COMMONWEALTH OF MASSACHUSETTS

HEALTH POLICY COMMISSION

Advisory Council

September 16, 2015

Agenda

- Performance of the Massachusetts Health Care System, 2015 CHIA Annual Report
- HPC 2015 Health Care Cost Trends Hearing
- HPC Performance Improvement Plans
- Next Six Months at the HPC
- FY2016 HPC State Budget Initiatives
- Establishment of the Advisory Council Subcommittee on Administration and Finance
- Discussion
- Schedule of Next Advisory Council Meeting (November 18, 2015)

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CENTER FOR HEALTH INFORMATION AND ANALYSIS

PERFORMANCE OF THE MASSACHUSETTS HEALTH CARE SYSTEM

ANNUAL REPORT
SEPTEMBER 2015

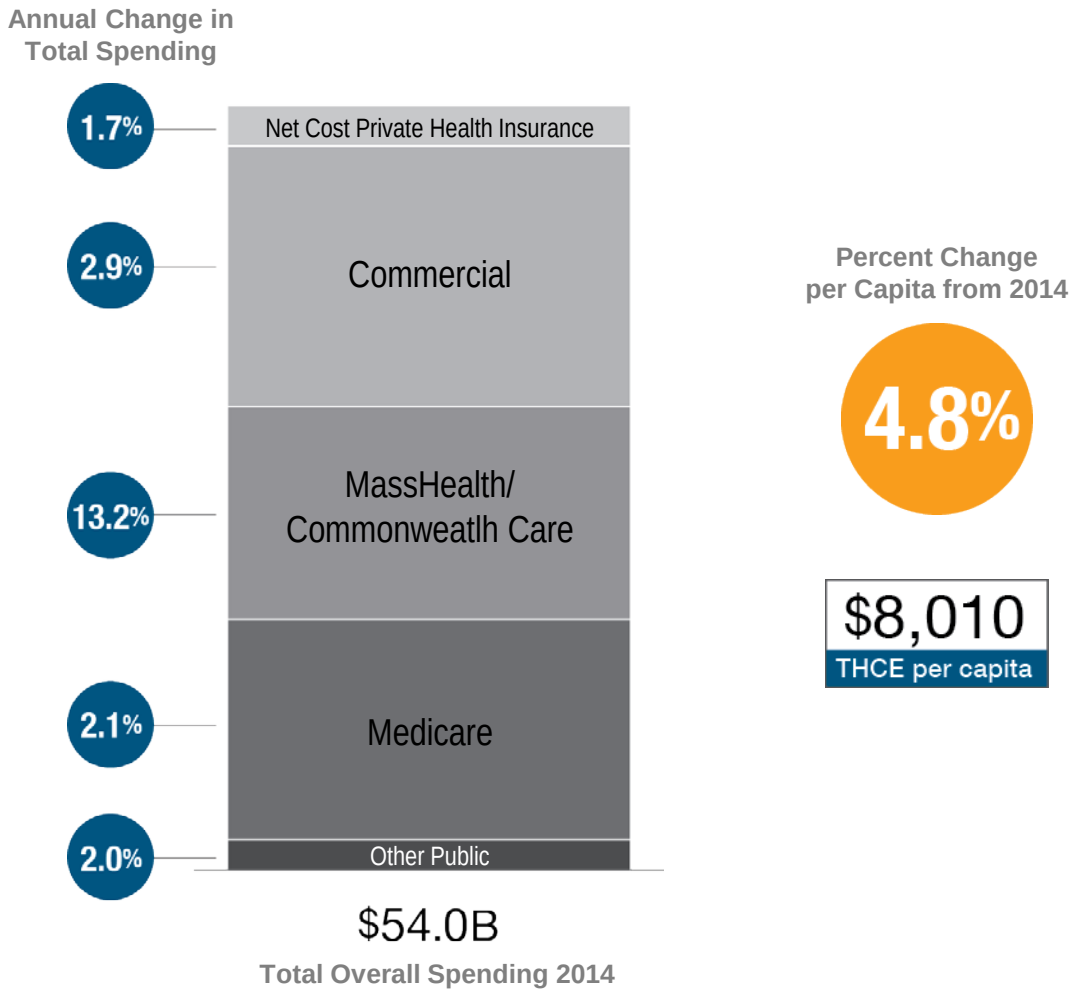
PUBLIC PRESENTATION
SEPTEMBER 2, 2015

CHIA.

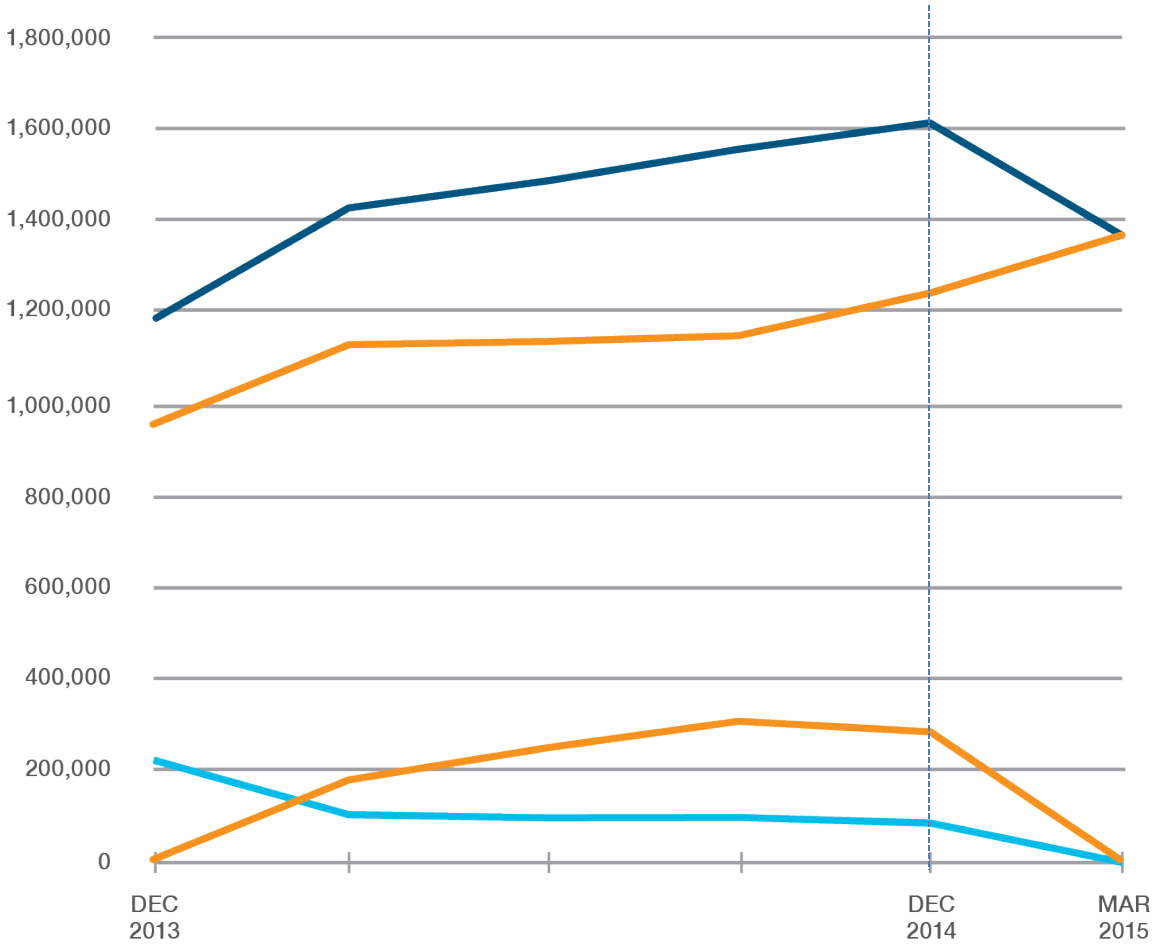
Per Capita Total Health Care Expenditures Grew 4.8% between 2013 and 2014 (Initial)

2014 THCE Growth

p. 11, fig. 2



Cumulative State Program Enrollment (MassHealth, CommCare, and MSP) Dec. 2013 – Mar. 2015



Total Mass Public Programs

MassHealth Direct

+5%
Non-Medicare Enrollment

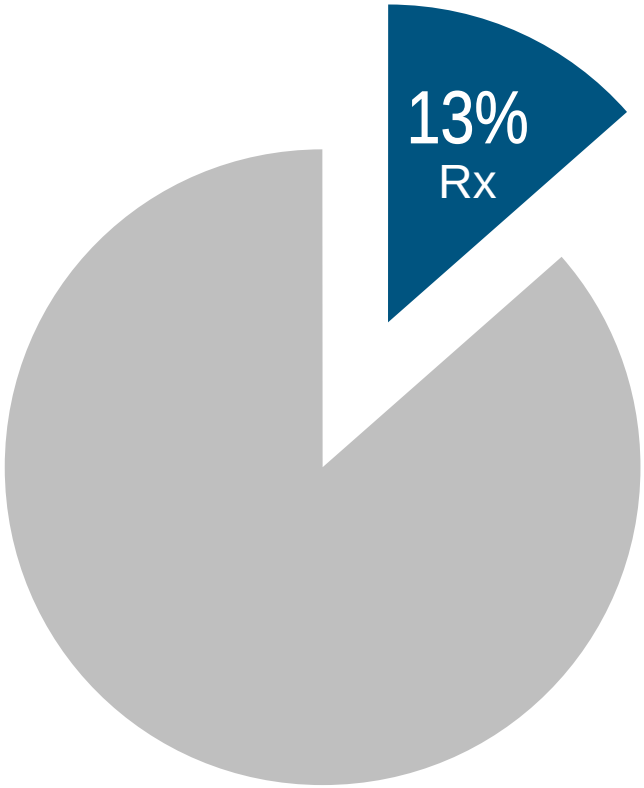
MassHealth Transitional

CommCare + MSP

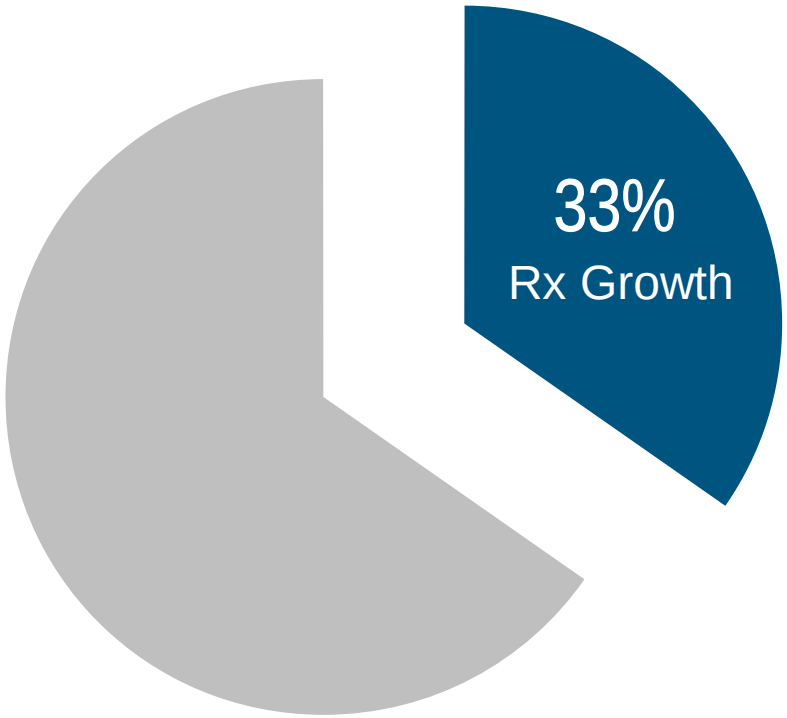
Prescription Drug Trends are a Significant Part of TME Trends

Pharmacy Spending

p.18, fig.1



THCE



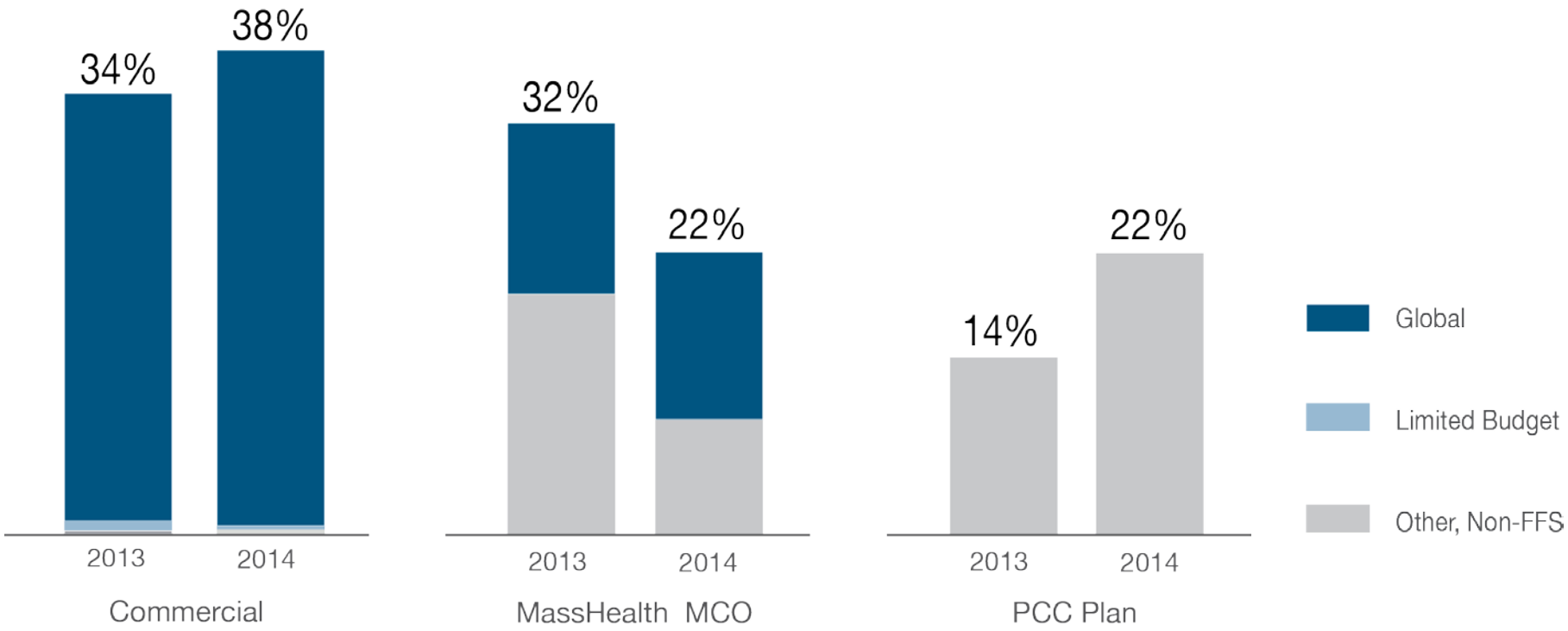
THCE Growth 2013-2014

CHIA.

Alternative Payment Methodology Adoption is Growing Slowly in the Commercial Market

APM Adoption

p.21, fig.4



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2015 Health Care Cost Trends Hearing

2015 Health Care Cost Trends Hearing

Charlie Baker
Governor

Robert DeLeo
Speaker of the House

Stan Rosenberg
Senate President

Maura Healey
Attorney General

Suzanne Bump
State Auditor

EXPERT SPEAKERS

Dr. Leemore Dafny

Dr. Amitabh Chandra

2015 Health Care Cost Trends Hearing

Panel 1: Challenges to the Health Care Cost Growth Benchmark

Panel Theme: An examination of trends that impacted the state's ability to meet the Cost Growth Benchmark in 2014 and that may threaten future performance.

Panel 2: Care Delivery Transformation and Innovation

Panel Theme: An examination of care delivery trends and innovations aimed at improving access to behavioral health services and primary care, and reducing utilization of higher-cost, acute care settings (e.g. emergency department), services, and/or providers.

Panel 3: Value-Based Payment Reform – Progress and Opportunities

Panel Theme: An examination of payment reform trends and innovations aimed at increasing the adoption of alternative payment methodologies and enhancing financial incentives for providers to deliver efficient, high-quality, integrated care.

2015 Health Care Cost Trends Hearing

Panel 4: Provider Market Structure to Promote Value

Panel Theme: An examination of the changing provider landscape in Massachusetts and the impact of recent changes on cost, quality, market competitiveness, referral patterns and access.

Panel 5: Transparency and Purchaser Incentives to Promote Value

Panel Theme: An examination of "demand-side" incentives to promote value-based health care purchasing decisions by employers, employees, and consumers, including through the promotion of price transparency and innovative product design.

Panel 6: Meeting the Benchmark in 2015 and Beyond

Panel Theme: An examination of future spending and market trends in Massachusetts that will impact the state's ability to meet the Cost Growth Benchmark in 2015 and future years.

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Payer and Provider Performance Improvement Plans: Purpose

- Performance Improvement Plans (PIPs) are a mechanism for the HPC to identify, assist, and monitor payers and providers whose cost growth may threaten the state benchmark.
- PIPs provide an opportunity for both the HPC and for payers and providers undergoing a PIP to understand the drivers of its cost growth, and to pursue best practices to address these drivers.
- The PIP process will enable payers and providers, with the assistance of the HPC, to explore options to reduce cost growth such as investing in efficiency measures, improving utilization management, changing pricing or referral practices, or implementing care delivery reform measures.
- Payers and providers 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.

Identification of Payers and Providers

- Chapter 224 directs CHIA to identify payers and/or providers whose cost growth is considered excessive and who threaten the health care cost growth benchmark.
  - CHIA will submit this list of payers and/or providers to the HPC in September 2015.
  - The HPC is directed to provide notice to those payers and providers that they have been identified by CHIA.
- Under Chapter 224, the HPC may require some of these identified payers and providers to file and implement a PIP to improve efficiency and reduce cost growth.
- Over the coming months, the HPC will be developing guidance on filing and implementing PIPs.

Development and Implementation of a PIP

- If required to file a PIP, the payer or provider will develop a PIP tailored to the specific cost growth concerns of its entity and propose it to the HPC for approval.
- The PIP must identify the causes of the entity's cost growth and include specific strategies, adjustments, and action steps the entity proposes to implement to improve cost performance.
- It must include specific identifiable and measurable outcomes and a timetable for implementation of no more than 18 months.
- To be approved, a PIP must be reasonably likely to address the underlying causes of the entity's cost growth and be reasonably expected to succeed.
- Implementation of a PIP will involve reporting, monitoring, and assistance from the HPC.

CHIA Reporting on Cost Performance of Payers and Providers

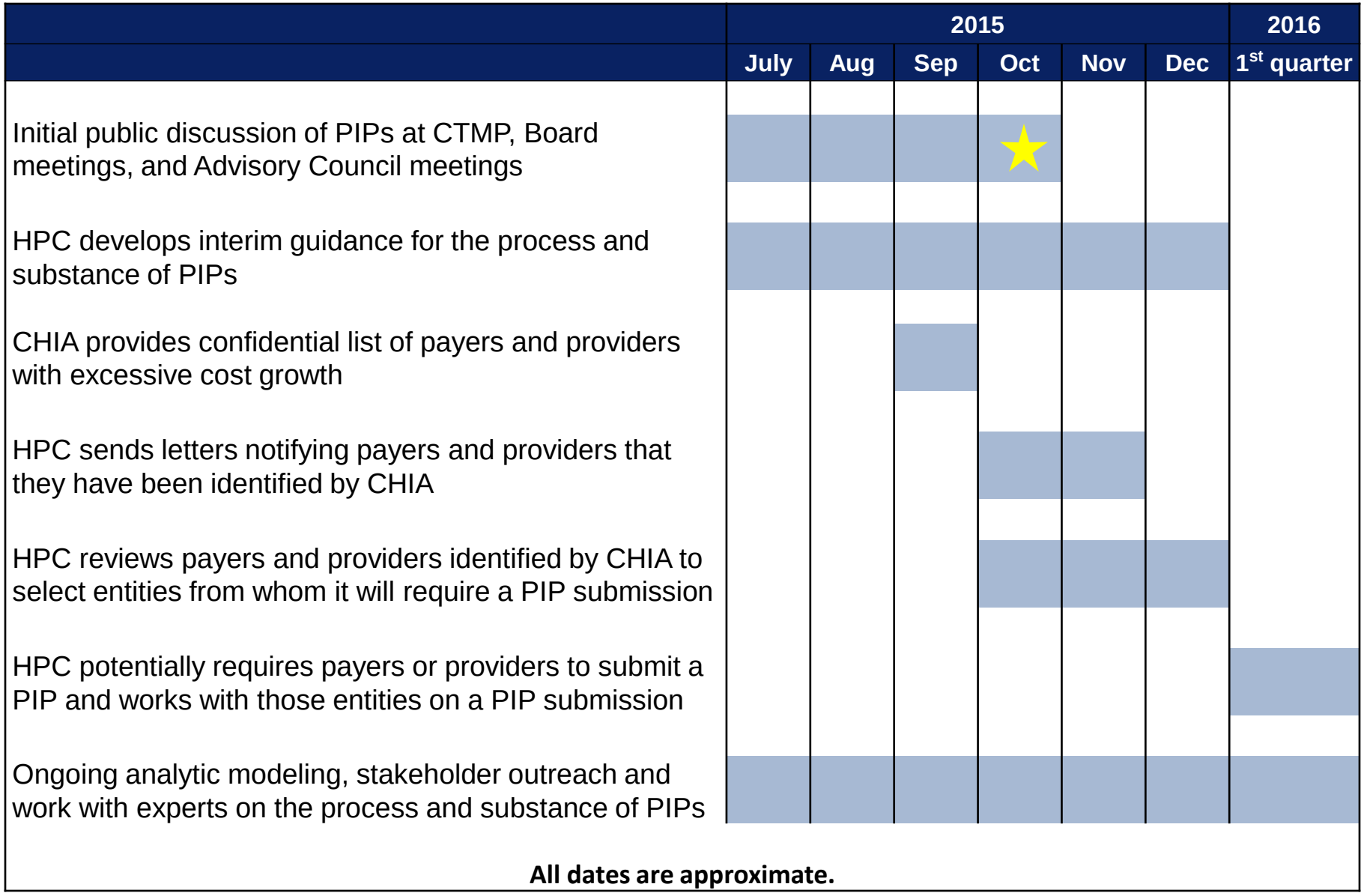
- CHIA examines health care cost trends through a variety of studies, and has identified Total Medical Expenses (TME) as a particularly valuable way to understand spending at the health plan and provider group level.
- The Health Status Adjusted (HSA) TME metric accounts for variations in health status of a payer's full-claim members. This metric allows for a more refined comparison of TME trends between payers than looking at unadjusted TME alone.
    - Health status scores are reported directly to CHIA by the payers, using the specific risk adjustment tool used by each payer.
- Payer HSA TME represents total health care spending for members' care, adjusted by health status. HSA TME is calculated within each payer's reported insurance categories.
- Provider group HSA TME represents the total health care spending of members whose plans require the selection of a primary care physician associated with a provider group (typically managed care plans), adjusted for health status.

CHIA, *Annual Report on the Performance of the Massachusetts Health Care System*, September 2014 (http://www.chiamass.gov/assets/docs/r/pubs/14/chia-annual-report-2014.pdf); see also http://www.chiamass.gov/total-medical-expenses-2/.

HPC Process for PIPs

- The HPC plans to conduct a rigorous and thorough review of all payers and providers identified by CHIA, and will examine a number of factors to obtain a comprehensive understanding of each entity's cost growth and any identifiable causes for such growth.
- Chapter 224 envisions that the HPC may waive the requirement for a health care entity to file a PIP based upon consideration of the following factors:
  - The costs, price, and utilization trends of the health care entity over time, and any demonstrated improvement in health care cost reduction.
  - Any ongoing strategies or investments that the health care entity is currently implementing to improve future long-term efficiency and reduce cost growth.
  - Whether the factors that led to increased costs for the health care entity can reasonably be considered to be unanticipated and outside of the control of the entity (e.g., pharmaceutical expenses).
  - The overall financial condition of the health care entity.
  - Other factors to be determined by the HPC (e.g. baseline level of spending).
- The HPC will require a subset of the identified payers and providers to file a PIP where the HPC has confirmed concerns about the entity's cost growth and where the HPC finds that engagement in the PIP process could result in meaningful reforms that impact the entity's cost growth.

Anticipated Timeline for Developing PIPs



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HPC Work Streams – Programs and Publications

Program Updates

- Finalize and launch PCMH certification program
- Release ACO certification program design and criteria for public comment
- Launch all CHART Phase 2 projects and finalize evaluation plan
- Finalize program design and announce opportunity for Health Care Innovation Investment Program
- Complete RPO Registrations and continue development of public data release plan
- Continue program design and begin procurement for PCMH/ACO technical assistance initiatives
- Continue program design and rolling launch of FY16 state budget initiatives (see slides 19-20)

Upcoming Publications

- Substance Use Disorder Report (mandated by ch. 258 of the acts of 2014)
- Community Hospital Study
- Office of Patient Protection Annual Report
- 2015 Cost Trends Report
- Harvard T.H. Chan School of Public Health case study on the CHART program's delivery of technical assistance to hospitals
- Policy/Data Briefs:
    - Pharmacy Spending and Utilization Trends in MA
    - Primary care access and preventable ED visits
    - Employers and insurance markets

HPC Work Streams – Research and Interagency Initiatives

Ongoing Research Topics

- Provider price variation
- Bundled/Episode-based practice pattern variation and payment reform
- Market metrics for specialty hospitals and primary care services
- MassHealth APCD analyses, including high-cost patient identification
- Comparative review of state "scope of practice" laws and regulations
- Consumer views on value/choice of setting, including role of incentives, price transparency, choice, and quality information

Ongoing Interagency Initiatives

- **MassHealth** care delivery and payment reform design and stakeholder engagement
  - HPC co-leading MassHealth certification and attribution workgroups
  - HPC participating in MassHealth working groups on Health Homes, BH payment reform, LTSS, and overall strategic design
- **EOHHS's** MassHiWay/HIE strategic planning and policy development
- **Cross-agency** data matching project for high-cost patients and social determinants of health
- **CHIA** data collection enhancement in key areas, including behavioral health and APCD
- **DPH/BSAS** collaboration on substance use disorder related policy development/program implementation, specifically on programs related to neonatal abstinence syndrome (NAS) and Narcan PCP training
- **MassHealth and DMH** partnership on potential MA participation in Certified Community Behavioral Health Center (CCBHC) certification program

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State Fiscal Year 2016 Budget

$500,000 Pilot for Substance Exposed Newborns

- Provides funds for the HPC, in coordination with DPH, to develop a pilot program to implement a model of post-natal supports for families with substance exposed newborns at up to three regional sites in the Commonwealth.
- The scope of services will include obstetrics and gynecology, pediatrics, behavioral health, social work, early intervention, and social services to provide full family care.

$100,000 Pilot on Narcan Training

- Provides funds for the HPC, in coordination with DPH, to develop a training and technical assistance program to improve and expand the capacity and ability of primary care providers, including those seeking certification as a PCMH, to prescribe Narcan.
- Providers who participate in this pilot program may receive a supply of Narcan for use in their practices.

$250,000 Behavioral Health Technical Assistance for HPC's Patient-Centered Medical Homes

- Provides funds for the HPC to administer a program to support behavioral health integration within patient-centered medical homes.
- The program will support efforts to build the infrastructure necessary to initiate or expand the provision of behavioral health care services in the primary care setting in the form of training, education, technical assistance or grants.

$500,000 Paramedicine Pilot Administered by the HPC in the Quincy Area

- Provides funds for the HPC to develop a pilot program to triage behavioral health patients in the Quincy area affected by the recent closure of Quincy Medical Center.

State Fiscal Year 2016 Budget

$500,000 Telemedicine Pilot Administered by the HPC

- Directs the HPC to implement a one year regional pilot program to further the development of telemedicine in the Commonwealth.
- The program will incentivize the use of community-based providers and the delivery of patient care in a community setting and facilitate collaboration between participating community providers and teaching hospitals.
- Funded through the Distressed Hospital Trust Fund.

Outside Section Confidentiality Language for CHART, PCMH, ACO, and other HPC Programs

- Protects the confidentiality of non-public clinical, financial, strategic or operational documents provided to the HPC in connection with its statutory care delivery, quality improvement or performance improvement programs while allowing the HPC to provide summary reports and conduct evaluations.

Outside Section New CHIA Oversight Council

- Establishes a CHIA Oversight Council and names the Executive Director of the HPC as a member.
- The Council develops the CHIA budget, reviews manages its administrative expenses, and develops annual research and analysis priorities.
- The Secretary of Health and Human Services, the Secretary of Administration and Finance, and the Commissioner of Insurance are also named ex-officio members of the Council. The Chair is elected.

Outside Section New Consumer Protections

- Strengthens consumer protections for patients who face medical bills during pending internal or external appeals of certain health insurance coverage decisions
- **Credit Reporting:** Health care providers and their agents prohibited from providing information about unpaid charges for health care services to a consumer reporting agency while an internal or external review is pending or for 30 days *(increased from 15 days)* following the resolution of the internal or external review
- **Debt Collection**: Health care providers and their agents, including any collection agency or debt collector, prohibited from initiating debt collection activities for unpaid charges for health care services while an internal or external review is pending or for 30 days following the resolution of the internal or external review

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HPC Advisory Council Subcommittee on Administrative and Fiscal Management

Purpose

Advise the Executive Director on the administration and fiscal management of the Health Policy Commission (HPC), including the development of the HPC's annual operating budget. The Executive Director expects to convene the subcommittee approximately 2-3 times a year, at meetings of no more than 1 hour.

Members

All Advisory Council members were invited to submit their names for consideration and selection by the Executive Director.

- Mike Caljouw, BCBS of MA
- John Erwin, COBTH
- Lynn Nicholas, MHA
- Lora Pellegrini, MAHP

HPC Advisory Council Subcommittee on Administrative and Fiscal Management

Context

Chapter 224 of the Acts of 2012 (Ch.224) dedicated two sources of one-time, non-tax revenues to be administered by the HPC: an assessment on certain health care market participants; and a portion of casino gaming licenses.

These funds, allocated to the Distressed Hospital Trust Fund (DHTF) and Health Care Payment Reform Trust Fund (HCPRTF), collectively support the HPC operations, administration of statutory responsibilities and policy programs, including cost trends and market monitoring and provider investment and engagement programs necessary to promote a more affordable, effective, and accountable health care system in Massachusetts. These one-time revenues were designed to provide a multi-year "glide-path" for the HPC to build capacity, make phased investments in care delivery/payment system transformation, and develop objective, evidence-based programs and policies.

Beginning in FY17, the law provides that HPC operations and programs (less expenses related to the CHART Investment Program- see below) will be funded by a new annual assessment on hospitals, surgery centers, and health plans. This assessment is similar to the current financing mechanism for the Center for Health Information and Analysis (CHIA).

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Fall 2015 HPC Meetings

Tuesday, September 22

1:00PM Quality Improvement and Patient Protection

Agenda topics include: Final proposed changes to the OPP regulations; FY16 state budget initiatives related to behavioral health

Monday, October 5 and Tuesday October 6

9:00AM Health Care Cost Trends Hearing

First Floor Function Room, Suffolk University Law School, 120 Tremont Street, Boston

Wednesday, October 14

9:30AM Cost Trends and Market Performance

Agenda topics include: Performance improvement plans process and procedures; presentation from HPC staff on prescription drug spending in MA

11:00AM Community Health Care Investment and Consumer Involvement

Agenda topics include: CHART Phase 2 program update; telemedicine pilot program design; innovation investment program design and next steps

Wednesday, October 21

12:00PM Board Meeting

Agenda topics include: CHART Phase 2 program update; PCMH and ACO Certification, 2015 Health Care Cost Trends Hearing

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

Appendix One

HPC FY16 State Budget Initiatives

Naloxone Pilot Program

Develop training and TA to improve capacity and ability for PCPs to prescribe naloxone

$100,000 → **PCPs across the Commonwealth**

Summary of Statute

- HPC is to develop training and TA program to **improve and expand capacity and ability of PCPs to co-prescribe naloxone** & to **identify and educate at-risk patients and family members** about administration protocol
- HPC to report to joint committee on mental health and substance abuse and the house and senate committees on ways and means 12 months following completion of pilot program

Objectives

1. Stand up pilot program for **training and TA for PCPs to prescribe naloxone**
2. **Prevent deaths by opioid overdose** in every county of the Commonwealth by **expanding PCP capacity to engage with peers/family of at risk individuals about naloxone**

Key Dates

Q3-Q4, 2015
Stakeholder Engagement
Define Eligibility

Q1-Q2, 2016
Issue RFP
Select participants
Identify trainers

Q3-Q4, 2016
Implement trainings
Distribute naloxone if applicable

Q1-Q2, 2017
Evaluate & report on outcomes

Neonatal Abstinence Syndrome Pilot Program

Fully integrated model of post-natal supports for families with newborns exhibiting NAS

$500,000 → **Eligible birthing hospitals**

Summary of Statute

- HPC is to implement a fully integrated model of post-natal supports for families with newborns exhibiting NAS (neonatal abstinence syndrome)
  - obstetrics and gynecology
  - pediatrics
  - behavioral health
  - social work
  - early intervention providers
  - social service providers
- Model informed by evidence-based practices/consultation with DPH & DCF

Objectives

1. **Identify emerging best practices** around inpatient treatment of and post-discharge follow-up on NAS
2. **Reduce LOS** associated with NAS by increasing adoption of best practices (e.g., breastfeeding, rooming-in protocols); **reduce costs** while ensuring readmission rates also decline (or do not increase)

Key Dates

Q3-Q4, 2015
Align with DPH's federal grant on NAS
Define scope of intervention
Issue RFP

Q1-Q4, 2016
Notify grantees
Implement inpatient QI bundles

Q1-Q2, 2017
Evaluate & report on outcomes
Disseminate learnings to all birth hospitals in Commonwealth

Behavioral Health Integration Technical Assistance

Support BHI efforts in patient centered medical homes

$250,000 → **HPC PCMH Certified Sites**

Summary of Statute

- HPC to establish a program to **accelerate and support BHI** within practices **on path to HPC PCMH certification**
- Will support efforts to **build the partnerships & infrastructure** needed to **initiate or expand the provision of BH services within primary care settings** and may take form of training, education, TA, or direct grants

Objectives

1. **Accelerate and support BHI** within PCMH's on path to HPC certification
2. Increase capacity to **meet HPC BHI criteria** that supplements NCQA PCMH criteria (e.g., diagnostic screenings, care coordination, buprenorphine waivers)

Key Dates

Q3-Q4, 2015
Define TA opportunities
Seek provider feedback on TA prioritization

Q1-Q4, 2016
Identify providers eligible for TA
Initiate TA trainings
Convene providers across the state regardless of PCMH status to disseminate learnings

Q1-Q2, 2017
Evaluate and report on efficacy of TA in accelerating BHI in primary care settings

Quincy Community Paramedicine Pilot

Innovative health care pilot in Quincy to treat patients with mental health or substance use disorders

$500,000 → **EMS, BH Providers, CHCs, and Hospitals in Greater Quincy**

Summary of Statute

- HPC is to implement model of **field triage of behavioral health patients** under medical control by specially-trained **emergency medical services** providers
  - Care for appropriate patients at **home** by such providers in coordination with behavioral health care providers,
  - **Transport** of appropriate, non-medically complex patients to a behavioral health site of care
- Pilot in the greater **Quincy** area affected by the recent hospital
- Pilot to be evaluated on its effectiveness, efficiency, and sustainability by HPC

Objectives

1. Test currently **non-reimbursed payment** for innovative model of field triage, direct care by EMS, and ED bypass for complex BH patients
2. Reduce **ED boarding** and hospital crowding to increase access and decrease cost

Key Dates

Q3-Q4, 2015
Pilot Planning
Community Engagement

Q1-Q4, 2016
Pilot Implementation
Rapid-Cycle Testing

Q1-Q2, 2017
Evaluation

Telemedicine Pilot

A 1-year regional pilot program to further the development and utilization of telemedicine in the commonwealth

$500,000 → **Community-based providers and telehealth suppliers**

Summary of Statute

- The HPC is to develop and implement a one-year **regional telemedicine pilot** program to advance use of telemedicine in Massachusetts.
  - The pilot shall **incentivize** the use of **community-based providers** and the delivery of patient care in a **community setting**
- To foster partnership, the pilot should facilitate **collaboration** between participating **community providers and teaching hospitals**
- Pilot is to be evaluated on cost savings, patient satisfaction, patient flow and quality of care by HPC

Objectives

1. Demonstrate **cost savings potential** of telemedicine
2. Implement telemedicine model that preserves or improves **quality and patient satisfaction**
3. Develop **multi-provider (regional) partnerships** related to telemedicine

Key Dates

Q3-Q4, 2015
Pilot Planning
Community Engagement

Q1-Q4, 2016
Pilot Implementation
Rapid-Cycle Testing

Q1-Q2, 2017
Evaluation