the first quarter of 2017.

Hospital Spending

- Hospital care accounts for a substantial share of total health care spending – and the **rate of growth in hospital spending is increasing**. Spending in this category accounted for 41 percent of total commercial spending growth in 2015, up from 18 percent in 2014.
- Massachusetts continues to use hospitals at higher rates than national averages. In 2014, inpatient, hospital outpatient, and ED utilization rates per-capita in Massachusetts were 8 percent, 50 percent, and 10 percent higher (respectively) than the national averages. According to the Commonwealth Fund, **Massachusetts ranks 31st in the U.S.** on avoidable hospital use. Moreover:
  - Rates of hospital utilization and readmissions are **increasing**
  - Rates of behavioral health-related ED use (including opioid-related ED use) and ED boarding are **increasing**
  - The share of community appropriate inpatient care served by community hospitals is **decreasing**

2016 Cost Trends Report: Summary of Findings

Challenges and Opportunities

Other Spending and Utilization Trends

- While moderating somewhat in 2015, **prescription drug spending** in Massachusetts continues to grow more rapidly than any other category of service and continued growth is projected. Transparency on pricing trends, rebates, discounts, and pharmaceutical benefit managers is lacking.
- **Post-acute care** spending and utilization – particularly use of institutional care – remains high.
- Rates of **non-recommended care** (services that the medical community agrees provide few benefits to patients) vary in Massachusetts by provider group and by geographic region.

Notable Market Trends

- Efforts to address **out-of-network billing** issues continue to gain momentum across the nation. Massachusetts has not taken comprehensive action on this issue.
- Extensive **variation in prices** paid to health care providers for the same sets of services is a persistent issue in the Commonwealth, driving increased health care spending and perpetuating inequities in health care resources.
- The number of **urgent care centers** has grown significantly in recent years, from 8 in 2010 to 90 in 2016.
- Growth in **APM coverage stalled** in 2015 but there were promising signs in 2016, and for 2017 and beyond.
- Adoption of **tiered network plans** was unchanged in 2015.
- Most small employers do not offer employees **insurance plan choices** and pay higher broker and administrative fees.

Board Discussion

1. Reflecting on the findings from the 2016 Cost Trends Report, discussion at the 2016 Cost Trends Hearing, and other work over the past four years, what issues/topics should the HPC prioritize for policy action by the Commonwealth, providers, payers, and others in 2017?

2. What issues/topics should be prioritized for HPC action in 2017?

Proposed Policy Priorities in the 2016 Cost Trends Report

1. **Fostering a value-based market**
2. Promoting an efficient, high-quality, health care delivery system
3. Advancing aligned and effective incentives
4. Enhancing data and measurement for transparency and accountability

Proposed Policy Priorities

Fostering a Value-Based Market

1. **Health Care Equity and Affordability**
   - Track and monitor differences in health care spending, insurance costs, and member cost-sharing across range of characteristics (e.g., socio-economic profile, employer size and industry, health status, etc.)
   - Develop policy to address those individuals, families, and businesses disproportionately impacted

2. **Pharmaceutical Spending**
   - Increase transparency
   - Expand the witness list for the cost trends hearing
   - Advocate for federal legislation
   - Use value-based benchmarks
   - Encourage development of treatment protocols and guidelines
   - Provider education and monitoring of prescribing patterns

3. **Out-of-Network Billing**
   - Enhance out-of-network billing protections
   - Establish reasonable reimbursement for services

HPC

Proposed Policy Priorities

Fostering a Value-Based Market

4. Provider Price Variation

- Continue to monitor and analyze price variation, including by factors identified as “warranted” and “unwarranted”
- Support the Special Commission on Provider Price Variation and others to advance specific, data-driven policies to address price variation

5. Facility Fees

- Establish limits on sites that can bill as hospital outpatient departments
- Implement site-neutral payments for select services

6. Community-Appropriate Care

- Enhance case management and patient education programs and identify patients who could safely receive care in the community setting
- Improve information resources necessary to better track and manage patients across settings of care
- Incentivize the use of community hospitals for community-appropriate care

Proposed Policy Priorities in the 2016 Cost Trends Report

1. Fostering a value-based market
2. **Promoting an efficient, high-quality, health care delivery system**
3. Advancing aligned and effective incentives
4. Enhancing data and measurement for transparency and accountability

Proposed Policy Priorities

Promoting an efficient, high-quality, health care delivery system

7. Unnecessary Hospital Use and Other Institutional Care

- Strengthen partnerships between the delivery system and community-based organizations
- Set targets for:
  - Reductions in 30-day hospital readmissions
  - Increases in integration of behavioral health in primary care
  - Reductions in rate of discharge to institutional care following hospitalization
  - Reductions in rate of behavioral health related ED utilization

8. Substance Use Disorder Treatment

- Continue to track the impact of substance use disorder (SUD) on the health care system
- Invest in care delivery and integration efforts related to SUD

9. Adherence to Evidence-Based Care

- Providers should put systems in place to track and reduce provision of non-recommended care
- Expand evaluation of provider level trends and practice pattern variation

HPC

Proposed Policy Priorities in the 2016 Cost Trends Report

1. Fostering a value-based market
2. Promoting an efficient, high-quality, health care delivery system
3. **Advancing aligned and effective incentives**
4. Enhancing data and measurement for transparency and accountability

Proposed Policy Priorities

Advancing aligned and effective incentives

10. Adoption of Alternative Payment Methods (APMs)

- Set targets for:
  - APMs for HMO patients
  - APMs for PPO patients
  - APMs for MassHealth members
- Payers and providers to should continue to implement bundled payments

11. Alignment and Improvement of APMs

- Payers should align and improve features of APMs to increase effectiveness, including through:
  - Improving quality measurement
  - Reducing disparities in spending levels
  - Inclusion of behavioral health
  - Adopting HPC ACO certification standards

Proposed Policy Priorities

Advancing aligned and effective incentives

12. Demand-Side Incentives

- Payers and employers should empower consumers to make high-value choices through:
  - Employers incentivizing employees to choose high-value plans
  - Employers purchasing health insurance through the Health Connector
  - Payers improving the design of tiered and limited network plans
  - Payers increasing the availability of price and quality information to enhance the selection of value-based providers

Proposed Policy Priorities in the 2016 Cost Trends Report

1. Fostering a value-based market
2. Promoting an efficient, high-quality, health care delivery system
3. Advancing aligned and effective incentives
4. **Enhancing data and measurement for transparency and accountability**

Proposed Policy Priorities

Enhancing data and measurement for transparency and accountability

13. Data and Measurement

- While recognizing CHIA's substantial progress on the recommendations from the 2015 Cost Trends Report, CHIA should improve and document its data resources and develop key spending measures on:
  - Drug rebates
  - Total Medical Expenditures (TME) for PPO populations
  - Provider-level measures of spending growth
  - Ambulatory quality measures
- Evaluate the impact on the APCD of expected loss of data due to the Gobielle decision

HPC Levers to Advance Identified Policy Priorities

RESEARCH
AND FURTHER EXAMINATIONS

CONVENING
KEY STAKEHOLDERS

RECOMMENDING
TARGETED POLICY REFORMS

SUPPORTING
STATE EFFORTS

Board Discussion

1. Reflecting on the findings from the 2016 Cost Trends Report, discussion at the 2016 Cost Trends Hearing, and other work over the past four years, what issues/topics should the HPC prioritize for policy action by the Commonwealth, providers, payers, and others in 2017?

2. What issues/topics should be prioritized for HPC action in 2017?

MASSACHUSETTS
HEALTH POLICY COMMISSION

VOTE: 2016 Cost Trends Report

MOTION: That the Commission hereby authorizes the Executive Director to issue the 2016 annual report on cost trends as discussed, pursuant to section 8(g) of chapter 6D of the Massachusetts General Laws.

MASSACHUSETTS
HEALTH POLICY COMMISSION

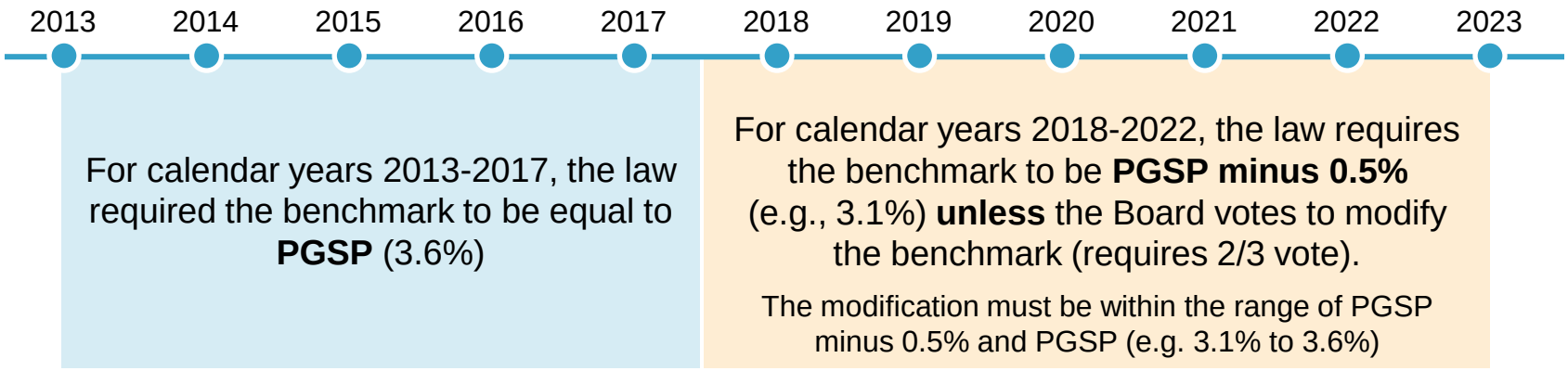
AGENDA

- Call to Order
- Approval of Minutes from the January 11, 2017 Meeting
- Commissioner Updates
- Cost Trends and Market Performance
  - Update on Notices of Material Change
  - 2016 Cost Trends Report (VOTE)
  - **2018 Health Care Cost Growth Benchmark**
  - Performance Improvement Plan Proposed Regulation (VOTE)
- Quality Improvement and Patient Protection
- Community Health Care Investment and Consumer Involvement
- Administration and Finance
- Executive Director's Report
- Schedule of Next Board Meeting

Benchmark Modification Process Overview

- For the first time, in 2017, the HPC Board may **modify the statutory annual health care cost growth benchmark (for calendar year 2018)**, pursuant to a public hearing process and engagement with the Legislature.

- The HPC Board sets the health care cost growth benchmark for the following calendar year annually between January 15 (when the PGSP is established in the consensus revenue process) and April 15.



- The law requires an extensive notice and hearing process prior to modification and gives the Legislature an opportunity to take legislative action to change the benchmark and "override" any Board action to modify the benchmark.

HPC's Role in Establishing the Benchmark

Chapter 224 prescribes the formula that the HPC must use to establish the benchmark each year

- "For calendar years 2013 through 2017, the health care cost growth benchmark *shall be equal to* the growth rate of potential gross state product"
- "For calendar years 2018 through 2022, the health care cost growth benchmark *shall be equal to* the growth rate of potential gross state product…minus 0.5 per cent"
- "For calendar years 2023 and beyond, the health care cost growth benchmark *shall be equal to* the growth rate of potential gross state product"

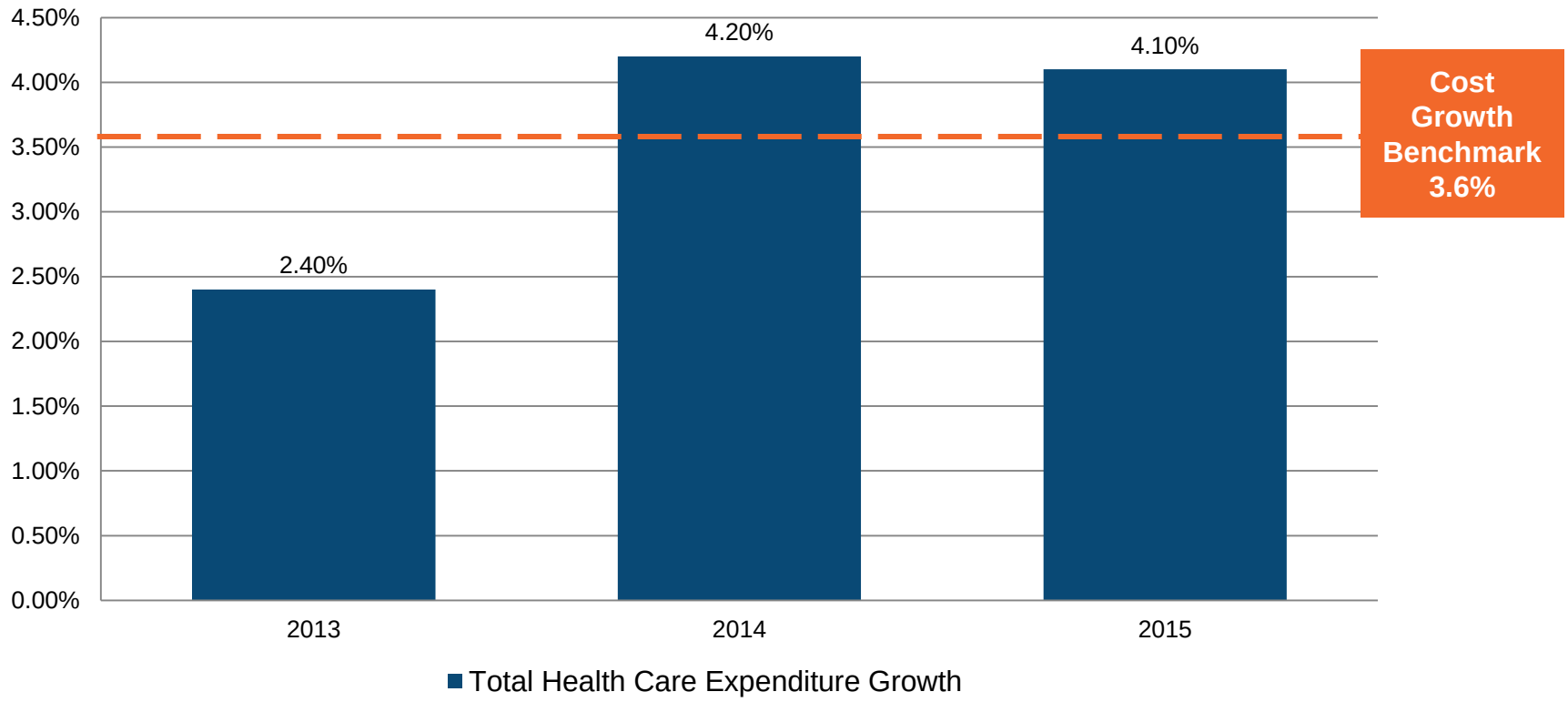
Beginning in CY 2018, the HPC has limited authority to modify the benchmark if an adjustment is "reasonably warranted"

- "For calendar years 2018 through 2022, if the commission determines that an adjustment in the health care cost growth benchmark is *reasonably warranted*...the board of the commission may modify the health care cost growth benchmark…" between -0.5 and PGSP

Legislative Development/Goal of the Benchmark

- Legislative Development of Ch. 224: Market-based vs. regulation
- Target Related to State Economic Growth – sustainable growth rate
- Benchmark as Spending Target vs. Spending Prediction
- Stakeholder Views: Aggressive vs. Conservative
- Aggregate Spending vs. Individual Performance

Massachusetts Performance Against the Benchmark



2013-2015
Average Growth Rate: 3.57%

HPC

Factors to Consider in Determination of Whether an Adjustment is Reasonably Warranted

1. Massachusetts' performance to date
2. Impact of enrollment and demographic changes on performance
3. Financial impact of modifying the benchmark
4. Significant changes to the state or federal health care landscape
5. Role of the benchmark in the HPC's statutory responsibilities
6. Feedback from market participants and interested parties

Factors to Consider in Determination of Whether an Adjustment is Reasonably Warranted

1 Massachusetts' performance to date

- Performance against the benchmark
- Performance in different market segments
- Performance in different spending categories
- Opportunities for improvement (e.g., readmissions, post-acute care utilization)
- Massachusetts' economic growth

2 Impact of enrollment and demographic changes on performance

- Impact of changing population demographics on total spending
- Impact of enrollment changes on total spending

3 Financial impact of modifying the benchmark

- Impact on purchasers and patients
- Impact on payers and providers / health care system

HPC

Factors to Consider in Determination of Whether an Adjustment is Reasonably Warranted

4 Significant changes to the state or federal health care landscape

- Impact of major federal or state legislation
- Impact of future market uncertainty

5 Role of the benchmark in HPC's statutory responsibilities

- Impact on Performance Improvement Plans
- Impact on Cost and Market Impact Reviews

6 Feedback from market participants and interested parties

- Impact on market participants' behavior
- Impact on market participants' costs, prices, and trends

Impact on Statutory Responsibilities: Performance Improvement Plans

	CHIA	HPC
Statutory Charge	Provides the HPC a confidential list of entities whose increase in HSA TME is "considered excessive and who threaten the ability of the state to meet the health care cost growth benchmark"	Can require "certain health care entities" that have been referred by CHIA to file and implement a Performance Improvement Plan
Use of Benchmark	Uses the benchmark in its determination of which entities to refer to the HPC	Considers each entity's performance against the benchmark, among other factors, to determine which entities should file a PIP
Impact of Benchmark at 3.1%	Would likely refer more entities to the HPC	Would likely have a larger list of payers and providers from which it could require a PIP

How the Benchmark Affects the Market

Payer Considerations	Role of benchmark in negotiations with providers
Provider Considerations	How would modifying the benchmark impact existing provider efforts to reduce growth?
Employer/Consumer Considerations	Goal of an aggressive benchmark

Public Hearing and Comment Period

Public Meeting Notice

Wednesday, March 8
1:00 PM
50 Milk Street, 8th Floor

The hearing will include testimony, information, and data on whether modification of the benchmark is appropriate.

Written testimony will also be accepted until March 10.

HPC

MASSACHUSETTS
HEALTH POLICY COMMISSION

AGENDA

- Call to Order
- Approval of Minutes from the January 11, 2017 Meeting
- Commissioner Updates
- Cost Trends and Market Performance
  - Update on Notices of Material Change
  - 2016 Cost Trends Report (VOTE)
  - 2018 Health Care Cost Growth Benchmark
  - **Performance Improvement Plan Proposed Regulation (VOTE)**
- Quality Improvement and Patient Protection
- Community Health Care Investment and Consumer Involvement
- Administration and Finance
- Executive Director's Report
- Schedule of Next Board Meeting

Performance Improvement Plans: Purpose

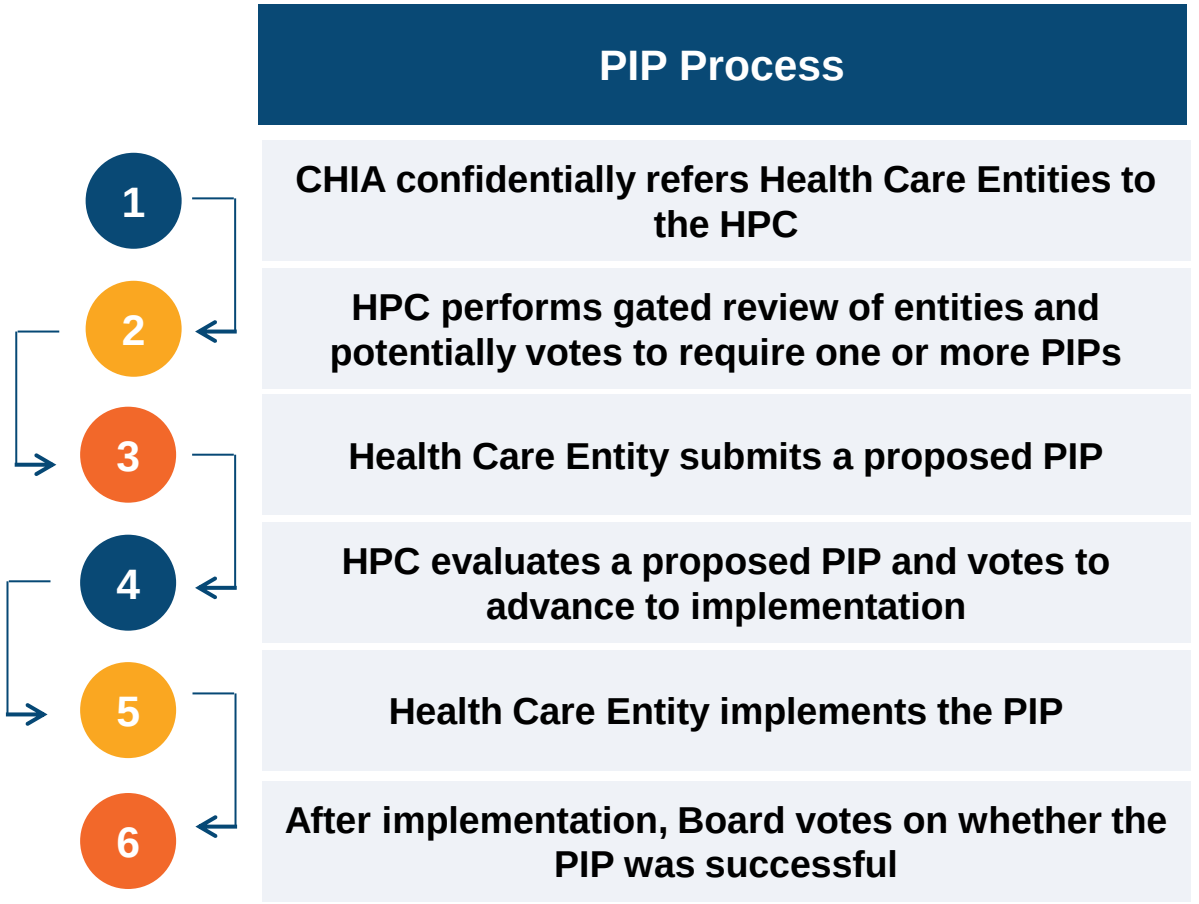
- Performance Improvement Plans (PIPs) are one of the key mechanisms by which the HPC can enforce the health care cost growth benchmark and ensure accountability *for both payers and providers* to the Commonwealth's cost containment goals.
- By statute, CHIA is required to refer to the HPC a list of payers and providers whose cost growth is "excessive" and who "threaten the benchmark."
- The HPC may require one or more of these entities to file a PIP. In years when the state exceeds the benchmark, the HPC may conduct a CMIR of one or more of these entities.
- Entities undergoing a PIP will provide updates to the HPC on the progress of their plan, and will have the opportunity to receive consultation and technical assistance from the HPC.

Overview of Process

Mar.	Released interim guidance
Nov.	Board declines to require a PIP based on the 2015 CHIA list
Dec.	Discussed draft regulation and forms with CTMP
Jan.	Expert and stakeholder outreach on drafts
Jan.	Further discussion with CTMP, vote on advancement to Board
TODAY	**Discussion with Board and vote to release drafts for public comment**
Mar.	Public hearing, public comments, and updates to drafts as appropriate
Mar.	Issue final regulation and forms

HPC

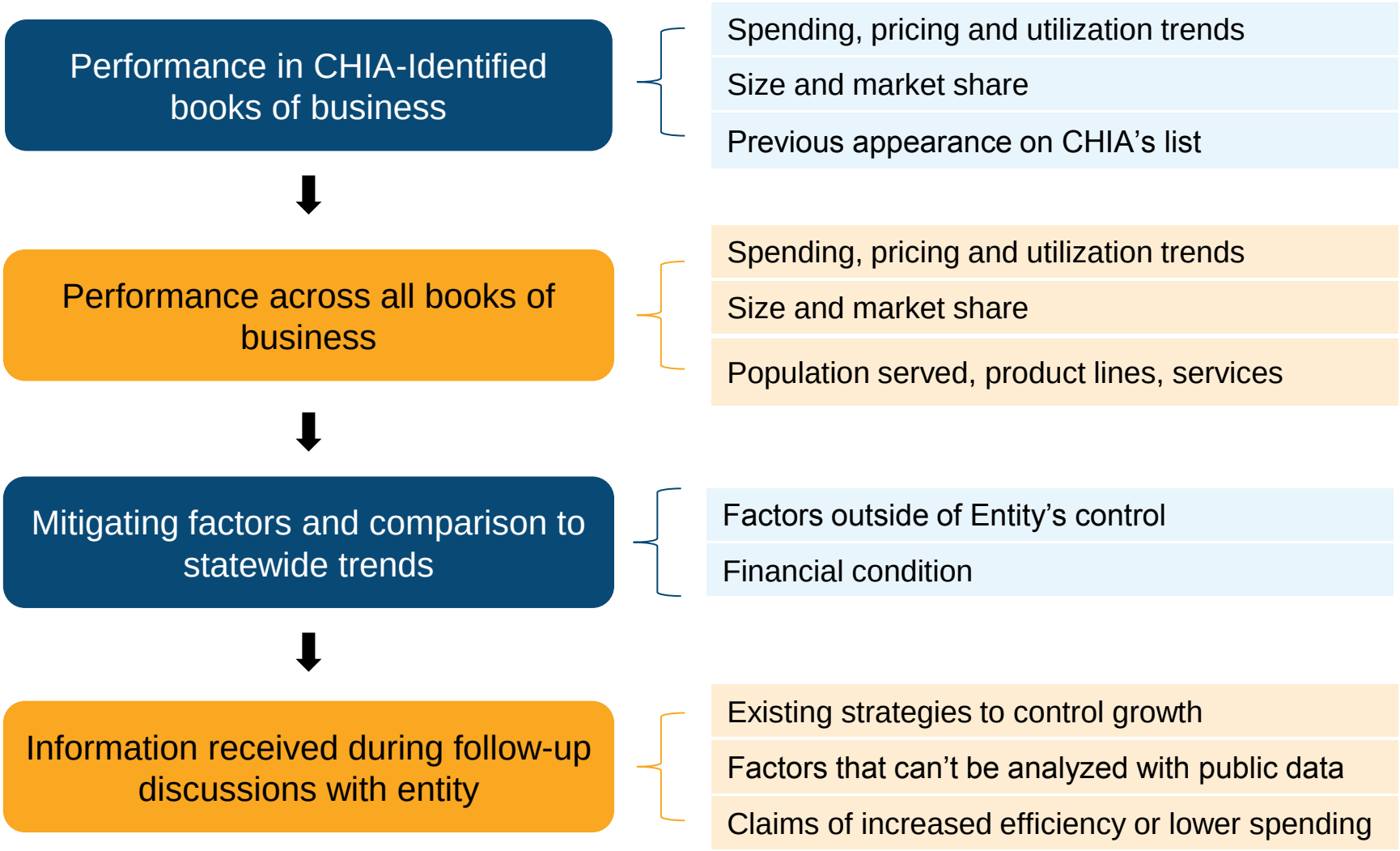
Performance Improvement Plans: Overview



Referral of Entities to the HPC by CHIA

Statutory Responsibility:	CHIA refers entities whose HSA TME growth is “excessive” and who threaten the benchmark
2015 Methodology:	CHIA referred entities with HSA TME growth ≥ 3.6% in any book of business
2017 Update:	CHIA solicited comments on an updated methodology in December
	CHIA is in the process of reviewing comments and updating its methodology as appropriate

Gated Review Factors



Overview of the Regulation

Section	Key Provisions	Changes from IG
Notice of Identification by CHIA	▪ The HPC must notify all entities that have been referred by CHIA that they were so identified	▪ The Notice may ask the Entity to submit additional information or inform the Entity that it may be required to provide more information in the future
Requirement to File a PIP	▪ The HPC may require a PIP after a review of several factors identified in statute ▪ If a PIP is required, the Entity's name must be listed on the HPC's website	▪ The HPC may ask the Entity for additional information before requiring a PIP
Timing of Submissions, Waivers, Extensions	▪ Entities have 45 days to file a PIP, waiver request, or extension request ▪ Entities must submit supporting documentation for waiver or extension request	▪ Entities may not request an extension to file a waiver ▪ The HPC Executive Director may grant extensions of up to 45 days

Overview of the Regulation

Section	Key Provisions	Changes from IG
PIP Proposals	▪ The Entity must propose its own plan; the HPC may not require specific strategies ▪ The HPC may specify the manner and form of the proposal	▪ The Entity is encouraged to consult with the HPC during the development of the PIP

PIP Approval	▪ The Board must vote to advance a proposed PIP to implementation	▪ Clarifies the factors the HPC may use to evaluate proposed PIPs, including:
		  ▪ Rationale for PIP
		  ▪ Scope of Savings
		  ▪ Sustainability
		  ▪ Risk of negative consequences
		  ▪ Other factors in public interest

Implementation, Reporting, and Monitoring	▪ Once the Entity begins implementing the PIP, it is subject to monitoring and reporting standards	▪ None

Overview of the Regulation

Section	Key Provisions	Changes from IG
Conclusion of Implementation Period	▪ The Entity must report on the final outcome of the PIP ▪ The Board votes to determine whether the PIP was successful	▪ Clarifies the factors the HPC will use to evaluate the success of the PIP, including: ▪ Whether cost concerns were addressed ▪ Good faith implementation of the PIP ▪ Whether savings are sustainable ▪ Impact of outside events
Confidentiality	▪ Nonpublic business documents are kept confidential by HPC	▪ Technical changes
Penalties	▪ The HPC may levy fines in cases of willful non-compliance	▪ None
Initiation of a CMIR	▪ In years when the state exceeds the benchmark, the HPC may conduct a CMIR of an identity referred by CHIA	▪ Technical changes

PIP Proposal Form Outline

1. Contact Information

- Identifying information for the CEO, Board Chair, and PIP Custodian

2. Proposal

- Concise but comprehensive plan, with responses to relevant questions
- Entities are encouraged to consult with the HPC in developing proposals
- Final, approved document to be posted on the HPC website

3. Affidavits of Truthfulness

- Required for final proposals
- Signed by CEO, Board Chair, and PIP Custodian

4. Attachments

- Opportunity to provide supporting documentation, evidence, and data
- May contain non-public information that the HPC keeps confidential

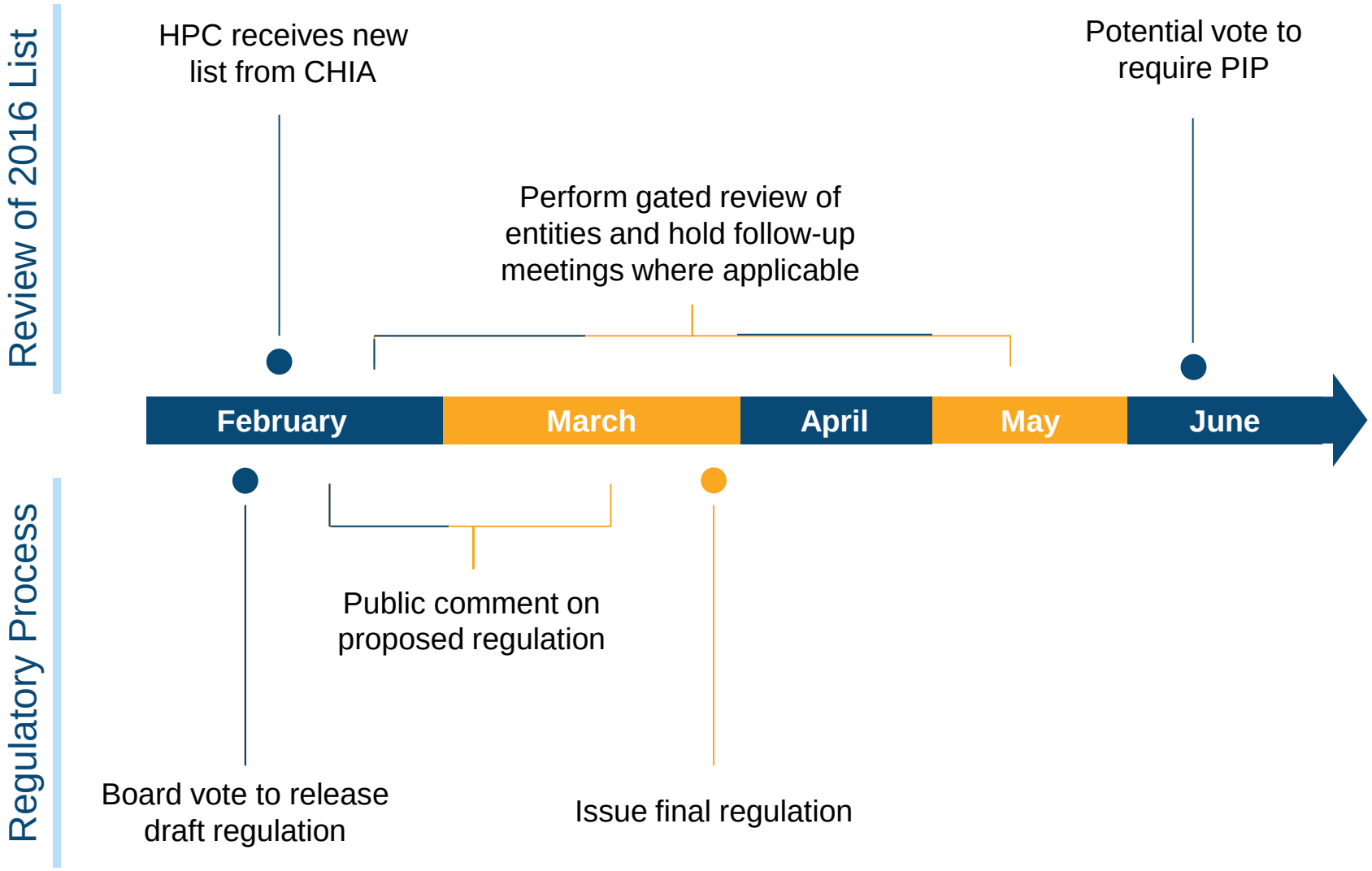
HPC

PIP Proposal Form Outline

1.	**Contact Information**	
2.	**Proposal**	
	I	Description of Your Organization
	II	Savings Target
	III	Causes of Growth
	IV	Interventions, Evidence, and Impacts
	V	Measures
	VI	Reporting and Revising
	VII	Other Filings
	VIII	Sustainability
	IX	Timeline
	X	Requests for Technical Assistance
3.	**Affidavits of Truthfulness**	
4.	**Attachments**	

HPC

Next Steps



All dates are approximate.

MASSACHUSETTS
HEALTH POLICY COMMISSION

Vote: Performance Improvement Plans

Motion: That the Commission hereby authorizes the issuance of the PROPOSED regulation on performance improvement plans, pursuant to MGL c. 6D, Sections 10 and 13, and directs the Cost Trends and Market Performance Committee to conduct a public hearing and comment period on the regulation pursuant to Chapter 30A of the General Laws.

MASSACHUSETTS
HEALTH POLICY COMMISSION

AGENDA

- Call to Order
- Approval of Minutes from the January 11, 2017 Meeting
- Commissioner Updates
- Cost Trends and Market Performance
- **Quality Improvement and Patient Protection**
  - Office of Patient Protection Annual Report
- Community Health Care Investment and Consumer Involvement
- Administration and Finance
- Executive Director's Report
- Schedule of Next Board Meeting

MASSACHUSETTS
HEALTH POLICY COMMISSION

AGENDA

- Call to Order
- Approval of Minutes from the January 11, 2017 Meeting
- Commissioner Updates
- Cost Trends and Market Performance
- Quality Improvement and Patient Protection
  - **Office of Patient Protection Annual Report**
- Community Health Care Investment and Consumer Involvement
- Administration and Finance
- Executive Director's Report
- Schedule of Next Board Meeting

Office of Patient Protection: Overview

History of the Office of Patient Protection

- Created in 2000 to protect Massachusetts managed care consumers (Ch. 141)
- OPP operated within the Department of Public Health (DPH)
  - Consumer rights to challenge health plan coverage denials
  - Massachusetts fully-insured plans only
- Chapter 224 moved OPP from DPH to HPC
- OPP transfer took effect April 20, 2013

Core Responsibilities

- Regulating internal and external review for fully-insured plans
- Administering external review for fully-insured plans
- Consumer assistance and education
- Administering enrollment waivers to purchase non-group health insurance
- Receiving and analyzing annual reports from health plans about appeals, disenrollment of providers, other mandated information
- Developing and regulating an appeals process for patients in risk bearing provider organizations (RBPOs) and HPC-certified accountable care organizations (ACOs)

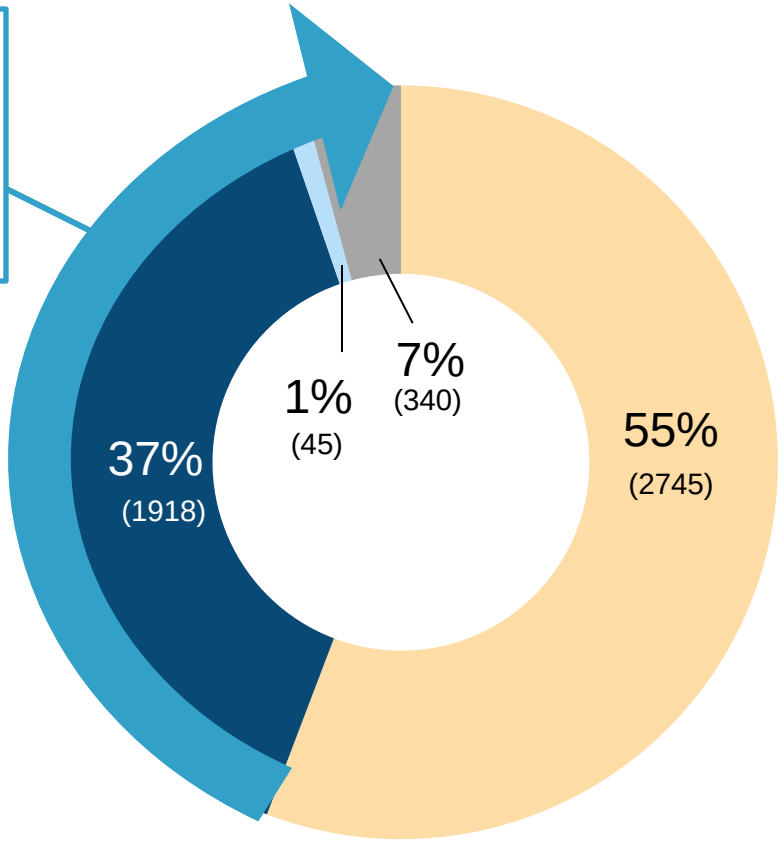
During 2015, insurance companies received 12,429 complaints from members. Of these, 5,115 were member grievances based on adverse determinations, and insurers resolved 42% fully or partially in favor of the member.

Internal Review

Adverse Determinations

Insurance companies reported 5,115 member grievances in 2015, which were internally reviewed by the insurance companies.

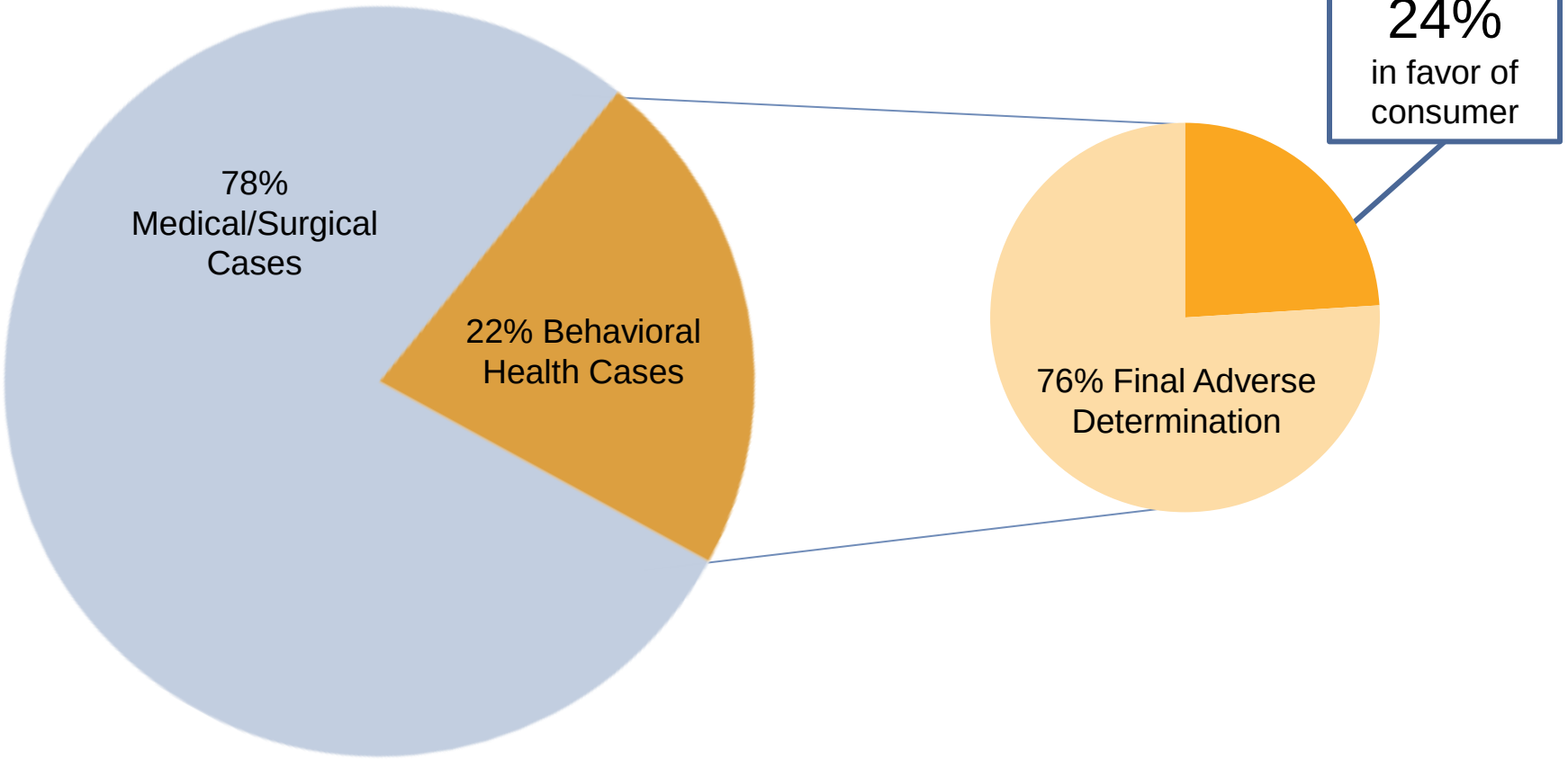
45% resolved in favor of consumers



Source: 2015 Insurance carrier reports to the Office of Patient Protection, pursuant to 958 CMR 3.600

Insurers reported that about 22% of requests for internal review (grievances) involved behavioral health services. Insurers resolved about 24% in favor of the member.

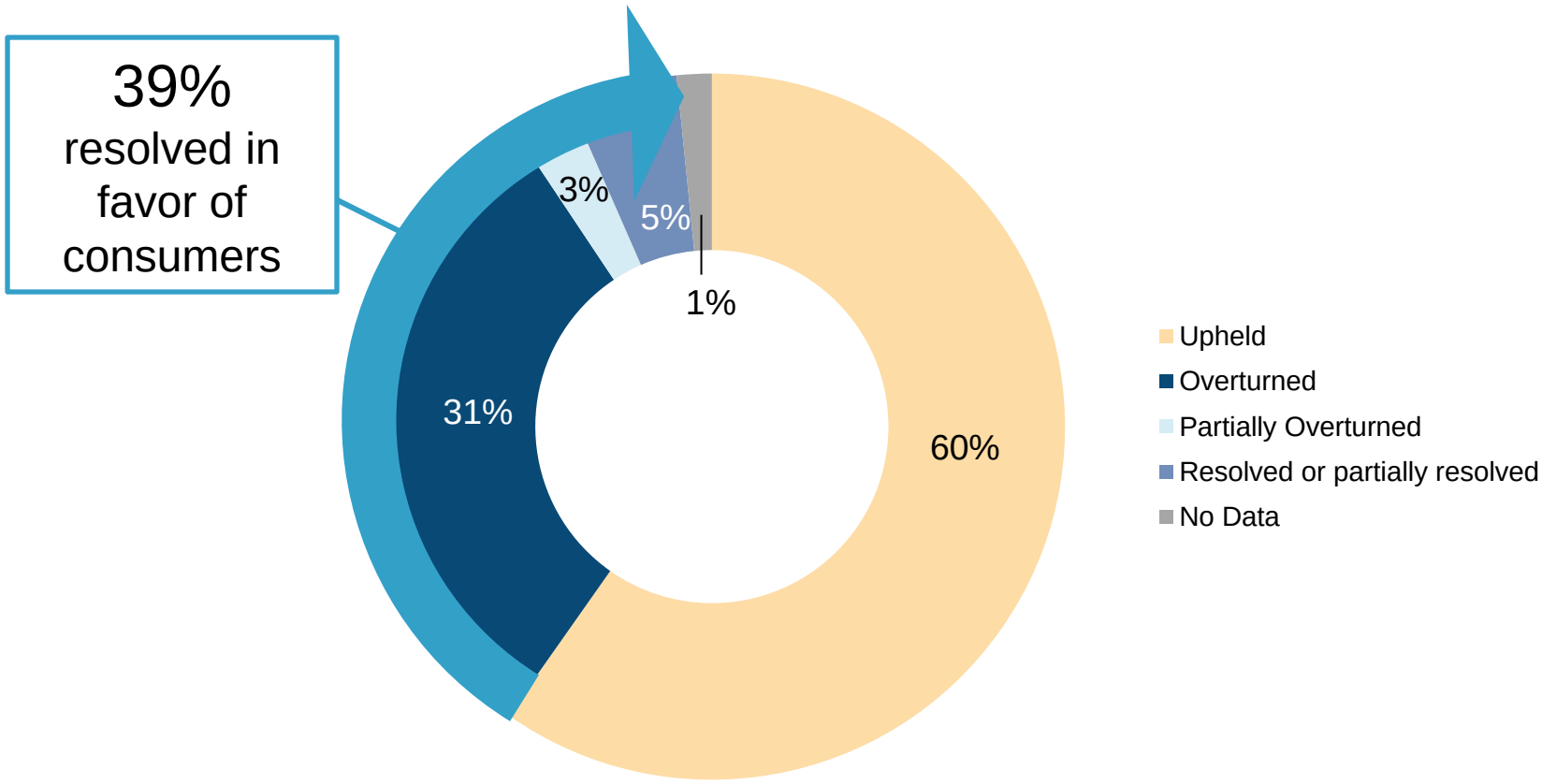
Internal Review
Adverse Determinations
Behavioral Health



OPP received 250 eligible requests for external review in 2015.

External Review

Percentage of external review cases by outcome, 2015



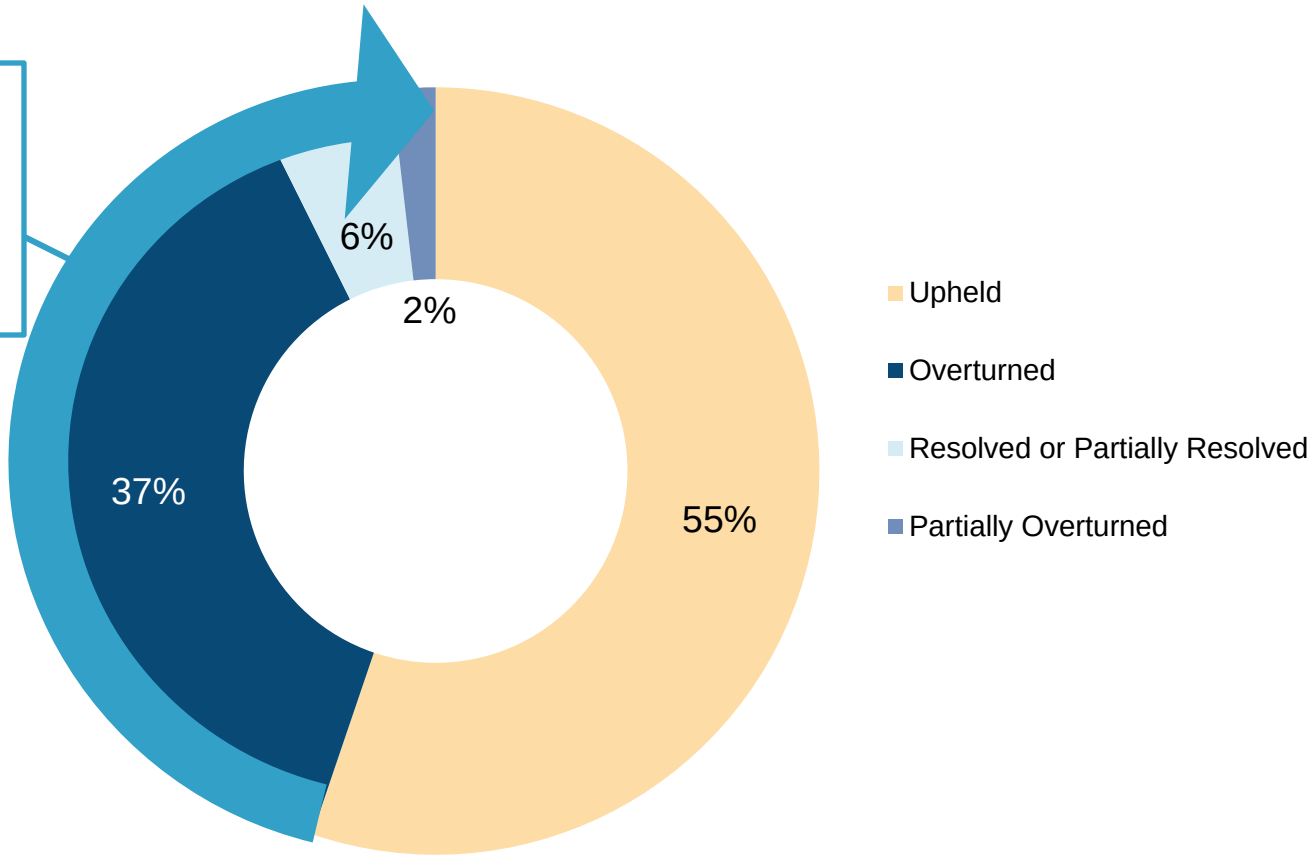
Source: 2015 Office of Patient Protection external review data

OPP Received 163 requests for medical/surgical treatment; 45% were resolved fully or partially in favor of the patient.

External Review
Medical/Surgical

Outcomes of eligible external reviews for medical/surgical service requests in 2015

45% resolved in favor of consumers



HPC

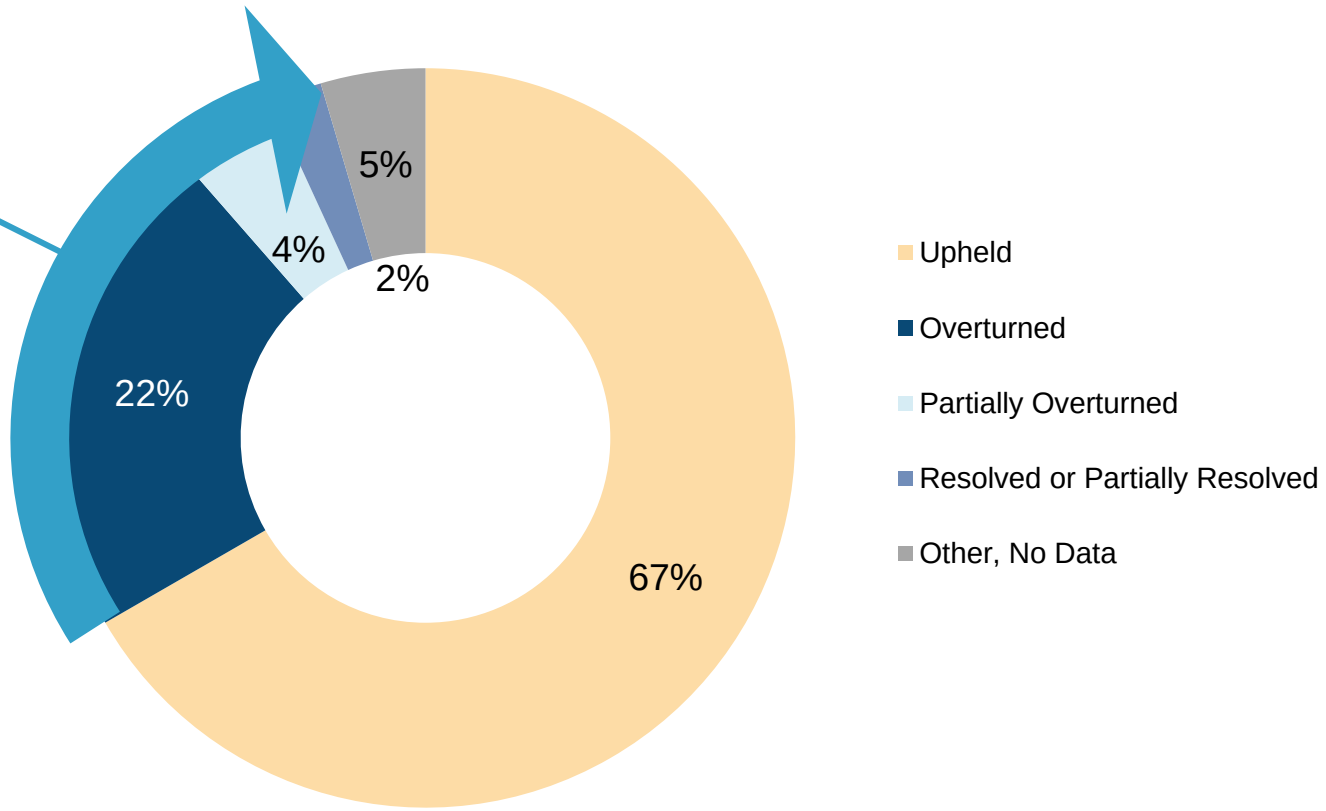
Outcomes of eligible external reviews for medical/surgical service requests in 2015.
Source: 2015 Office of Patient Protection external review data

OPP received 87 requests for behavioral health treatment; 28% were decided fully or partly in favor of the patient, a decrease from 2014.

External Review
Behavioral Health

Eligible external reviews related to behavioral health treatment by outcome, 2015

28% resolved in favor of consumers



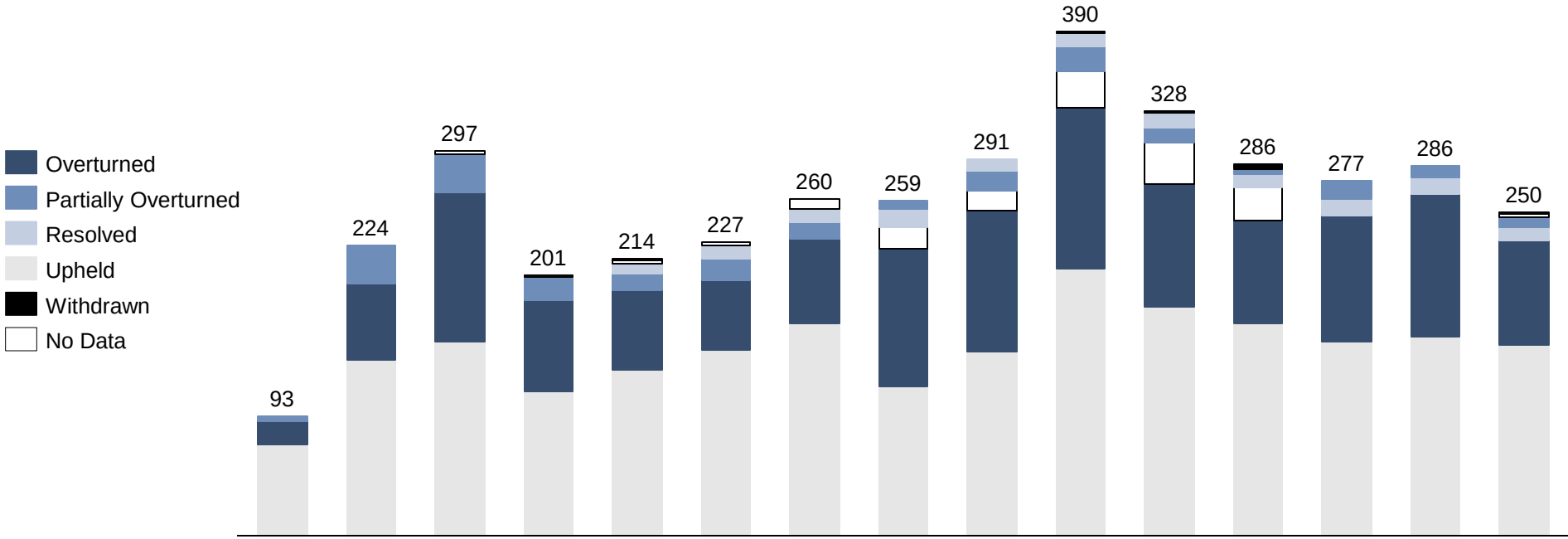
HPC

Eligible external reviews related to behavioral health treatment by outcome, 2015
Source: 2015 Office of Patient Protection external review data

The number of external review cases has varied, but the proportion of cases resolved in favor of the patient has remained relatively constant.

External Review

Number of eligible external review cases over time, by disposition, 2001 to 2014



Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Overturned	18	59	115	71	62	53	66	107	109	125	95	80	97	110	78
Partially Overturned	4	29	30	18	13	17	12	6	15	19	12	4	15	9	7
Resolved	0	0	0	0	8	10	11	15	9	11	11	10	14	13	12
Upheld	70	136	150	111	128	144	164	115	143	206	177	164	150	154	149
Withdrawn	0	0	0	0	1	0	0	0	0	1	1	3	1	0	2
No Data	1	0	2	1	2	3	7	16	15	28	32	26	0	0	2
Total	**93**	**224**	**297**	**201**	**214**	**227**	**260**	**259**	**291**	**390**	**328**	**287**	**277**	**286**	**250**

Source: 2001-2015 Office of Patient Protection external review data

MASSACHUSETTS
HEALTH POLICY COMMISSION

AGENDA

- Call to Order
- Approval of Minutes from the January 11, 2017 Meeting
- Commissioner Updates
- Cost Trends and Market Performance
- Quality Improvement and Patient Protection
- **Community Health Care Investment and Consumer Involvement**
  - CHART Phase 2 Update
  - CHART Phase 3
- Administration and Finance
- Executive Director's Report
- Schedule of Next Board Meeting

MASSACHUSETTS
HEALTH POLICY COMMISSION

AGENDA

- Call to Order
- Approval of Minutes from the January 11, 2017 Meeting
- Commissioner Updates
- Cost Trends and Market Performance
- Quality Improvement and Patient Protection
- Community Health Care Investment and Consumer Involvement
  - **CHART Phase 2 Update**
  - CHART Phase 3
- Administration and Finance
- Executive Director's Report
- Schedule of Next Board Meeting

CHART Phase 2: Progress as of February 2017

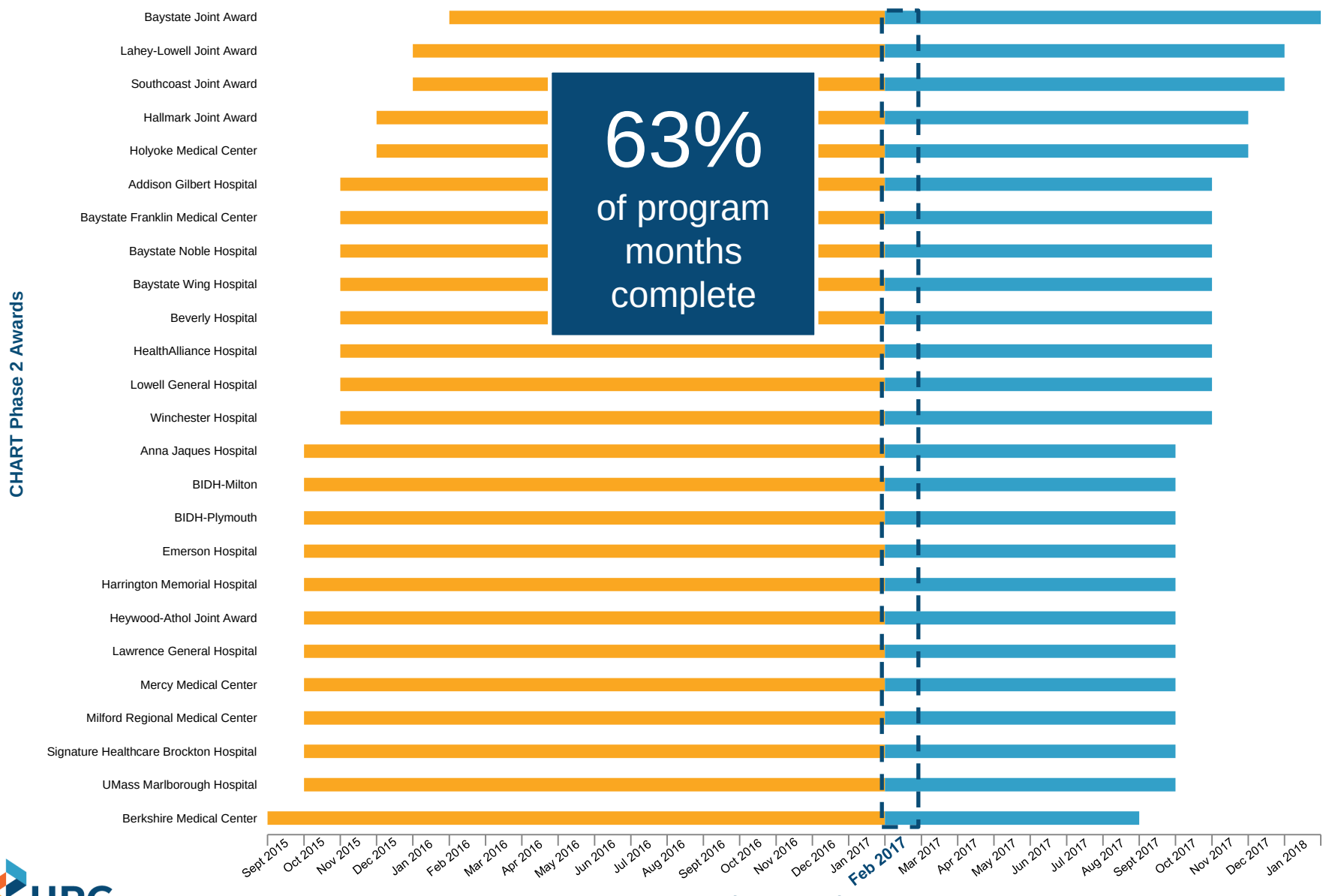


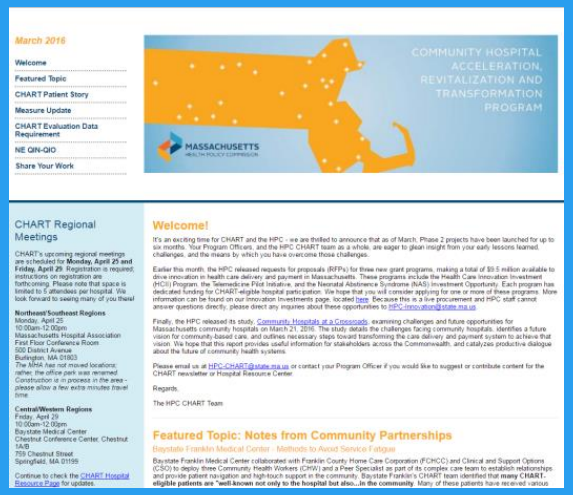
CHART Phase 2: Activities since program launch[1]

11
regional meetings
with
600+
hospital and community provider attendees

200+
technical assistance working meetings

565+
hours of coaching phone calls

14
CHART newsletters


March 2016

Welcome
Featured Topic
CHART Patient Story
Measure Update
CHART Evaluation Data Requirement
NE QIN-QIO
Share Your Work

COMMUNITY HOSPITAL ACCELERATION, REVITALIZATION AND TRANSFORMATION PROGRAM
MASSACHUSETTS

CHART Regional Meetings

Welcome!

Featured Topic: Notes from Community Partnerships

2,826 unique visits to the CHART hospital resource page

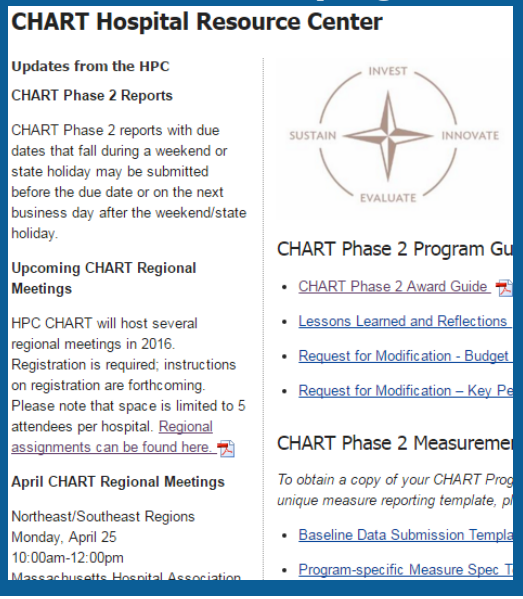


CHART Hospital Resource Center

Updates from the HPC

CHART Phase 2 Reports

CHART Phase 2 reports with due dates that fall during a weekend or state holiday may be submitted before the due date or on the next business day after the weekend/state holiday.

Upcoming CHART Regional Meetings

HPC CHART will host several regional meetings in 2016. Registration is required; instructions on registration are forthcoming. Please note that space is limited to 5 attendees per hospital. Regional assignments can be found here.

April CHART Regional Meetings

Northeast/Southeast Regions
Monday, April 25
10:00am-12:00pm
Massachusetts Hospital Association

INVEST
SUSTAIN
INNOVATE
EVALUATE

CHART Phase 2 Program Gu

- CHART Phase 2 Award Guide
- Lessons Learned and Reflections
- Request for Modification - Budget
- Request for Modification – Key Pe

CHART Phase 2 Measuremer

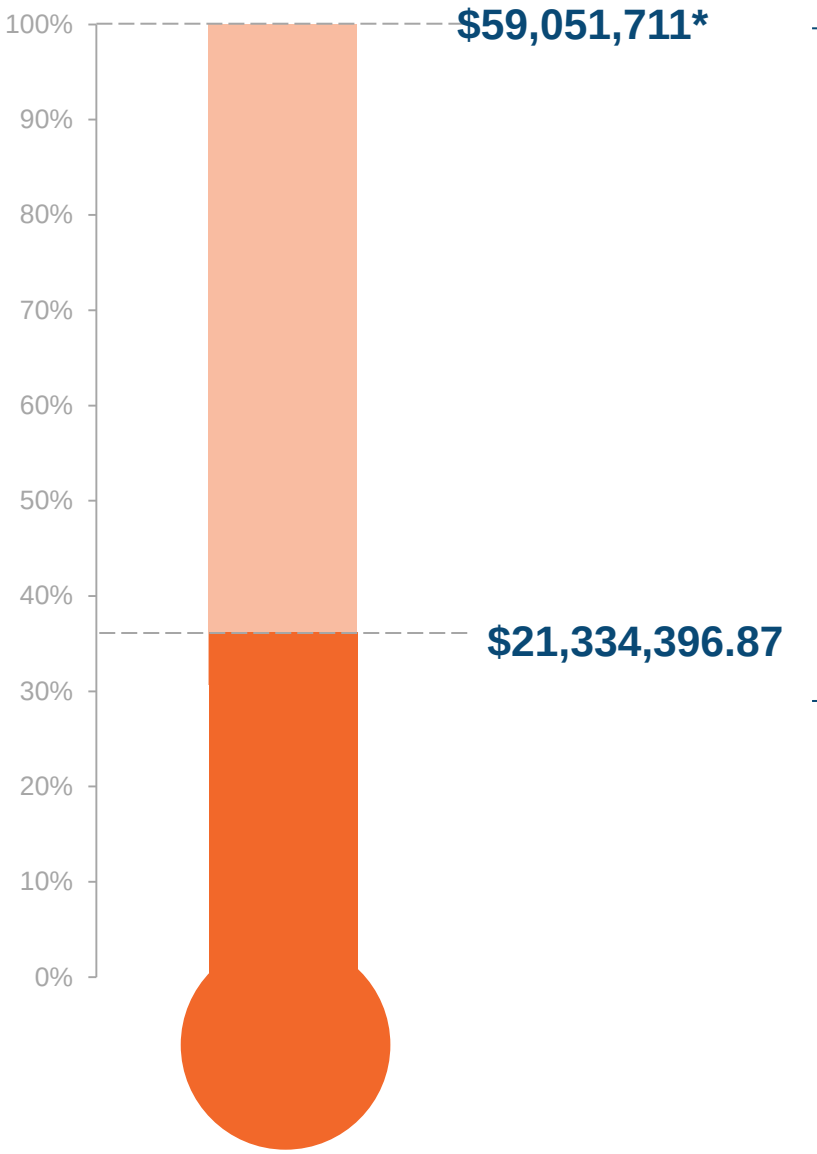
To obtain a copy of your CHART Prog unique measure reporting template, pl

- Baseline Data Submission Templa
- Program-specific Measure Spec T

350+
data reports received

[1] Updated through February 2, 2016. Phase 2 hospital programs launched on a rolling basis beginning September 1, 2015.

CHART Phase 2: The HPC has disbursed $21.3M to date



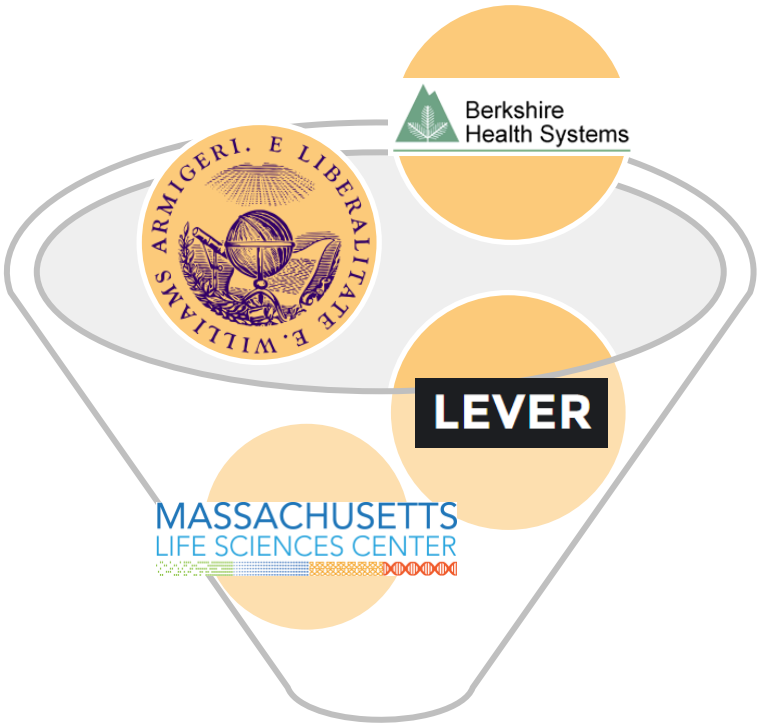
Remaining
$37,717,314.13
is inclusive of
$7,217,898
maximum outcome-based Achievement Payment opportunity

HPC

Updated February 2, 2017

* Not inclusive of Implementation Planning Period contracts. $100,000 per awardee hospital authorized March 11, 2015.

CHART Phase 2 Academic Collaboration: Berkshire Medical Center and Williams College



Quantitative data analysis to better understand **factors influencing readmission rates**

4. **Berkshire Medical Center**'s CHART program uses data analysis to improve care delivery

3. **Williams College** students apply coursework and use data that has local real-world relevance

2. **Lever, Inc.** promotes socially responsible businesses based on local healthcare needs

1. **Massachusetts Life Sciences Center** invests in research and development initiatives to grow regional economy

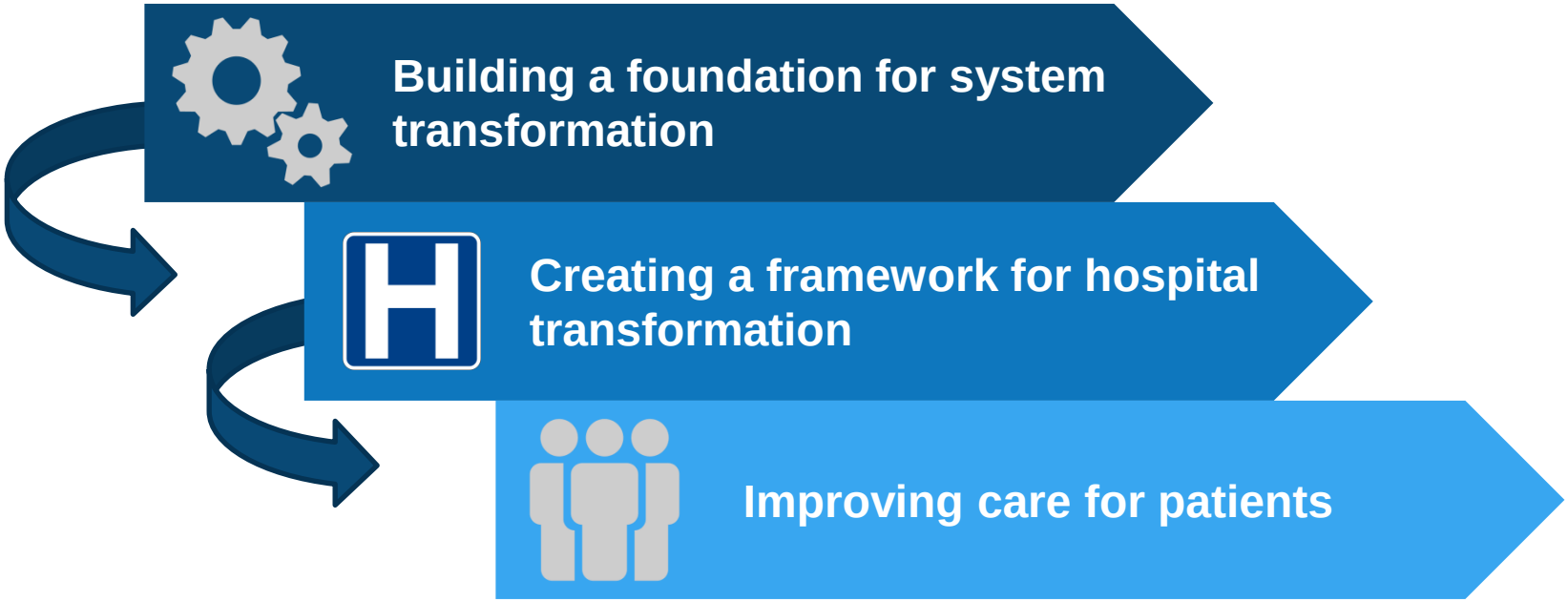
MASSACHUSETTS
HEALTH POLICY COMMISSION

AGENDA

- Call to Order
- Approval of Minutes from the January 11, 2017 Meeting
- Commissioner Updates
- Cost Trends and Market Performance
- Quality Improvement and Patient Protection
- Community Health Care Investment and Consumer Involvement
  - CHART Phase 2 Update
  - **CHART Phase 3**
- Administration and Finance
- Executive Director's Report
- Schedule of Next Board Meeting

CHART Investment Priorities

CHART investment priorities are structured to support transformation at the system, hospital, and patient care levels



Programmatic Goals of CHART

Background

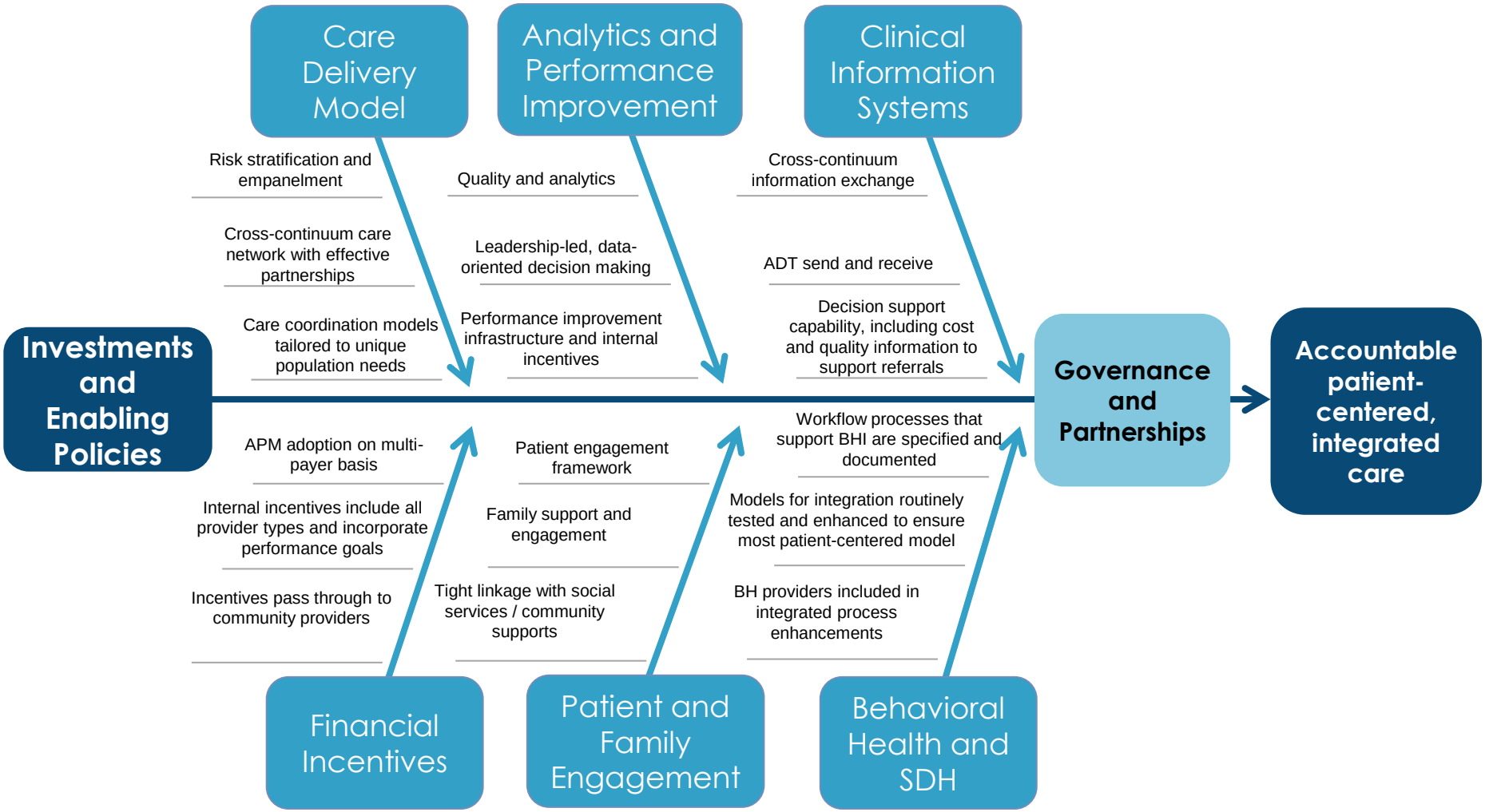
- Community Hospital Acceleration, Revitalization, and Transformation (CHART) Investment Program is a $120 million reinvestment program funded by an assessment on large health systems and commercial insurers
- Aim of program is to make phased investments for certain Massachusetts community hospitals to successfully engage in health system transformation and to enhance their delivery of efficient, effective care

Overarching Goals of CHART

- **Promote** care coordination, integration, and delivery transformations
- **Advance** electronic health records adoption and information exchange among providers
- **Increase** capacity to perform under alternative payment methods and within accountable care organizations
- **Enhance** patient safety, access to behavioral health services, and coordination between hospitals and community-based providers and organizations

HPC

Health System Capabilities Necessary for Accountable Care



Looking from Phase 1 to Phase 2 to Phase 3

Phase 1: Foundational Activities to Prime System Transformation

- Modest investment with many eligible hospitals receiving funds
- Short-term, high-need expenditures
- Participation not requisite for receipt of Phase 2 funds nor a guarantee of Phase 2 award
- Identified need to assess capability and capacity of participating institutions
- Opportunity to promote engagement and foster learning

Phase 2: Driving System Transformation

- Deeper investment in hospitals over a 2-year period of performance
- Focused areas for care transformation
- Data-driven approach
- Outcomes-oriented aims and targets
- Close engagement between awardees and HPC, with substantial technical assistance

Phase 3: Sustaining System Transformation

- Support the successful transition to a sustainability model supported by market incentives and alternative payment models, including the MassHealth ACO program
- Continue and enhance the work of promising interventions from Phase 2
- Strengthen relationships with community partners
- In-kind contributions from hospitals/systems
- Alignment with MassHealth's DSRIP funding and programmatic goals

CHART Goals and Investments

CHART Phase 1

Goal Support capacity building through short term, high-need expenditures

Awards $9.2 million awarded to 28 community hospitals in October 2013.

CHART Phase 2

Goal Incentivize care delivery transformation towards readiness for effective participation in accountable care models through a focus on one or more of the following primary aims:

- Maximize appropriate hospital use (e.g. reduce readmissions/ED utilization)
- Enhance behavioral health care
- Improve hospital-wide (or system-wide) processes to reduce waste and improve quality and safety

Awards $60 million awarded to 27 community hospitals in October 2014.

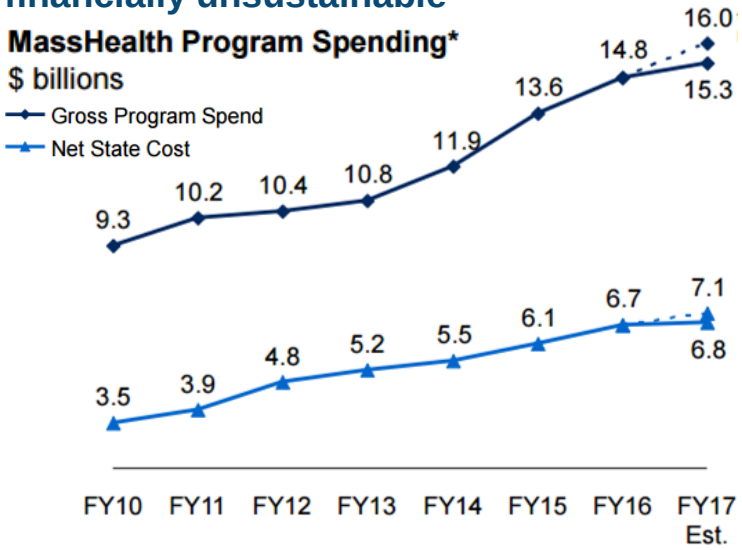
CHART Phase 3

Goal *Proposed* Support successful transition to payment reform by supporting clinical and financial sustainability of services that reduce avoidable utilization through multi-disciplinary care in collaboration with community partnerships.

Awards $20 million available to be awarded in October 2017. *(target date)*

Delivery System Reform Incentive Program (DSRIP) Overview

Current MassHealth FFS system is financially unsustainable



Source: MassHealth Delivery System Restructuring: Overview, April 14, 2016

Key features of program

- **Care delivery and payment reform** to improve population health and care coordination through movement toward ACO model
- **Integration of physical and behavioral health** care by requiring ACOs to form linkages with state-certified BH and LTSS Community Partners (CPs)
- **Ability for ACOs to provide and seek reimbursement for "flexible services"** that address social determinants of health

Pilot ACOs (Dec 2016-Nov 2017)

- 6 Pilot ACOs for 12-month period
- ACOs contract with MassHealth to provide care for PCC plan members

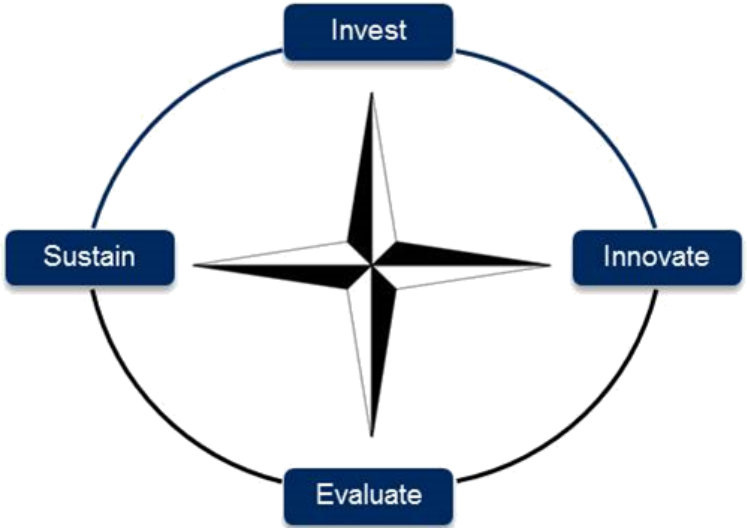
Full ACO Program (Jan 2017 - Dec 2022)*

- 20-25 full program ACOs for 5-year contract period
- 3 types of ACOs, all HPC certified

HPC

Key Decision Points for Phase 3

- Size of total opportunity and caps
- Duration of award
- Focus areas
- Performance targets
- Sustainability
- Competitive factors



Decision: Award Size and Duration

HPC Proposal: CHART Phase 3

Total Funding	$20,000,000
Individual Awards	$500,000 - $1,500,000
Duration	12-18 months

CHART Phase 1

Total Funding	$9,200,000
Individual Awards	$65,000 - $500,000
Duration	6 months

CHART Phase 2

Total Funding	$60,000,000
Individual Awards	$900,000 - $8,000,000
Duration	24 months

HPC

Decision: Focus Areas and Performance Targets

HPC Proposal: CHART Phase 3

Hardwire promising interventions and strengthen relationships with community partners from Phase 2; ensure successful adoption of alternative payment models; continued focus on reduction in readmissions and avoidable ED use

	Phase 1	Phase 2
Goal	Support capacity building through short term, high-need expenditures	Incentivize care delivery transformation towards readiness for effective participation in accountable care models through a focus on one or more of the following primary aims:
Pathway/ Primary Aim	• Implementation of pilot projects to improve quality of care and/or reduce cost • Building capability or capacity that aligns with the goals of better health, better health care, and lower costs • Meaningful operational and business planning activities to yield a strategic vision and plan for system transformation.	• Maximize appropriate hospital use • Enhance behavioral health care • Improve hospital-wide (or system-wide) processes to reduce waste and improve quality and safety
Performance Monitoring	Applicants proposed performance monitoring measures	HPC and Awardee developed performance targets aligned with Primary Aim(s): • Reduce Readmissions • Reduce ED utilization • Reduce lower acuity adult tertiary transfers • Reduce excess ED Boarding for long stay BH patients

Decision: Sustainability and HPC Financial Support

HPC Proposal: CHART Phase 3

Require in-kind contributions from hospitals/systems to lessen financial reliance on HPC

Phase 1

The HPC seeks to use Phase 1 of the CHART Investment Program to fund short-term, high-need foundational activities to prime system transformation

Phase 2

- For Awardees that are part of a health system and have a teaching hospital, the System must make a contribution to the Award
- A majority of Awardees have In Kind Contributions from their hospitals
- Opportunity to undertake Strategic Planning, with funding of $50K from the HPC, to engage in planning, including for sustainability of the CHART Phase 2 initiative(s)

Decision: Competitive Factors

HPC Proposal: CHART Phase 3

Sustained implementation of promising Phase 2 care models and evidence of transformation and community partnerships advancing delivery of efficient and effective care, supporting transition to alternative payment models and accountable care

Phase 1

- Alignment with needs of the hospital and the community
- Ability to implement the operational changes proposed
- Foundational for future transformation activities

Phase 2

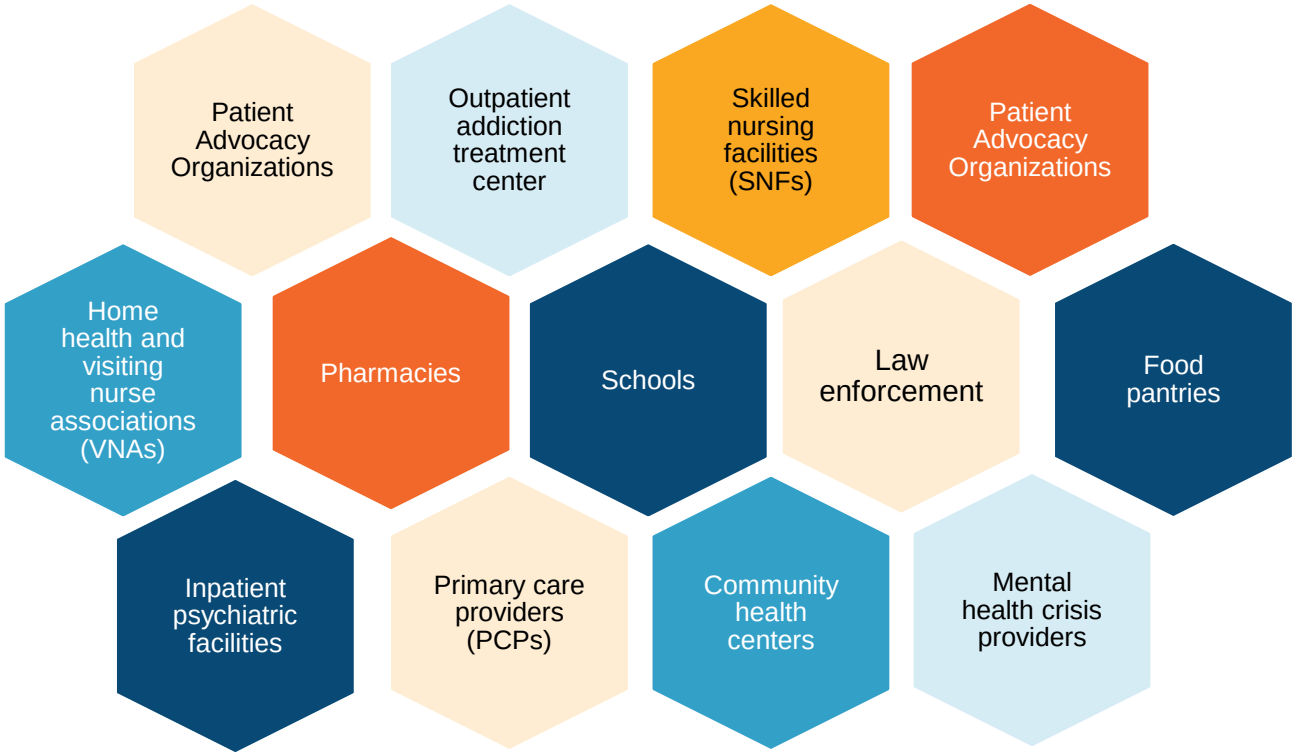
- Measurable community/patient impact
- Alignment with primary aim(s)
- Supports future care delivery transformation activities
- Addresses community/population need
- Presence and strength of community partnerships

HPC

CHART 3: Hardwiring community partnerships

HPC defines community partner as those medical and non-medical community services with whom the hospitals share in the care of patients that they serve.

Community partners can include, but are not limited to:



Preliminary Proposal for Structure of CHART Phase 3

THEME

Enhancing and ensuring sustainability of community-focused, collaborative approaches to care delivery transformation and the successful adoption of alternative payment models, including the MassHealth ACO program

FUNDING

Proposed total funding of approximately $20M

FOCUS AREAS

Two pathways:

1. Limited bridge funding to continue promising interventions from Phase 2. Awards would be selective, with a continued focus on:
   - Addressing whole patient needs with multi-disciplinary care teams
   - Identifying and engaging in real time with complex patients
   - Addressing social determinants of health
   - Increasing post-acute care coordination
   - Strengthening community partnerships
2. Funding to support the successful adoption of alternative payment models, including the MassHealth ACO program, through continued capacity-building activities in various areas. For example:
   - Analytics/risk stratification expertise
   - Data exchange
   - Legal support for community partnership contracting
   - Business planning

Preliminary Proposal for Structure of CHART Phase 3 (continued)

COMPETITIVE FACTORS

- Solid sustainability plan
- Required in-kind funds from hospitals/systems to promote sustainability
- Alignment with DSRIP funding and MassHealth payment reform programmatic goals
- Performance in Phase 2
  - Progress against Primary Aim
  - Effectiveness in implementation and execution
- Demonstration of understanding of the drivers of utilization
- Strong relationships with community partners

OUTCOMES

- Address at least one or all of the HPC's key target areas for reducing unnecessary utilization and improving quality:
  - Reduce all-cause 30-day hospital readmissions
  - Increase the integration of behavioral health in primary care
  - Reduce the rate of discharge to institutional care following hospitalization
  - Reduce the rate of behavioral health (BH) related ED utilization

Questions for Discussion

Overall Design

- What is your initial reaction to the preliminary/early design ideas?
- What components would you add and/or change?
- Is sustainability the right goal at this time?
  - Is APM readiness the best way to ensure sustainability ?
- In what circumstances should we continue to fund Phase 2 projects?
- Do you agree with our continued focus on:
  - Reduce all-cause 30-day hospital readmissions
  - Increase the integration of behavioral health
  - Reduce the rate of discharge to institutional care following hospitalization
  - Reduce the rate of behavioral health (BH) related ED utilization

Competitive Factors

- What additional competitive factors would you like to see?

Community Partners

- How strong should the alignment with community partners be in Phase 3?

Next Steps

HPC to continue developing Phase 3 design, including:

- Comprehensive stakeholder engagement
- Increased specificity of focus areas and targets
- Adapting administrative framework to reflect early lessons learned from Phases 1 and 2
- Review of CHART Phase 2 performance at the one year mark

HPC to present updated framework to CHICI for consideration and input in March

HPC to continue goal-setting activities, including evaluation framework and performance targets

[1]Distressed Hospital Trust funding pool after mitigation for select health systems

Proposed CHART PHASE 3 timeline

	Jan. 2017	Feb. 2017	March 2017	April 2017	May 2017	June 2017	July 2017	Aug. 2017	Sept. 2017	Oct. 2017	Nov. 2017	Dec./ Jan. 2018
Design discussion	Advisory Meeting	Board meeting	CHICI meeting									
Stakeholder engagement												
Procurement and evaluation development												
RFR vote and release			Board meeting		RFR release							
Board vote on Awardees						Board meeting			Board meeting			
Majority of Phase 2 Awards end										Phase 2 Ending		
Contracting												
Launch												★

MASSACHUSETTS
HEALTH POLICY COMMISSION

AGENDA

- Call to Order
- Approval of Minutes from the January 11, 2017 Meeting
- Commissioner Updates
- Cost Trends and Market Performance
- Quality Improvement and Patient Protection
- Community Health Care Investment and Consumer Involvement
- **Administration and Finance**
  - Executive Director Contract Renewal (VOTE)
- Executive Director's Report
- Schedule of Next Board Meeting

MASSACHUSETTS
HEALTH POLICY COMMISSION

AGENDA

- Call to Order
- Approval of Minutes from the January 11, 2017 Meeting
- Commissioner Updates
- Cost Trends and Market Performance
- Quality Improvement and Patient Protection
- Community Health Care Investment and Consumer Involvement
- Administration and Finance
  - **Executive Director Contract Renewal (VOTE)**
- Executive Director's Report
- Schedule of Next Board Meeting

MASSACHUSETTS
HEALTH POLICY COMMISSION

VOTE: Authorization for Chair to Renew Executive Director Employment Contract

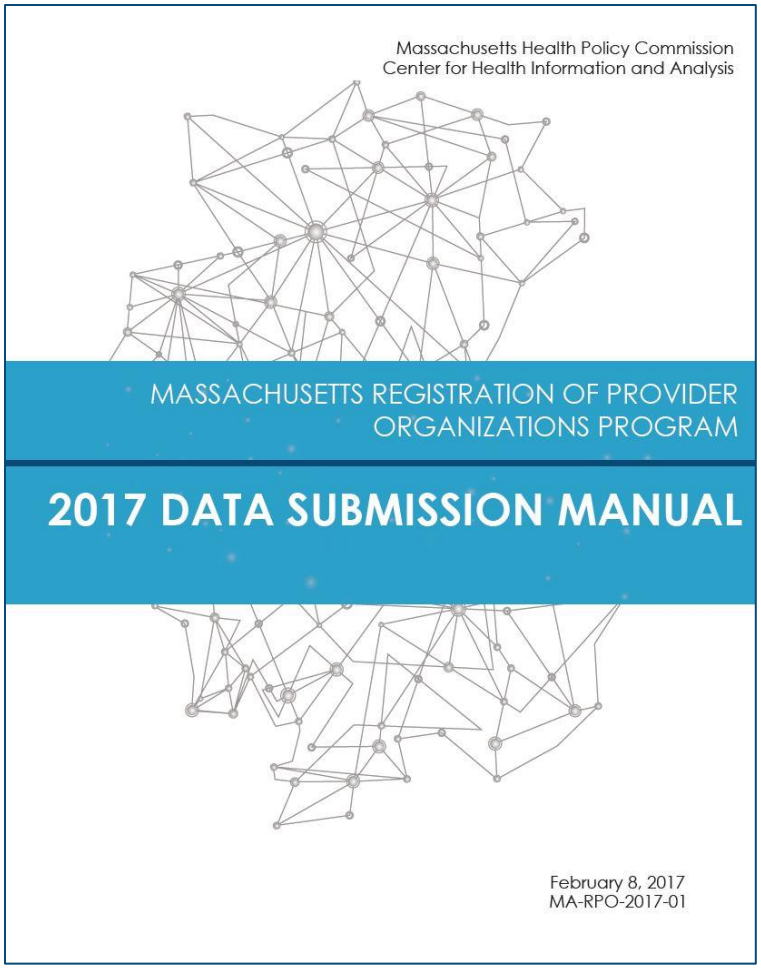
MOTION: That the Commission hereby authorizes the Chair to enter into negotiations with David M. Seltz to renew his employment contract for Executive Director for a multi-year term, and execute the contract on terms deemed advisable by the Chair.

MASSACHUSETTS
HEALTH POLICY COMMISSION

AGENDA

- Call to Order
- Approval of Minutes from the January 11, 2017 Meeting
- Commissioner Updates
- Cost Trends and Market Performance
- Quality Improvement and Patient Protection
- Community Health Care Investment and Consumer Involvement
- Administration and Finance
- **Executive Director's Report**
- Schedule of Next Board Meeting

MA-RPO Program to release 2017 Data Submission Manual



- The MA-RPO Program is releasing the final 2017 Data Submission Manual, which contains the data elements and submission instructions for this year's filing
- The final version incorporates minor updates based on stakeholder feedback provided during the public comment period
- The MA-RPO Program anticipates that filings will be due in July 2017

Please direct questions about the MA-RPO Program to HPC-RPO@state.ma.us

HPC by the Numbers: The First Four Years

166 public board meetings

634 HPC articles

1,403,272 unique **twitter** impressions

$46 million distributed in grants to **27** community hospitals

686,323 unique **website** hits

900,000,000 lines of **claims** analyzed in the APCD

1,000,000 lines of **code** written

71 MCNs reviewed

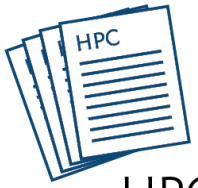
2,551 tweets

27 publications

HPC

HPC by the Numbers: Public Engagement in 2016

206,809
unique **website** hits



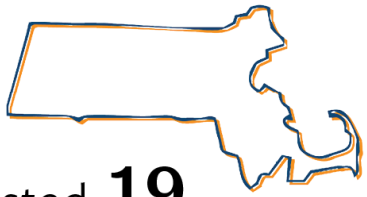
260
HPC articles

39
public meetings

2,120
attendees at **public meetings** throughout 2016

650+
meetings with over **200** different stakeholders

211
pages of minutes



hosted **19** **external meetings** for MA state agencies

21
newsletters

890
tweets

HPC

HPC by the Numbers: 2016 Policy Work

19
MCNs Reviewed

12
Reports Released

2
Regulations Approved

4
Investment Programs

60
Registering Provider Organizations

26
PCMH PRIME Certified Practices

8
unique data sets in 2016 Cost Trends Findings

HPC by the Numbers: Consumer and Patient Support in 2016

In 2016, the Office of Patient Protection processed

1241

calls and emails from consumers seeking information on health insurance enrollment and appeals

330

External Review Cases filed by consumers seeking a determination of medically necessary

HPC by the Numbers: 2016 Cost Trends Hearing

AUDIENCE

- Nearly 400 individuals in-person
- Over 2,700 individuals watching online
- Viewers came from the US, Germany, the Philippines, the UK, and Australia

WEBSITE

- 5,330 unique website visits
- 6.6% of all traffic to the Mass.Gov website
- The majority of people navigated to the Cost Trends Hearing agenda and materials

TWITTER

- 143 Official HPC Tweets
- 69,800 impressions (potential views by unique Twitter users)
- 32% outside of Massachusetts with 4% outside of the US
- 304 Retweets ⟶ 175 Likes ⟶ 50 Replies

MEDIA

- 25 unique articles across 14 major news outlets

MASSACHUSETTS
HEALTH POLICY COMMISSION

AGENDA

- Call to Order
- Approval of Minutes from the January 11, 2017 Meeting
- Commissioner Updates
- Cost Trends and Market Performance
- Quality Improvement and Patient Protection
- Community Health Care Investment and Consumer Involvement
- Administration and Finance
- Executive Director's Report
- **Schedule of Next Board Meeting (March 29, 2017)**

Contact Information

For more information about the Health Policy Commission:

Visit us: http://www.mass.gov/hpc

Follow us: @Mass_HPC

E-mail us: HPC-Info@state.ma.us