COMMONWEALTH OF MASSACHUSETTS

HEALTH POLICY COMMISSION

Advisory Council

November 19, 2014

Agenda

- Executive Director's Report on Recent Activity
- General Discussion
- Schedule of 2015 Advisory Council Meetings

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- Executive Director's Report on Recent Activity
  - 2014 Health Care Cost Trends Hearing and Report
  - PCMH/ACO Certification Programs
  - CHART Investment Program
  - Office of Patient Protection Annual Report
  - Registration of Provider Organizations (RPO) Program
  - Nurse Staffing Regulation Planning and Development
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HEALTH POLICY COMMISSION

2014 Health Care Cost Trends Hearing

An annual public examination of health care cost trends and drivers, featuring witness testimony and discussion with national experts on the challenges and opportunities within the Commonwealth's health care system.

October 6 & 7, 2014

Suffolk University Law School

120 Tremont Street, Boston, MA

The 2014 hearing examined cost trends for public and commercial payers as well as hospitals and other providers. For the first time, the hearing focused on the state's performance under the health care cost growth benchmark.

The HPC held the hearings in conjunction with the Center for Health Information and Analysis and the Office of the Attorney General.

2014 Health Care Cost Trends Hearing: Selected Take-Aways

Panel 1 Benchmark

Satisfaction on meeting benchmark but need for ongoing vigilance

MA still in a hybrid period of FFS and APMs. Need to extend payment models (and balance of "shared savings" incentives) to enable providers to "flip the switch"

"Three legs to provider behavior change: incentives, tools, and data"

Need for investment to support transformation, but a question of where do resources come from in constrained environment

Employer engagement necessary

Need for consensus performance data and measurement

Panel 2 APMS

Broad support for APMs that integrate medical and behavioral health, but significant barriers remain (fragmented system and lack of data among identified)

Progress towards PPO attribution methodology, but questions remain on timing market adoption and whether providers, employers and patients will accept

Need to extend APMs within MassHealth that support coordinated, accountable care

Interest but little action on episodes/bundled payments

Need for evolution in behavioral health carve-outs

Questions on building equity into APMs given budgets are set on historical spending

Panel 3 Behavioral Health

Unique historical challenges in BH market (including complex contracting through multiple payers/carveouts)

Excellent care that integrates medical and behavioral health care with social services can create cost savings to the health care system and beyond

Community-based organizations skeptical they will be treated as partners in integrating care with acute-based provider systems

Questions regarding appropriate roles of public payers, commercial payers and direct public funding

Challenges with HIT, data, and quality measurement amplified for BH

2014 Health Care Cost Trends Hearing: Selected Take-Aways

Panel 4 Post-Acute Care

No clear explanation for high use of PAC and high readmission rate in MA

Dramatic recent shifts in post acute care market may bear show results in future analyses

Rise of global and bundled payments (Medicare) driving focus on delivering efficient PAC

Openness to APMs that include PAC but independent providers wary of some integrated models that may lock out existing community providers

Potential for home health services and SNFs to support population health management in new ways

More data and quality measures need to identify high-value providers

Panel 5 Insurance Market

Growing tiered/limited network product uptake in some segments (GIC)- with strong growth in HDHPs in other segments (self-insured)

Need to harmonize member and provider incentives

Members and employers need education and data to make optimal choices on insurance products

Role of fixed contribution/choice of product

Strong price transparency tools as the first step, but need to be paired with quality and patient outcome information

Industry is working to meet the price transparency requirements of Ch. 224

Panel 6 Provider Market

Varied approaches exist to provider alignments necessary to coordinate care and manage risk (corporate, contractual, clinical)

Necessary factors to transformation: financial support, technical assistance, data

Reducing payment will require provider efficiency and reducing operating expenses

More resources necessary to address the needs of low -income and disadvantaged patients

Key goal is to spend existing money in the healthcare system more effectively

Further work needed in defining “value” and rewarding value providers

Legislative mandate for HPC's annual cost trends report

Section 8g of Chapter 224 of the Acts of 2012

The commission shall compile an annual report concerning spending trends and underlying factors, along with any recommendations for strategies to increase the efficiency of the health care system. The report shall be based on the commission's analysis of information provided at the hearings by providers, provider organizations and insurers, registration data collected under section 11, data collected by the center for health information and analysis under sections 8, 9 and 10 of chapter 12C and any other information the commission considers necessary to fulfill its duties under this section, as further defined in regulations promulgated by the commission. The report shall be submitted to the chairs of the house and senate committees on ways and means and the chairs of the joint committee on health care financing and shall be published and available to the public not later than December 31 of each year. The report shall include any legislative language necessary to implement the recommendations.

Required outputs

A. Concerning spending trends and underlying factors
B. Recommendations for strategies to increase efficiency
C. Legislative language necessary to implement recommendations

Data inputs

1. Hearings
2. Registration data
3. CHIA data
4. Any other information necessary to fulfill duties

Overview of 2014 Cost Trends Report – *Preliminary and subject to change*

- Executive Summary
- Introduction
- Overview of Spending
    - Performance relative to the cost growth benchmark
    - Spending levels and trends
    - Out-of-pocket spending
    - Delivery system trends
- Opportunities to Improve Quality and Efficiency
    - Provider variation – spending per episode
    - Provider variation – use of post-acute care
    - Waste and inefficiency
    - High-cost patients
    - Behavioral health
- Progress in Key Areas
    - Alternate payment methods
    - Demand-side incentives
    - Supportive infrastructure
- Conclusion

Examples of analyses planned for 2014 Cost Trends Report

Preliminary and subject to change

	Section	Examples of analyses
Overview of spending	Out-of-pocket spending	• Share of spending paid out of pocket by service and by type of episode
	Delivery system trends	• Percent of discharges in community hospitals vs. AMCs, by major health system
Opportunities to improve quality and efficiency	Provider variation – spending per episode	• Variation by hospital in price paid per episode for selected episode types
	Provider variation – use of post-acute care	• Variation by hospital in use of post-acute care for selected DRGs
	Waste and inefficiency	• Rates of low-acuity non-emergent ED use by geographic area
	High-cost patients	• Predictors and characteristics of patients with persistent high ED use • Clinical segments within patients with persistent high costs
	Behavioral health	• Difference in medical spending for patients with and without BH conditions for selected episode types
Progress in key areas	Alternate payment methods	• APM coverage by payer by year
	Demand-side incentives	• Take-up of tiered and limited network products • Premium differential between broad and narrowed network products

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Goals for the HPC certification programs

<u>Overall Goal:</u> Encourage the adoption of integrated delivery care systems for the purpose of cost containment, quality improvement and patient protection

- **Define "minimum requirements"** for PCMHs and ACOs (e.g., access to care) and **ensure** that all certified entities meet these requirements
- Define "**best practices**" for quality improvement, cost containment and patient protections across the Commonwealth
- **Push for broader payment reform agenda**, including alignment across payers:
  - Define "**effective APMs" and "meaningful risk models**" that support PCMH and ACO care delivery models
  - Define a **reasonable glide path** for organizations to progressively assume higher levels of risk
- **Help change provider level incentives** to facilitate transition to value based care (e.g., by establishing standards around internal transfer of funds within health systems)

Priority Issue Areas for Care Delivery & Payment Transformation Committee

Care Delivery Transformation

Accountable Care

- ACO certification standards
- "Model" ACO criteria
- Technical assistance & capability building

Primary Care Transformation

- PCMH certification standards
- PCMH payment model
- Technical assistance & capability building

Payment System Transformation

APM Penetration

- Increased APM penetration for:
  - PPO population
  - MassHealth
  - Specialty services (e.g., episode based payments)

Cross-payer alignment

- Standardization of certain contract elements across payers, e.g., attribution, risk adjustment, baseline budget

Key Enablers

Strategic Vision for Health Care Transformation (incl. CD & PST)

Stakeholder alignment and engagement around the vision

Data Transparency

Behavioral Health a key focus area across all domains

PCMH update

- HPC has decided to **partner with NCQA** for administering the PCMH certification program
- HPC will be able to **tailor existing NCQA criteria** to align more closely with HPC's vision for care delivery transformation, including an **emphasis on behavioral health integration, resource stewardship and population health management**
- HPC and NCQA are embarking on a **long term partnership** to improve on program design in collaboration going forward, including use of **outcome based criteria** for certification and **reducing administrative burden for practices**
- HPC will also **support the PCMH certification program** via:
    - Technical Assistance (BH funds + priority status for other state agency funds)
    - Provider reporting (merging with CHIA provider portal when it launches)
    - Consumer education / PR
    - Payment Incentives
    - Consumer Incentives
- **HPC is aiming to accept applications for certification as of Q2 2015, with opportunity for public comment on program design and criteria in early 2015**

ACO Certification Update

- HPC is going to develop **home grown standards for ACO certification,** given limited national certification standards in this space
- **Key design principles include:**
  - **Alignment with existing federal and state-level models** to the extent possible
  - **Flexibility in program design** to meet providers where they are and limit disruption to existing market structures unless deemed necessary, balanced with ensuring an **adequate minimum threshold** for becoming an ACO
  - Minimizing **unnecessary administrative burden**
  - **Emphasizing clinical elements deemed critical for reducing disparities and improving population health,** e.g., community linkages
- HPC is considering **multiple tiers of ACOs, based on degree of clinical integration and degree of risk bearing**
- **Certification criteria include:**
  - **Organizational structure & governance**
  - **Risk bearing**
  - **Care Delivery Model**
  - **Transparency & Quality Improvement**
- **HPC aims to publish ACO draft criteria by Q2 2015, and start accepting ACO applications the second half of 2015**

Discussion questions

- **What should be the minimum requirements for an entity to be deemed an ACO, in the following four domains?**
  - **Organizational Structure / Governance**
  - **Risk Bearing** (e.g., downside risk for X%+ of commercial revenue/lives and MassHealth)
  - **Care Delivery Model** (e.g., scope of services, HIT capabilities, integration of BH and community services)
  - **Transparency & Quality Improvement** (e.g., quality and cost reporting, performance targets over time)
- **How should the model / certification criteria evolve in the next 2-4 years to enable tangible progress?**
- **What can the certification programs be most effectively leveraged to enable cross-payer alignment and coordination in care delivery and payment reform in MA?**
- **What are the most important gaps in technical assistance / capability building to help support providers in their transformation?**
- **What are effective policy levers to reduce practice pattern variation for acute episodic conditions within the PCMH/ACO framework?**

Next Steps (next 3-6 months)

PCMH Certification

- Agree on contract terms with NCQA
- Define MA-specific modifications to NCQA criteria
- Define supporting program elements (TA, consumer engagement, payer engagement etc)

ACO Certification

- Define overall program design (tiers, minimum requirements)
- Define required criteria in the following four domains:
  - Organizational Structure / Governance
  - Risk Bearing
  - Care Delivery Model
  - Transparency & Quality Improvement

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CHART Phase 2: Background

CHART Phase 2 supports better alignment of community hospital services and capabilities with the needs of the communities the hospitals serve

- Focused investments supporting community hospitals to transform and improve care delivery
- CHART Phase 2 is intended to accelerate the transformation of CHART Hospitals through outcome-oriented Primary Aims:
  - Maximize appropriate hospital use (principally through reduction in readmissions and emergency department utilization)
  - Enhance behavioral health care (over half of the proposed awards)
  - Improve hospital efficiency, quality and safety
- Aims require strong community engagement, including the development of community partnerships with a broad array of health and human services agencies.
- Aims were also designed to:
  - **Maximize the impact** of the CHART Phase 2 Investments
  - Incentivizing transformation towards **readiness** for participation in **alternative payment models** and **accountable care**

CHART Phase 2: Overview

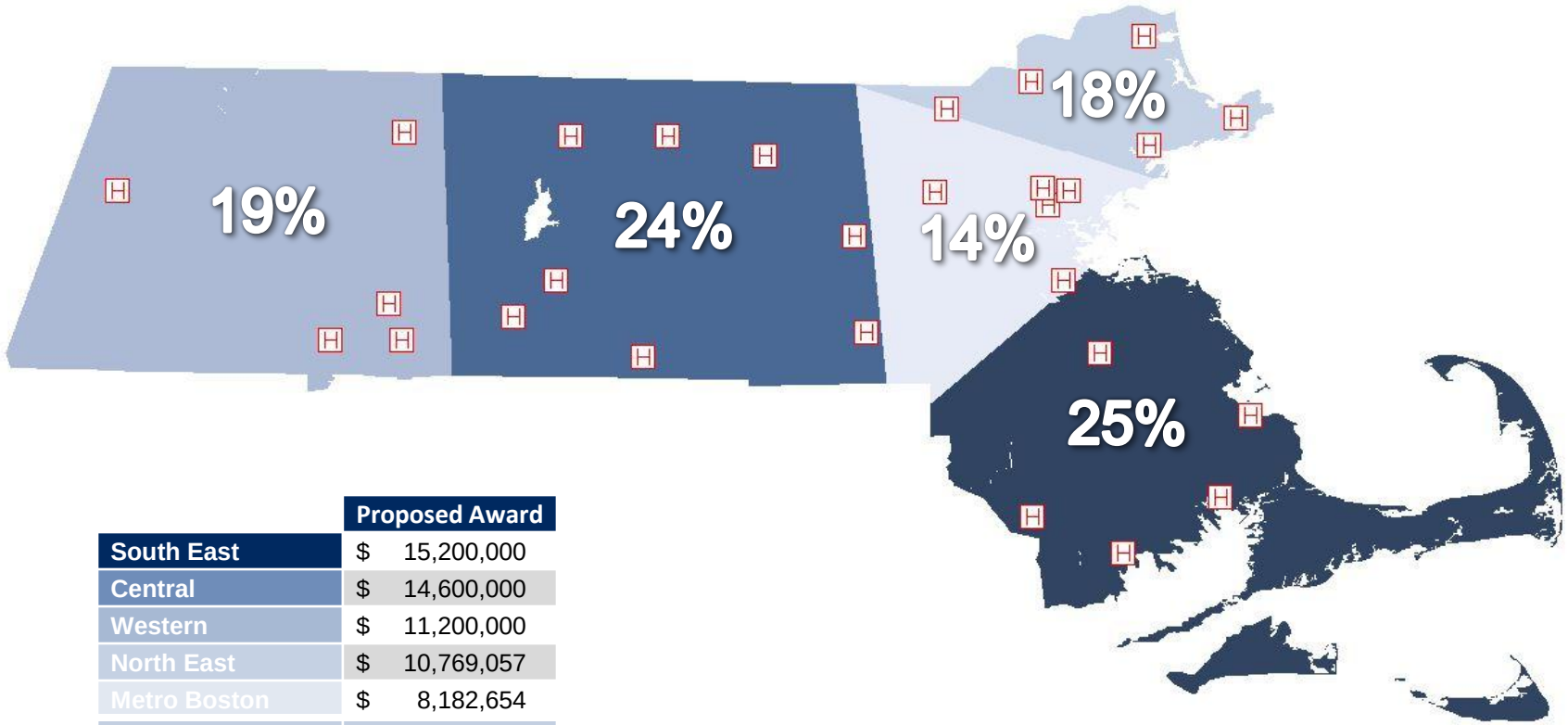
CHART Phase 2 represents a groundbreaking investment in community-oriented care and behavioral health

- On October 22, 2014, the HPC approved 28 hospitals across the Commonwealth representing 25 Proposals for a total award of **$59,951,711**
- Many proposals address unmet needs of communities and leverage resources of **community partners** to establish cross-setting coordination and appropriate use of care
- Many applicants seek to address the challenges of socially and medically complex patients particularly those with **behavioral health** conditions
- These awards will support **novel regional collaborations** that will extend the impact of CHART funds through the development of shared resources, comprehensive data/information sharing, and aligned population health management strategies
- CHART hospitals awards are primarily aligned around two core themes:
  - **Enhancing behavioral health services** - nearly 50% of total recommended award
  - **Reducing utilization** through coordinated care of high-risk patients in partnership with community based providers – nearly 40% of total recommended award

CHART Phase 2: Regional Distribution of Approved Awards

Awards span the Commonwealth, with higher proportions going to the Southeast and Central regions of the state.

Proportion of total award, by region



	Proposed Award
South East	$ 15,200,000
Central	$ 14,600,000
Western	$ 11,200,000
North East	$ 10,769,057
Metro Boston	$ 8,182,654
Total:	$ 59,951,711

Next Steps: CHART Investment Program

1. Complete Implementation Planning Process with all CHART awardees for an expected launch in Q1 2015
2. Continue to design and implement rigorous evaluation program to assess efficacy of the program and identify best practices
3. Support CHART Phase 2 awardees with enhanced technical assistance through convening, supportive data/analytics, and potential large scale training
4. CHART Phase 3/Phase 4?

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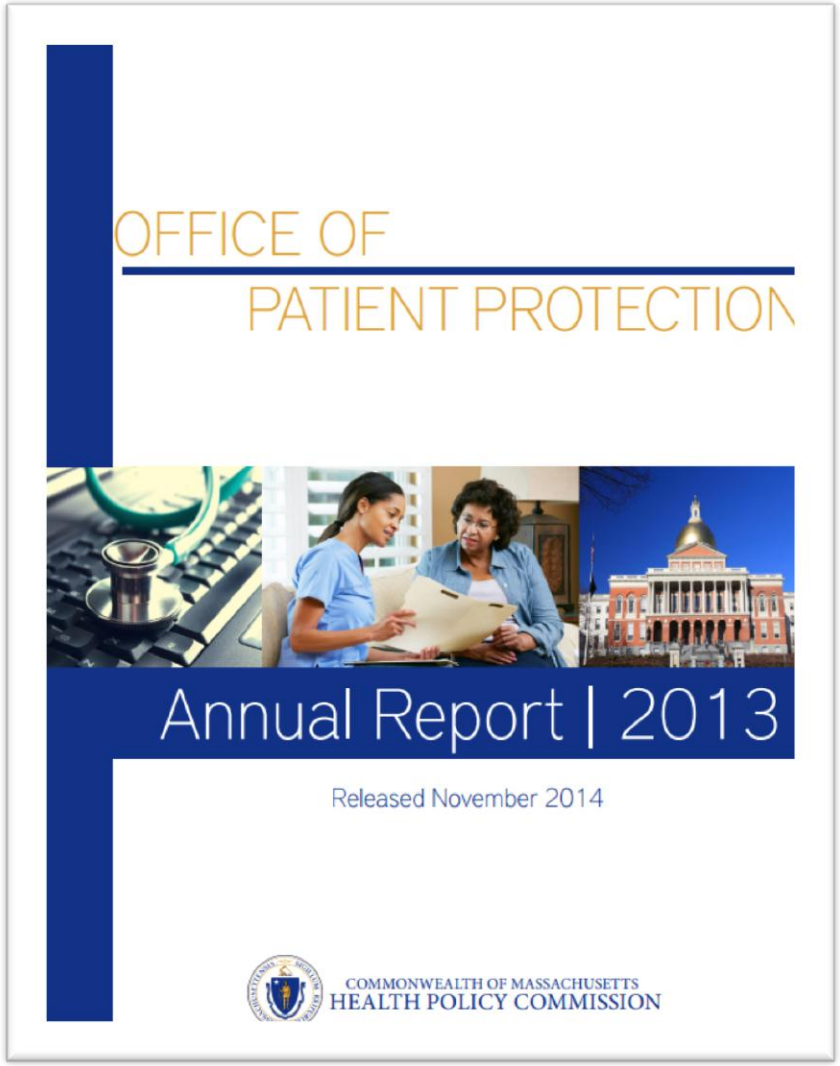
Office of Patient Protection: 2013 Annual Report

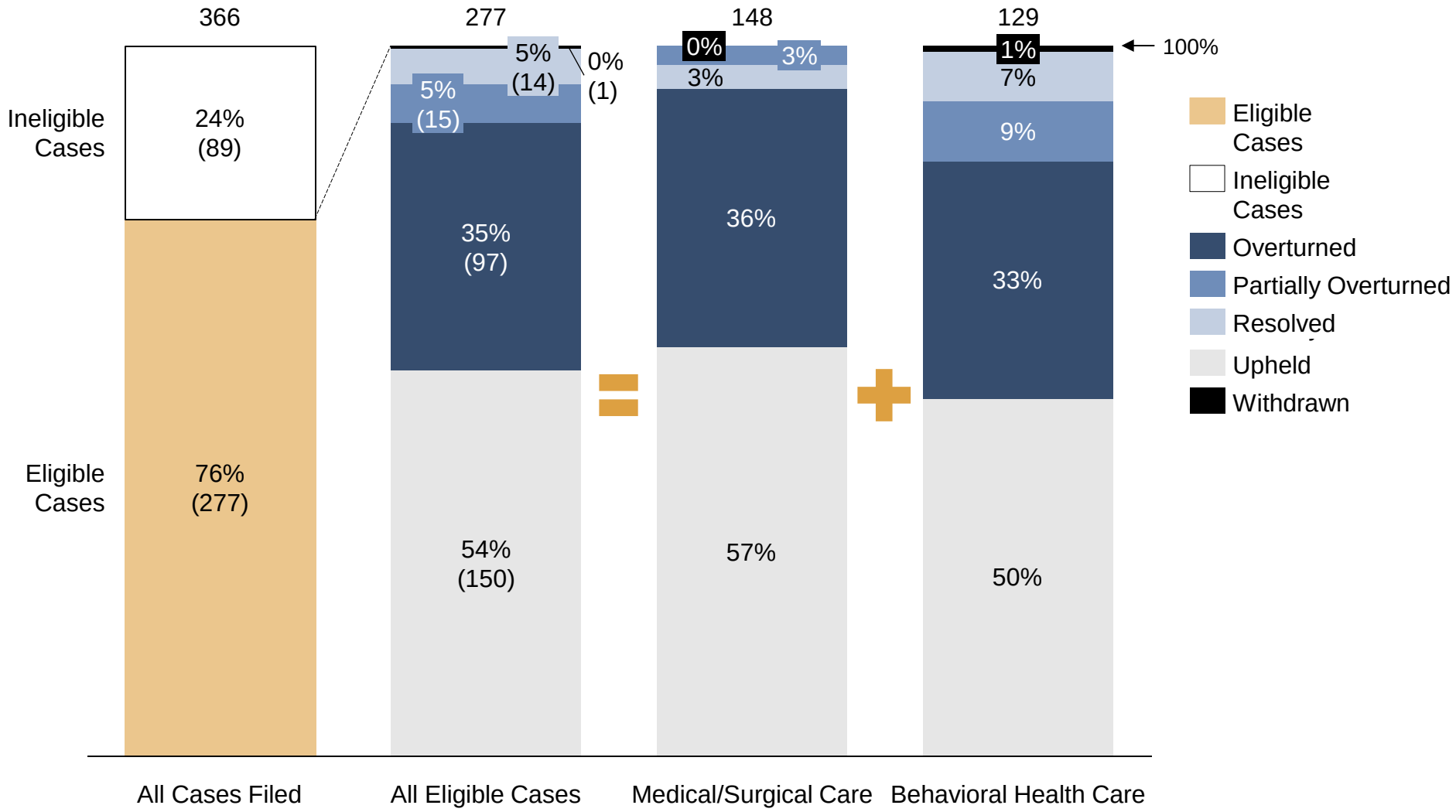


Released
Friday, November 7, 2014

Available online at
www.mass.gov/hpc/opp

Office of Patient Protection: 2013 Annual Report Findings

Percentage of external review cases by disposition, by type of case (Medical/Surgical Care vs. Behavioral Health Care), 2013



Source: 2013 Office of Patient Protection external review data

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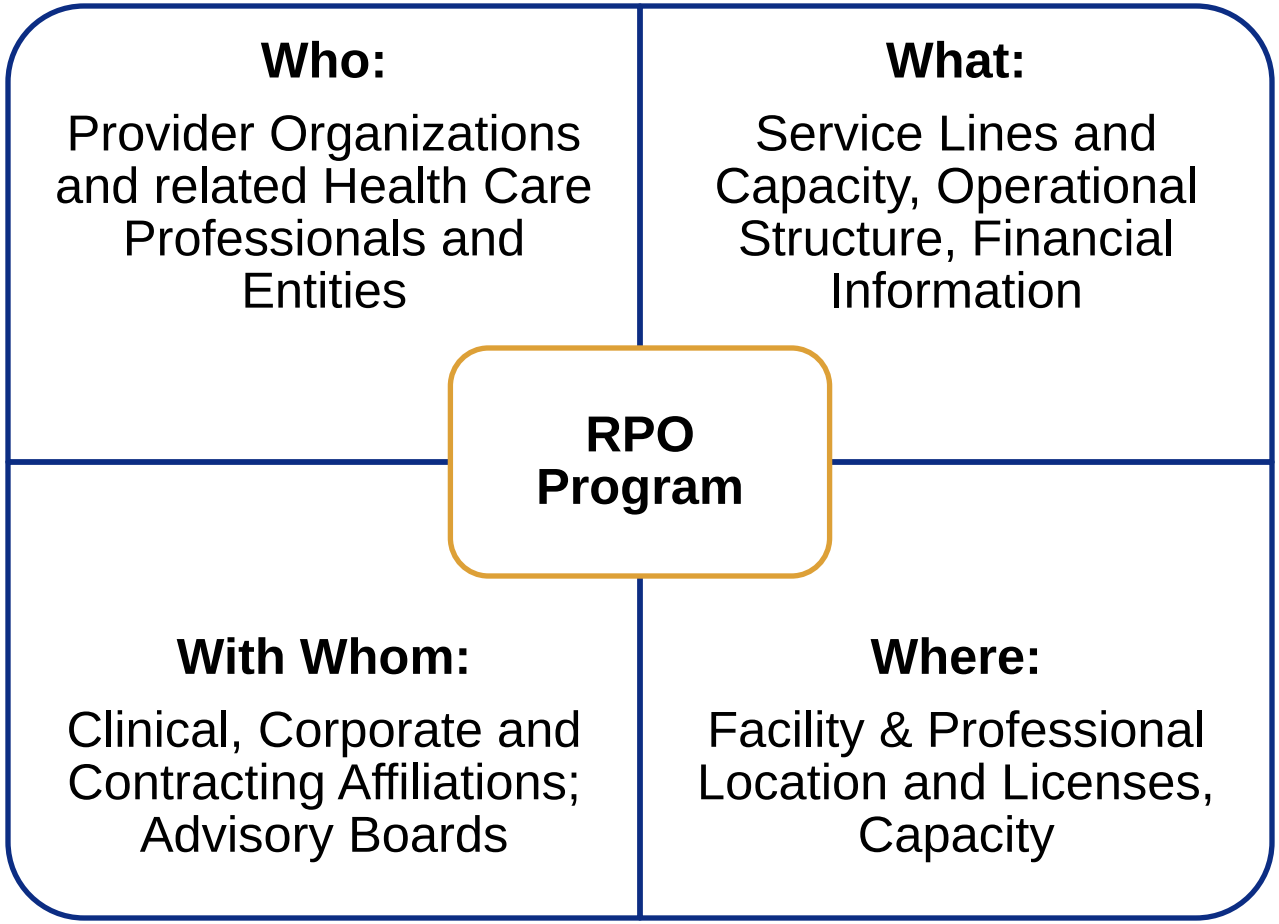
Registration of Provider Organizations: An Overview

RPO enhances transparency of the health care marketplace in the Commonwealth and creates a centralized resource by gathering information on the composition, structure and relationships among and within Massachusetts health care providers.



Registration of Provider Organizations

August

14 – Training at Mass Hospital Association

26 – Training at Mass Medical Society

September

5 – First 1-on-1 meeting held

22 – Training at Health Policy Commission

October

1 – Initial Registration: Part 1 opened

15 – Deadline to request 1-on-1 meeting with HPC

30 – Last 1-on-1 meeting scheduled (to date)

November

14 – Initial Registration: Part 1 closed

Ongoing engagement with Provider Organizations through e-mail, FAQs, and guidance posted to website

Registration of Provider Organizations

The RPO Program's priority in Part 1 has been providing guidance and support to registering entities.

Training Sessions

- HPC held three RPO training sessions in August and September
- Approximately 76 individuals representing 47 organizations attended the sessions
- Attendees consistently described the presentations as clear, well-organized and helpful in follow-up surveys

1-on-1 Meetings

- HPC has held 16 1-on-1 meetings with registering Provider Organizations
- Many Provider Organizations appreciated the written next steps/instructions that HPC has provided to each attendee

Supporting Materials

- HPC has created a variety of supporting materials to provide further clarity and guidance for Provider Organizations, including:
  - Frequently Asked Questions
  - An interactive decision tree
  - Program updates via the RPO list serv
  - Establishing a dedicated e-mail account for questions

Registration of Provider Organizations

Status	Number of Applications
Awaiting Review	50
Under Review	12
Awaiting Updates	0
Complete	0
Total Applications Received:	62

Registration of Provider Organizations

Next Steps

- Staff are working to review all Part 1 applications and will work with provider organizations to ensure complete and accurate submissions.
- Staff expect to begin engaging with Provider Organizations around the development of the Part 2 Data Submission Manual in early 2015.
- HPC will finalize the Part 2 Data Submission Manual and begin offering 1-on-1 meeting to Provider Organizations.
- HPC anticipates opening Part 2 registration in the spring of 2015. Provider Organizations will have at least 60 days to submit their applications.

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Nurse Staffing Law (Ch. 155 of the Acts of 2014)

Law	*An Act relative to patient limits in all hospital intensive care units* (Chapter 155 of the Acts of 2014) signed June 30, 2014, with effective date of September 28, 2014
Overview	Establishes Nurse: Patient staffing ratio of 1:1 or 1:2 in hospital ICUs depending on stability of the patient as assessed by: (a) "acuity tool" developed or chosen by hospital; and (b) staff nurses; and (c) nurse manager (or nurse manager's designee) to resolve disagreement
HPC's Role	The HPC is charged with promulgating regulations including: (a) Formulation of the acuity tool (to be certified by DPH) (b) Method of public reporting of hospital compliance (c) Identification of 3-5 related patient safety quality indicators to be measured and publicly reported by hospitals

HPC Approach to Regulation Development

Nurse Staffing Law (Ch. 155 of the Acts of 2014)

Next Steps

- Continue background research & analysis and seek expert input on:
  - Acuity tools
  - Reporting methodologies
  - Quality measures
- QIPP Committee Meeting on December 10, 2014
- Regulatory Process
  - Draft regulations
  - Public comment period and hearings

Other Upcoming HPC Responsibilities

2015 Other Activities

- Develop $2M behavioral health integration investment program as included in the FY15 state budget
- Collaborate with CHIA on the substance use disorder treatment report (Ch. 258 of the Acts of 2014)
- Initiate an investment grant program to develop and promote health care innovation in the Commonwealth
- Finalize regulation relative to notices of material change and cost and market impact reviews
- Develop and implement “performance improvement plan” process for ensuring provider/payer accountability in advance of CHIA’s 2015 annual report

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Upcoming Meetings

2014 HPC Board Meeting

Wednesday, December 17, 12PM

2014 HPC Board Committee Meetings

Wednesday, December 3

9:30 AM	CHICI
11:00 AM	CTMP

Wednesday, December 10

9:30 AM	QIPP
11:00 AM	CDPST

2015 Advisory Council Meetings

Please note that all meetings will be at 50 Milk Street, 8th Floor from 12PM-2PM

Wednesday, February 11, 2014

Wednesday, May 13, 2014

Wednesday, September 16, 2014

Wednesday, November18, 2014

Contact Information

For more information about the Health Policy Commission:

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