MASSACHUSETTS
HEALTH POLICY COMMISSION

Health Policy Commission Advisory Council

July 12, 2017

MASSACHUSETTS
HEALTH POLICY COMMISSION

AGENDA

- Presentation: Update on Trends in Massachusetts and National Health Spending Through 2014 Based on Newly Released CMS Data
- Discussion: Cost Trends Hearing 2017
- Discussion: Strategic Planning Recap (2017-2018 Term)
- Presentation: Operational Update
- Schedule of Next Meeting: November 8, 2017

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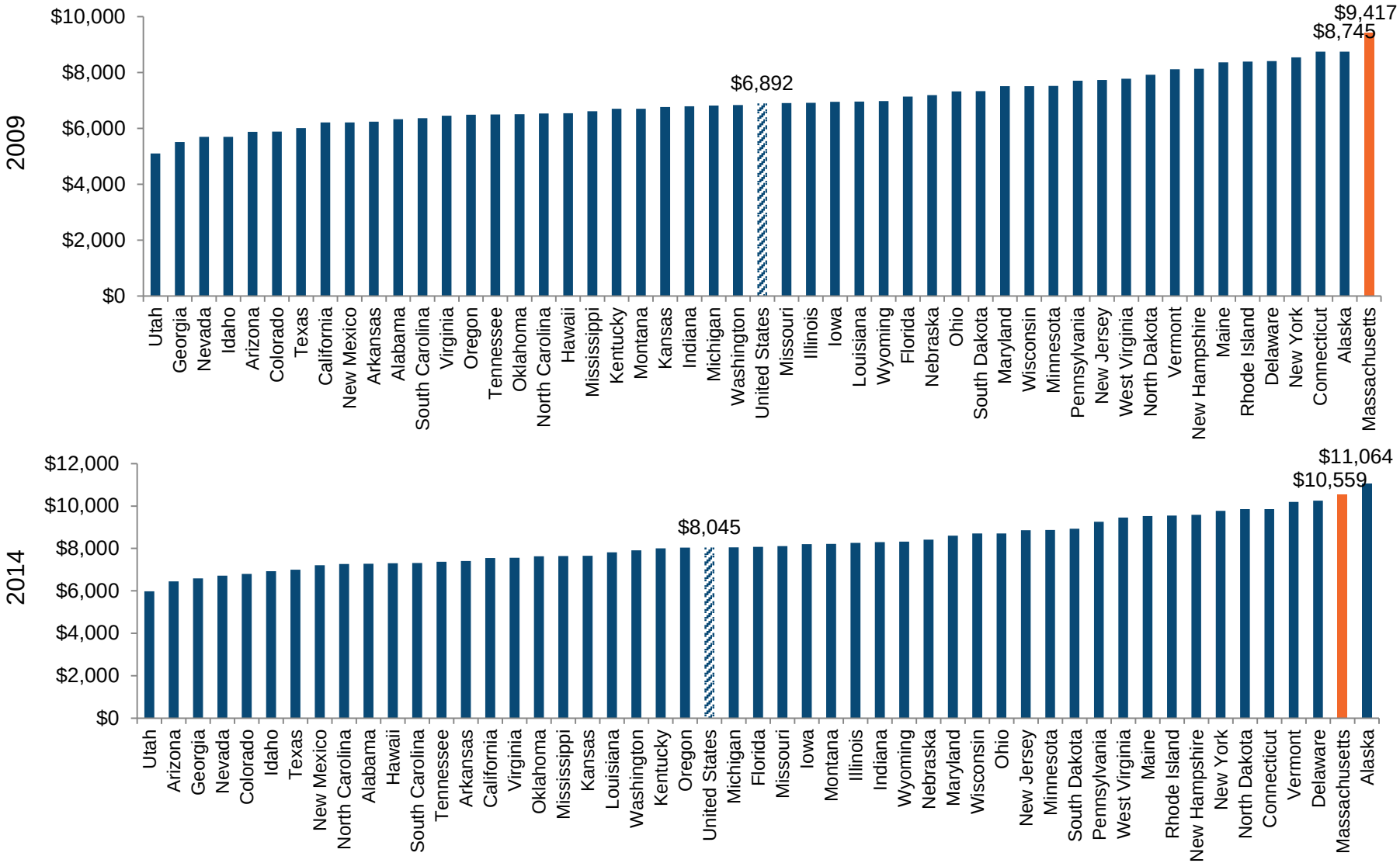
CMS State Personal HealthCare (PHC) Expenditures Data

- Data are updated every 5 years. Most recent update, 2009-2014, was released June, 2017
- Data are based primarily on provider and payer surveys as well as administrative sources
- State level data are based on state of residence of individuals
- Data are the same as CMS' Personal Health Care totals, which exclude some public health, research, and health infrastructure spending from total National Healthcare Expenditures (NHE)

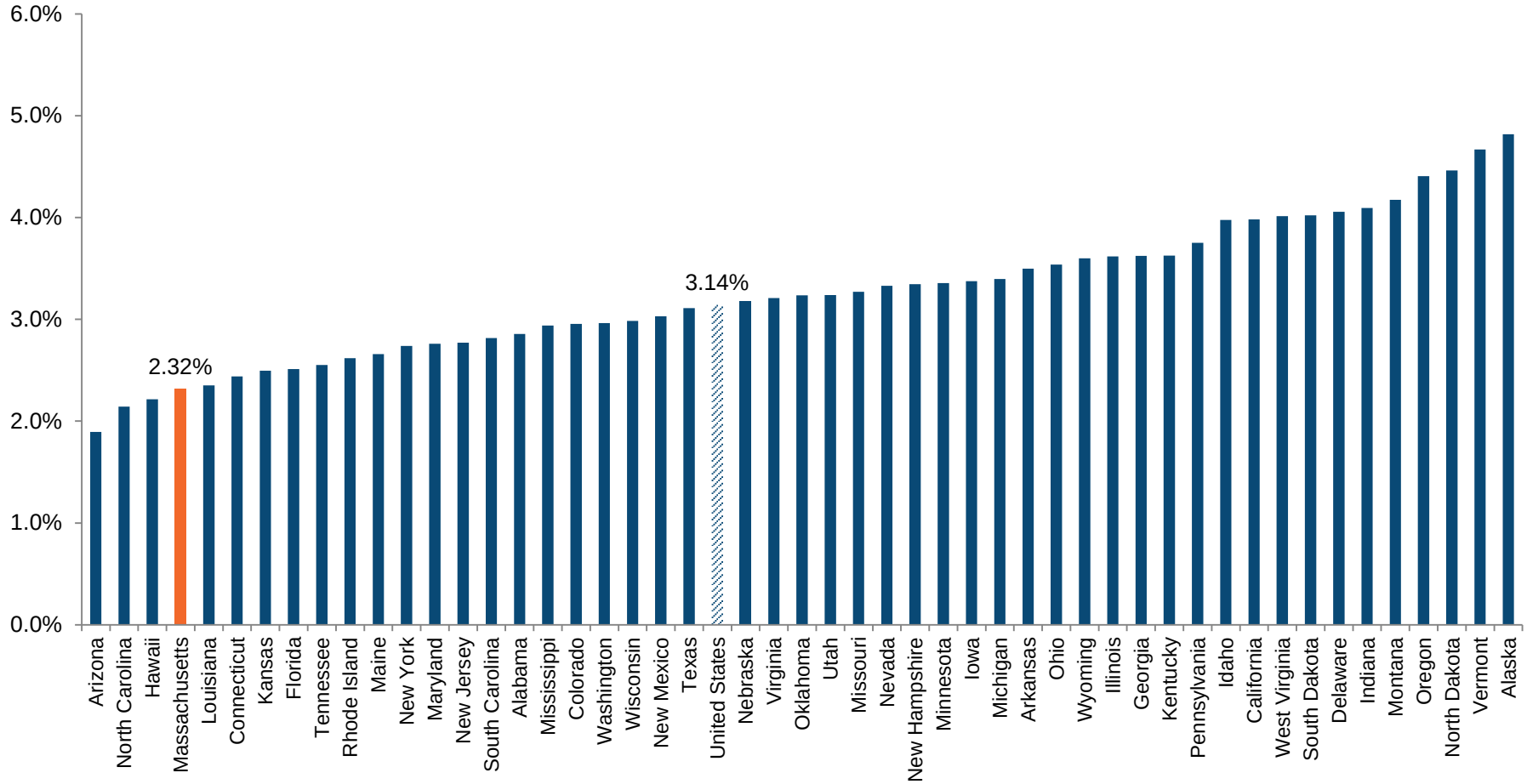
- For more information, see recent Health Affairs Article, "*Health Spending By State 1991–2014: Measuring Per Capita Spending By Payers And Programs*," David Lassman, Andrea M. Sisko, Aaron Catlin, Mary Carol Barron, Joseph Benson, Gigi A. Cuckler, Micah Hartman, Anne B. Martin, and Lekha Whittle, Health Affairs Web Exclusive, 2017

Personal health care spending, per capita, by state, 2009 and 2014

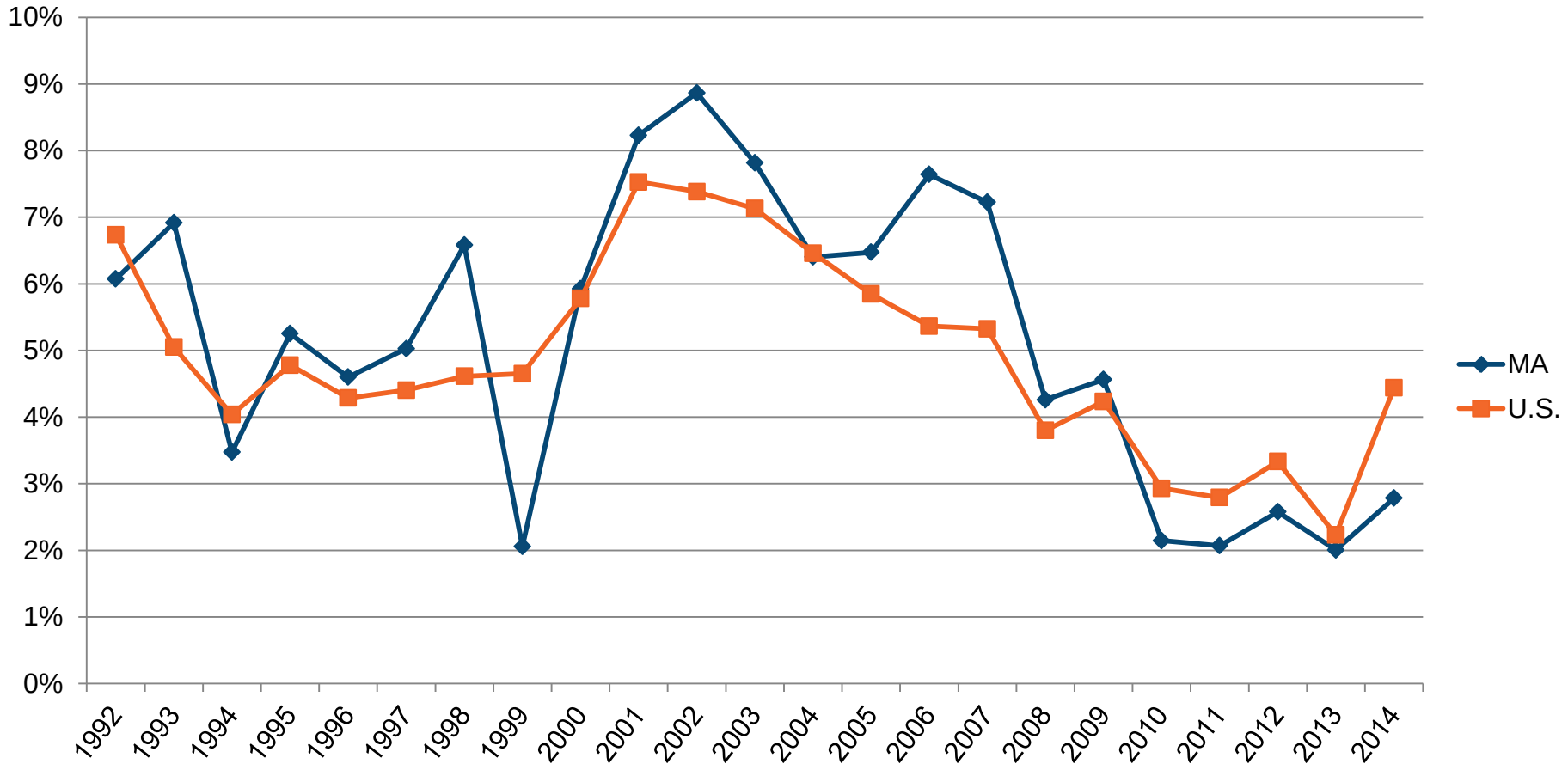


HPC

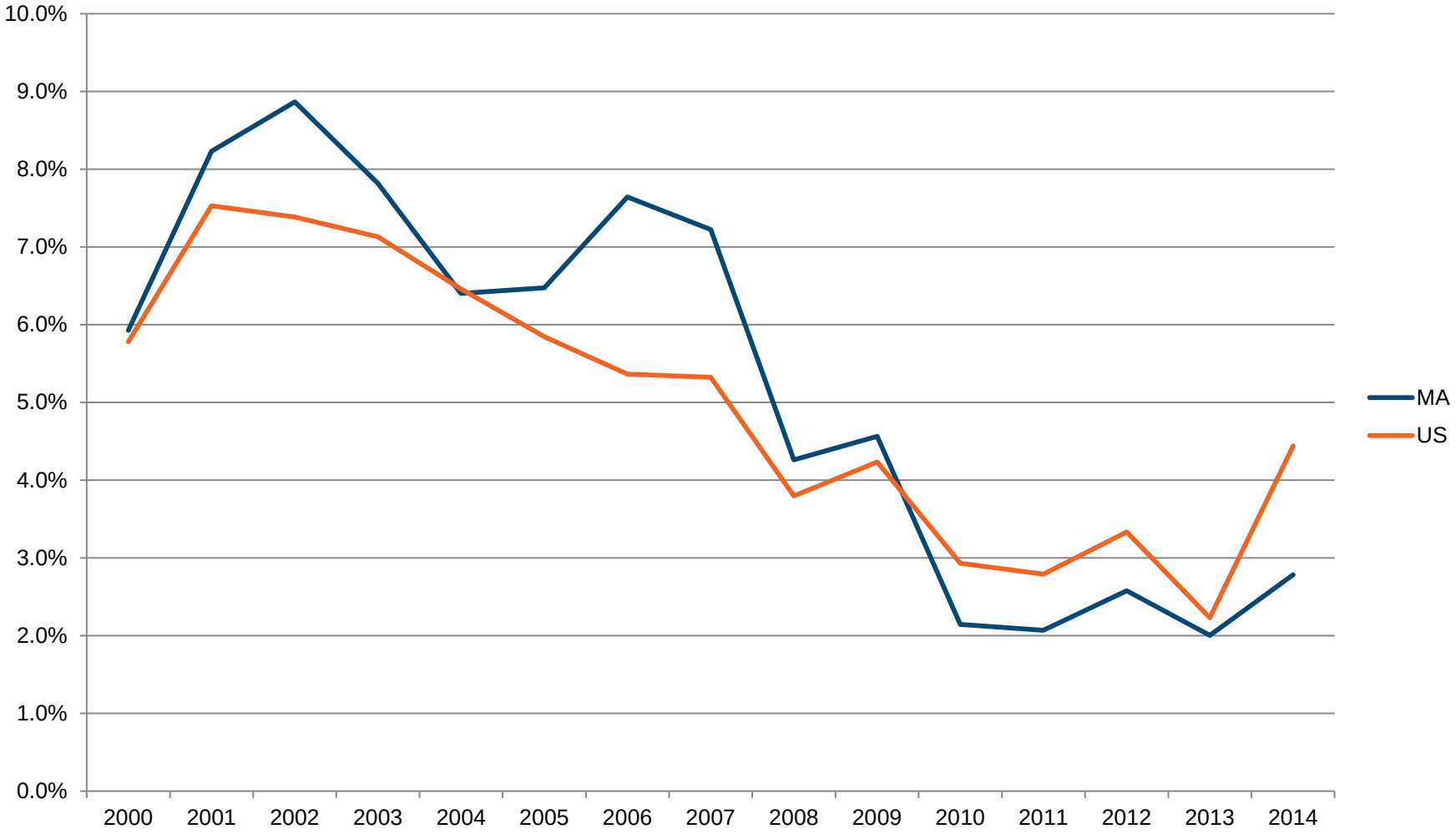
Average annual health spending growth, per capita, by state, 2009-2014



Annual personal health care spending growth, per capita, MA vs. U.S., 1991 – 2014

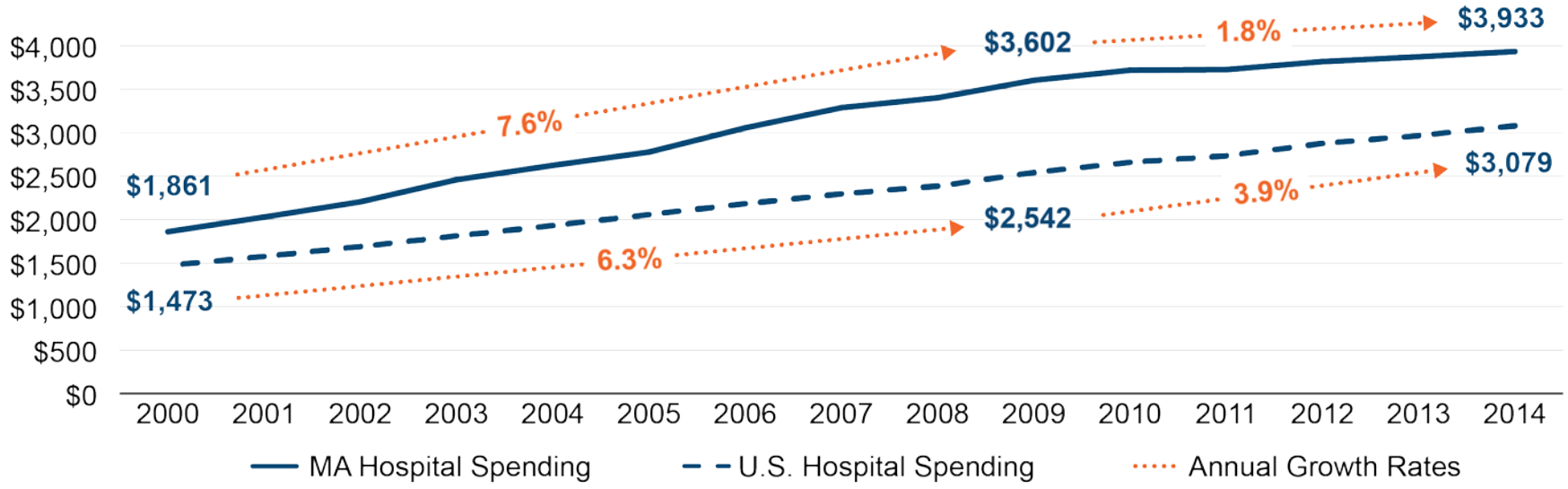


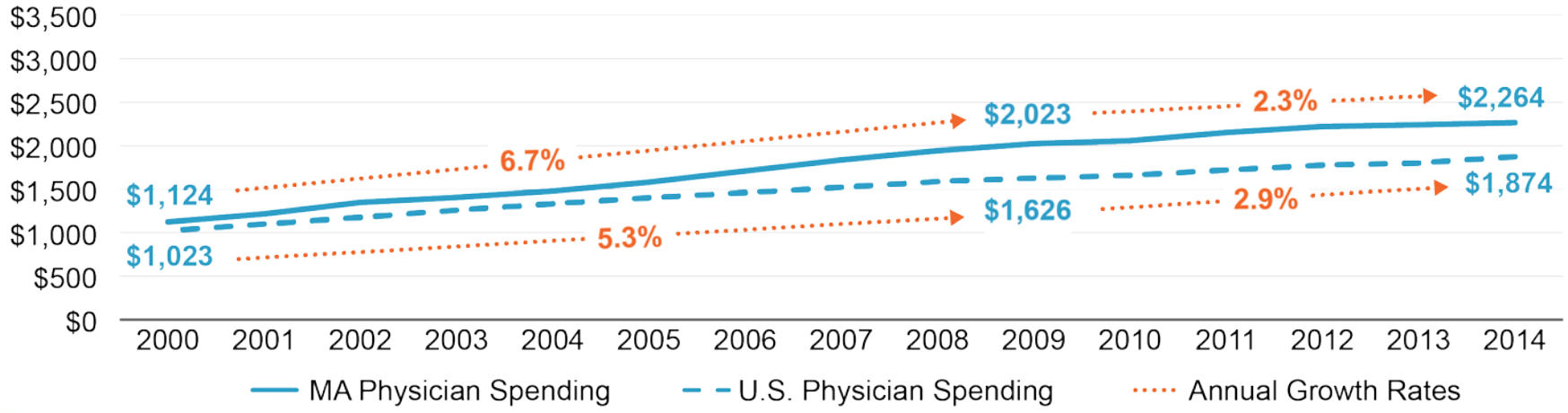
Annual health spending growth, per capita, MA vs. U.S., 2000-2014



HPC

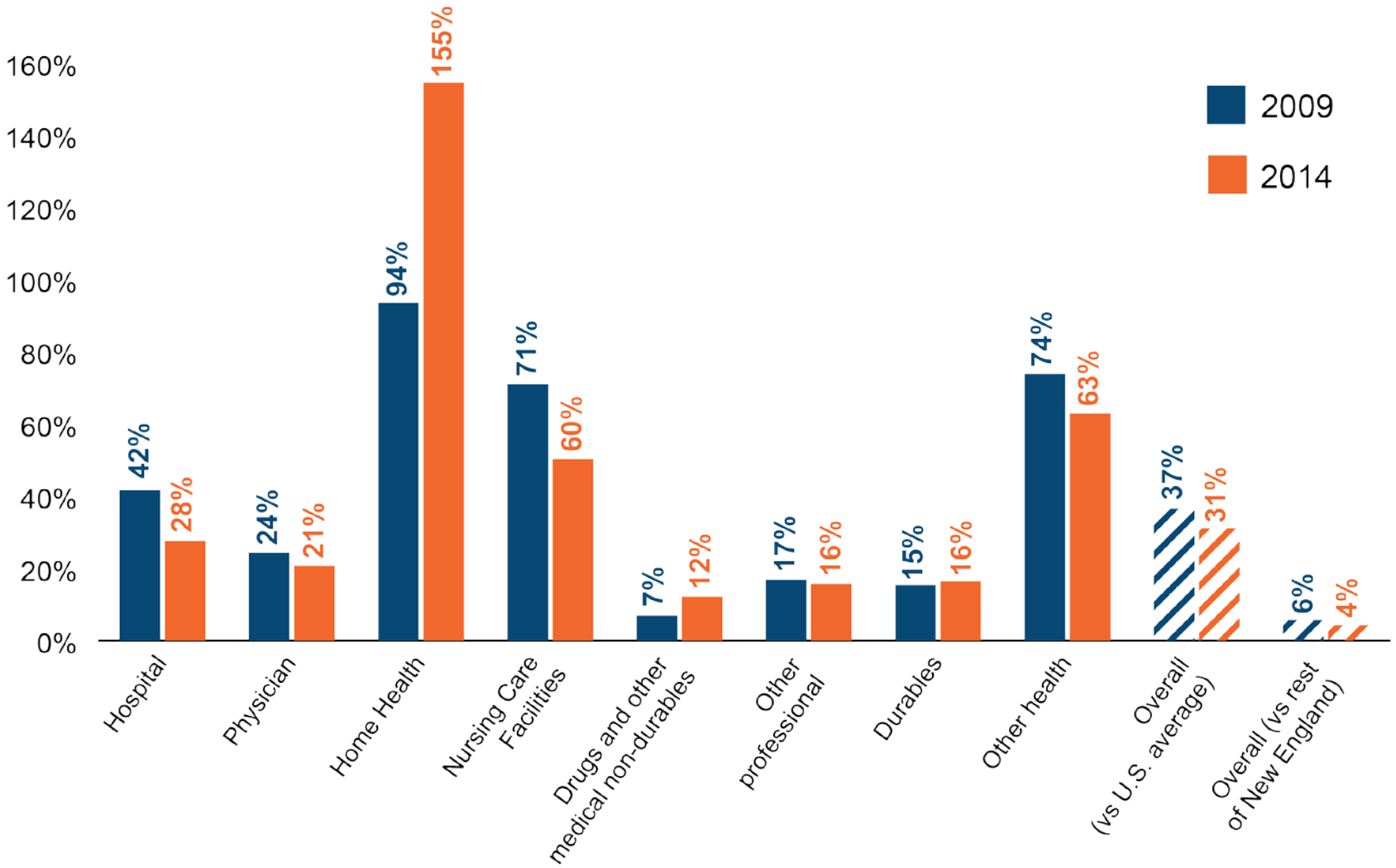
Hospital and physician spending, per capita, MA vs. U.S., 2000-2014



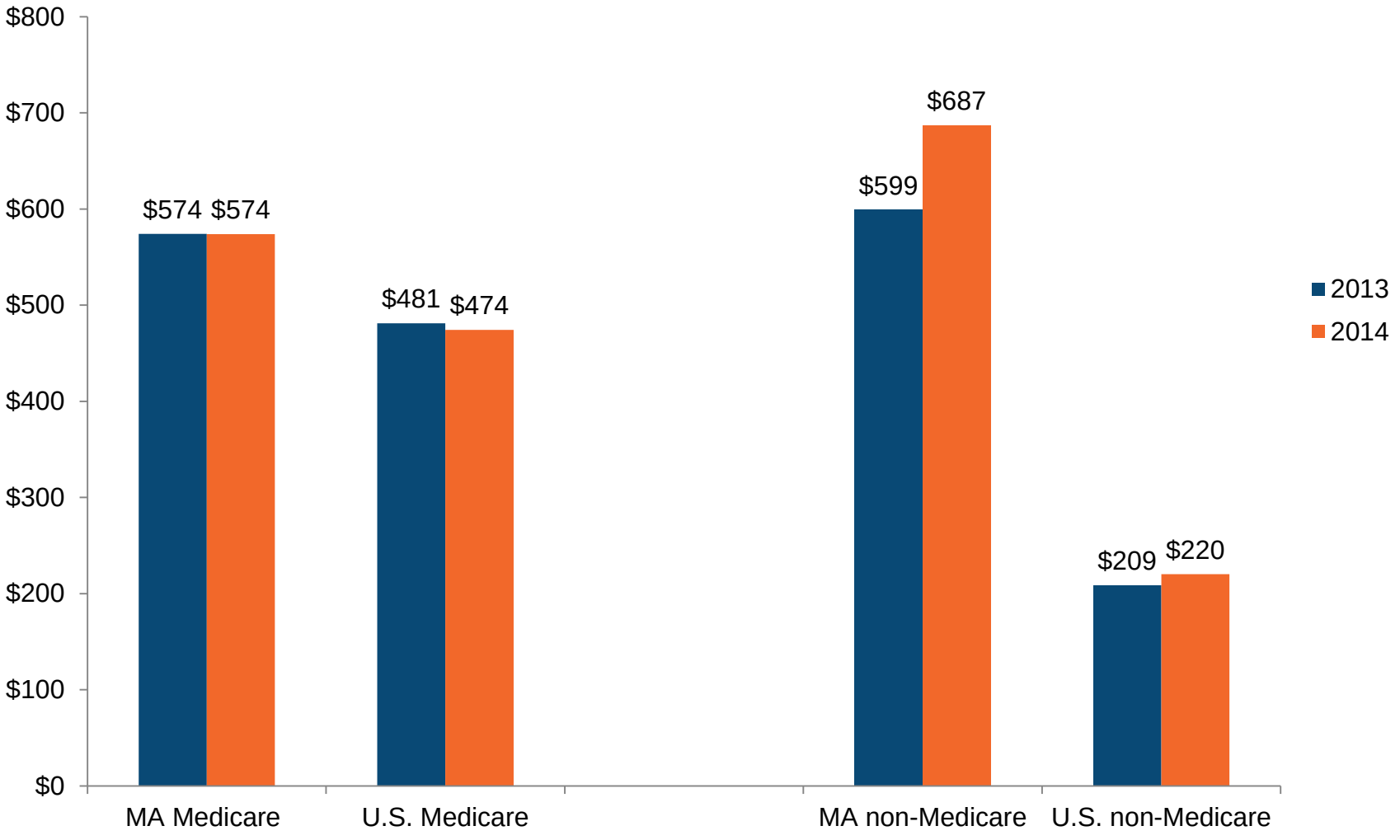


Note: Percents in orange are annual growth rates.

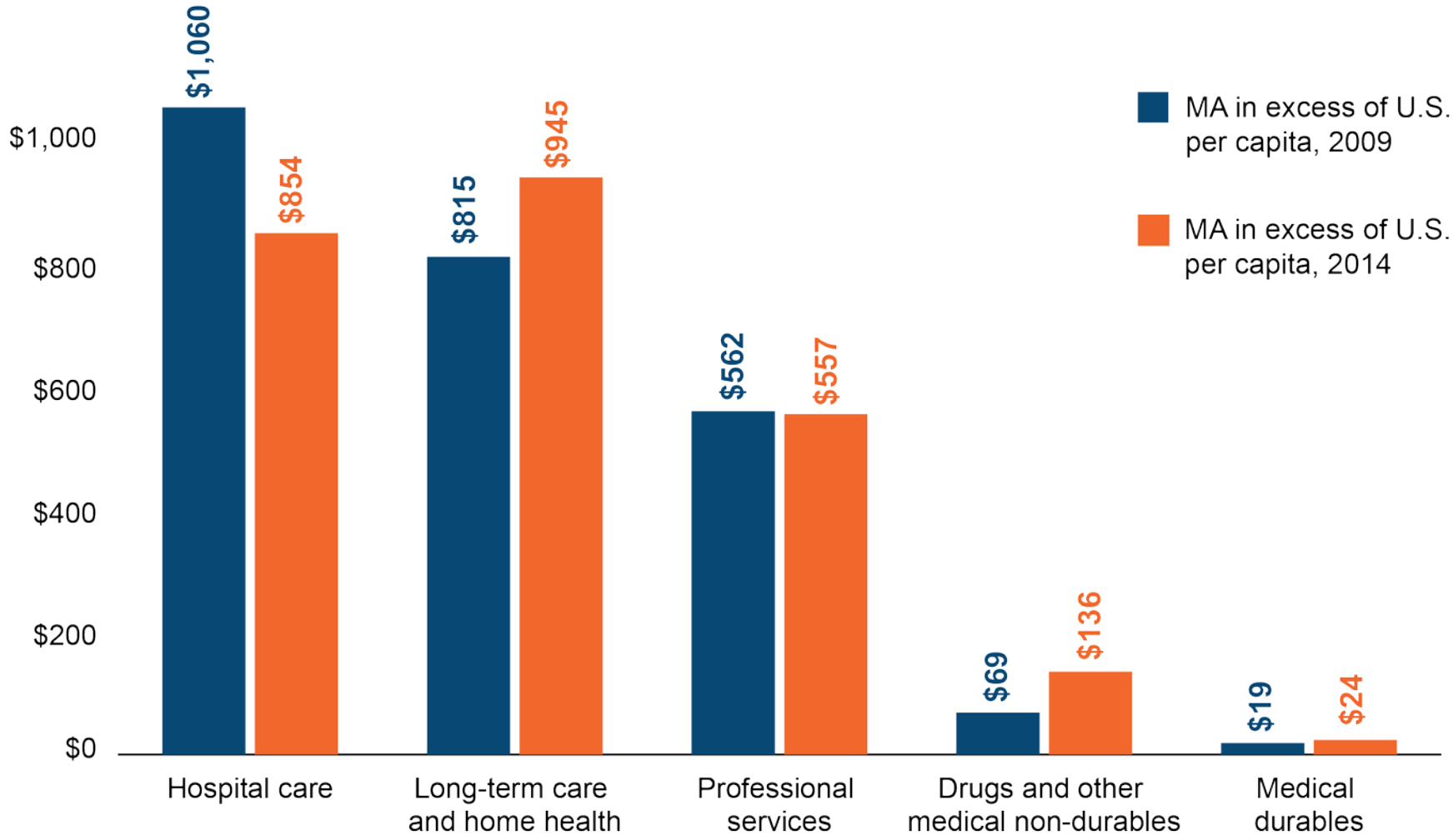
Massachusetts spending in excess of U.S. average, per capita, 2009 and 2014



Home health spending, per capita, MA vs. U.S., Medicare and all other, 2013 – 2014



Contribution to Excess Spending in Massachusetts, 2009 and 2014



Percent of total difference	42% → 34%	32% → 38%	22% → 22%	3% → 5%	0.8% → 1.0%

Personal health care expenditures (PHC) are a subset of national health expenditures. PHC excludes administration and the net cost of private insurance, public health activity, and investment in research, structures and equipment. Includes nursing home care, home health care, and other health, residential, and professional care. Includes physician and clinical services, dental services, and other professional services. Source: Centers for Medicare & Medicaid Services; HPC analysis

HPC

Key Findings

- In 2009, Massachusetts was the highest spending state (37% above national average). In 2014, Massachusetts was the second highest state (31% above national average), exceeded by Alaska.
- Massachusetts had the fourth lowest growth rate (2.3% per capita) in the nation between 2009 and 2014, after Hawaii, Arizona, and North Carolina
- Excess spending in Massachusetts relative to the U.S. average decreased in major health care sectors between 2009 and 2014:
  - Hospital, from 42% to 28%
  - Physician, from 24% to 21%
  - Nursing Care Facilities, from 71% to 50%
- Spending in certain sectors increased relative to the U.S. during this time:
  - Home Health, from 94% to 154%
  - Drugs, from 7% to 12%

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2017 Health Care Cost Trends Hearing – Discussion of Potential Modifications and Themes

PURPOSE

- **Enhance** the public transparency of health care spending trends
- **Engage** state government leaders, national experts, market participants, and the public to identify opportunities to reduce spending growth while improving quality
- **Evaluate** the efforts of health care market participants to meet the goals of chapter 224
- **Establish** a fact-base through written and oral testimony on the priorities and plans of health care market participants to reduce spending
- **Enable** broad public engagement in the work of the HPC

POTENTIAL MODIFICATIONS

- Streamline the Hearing to 1.5 days, with approx. 4 witness panels
- Invite one expert speaker to provide a national perspective
- Reduce the number of witnesses on each panel to allow for more in-depth examination

POTENTIAL THEMES

- Meeting the 3.1% benchmark: progress on the identified opportunities to reduce spending growth as presented at the benchmark hearing
- Reducing avoidable institutional care (e.g. avoidable ED visits, readmissions, institutional post-acute care)
- Shifting community-appropriate care from high-priced settings to high-*value* settings, including community hospitals
- Evaluating the impact of past market transactions on spending, quality and access
- Advancing value-based payment reform

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Chapter 224 of the Acts of 2012 established the HPC and a target for reducing health care spending growth in Massachusetts.

Chapter 224 of the Acts of 2012

An Act **Improving the Quality** of Health Care and **Reducing Costs** through Increased **Transparency**, **Efficiency**, and **Innovation.**

GOAL

Reduce total health care spending growth to meet the **Health Care Cost Growth Benchmark**, which is set by the HPC and tied to the state's overall economic growth.

VISION

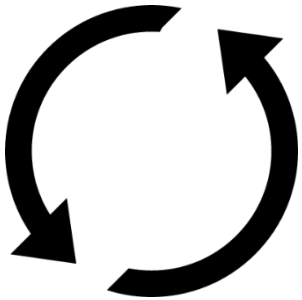
A **transparent** and **innovative** healthcare system that is **accountable** for producing **better health** and **better care** at a **lower cost** for the people of the Commonwealth.

HPC

The HPC, in collaboration with others, promotes and monitors priority policy outcomes that contribute to the goal and vision of Chapter 224.

Strengthen market functioning and system transparency

in which payers and providers openly compete, providers are supported and equitably rewarded for providing high-quality and affordable services, and health system performance is transparent in order to implement reforms and evaluate performance over time.



The two policy priorities reinforce each other toward the ultimate goal of reducing spending growth

Promoting an efficient, high-quality system with aligned incentives

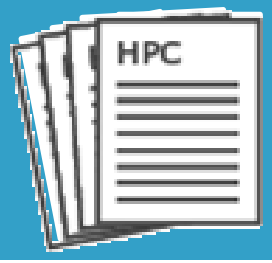
that reduces spending and improves health by delivering coordinated, patient-centered and efficient health care that accounts for patients' behavioral, social, and medical needs through the support of aligned incentives between providers, employers and consumers.

HPC

The HPC employs four core strategies to advance the policy priority outcomes.

RESEARCH AND REPORT

INVESTIGATE, ANALYZE, AND REPORT TRENDS AND INSIGHTS

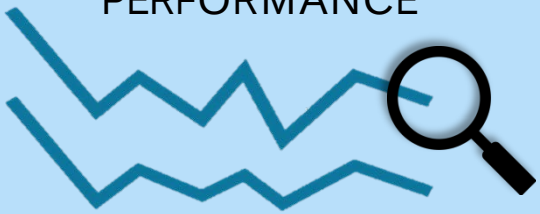


CONVENE

BRING TOGETHER STAKEHOLDER COMMUNITY TO INFLUENCE THEIR ACTIONS ON A TOPIC OR PROBLEM

WATCHDOG

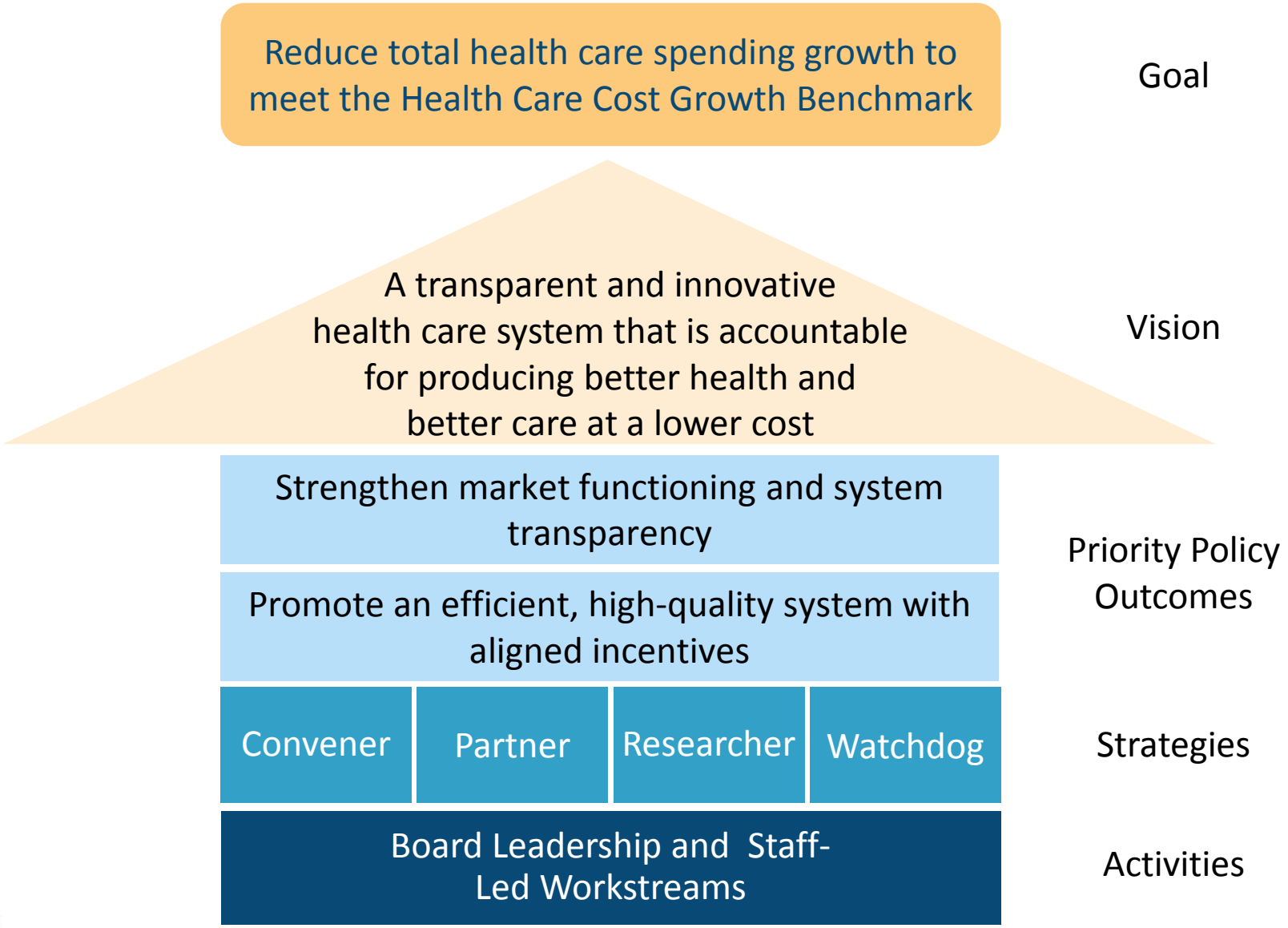
MONITOR AND INTERVENE WHEN NECESSARY TO ASSURE MARKET PERFORMANCE



PARTNER

ENGAGE WITH INDIVIDUALS, GROUPS, AND ORGANIZATIONS TO ACHIEVE MUTUAL GOALS

Conceptual framework for how the HPC's priority policy outcomes and strategies lead toward the vision and goal of Chapter 224.



Estimated opportunity for savings for improving care and reducing costs

SCENARIO	'LOW' SAVINGS	'HIGH' SAVINGS
I. Shift appropriate hospital care from low-value to high-value settings, including community hospitals	**$43m**	**$86m**
II. Reduce hospital readmissions	$61m	$245m
III. Reduce avoidable emergency department use	**$12m**	**$24m**
IV. Reduce use of institutional post-acute care	$47m	$186m
V. Adjust premiums based on primary care provider total medical expenditures	$36m	$72m
VI. Increase participation in alternative payment methodologies	$23m	$68m
VII. Reduce rate of growth in prescription drug spending	$57m	$113m
Total	**$279 million (~0.5% THCE)**	**$794 million (~1.3% THCE)**

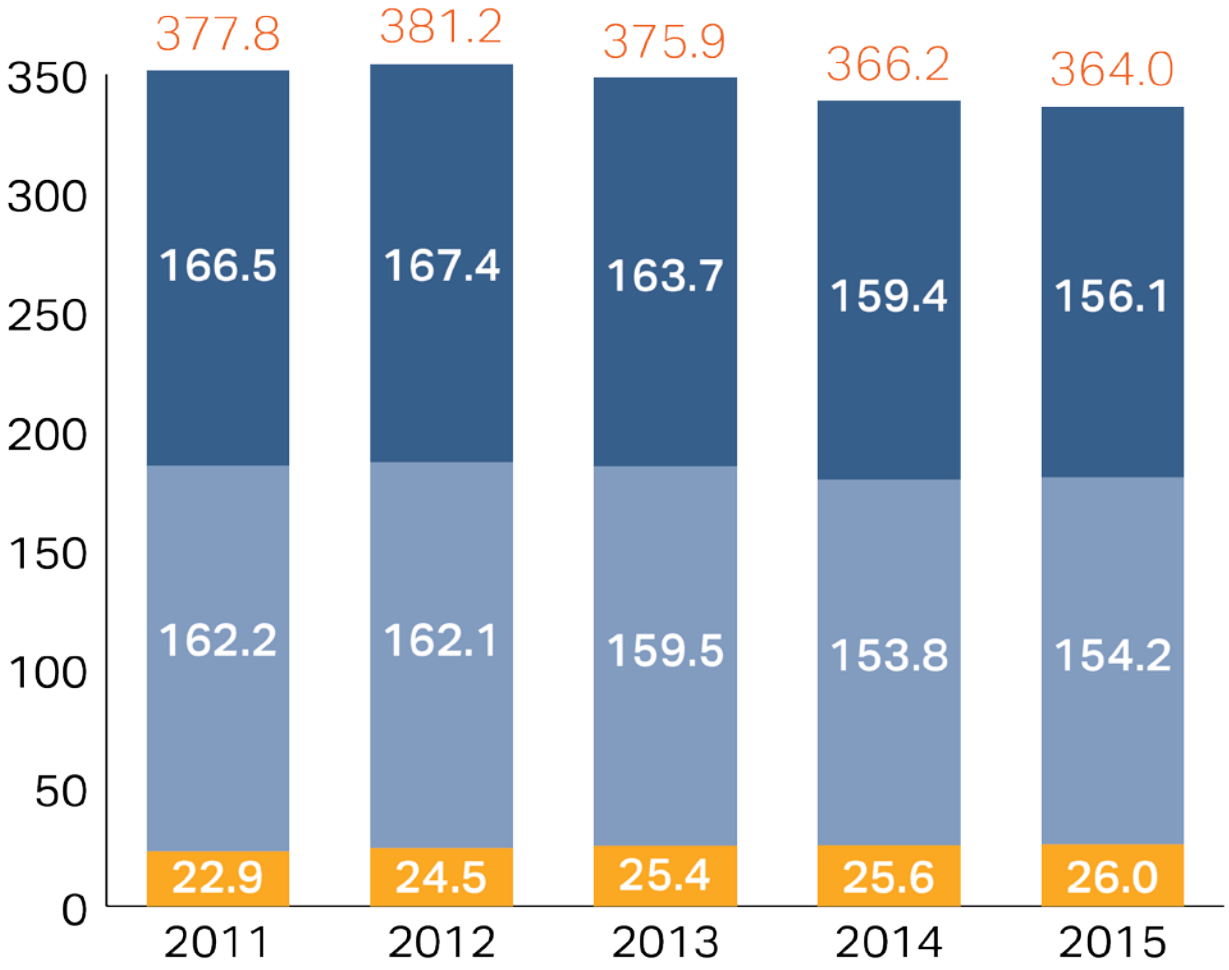
HPC

Scenario #1. Shift appropriate hospital care to high-value settings, including community hospitals

Sources: http://www.rarereadmissions.org/index.html

Scenario #2: Reduce avoidable ED visits

ED visits by category, per 1,000 population, 2011-2015



42% of all ED visits were considered avoidable, accounting for nearly $400 million in annual spending in MA

Notes: ED= emergency department; BH= behavioral health. Definition of ED categories based on NYU Billings Algorithm categorization of a patient's primary diagnosis and are mutually exclusive. BH ED visits includes any discharge with a primary mental health, substance use disorder, or alcohol-related diagnosis code. Emergency visits include the Billings categories of emergency and emergent, ED care preventable; avoidable visits include the Billings categories of non-emergent and emergent, primary care treatable. One category, unclassified visits, also grew during this time period, but is not shown here. Some non-Massachusetts residents are included in the number of ED visits. In 2015, 4% of all ED visits in Massachusetts were made by non-Massachusetts residents.
Source: HPC analysis of Center for Health Information and Analysis Emergency Department Database, 2011-2015

National Example: Washington's "ER is for Emergencies" Campaign

WHAT IT WAS

A broad-based, public-private, multi-stakeholder campaign launched with the goal of reducing avoidable ED use among members of the state's Medicaid program.

RESULTS WITHIN ONE YEAR

- The rate of emergency department visits declined by **9.9 percent**.
- The rate of "frequent visitors" (five or more visits annually) dropped by **10.7 percent**.
- The rate of visits resulting in a scheduled drug prescription fell by **24 percent**.
- The rate of visits with a low-acuity (less serious) diagnosis decreased by **14.2 percent**.

HPC

Sources: http://www.rarereadmissions.org/index.html, www.wsha.org/quality-safety/projects/er-is-for-emergencies/

HPC Focus Areas for 2017-2018 (in development)

To promote the Priority Policy Outcomes in 2017-2018 the HPC proposes to align and focus HPC activities around two areas:

1 Promote Right Care, Right Place, Right Time

- *A health care system that promotes "right care, right place, right time" **reduces total health care spending growth** by delivering the highest quality health care in the most cost-effective and timely setting.*

2 Improve Health Care Affordability for Consumers and Employers through Transparent Market Monitoring and Accountability

- *A health care market that is transparent and held publicly accountable for the affordability of care **reduces total health care spending growth** by promoting high-value health plans, providers, products, and services.*

Focus #1: Right Care, Right Place, Right Time

A health care system that promotes "right care, right place, right time" ***reduces total health care spending growth*** *by delivering the highest quality health care in the most cost-effective and timely setting.*

Key Policy Aims

1. Reduce avoidable hospital utilization (ED visits, ED Boarding, admissions, readmissions)
2. Redirect community-appropriate inpatient (and outpatient) care from high-cost settings to high-value community settings, including through the greater adoption of telemedicine
3. Increase the adoption of aligned and effective alternative payment models (APMs) that support the delivery of high quality, lower cost care
4. Promote coordinated, primary care-based health care that accounts for patients' medical, behavioral, and social needs, including as provided by patient-centered medical homes (PCMH) and accountable care organizations (ACOs)
5. Reduce inappropriate utilization of institutional post-acute care settings
6. Reduce provider practice variation of unnecessary or medically inappropriate tests, services, procedures (e.g. low-value care)

Focus #1: Right Care, Right Place, Right Time

Key HPC Activities 2017-2018

1. Ongoing administration of the HPC's investment programs and related activities, including the CHART (Phase 2 and 3) investment program and the Health Care Innovation Investment program (HCII)

2. Ongoing administration of the HPC's certification programs and related activities, including the PCMH certification program the ACO certification program

3. Implement a learning and dissemination strategy to share promising practices and lessons learned from the certification and investment programs

4. Ongoing research and data analytics, including examinations of:
   - Avoidable hospital utilization (ED visits, ED Boarding, admissions, readmissions)
   - Provider practice variation, including referrals to varying types of post-acute care
   - Trends in inpatient community-appropriate care
   - Cost and quality performance of PCMH and ACO-certified practices

5. Support collaborative, inter-agency state efforts on:
   - Promoting alternative payment methodologies and ACOs
   - Quality measure alignment and improvement
   - HIT interoperability and real-time exchange of information

Focus #2: Transparent Market Monitoring and Public Accountability

A health care market that is transparent and held publicly accountable for the affordability of care ***reduces total health care spending*** *by promoting high-value health plans, providers, products, and services.*

Key Policy Aims

1. Enhance accountability and transparency of health care market transactions that impact cost, market competition, quality, and patient access
2. Promote out-of-network billing transparency and protections to implement safeguards on behalf of consumers and enhance the development of tiered/limited network products
3. Reduce unwarranted variation in provider prices
4. Engage employers and consumers with transparent cost and quality information to enable high-value choices
5. Reduce inappropriate “facility fee” billing at hospital outpatient settings
6. Enhance the transparency of - and accountability for- key contributors to spending drivers in Massachusetts (e.g. pharmaceutical and medical device manufacturers)

Focus #2: Transparent Market Monitoring and Public Accountability

Key HPC Activities 2017-2018

1. Ongoing review and public transparency on changes to the health care market in Massachusetts

2. Review the confidential list of providers and payers that are excessively contributing to health care cost growth and potentially require the implementation of a Performance Improvement Plan (PIP)

3. Implement second-round of provider organization information collection through the Registration of Provider Organization program

4. Ongoing research and data analytics, including examinations of:
   - Out-of-network and "surprise billing" claims by setting of care and potential cost to consumers
   - Post-transaction impact analysis of significant market changes
   - Pharmaceutical price and utilization trends

5. Support collaborative, inter-agency state efforts on:
   - Developing and promoting a state-administered consumer/employer cost and quality transparency website
   - Enhancing the public availability of healthcare system data and information to support providers, payers, and digital health innovators
   - Cross-agency data linkage and administrative simplification

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ACO Certification: Overview of Criteria

Pre-requisites

4 pre-reqs.
Attestation only

- ✓ Risk-bearing provider organizations (RBPO) certificate, if applicable
- ✓ Any required Material Change Notices (MCNs) filed
- ✓ Anti-trust laws
- ✓ Patient protection

1 Assessment Criteria

6 criteria
Sample documents, narrative descriptions

- ✓ Patient-centered, accountable governance structure
- ✓ Participation in quality-based risk contracts
- ✓ Population health management programs
- ✓ Cross-continuum care: coordination with BH, hospital, specialist, and long-term care services

2 Required Supplemental Information

9 criteria
Narrative or data
Not evaluated by HPC but must respond

- ✓ Supports patient-centered primary care
- ✓ Assesses needs and preferences of ACO patient population
- ✓ Develops community-based health programs
- ✓ Supports patient-centered advanced illness care
- ✓ Performs quality, financial analytics and shares with providers
- ✓ Evaluates and seeks to improve patient experiences of care
- ✓ Distributes shared savings or deficit in a transparent manner
- ✓ Commits to advanced health information technology (HIT) integration and adoption
- ✓ Commits to consumer price transparency

HPC

ACO Certification and the MassHealth ACO Program

- ACOs seeking to participate in the MassHealth ACO program are **required by MassHealth to obtain HPC certification** by the start of the performance year (12/18/2017)
- Newly formed ACOs seeking to participate in the MassHealth ACO program will be eligible for **"Provisional Certification"** if they can meet certain criteria and demonstrate substantive plans to meet others before ACO program launch
- HPC has collaborated extensively with MassHealth to align components of the certification and bid processes in order to **reduce administrative burden**

Alignment without unnecessary duplication

HPC ACO Certification and Health Connector Value-based Design Program

Health Connector Approach

Under the 2018 Seal of Approval process, the Health Connector is allowing plans to deviate from standardized designs by reducing enrollee costs for select high-value providers.

HPC-Certified ACOs as High-value Providers

While plans may define high-value providers, they are “strongly encouraged” to include: community hospitals; providers/facilities certified as Accountable Care Organizations by the Health Policy Commission; and other providers meeting independent, external metrics identified by the plan

HPC ACO Certification and DPH DoN Regulations

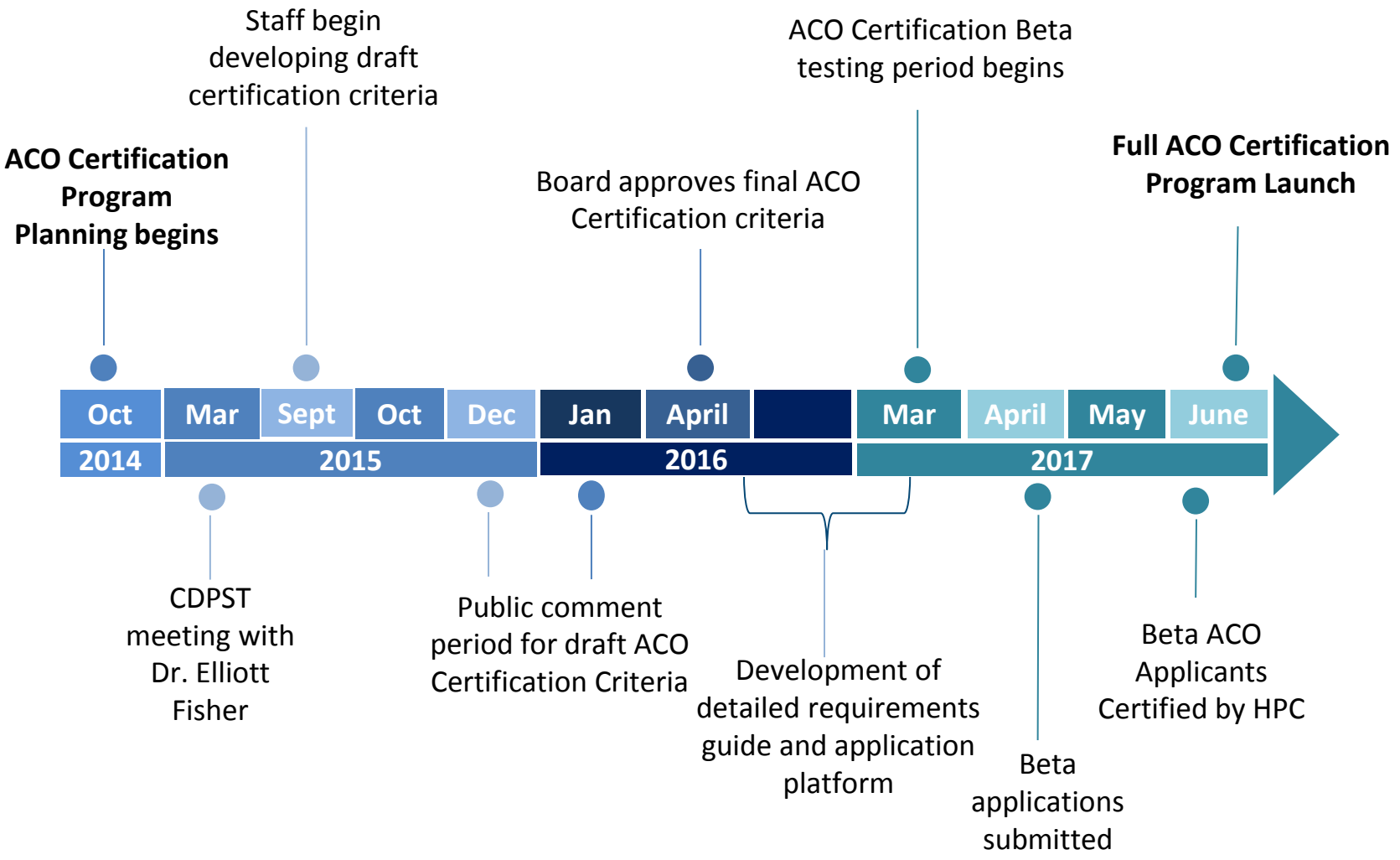
Revised DoN Regulation (105 CMR 100.000)

No person shall be issued a DoN for new construction of ambulatory surgery capacity (on-campus or freestanding) without first becoming or entering into a joint venture with an HPC-certified ACO.

Current Guidance from HPC and DPH

An ACO that is “in process” of obtaining HPC ACO Certification may both submit a DoN application or form a joint venture with a DoN applicant. “In process” is defined as having submitted an application to the HPC. However, no Notice of DoN shall be issued prior to HPC ACO Certification.

ACO Certification Program: Key Milestones to Date



Beta Launch Results

Congratulations and thank you to…

Community Care Cooperative (C3)

Boston Accountable Care Organization (BACO)

HPC

Full Launch Plans

Finalized Application Requirements and Platform User Guide (PUG) issued June 2

2 in-person trainings in June, and **1 webinar in July** for application system users

1:1 calls with ACOs to address PUG questions

Application system go-live ~June 15

Ongoing support to ACOs through weekly office hours, dedicated email, and individual calls as needed

HPC

Next Steps

Mid-June 2017 – Application system open for all Applicants

October 1, 2017 – Application submission deadline for MassHealth ACOs

Rolling to December 1, 2017 – HPC issues certification decisions

HPC expects to issue decision within 60 days of application receipt

Certification decisions are valid until December 31, 2019

2018 – Analyze and report on information received, implement technical assistance program, re-open application system as needed, etc.

ACO Certification Technical Assistance

- **Accelerate delivery organization care transformation** towards value-based care delivery and development of core ACO competencies through discrete and targeted investments
- **Promote alignment** with other TA and investment programs at HPC (CHART TA, CHART Phase 3) and MA more broadly (MassHealth DSRIP TA)
- Focus TA offerings on areas covered within **HPC ACO Certification domains**

~$2 million in funding over 3 years

ACO TA Needs Assessment - Process

Strategic Consultation

- HPC contracted with Bailit Health to conduct a TA needs assessment of MA ACOs and develop recommendations for the HPC ACO TA program.

Methodology

- **Interviews** with four Massachusetts ACOs and two payers

- Communication with **industry experts on available TA resources** for MA ACOs

- **Meeting with MassHealth** to discuss TA for ACOs through DSRIP funding and to solicit feedback more broadly

Bailit Health's ACO TA Program Design Recommendations

- In April 2017, Bailit Health presented to a joint meeting of the Care Delivery and Payment System Transformation and Quality Improvement and Patient Protection Committees

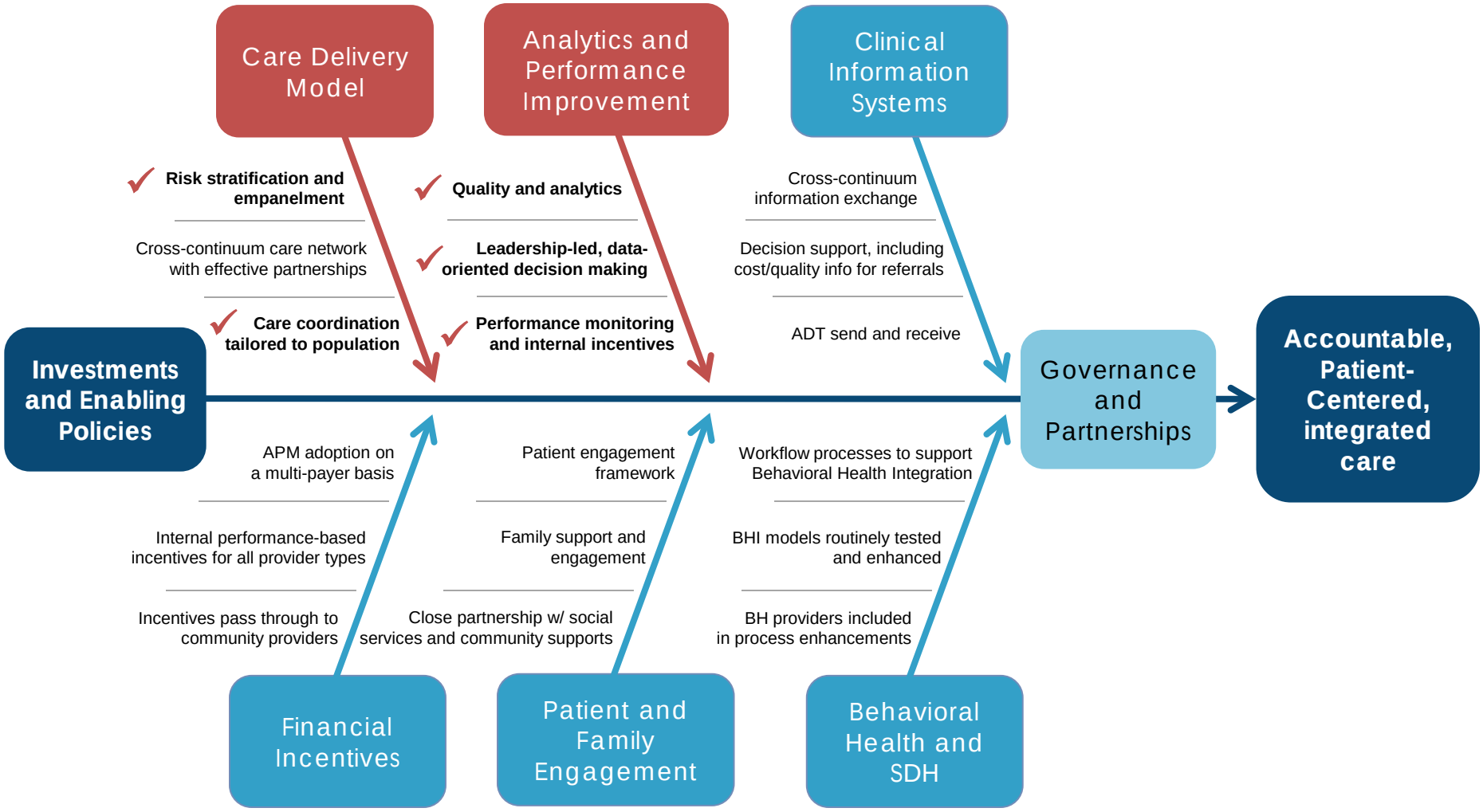
Priority Areas

- HPC should prioritize TA on **central core competencies** an ACO must develop and sustain in order to operate.
- HPC should target the following priority areas for TA based on the interview findings, and our experience and recommendations of others nationally regarding ACOs:
  - Strategies and methods for analyzing data for the purpose of care management
  - Strategies and methods for care management of high-risk patients

Priority Considerations

- HPC should consider these factors in **prioritizing TA investment in ACOs:**
  - participation in the HPC ACO Certification program
  - experience as an ACO
  - capacity and resources

Context for Proposed TA Program Priority Areas



ACO TA timeline and next steps

	Goal Setting and Design	Operations	Implementation
Activities	☑ Meet with subject matter experts and stakeholders on program design considerations ☑ Align with other TA efforts at state and federal levels ☑ Discuss final TA framework, at CDPST	☐ Draft RFR ☐ Release RFR ☐ Receive and review proposals ☐ Selection of ACO TA proposals	☐ Finalize program design, measurable goals, and contract requirements ☐ Begin TA program ☐ Support program implementation as needed and monitor performance
Output	• Program Goals • Current Landscape	• RFR development • Proposal process • ACO TA proposal selection	• Operational planning • Program monitoring

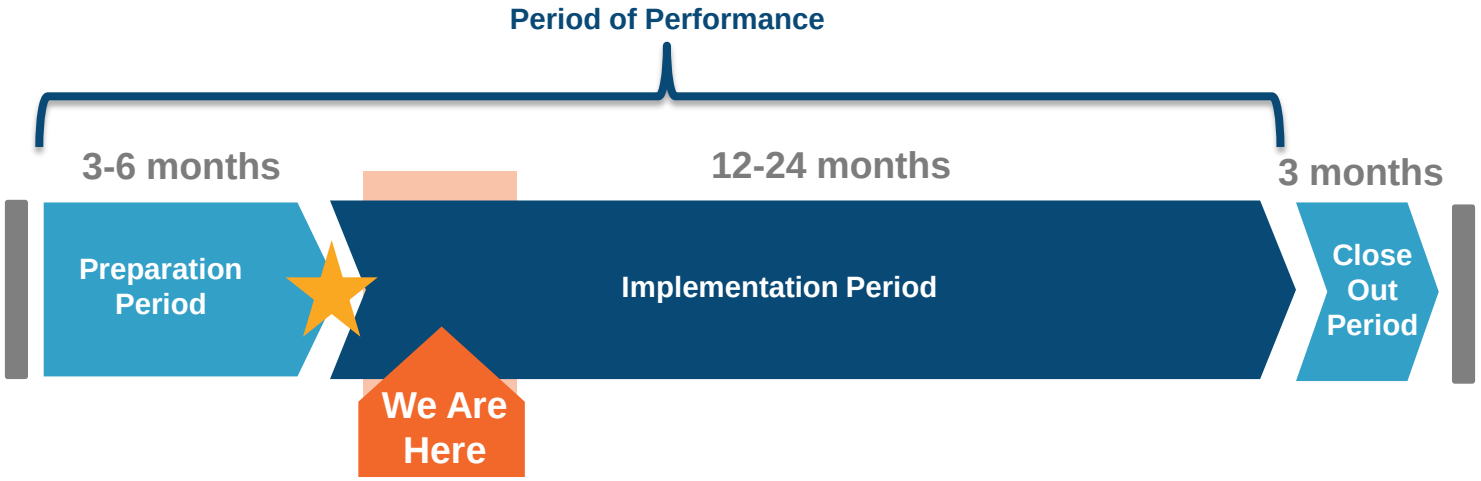
HPC's Health Care Innovation Investment Program

The Health Care Innovation Investment Program: $11.3M investing in innovative projects that further the HPC's goal of **better health and better care at a lower cost**

Health Care Innovation Investment Program
Round 1 – Three Pathways

	Targeted Cost Challenge Investments (TCCI)	Telemedicine Pilots	Mother and Infant-Focused Neonatal Abstinence Syndrome (NAS) Interventions
Target Populations:	8 diverse cost challenge areas: 	Patients from the following categories with Behavioral Health needs: 1. Children and Adolescents 2. Older Adults Aging in Place 3. Individuals with Substance Use Disorders (SUDs)	Pregnant women with Opioid Use Disorder (OUD) and substance-exposed newborns 
	100% of initiatives launched	**100%** of Initiatives launched	**100%** of Initiatives Launched

HCII Program Status Update



As of this month, all HCII Awardees are enrolling and serving their target populations, including:

- Homeless families affected by Substance Use Disorder
- Middle and high school students with behavioral health needs
- Substance exposed newborns and their mothers
- Patients with a life-limiting illness and comorbidities
- High utilizers of the ED with Social Determinants of Health needs

Targeted Cost Challenge Investments Awardee Highlight: *Hebrew SeniorLife* – Grand Prize Winner of the Pioneer Institute's Better Government Competition

Hebrew SeniorLife

Challenge Area	HPC Funding
Social Determinants of Health	**$421,742**

Partners

- Winn Companies
- Tufts Health Plan
- Blue Cross Blue Shield of Massachusetts
- Springwell ASAP
- Brookline EMS
- Revere EMS
- Randolph EMS

Total Initiative Cost	Estimated Savings*
$690,888	**$633,000**

Target Population

Residents of Hebrew SeniorLife and Winn Companies' supportive housing sites over age 62

Primary Aim

Reduce transfers to hospitals, emergency departments, and long-term care by 20%

Service Model

Embed a care coordination and wellness team into affordable housing sites for seniors to provide a link between housing and health care, to regularly assess resident well being, and to promote self-care among the aging population

Evidence Base

- Support and Services at Home (SASH) program in Vermont

HPC

* Extrapolated given partial funding assumptions

Targeted Cost Challenge Investments Awardee Highlight:
Lynn Community Health Center

Lynn COMMUNITY health CENTER

Challenge Area	HPC Funding
Site and Scope of Care	$690,000

Target Population

Primary care patients with a serious mental illness

Primary Aim

Reduce unnecessary health care utilization by 15%

Partners

- Eaton Apothecary
- Partners Connected Health
- Massachusetts Behavioral Health Partnership

Service Model

Provide intensive care coordination through community health workers who remotely monitor medication adherence with the consultation from clinical pharmacy services

Total Initiative Cost	Estimated Savings*
$881,843	$1,400,000

Evidence Base

- Here-for-You program piloted by NHP
- Meta-analyses of 16 cost-saving CHW demonstrations
- NAMI digital tech use amongst SMI population

HPC

* Extrapolated given partial funding assumptions

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 this month.

State Budget Process

Governor's FY18 Budget Proposal
1450-1200: *For the operation of the Health Policy Commission*... $8,479,009

House FY18 Budget Proposal
1450-1200: *For the operation of the Health Policy Commission*... $8,479,009

Senate FY18 Budget Proposal
1450-1200: *For the operation of the Health Policy Commission*... $8,479,009

Conference Committee Proposal
1450-1200: *For the operation of the Health Policy Commission*... $8,479,009

MASSACHUSETTS
HEALTH POLICY COMMISSION

AGENDA

- Presentation: Update on Trends in Massachusetts and National Health Spending Through 2014 Based on Newly Released CMS Data
- Discussion: Cost Trends Hearing 2017
- Discussion: Strategic Planning Recap (2017-2018 Term)
- Presentation: Operational Update
- **Schedule of Next Meeting: November 8, 2017**

Contact Information

For more information about the Health Policy Commission:

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