MASSACHUSETTS
HEALTH POLICY COMMISSION

HPC Board Meeting

July 12, 2023

Agenda

CALL TO ORDER

Approval of Minutes **(VOTE)**

Report on Trends in the Pediatric Market in Massachusetts

2023 Health Care Cost Trends Report

Mass General Brigham Performance Improvement Plan

Executive Director's Report

Schedule of Upcoming Meetings

Executive Session **(VOTE)**

Agenda

Call to Order

APPROVAL OF MINUTES (VOTE)

Report on Trends in the Pediatric Market in Massachusetts

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Mass General Brigham Performance Improvement Plan

Executive Director's Report

Schedule of Upcoming Meetings

Executive Session **(VOTE)**

VOTE

Approval of Minutes from the June 7 Board Meeting

MOTION

That the Commission hereby approves the minutes of the Commission meeting held on June 7, 2023, as presented.

Agenda

Call to Order

Approval of Minutes **(VOTE)**

REPORT ON TRENDS IN THE PEDIATRIC MARKET IN MASSACHUSETTS

2023 Health Care Cost Trends Report

Mass General Brigham Performance Improvement Plan

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Executive Session **(VOTE)**

HPC Policy Brief: Consolidation of the Pediatric Health Care Market in Massachusetts

Since 2013, the HPC has evaluated the potential impacts of provider market changes in the Commonwealth, including clinical affiliations, acquisitions, network affiliations, and expansions and closures of services. Many of these changes have involved **pediatric services**.

The potential impacts of most of these changes, considered individually, have been limited. However, they have collectively resulted in, and reflect, substantial changes to the pediatric services landscape.

- In particular, and consistent with nationwide trends, an increasing share of pediatric services are being provided by a few provider organizations, more care is being provided in Metro Boston and less is being provided in community settings, and care is being increasingly provided by higher-priced providers.

Although pediatric services accounted for only 14% of statewide commercial health care spending in 2019, access to quality, affordable pediatric care is an important component of a well-functioning delivery system.

As part of its mission to advance a more transparent, accountable, and equitable health care system, the HPC is preparing to publish a policy brief examining trends in the pediatric services market; identifying their impacts on health care spending, quality, access, and equity; and recommending policy steps to mitigate challenges associated with the regionalization of pediatric care.

Key Findings on the Pediatrics Market

1. **The total volume of inpatient pediatric care for Massachusetts patients has decreased over the past decade**, driven by decreases for commercially-insured pediatric patients. As pediatric hospital volume has declined, **many providers have reduced or eliminated pediatric capacity**, while a few academic medical center (AMC)-anchored provider organizations with specialized pediatric programs have expanded. These trends align with changes for pediatric services in other parts of the United States.

2. **Pediatric hospital services in the Commonwealth are now concentrated primarily within two large AMC-anchored provider organizations**, Mass General Brigham (which includes Massachusetts General for Children) and the Children's Medical Center Corporation (which includes Boston Children's Hospital). Similarly, physician services are primarily provided by a few large physician networks. Recent market changes are likely to result in **continued consolidation** of pediatric care at the largest provider organizations.

3. **The hospitals with the largest volume of pediatric care in the Commonwealth have the highest inpatient commercial prices, even after adjusting for differences in patient acuity.** The largest hospitals also tend to have the highest commercial outpatient hospital prices, although prices for clinic-based evaluation and management services for pediatric patients are more varied.

Key Findings on the Pediatrics Market

4 **Regionalization of pediatric care into a few large provider organizations with substantial pediatric volume may have some benefits**. Regionalization may create economies of scale, ensure pediatric clinicians see sufficient patient volume to maintain clinical excellence, and ensure that patients receive care at sites prepared to provide care for pediatric patients, including appropriately sized equipment. Large, well-resourced provider organizations also have capital to invest in and support pediatric services, which can improve access to specialized care and lead to improved patient and worker satisfaction.

5 **However, concentration of pediatric care into a small number of large provider organizations may also negatively impact access to care.** Increasingly, pediatric patients are traveling into Metro Boston for care, even for common services. Traveling further for care is associated with increased length of stay, higher readmission rates, and health risks for patients who require medical transfer. Travel to regional hospitals can also pose additional hardships and financial burdens on caregivers, such as lost productivity, the need to pay for parking and food, and the cost of housing in cases when a child requires an inpatient stay.

6 **Increased concentration of pediatric care at a few large provider organizations also leads to prices and higher overall spending for pediatric care.** Given the level of existing consolidation and the highly specialized nature of pediatric services, competitive forces are not likely to meaningfully constrain prices. Consumer-focused incentives for controlling spending, such as cost sharing, are unlikely to be effective, and may create greater burdens on families, in a market where higher-priced pediatric providers are the only options remaining for many types of pediatric care.

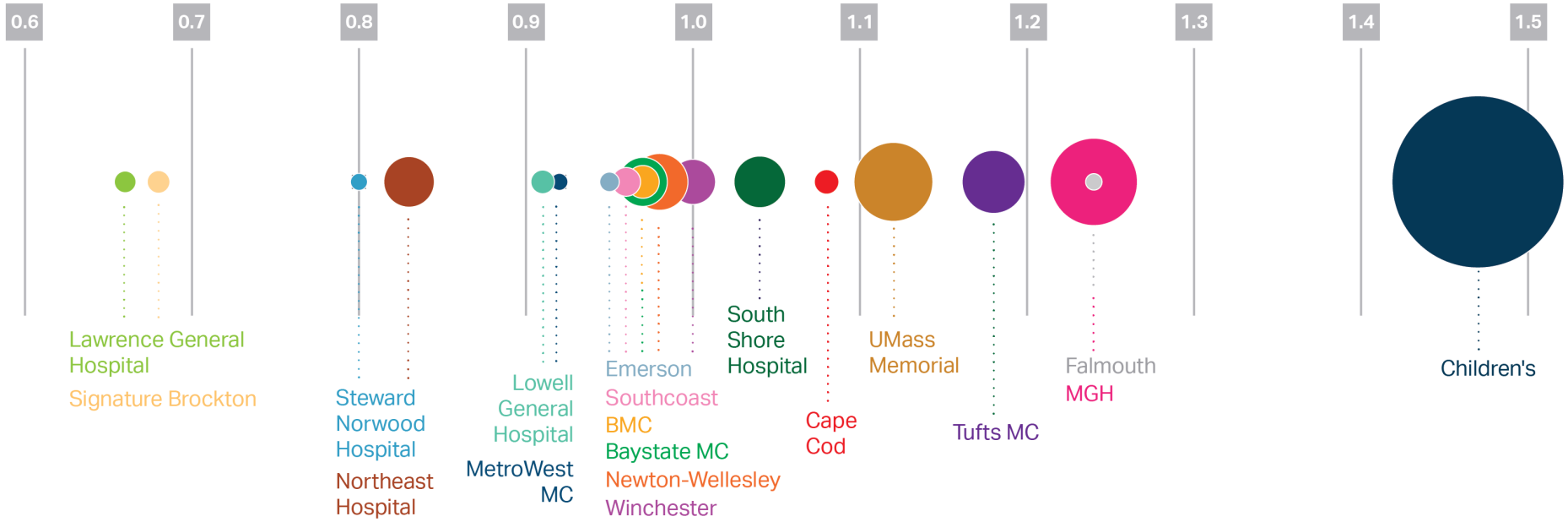
Many hospitals have substantially reduced their pediatric inpatient services in recent years, while Children's and MGB have grown through clinical affiliations, expansions, and acquisitions.

	Pediatric Inpatient Bed Closures	Clinical Affiliations	Expansions and Acquisitions
2015		• Children's designated preferred pediatric AMC for Lahey patients. • MGB affiliates with Steward HealthCare hospitals to staff pediatric inpatient services.	• Children's files DoN to construct 11-story addition in Longwood and 8-story ambulatory services building in Brookline.
2016		• Tufts pediatricians begin staffing Cape Cod Hospital pediatrics.	• Children's acquires Child Health Associates, a primary care physician group in Auburn and Shrewsbury.
2017	Shriner's Hospital for Children – Springfield (20 beds) North Shore Medical Center (24 beds) Milford Regional Medical Center (10 beds)	• Children's designated preferred pediatric AMC for Mount Auburn and South Shore Medical Center. • Children's and Southcoast expand existing pediatric affiliation.	
2018	Health Alliance Hospital (11 beds) Sturdy Memorial Hospital (10 beds) Harrington Memorial Hospital (11 beds) Lawrence General Hospital (5 beds)		
2019	Baystate Medical Center (8 beds) Baystate Noble Hospital (6 beds) Boston Medical Center (10 beds)		• Children's adds two primary care pediatric groups in Woburn/North Andover and Brockton.
2020	Falmouth Hospital (5 beds) Framingham Union Hospital (21 beds) Newton-Wellesley Hospital (12 beds) Shriner's Hospital for Children – Boston (13 beds)		
2021	Berkshire Medical Center (9 beds) Anna Jaques Hospital (8 beds)	• Children's affiliates with Cape Cod Hospital to staff pediatric services.	• Children's files a DoN for the expansion of three ambulatory sites in Waltham, Needham, and Weymouth.
2022	Tufts Medical Center (41 beds) Heywood Hospital (7 beds)	• Children's affiliates with Tufts Medicine for inpatient care following the closure of Tufts Medical Center pediatric beds.	• Children's acquires Franciscan Hospital for Children (finalized July 1, 2023).

Note: The changes listed on this slide are only those that require notice to the HPC and do not include changes such as out-of-state transactions, acquisition of some small physician practices, etc.

The largest providers of hospital-based pediatric care in the Commonwealth have the highest inpatient commercial prices, even after adjusting for differences in patient acuity.

Acuity-Adjusted Commercial Hospital Prices per Pediatric Discharge Relative to Sample Average (2018)



Source: HPC analysis of CHIA 2018 APCD and 2018 CHIA hospital discharge database.
Notes: Average revenue per discharge for patients under age 18, adjusted by MS-DRG and APR-DRG weights, compared to average among sample hospitals, weighted by mix of pediatric discharges across BCBS, HPHC, and THP. Excludes MDCs 14 and 15 and DRG 999. Excludes hospitals with <11 discharges total across the three payers included. Excludes specialty behavioral health, rehabilitation, and service-specific hospitals.

- The HPC used claims data to examine average prices per discharge for pediatric patients.
- To compensate for differences in patient acuity among hospitals, we adjusted prices using reported diagnosis codes.
- Prices shown are relative to the average price among the sample hospitals. The size of each hospital's point corresponds to volume.

Discussion

Recognizing the extent of consolidation that already exists for pediatric services, the contraction of community-based services that has already occurred, and the likelihood of further concentration of pediatric services:

- How can policymakers support the benefits of a more regionalized model of pediatric care while also ensuring access to key services in the community?
- How can policymakers safeguard against the risks of higher spending and affordability barriers for patients?
- How can policymakers ensure an equitable distribution of resources across geographies and demographic groups?

Policy Considerations for Discussion: Promoting Affordable Access to High-Quality Pediatric Care in a Changing and Increasingly Concentrated Market

1. **Define and build consensus around a set of lower-acuity pediatric care that should be available in community settings.** Identifying the types of pediatric care that can safely and effectively be provided in community settings and the types of care that must be handled in more advanced settings would allow the state and other stakeholders to identify regional gaps in care, assess whether advanced care resources are being used efficiently, and support investments and innovations that promote access to community-based pediatric care. These definitions must be built through collaboration among all stakeholders, including patients, provider organizations, payers, and policymakers.

2. **Enhance data collection and develop outcomes-focused assessments of health disparities.** All payers, providers, and government agencies should be required collect the data recommended by the Health Equity Technical Advisory Group of the EOHHS Quality Measurement Alignment Taskforce (QMAT), and the Commonwealth should conduct new data collection efforts, updated on a regular basis, specifically focused on assessing variation in health outcomes for children that incorporates information on demographics and other social determinants of health.

3. **Expand the use of telehealth, remote consultation, and remote patient monitoring to support pediatric services outside of urban centers** and overcome barriers to pediatric care for families living far from specialized pediatric hospitals and AMCs.

Policy Considerations for Discussion: Promoting Affordable Access to High-Quality Pediatric Care in a Changing and Increasingly Concentrated Market

4 Constrain excessive provider prices and limit affordability barriers to access.

- Because of the level of existing consolidation and highly specialized nature of pediatric services, competitive forces are not likely to meaningfully constrain provider prices. The Legislature should therefore consider action to restrain price growth for the highest-priced providers in order to ensure consolidation does not continue to increase price and spending variation.
- Policymakers should also address affordability barriers to care that directly impact families. These include options outlined in the HPC's 2022 Cost Trends Report, such as limiting the ability of outpatient sites to bill as hospital departments and promoting the development of alternatives to high-deductible health plans in order to avoid impeding access and perpetuating inequities. Stakeholders should also moderate the costs of accessing increasingly regionalized care for patients, including both public and private funding for patient transportation to care hubs.

5 Enhance financial incentives for providing appropriate pediatric care in community settings.

- Payers could consider primary care and/or pediatric care sub-capitation or focused rate enhancements for specific services or geographies to support existing providers of community-based services or to encourage providers to fill identified gaps in care.
- The state could also consider developing special funding mechanisms to promote investments in pediatric clinical workforce development, telehealth implementation, or other initiatives to support access to care.

Agenda

Call to Order

Approval of Minutes **(VOTE)**

Report on Trends in the Pediatric Market in Massachusetts

2023 HEALTH CARE COST TRENDS REPORT

- Performance Dashboard
- 2023 Policy Recommendations

Mass General Brigham Performance Improvement Plan

Executive Director's Report

Schedule of Upcoming Meetings

Executive Session **(VOTE)**

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Report on Trends in the Pediatric Market in Massachusetts

2023 Health Care Cost Trends Report

PERFORMANCE DASHBOARD

- 2023 Policy Recommendations

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Executive Session **(VOTE)**

Dashboard for Performance Metrics: Health Equity and Affordability

▲ Better performance

● Similar performance

■ Worse performance

				MASSACHUSETTS TIME TREND			U. S. COMPARISON	
				Previous	Most Recent	Performance	Most Recent	Comparison
HEALTH EQUITY AND AFFORDABILITY	1	Individuals under age 65 with high out-of-pocket spending relative to income	DISPARITY	5.0% (2019-2020)	6.2% (2020-2021)	■	7.3% (2020-2021)	▲
	2	Share of total compensation devoted to health care for middle class families		22.3% (2017-2019)	21.7% (2020-2022)	▲	20.0% (2020-2022)	■
	3	Adults who reported needing to see a doctor but could not due to cost in the past year	DISPARITY	8.3% (2020)	7.3% (2021)	▲	10.0% (2021)	▲
	4	Rate of uninsurance among non-elderly adults with income less than 200% FPL		6.5% (2019)	4.8% (2021)	▲	17.1% (2021)	▲
	5	Adults without all age- and gender-appropriate cancer screenings	DISPARITY	24.4% (2018)	24.8% (2020)	●	31.2% (2020)	▲
	6	Infant mortality (per 1,000 live births)	DISPARITY	3.7 (2019)	3.9 (2020)	■	5.4 (2020)	▲
	7	Premature deaths from treatable causes (deaths per 100,000 population)	DISPARITY	59.5 (2019-2020)	59.2 (2020-2021)	●	88.8 (2020-2021)	▲
	8	Adults ages 18–64 who report fair or poor health	DISPARITY	9.7% (2020)	9.9% (2021)	●	14.2% (2021)	▲
	9	Share of population living in a food insecure household		5.8% (2021)	9.2% (2022)	■	11.2% (2022)	▲
	10	Share of population living in a Primary Care Health Professional Shortage Area		7.5% (2021)	7.6% (2022)	●	29.4% (2022)	▲

Dashboard for Performance Metrics: Disparities

DISPARITIES BY INCOME

MEASURE	HIGH INCOME	LOW INCOME	DISPARITY (PPT)	STATE RANK ON DISPARITY (Rank from prior year)
Individuals under age 65 with high out-of-pocket spending relative to income	1.5%	18.1%	17	19 (9)
Adults who reported needing to see a doctor but could not due to cost in the past year	4.1%	13.9%	10	4 (2)
Adults without all age- and gender-appropriate cancer screenings	20.6%	32.6%	12	39 (10)
Adults ages 18–64 who report fair or poor health	4.5%	22.7%	18	30 (25)

DISPARITIES BY RACE / ETHNICITY

MEASURE	MOST RECENT	DISPARITY
Infant mortality (per 1,000 live births)	3.9	
White *(Group with best outcome)*	2.7	–
AANHPI	3.0	0.3
Hispanic	4.7	2.0
Black	7.2	4.5
Premature deaths from treatable causes (deaths per 100,000 population)	59.2	
AANHPI *(Group with best outcome)*	33.9	–
White	57.6	23.7
Hispanic	60.8	26.9
Black	99.5	65.6

Dashboard for Performance Metrics: Efficient, High-Quality Care Delivery

▲ Better performance
● Similar performance
■ Worse performance

			MASSACHUSETTS TIME TREND			U. S. COMPARISON	
			Previous	Most Recent	Performance	Most Recent	Comparison
EFFICIENT, HIGH-QUALITY CARE DELIVERY	15	**Readmission rate (Medicare)**	18.5% (2020)	18.3% (2021)	●	16.9% (2021)	■
	16	**Readmission rate (All payer)**	16.0% (2020)	16.0% (2021)	●	N/A	N/A
	17	**ED utilization (per 1,000 persons)**	299 (2021)	317 (2022)	■	MA = 432 US = 383 (2021)	■
	18	**BH-related ED utilization (per 1,000 persons)**	21 (2021)	20 (2022)	▲	N/A	N/A
	19	**Avoidable ED Utilization (per 1,000 persons)**	111 (2021)	120 (2022)	■	N/A	N/A
	20	**Hospital admissions among Medicare beneficiaries age 65 and older for ambulatory care sensitive conditions (per 1,000 beneficiaries)**	48.5 (2019)	35.8 (2021)	▲	28.2 (2021)	■
	21	**Percentage of inpatient discharges to institutional PAC**	15.1% (2021)	14.7% (2022)	●	MA = 15.8% US = 14.2% (2020)	■

Notes: BH=behavioral health; ED=emergency department. ED utilization - MA trend uses CHIA ED Database, MA/US comparison use KFF State Health Facts. Percentage of inpatient discharges to institutional PAC – MA trend uses Case-Mix data, MA/US comparison uses HCUP data

Dashboard for Performance Metrics: Benchmark and Spending, Value-Based Markets, and Alternative Payment Method

▲ Better performance
● Similar performance
■ Worse performance

			MASSACHUSETTS TIME TREND			U. S. COMPARISON	
			Previous	Most Recent	Performance	Most Recent	Comparison
BENCHMARK AND SPENDING	11	**Growth of THCE per capita (performance assessed relative to 3.1% benchmark)**	-2.3% (2020)	9.0% (2021)	■	9.5% (2021)	▲
	12	**Growth in commercial health care spending per capita (performance assessed relative to 3.1% benchmark)**	-2.9% (2020)	15.3% (2021)	■	9.3% (2021)	■
	13	**Employer-based health insurance premiums, single coverage (performance assessed relative to 3.1% benchmark)**	$7,452 (2020)	$8,088 (2021)	■	$7,380 (2021)	■
	14	**Benchmark premium for second-lowest-cost exchange plan, single coverage (performance assessed relative to 3.1% benchmark)**	$4,116 (2020)	$4,356 (2021)	■	$5,424 (2021)	▲
VALUE-BASED MARKETS	22	**Percentage of discharges in top 5 networks**	60.9% (2020)	60.8% (2021)	●	N/A	N/A
	23	**Share of newborn deliveries in community hospitals**	48.9% (2021)	48.5% (2022)	●	N/A	N/A
	24	**Share of commercial discharges from hospitals with relative price above 1.2**	27.9% (2019)	23.5% (2020)	▲	N/A	N/A
APM	25	**Total share of APMs for all insurance types**	45.3% (2020)	45.3% (2021)	●	N/A	N/A

Agenda

Call to Order

Approval of Minutes **(VOTE)**

Report on Trends in the Pediatric Market in Massachusetts

2023 Health Care Cost Trends Report

- Performance Dashboard

2023 POLICY RECOMMENDATIONS

Mass General Brigham Performance Improvement Plan

Executive Director's Report

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Executive Session **(VOTE)**

2023 Cost Trends Report Recommendations

As the HPC develops **policy recommendations** for inclusion in the 2023 Cost Trends Report, there is an opportunity to reflect on past policy recommendations and the state's progress (or lack thereof) to inform future priorities.

Last year, in tandem with the 10-year anniversary of the HPC, the 2022 Annual Cost Trends Report focused on addressing the intersecting challenges of **cost containment, affordability, and health equity**. While the Commonwealth has made some progress on these recommendations, more action is still needed.

As such, in order to inform the development of this year's policy recommendations, this presentation first reviews last year's recommendations.

2022 AREAS OF FOCUS

1	2	3	4	5	6
Strengthen Accountability for the Health Care Cost Growth Benchmark	Constrain Excessive Provider Prices	Enhance Oversight of Pharmaceutical Spending	Make Health Plans Accountable for Affordability	Advance Health Equity for All	Implement Targeted Strategies and Policies

2022 Policy Recommendations (Abridged)

1. **Strengthen Accountability for the Health Care Cost Growth Benchmark.** As recommended in past years, the Commonwealth should strengthen the mechanisms for holding providers, payers, and other health care actors responsible for health care spending performance to support the Commonwealth's efforts to meet the health care cost growth benchmark.
   - A. **Improve Metrics and Referral Standards for Monitoring Health Care Entity Spending**
   - B. **Strengthen Enforcement Tools in PIPs Process**

2. **Constrain Excessive Provider Prices.** Prices continue to be a primary driver of health care spending growth in Massachusetts, and the significant variation in prices for Massachusetts providers (without commensurate differences in quality) continues to divert resources away from smaller and/or unaffiliated community providers, many of which serve vulnerable patient populations, and toward generally larger and more well-resourced systems.
   - A. **Establish Price Caps for the Highest-Priced Providers in Massachusetts**
   - B. **Limit Facility Fees**
   - C. **Enhance Scrutiny and Monitoring of Provider Expansions**
   - D. **Adopt Default Out-of-Network Payment Rate**

2022 Policy Recommendations (Abridged)

3 **Enhance Oversight of Pharmaceutical Spending.** As drug spending continues to grow in Massachusetts, patients are acutely feeling rising out-of-pocket costs and other barriers to access in their insurance plan design.

A. **Enhance Transparency and Data Collection**
B. **PBM Oversight**
C. **Expand Drug Pricing Reviews**
D. **Limit Out-of-Pocket Costs on High-Value Drugs**

4 **Make Health Plans Accountable for Affordability.** As both health insurance premiums and the use of higher deductibles increase, further squeezing families in Massachusetts, the Commonwealth should require greater accountability of health plans for delivering value to consumers and ensuring that any savings that accrue to health plans (e.g., from provider price caps as described above or reduced use of high-cost care) are passed along to consumers.

A. **Set New Affordability Targets and Affordability Standards**
B. **Improve Health Plan Rate Approval Process**
C. **Reduce Administrative Complexity**
D. **Improve Benefit Design and Cost-Sharing**
E. **Alternative Payment Methods (APMs)**

2022 Policy Recommendations (Abridged)

5 **Advance Health Equity for All.** Achieving health equity for all will require focused, coordinated efforts among policymakers, state agencies, and the health care system to ensure that the Commonwealth addresses inequities in both the social determinants of health (SDOH) and in health care delivery and the impact of those inequities on residents. As such, all stakeholders should have both a role in and accountability for efforts to achieve health equity for all.

- **A. Set and Report on Health Equity Targets**
- **B. Address Social Determinants of Health**
- **C. Use Payer-Provider Contracts to Advance Health Equity**
- **D. Improve Data Collection**

6 **Implement Targeted Strategies and Policies.** To further advance cost containment, affordability, and health equity, the Commonwealth should adopt the following additional strategies and policies.

- **A. Improve Primary and Behavioral Health Care**
  - **i. Focus Investment in Primary Care and Behavioral Health Care**
  - **ii. Improve Access to Behavioral Health Services**
- **B. Examine Increases in Medical Coding Intensity and Improve Patient Risk Adjustment**
- **C. Support Efforts to Reduce Low-Value Care**

Discussion: 2023 Policy Recommendations

Reflecting on the 2022 policy recommendations, and the progress made to date, what changes would you recommend for the 2023 recommendations?

- Are there recommendations that should be de-prioritized?
- Are there recommendations that should be updated, reframed, or expanded?
- Are there new policy priority areas that should be included?

Potential new topics may include:

- Prior Authorization
- Health Care Workforce
- Affordability Benchmark/Strategies

How can the HPC best track its actions to advance each goal in the next year?

Next Steps

- In the coming weeks, HPC staff will circulate a full *draft* 2023 Health Care Cost Trends Report and Policy Recommendations to the Board for review and comment.
- The *final* 2023 Health Care Cost Trends Report and Policy Recommendations will be considered at the HPC Board Meeting on September 13, 2023.
- The report and policy recommendations will be discussed at the HPC Advisory Council meeting on September 20, 2023, and at the Annual Health Care Cost Trends Hearing on November 8, 2023.

Agenda

Call to Order

Approval of Minutes **(VOTE)**

Report on Trends in the Pediatric Market in Massachusetts

2023 Health Care Cost Trends Report

MASS GENERAL BRIGHAM PERFORMANCE IMPROVEMENT PLAN

Executive Director's Report

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Executive Session **(VOTE)**

Mass General Brigham Performance Improvement Plan

- Mass General Brigham (MGB) is currently implementing a Performance Improvement Plan (PIP). The Health Policy Commission required the plan after finding that MGB's spending growth presented significant concern and that a PIP could result in meaningful, cost-saving reforms.
- The HPC approved MGB's PIP in September of 2022. Implementation will run from October 2022 through March 2024.
- MGB's PIP includes 10 interventions across four categories, which MGB estimates will save a total of $176.3M over the 18-month PIP.
- MGB is required under the PIP regulation and the terms of its Approval Notice to provide confidential and public reports on progress toward its savings target every six months.
  - The first such report, covering October 2022 – March 2023, is available on the HPC's website.

MGB SAVINGS ESTIMATES	
CATEGORY	**TOTAL SAVINGS ESTIMATE (M)**
Price Reductions	$124.9
Reducing Utilization	$44.4
Shifting Care to Lower Cost Sites	$7.0
Accountability Through Value-Based Care	Not quantified
Total Savings Estimate	$176.3

HPC Evaluation Approach

REGULATORY FACTORS THE HPC MAY CONSIDER WHEN DETERMINING WHETHER A PIP WAS SUCCESSFUL

A. Whether and to what extent the Entity has addressed significant concerns about its costs, i.e., by achieving the target outcomes as specified in the PIP, in accordance with the Commonwealth's policy goals, including those concerning the cost, quality and accessibility of care;

B. Whether the Entity has fully implemented, in good faith, the strategies, adjustments and action steps of the PIP;

C. The sustainability of the efficiencies and cost savings of the PIP;

D. The impact of events outside of the Entity's control on implementation or cost growth; and

E. Other factors the Commission determines to be relevant.

- At the conclusion of the PIP, the HPC must determine whether it was successful.
- The *Performance Improvement Plan* regulation identifies several factors that the HPC may consider in making this determination.
- MGB is required to provide data and documents, as specified from time to time by the HPC, which will help inform the evaluation.

MGB Report on Progress to Date

- Overall, **MGB reported $45.3M in savings** during the first six months of implementation and reports being **on track to meet its total savings target** of $176.3M over the 18 months of the PIP.
- MGB reported savings slightly ahead of expectations for some strategies, and slightly behind expectations for others.
  - Savings associated with its Integrated Care Management Program and its pricing adjustments were ahead of schedule.
  - Savings associated with its Imaging Utilization and Home Hospital strategies were slightly behind schedule.
- MGB has **not proposed any amendments** to its approved PIP.

6-Month Progress as Reported by MGB: Price Concessions

INTERVENTION	TOTAL SAVINGS TARGET	EXPECTED SAVINGS THROUGH 3/2023	SAVINGS THROUGH 3/2023	VARIANCE
Outpatient Rates	$86.4M	$15.6M	$16.0M	+$0.4M
Mass General Waltham Rates	$19.1M	$3.8M	$5.3M	+$1.5M
ConnectorCare Rates	$17.9M	$6.0M	$6.3M	+$0.3M
Other Insurance Product	$1.5M	Starting 7/1/2023	Starting 7/1/2023	N/A
Total	**$124.9M**	**$25.4M**	**$27.6M**	**+$2.2M**

Mass General Brigham. Performance Improvement Plan: March 2023 Update. Available at: https://mass.gov/doc/mass-general-brigham-pip-public-6-month-report/download

KEY PROGRESS NOTES

- MGB reports that it exceeded anticipated savings for this slate of interventions by approximately $2.2M through March 2023.
- MGB reports that, due to a data lag, the reported $6.3M in ConnectorCare savings only includes savings generated from 10/1/2022-12/31/2022.
- MGB estimates that savings from these pricing interventions will account for approximately 70% of total savings, giving these strategies an outsized impact on the overall success of the PIP.

6-Month Progress as Reported by MGB: Reducing Utilization

INTERVENTION	TOTAL SAVINGS TARGET	EXPECTED SAVINGS THROUGH 3/2023	SAVINGS THROUGH 3/2023	VARIANCE
Integrated Care Management	$23.0M	$13.2M	$16.1M	+$2.9
SNF Utilization Reduction	$13.4M	$2.7M	Data lag	N/A
MGB Health Plan Utilization Management	$1.5M	$0.3M	Data lag	N/A
Imaging Utilization	$6.5M	$1.3M	$0.2M	-$1.1M
Total	**$44.4**	**$17.5**	–	–

Mass General Brigham. Performance Improvement Plan: March 2023 Update. Available at: https://mass.gov/doc/mass-general-brigham-pip-public-6-month-report/download

KEY PROGRESS NOTES

- MGB reported that its integrated care management program generated $2.9M more in savings than it had anticipated through March 2023.
- MGB reported that its imaging utilization intervention experienced some delays in launch, resulting in actual savings trailing estimated savings by $1.1M. The initial set of interventions is now in place.

6-Month Progress as Reported by MGB: Shifting Care to Lower Cost Sites

INTERVENTION	TOTAL SAVINGS TARGET	EXPECTED SAVINGS THROUGH 3/2023	SAVINGS THROUGH 3/2023	VARIANCE
Home Hospital	$1.9M	$0.3M	$0.2M	-$0.1M
Virtual Care	$5.1M	$1.0M	$1.2M	+$0.2M
Total	**$7.0M**	**$1.3M**	**$1.4M**	+$0.1M

Mass General Brigham. Performance Improvement Plan: March 2023 Update. Available at: https://mass.gov/doc/mass-general-brigham-pip-public-6-month-report/download

KEY PROGRESS NOTES

- MGB reports being generally on track with its strategies to shift care to lower cost settings.
- MGB reported that Home Hospital savings are behind target due to lower than anticipated admissions, driven by staffing challenges. MGB reports that it has been increasing staffing to meet the PIP goal and to address shortages in hospital beds across its system.
- MGB reported that Virtual Care savings are ahead of target, due to higher levels of utilization of virtual care for specialty visits than had been forecasted.

Next Steps

- HPC and MGB staff have met regularly throughout the implementation period, including for both quarterly check-ins and as needed to discuss measurement and evaluation.
- The next quarterly meeting will occur in August of 2023.
- MGB's next public report will be due after the conclusion of the fourth implementation quarter, which ends on September 30, 2023. The HPC anticipates providing a public update subsequently.

Agenda

Call to Order

Approval of Minutes **(VOTE)**

Report on Trends in the Pediatric Market in Massachusetts

2023 Health Care Cost Trends Report

Mass General Brigham Performance Improvement Plan

EXECUTIVE DIRECTOR'S REPORT

- FY 2024 HPC Operating Budget (**VOTE**)
- Notices of Material Change
- HPC Health Equity Lens
- Mental Health and Substance Use Disorder Standard Release Form
- AcademyHealth 2023 Annual Research Meeting Recap

Schedule of Upcoming Meetings

Executive Session **(VOTE)**

Agenda

Call to Order

Approval of Minutes **(VOTE)**

Report on Trends in the Pediatric Market in Massachusetts

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FY 2024 HPC OPERATING BUDGET (VOTE)

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FY 2023 Budget Background

- Beginning in 2017, the operating budget for the HPC is set in the annual state budget through an assessed account, 1450-1200.
  - The total amount is split among an assessment on acute care hospitals, ambulatory surgical centers, and health insurance companies. This is the same funding mechanism for the Center for Health Information and Analysis (CHIA).
  - Accordingly, the General Fund is **"held harmless"** for that amount as it is sourced from a dedicated revenue stream collected annually by the HPC.
- For FY23, the Legislature appropriated **$11,113,276**, aligning with the HPC's maintenance request.*

*Includes a $300,000 prior authorization continued to support a legislatively directed grant program

The HPC is anticipated to close FY 2023 with a very modest surplus.

Available Funds

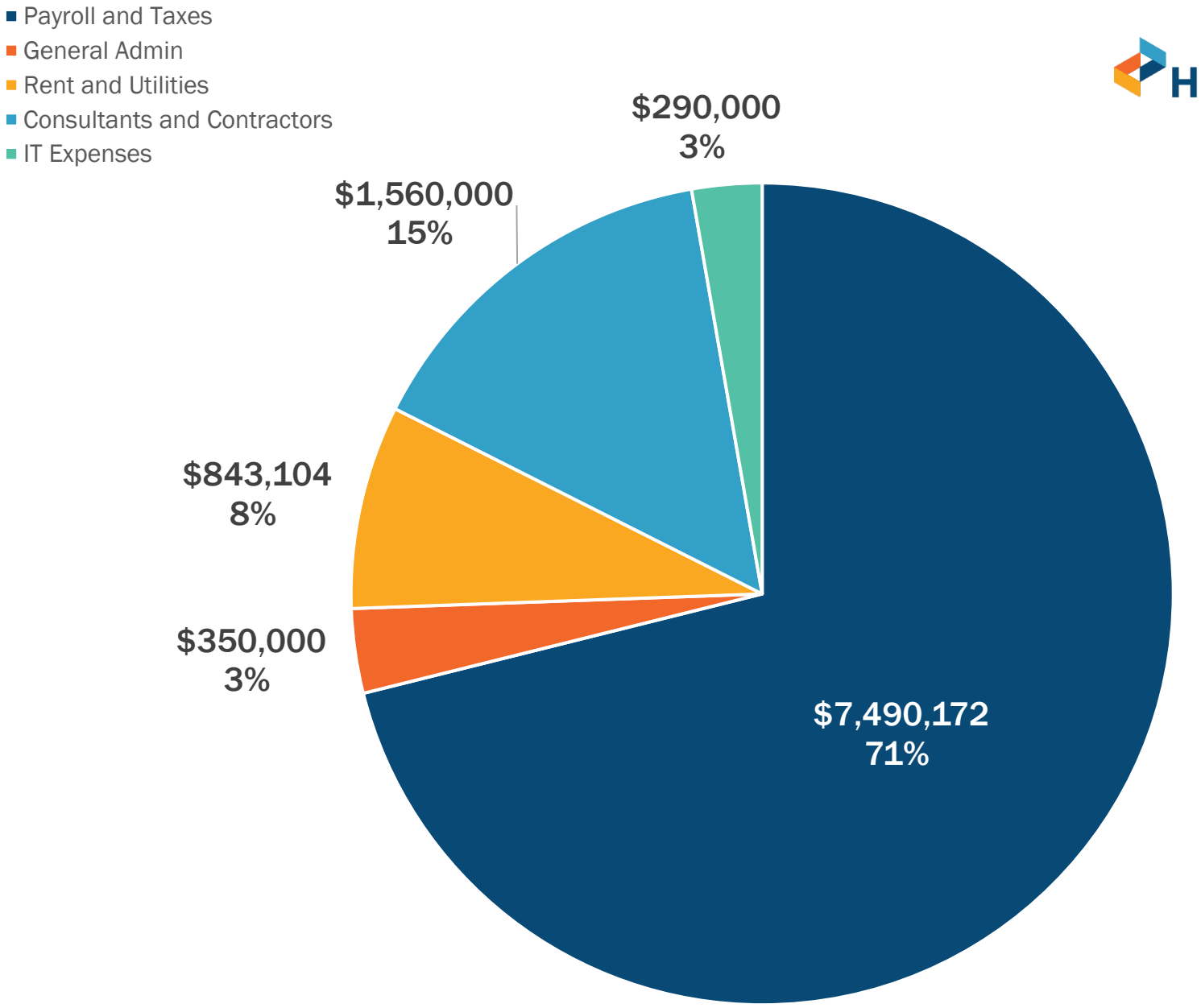
Final Expenditures

$375,208

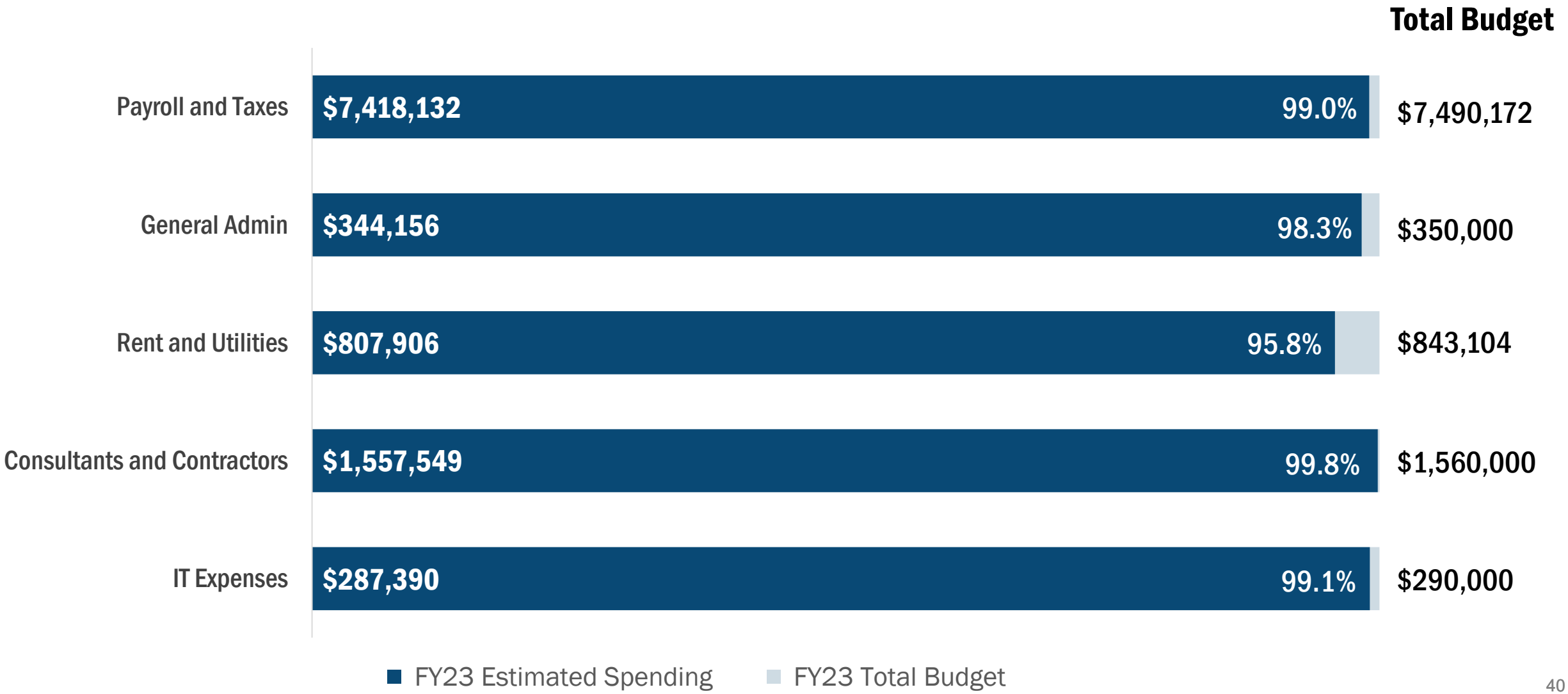
Below budget in FY23

Slightly lower than budgeted spending due to shifting timelines for a number of projects that utilize consultants and contractors, staff turnover and the HPC's deliberative approach to hiring, and the timing of cost and market impact reviews, drug pricing reviews, and the performance improvement plan process.

FY 2023 Budget by Category



FY 2023 Estimated Spending Compared to FY 2023 Total Budget



FY 2024 Budget: Key Assumptions

- For FY24, the HPC requested that the Governor and Legislature fund this account at $11,436,606. This represents a **2.9% increase from FY23 expected spending** and assumes funding for a “maintenance of effort” budget.
- The request assumes annualized funding for staff and professional services to support the HPC’s policy priorities for FY24. **This is a fiscally conservative estimate**, as there are significant unknowns in any given year (e.g., the number of market transactions or drugs that will be referred to the HPC from EOHHS, potential new PIPs, etc.).
- In addition, the funding will continue to support the administration of two operational grant programs.
- This request **does not include** the need for additional resources and staff to administer any new responsibilities and programs if any health care reform legislation or Chapter 224 modifications are passed this legislative session.

The Governor, the House, and the Senate all appropriated the same amount for the HPC's FY24 operating budget. The final budget is still being negotiated.

January 2023
Consensus Revenue Hearing

March 2023
Governor Healey filed her FY 2023 Budget Proposal.
HPC Appropriation: 1450-1200..... $11,436,606

April 2023
The House of Representatives filed their FY 2023 Budget Proposal.
HPC Appropriation: 1450-1200..... $11,436,606

May 2023
The Senate filed their FY 2023 Budget Proposal.
HPC Appropriation: 1450-1200..... $11,436,606

June 2023
Members of the Joint Committee on Ways and Means began meeting in conference to finalize a budget.

July 2023
Start of Fiscal Year 2024

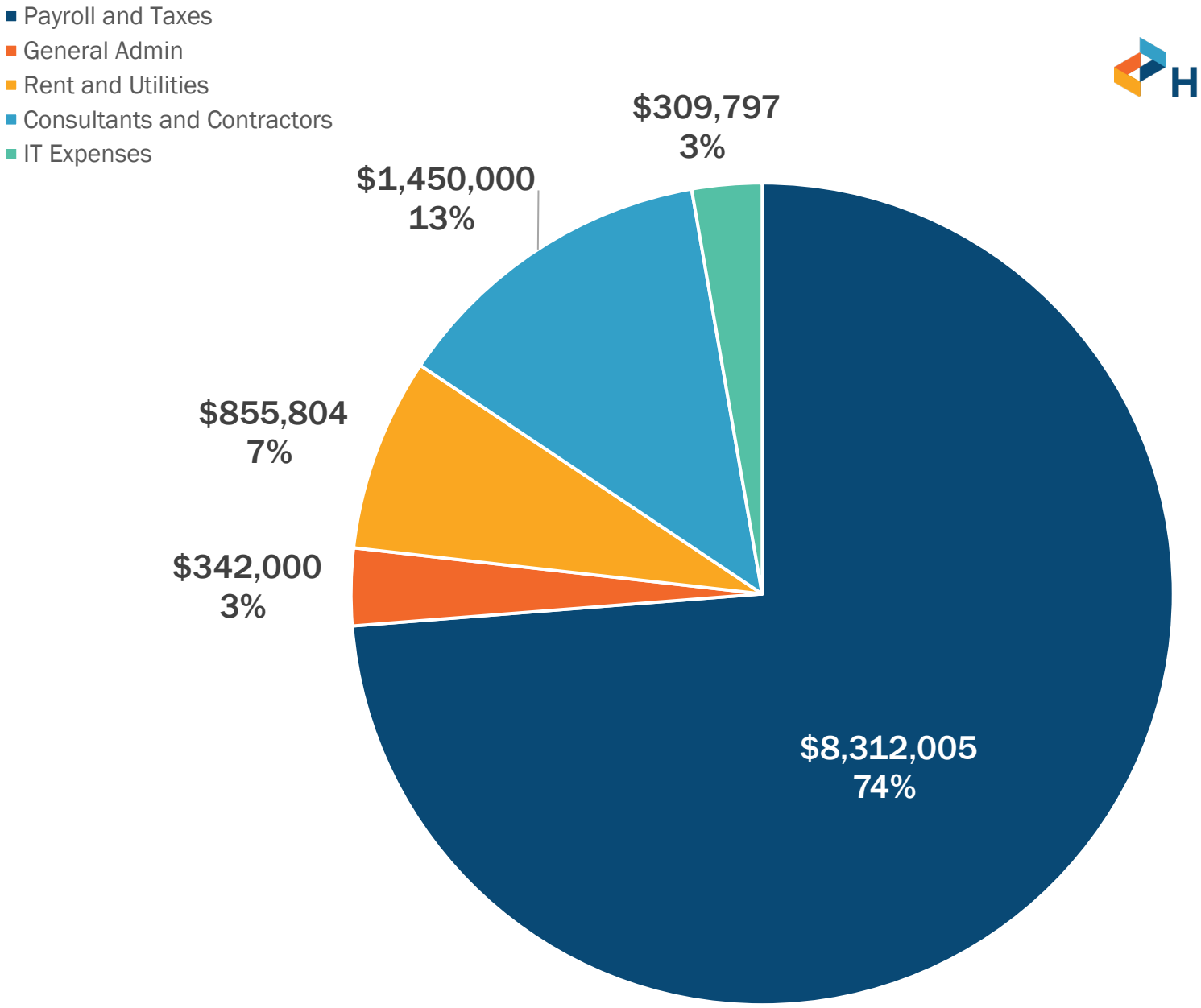
HPC-Related Work in the FY 2024 Budgets

Senate Budget

- ***Behavioral Health Services Rate Study.*** Directs EOHHS, in coordination with HPC and DOI, to conduct a comprehensive study and analysis of rates paid for behavioral health services by both private and public payers. It also direct EOHHS to review the adequacy of these rates to support the provision of equitable, quality behavioral health services in the Commonwealth.

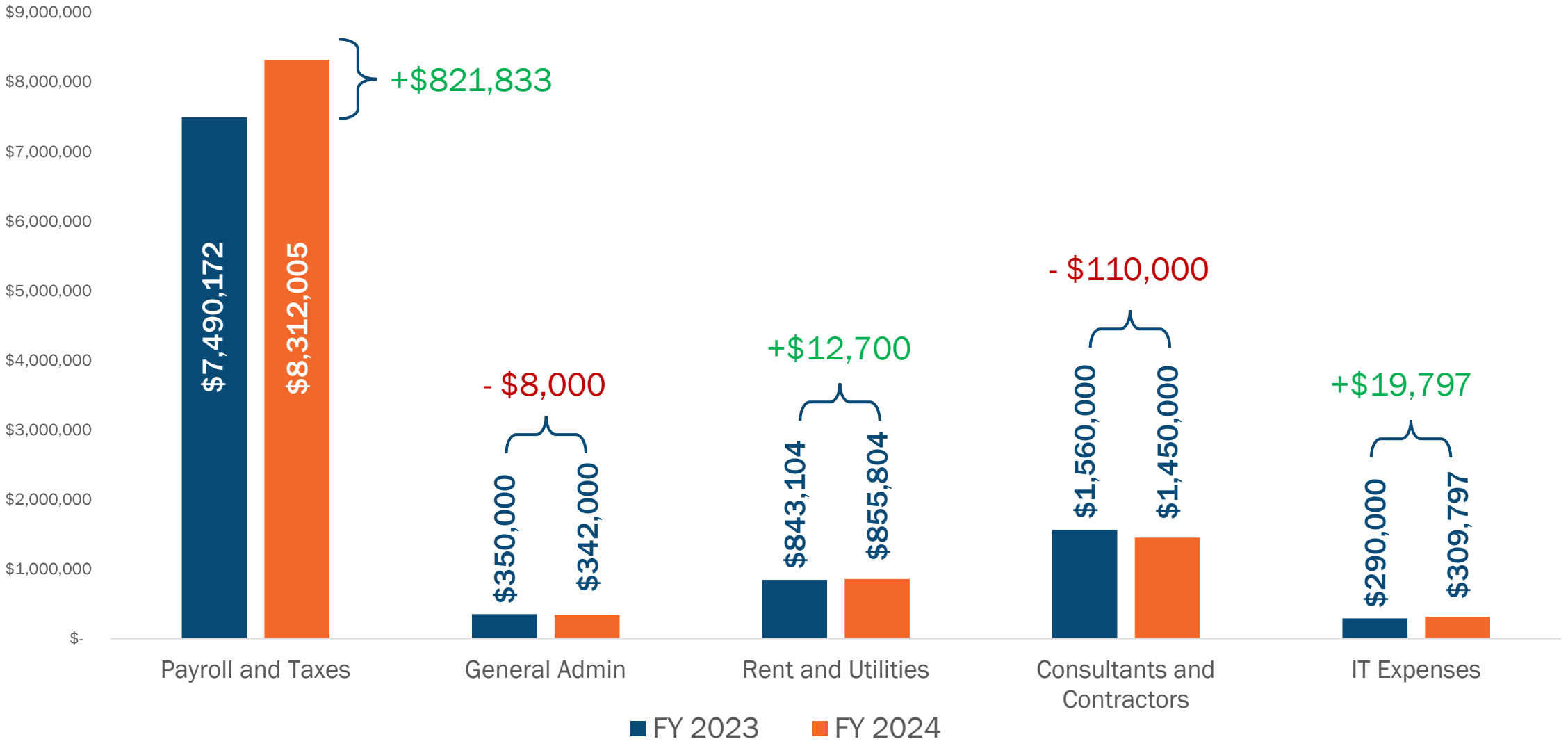
- ***Behavioral Health Workforce Study.*** Directs DPH's Bureau of Health Professions Licensure to conduct a study of licensure and certification processes for the behavioral health workforce. The analysis would include: the total number of licensed and certified behavioral health providers in the Commonwealth, a demographic analysis of providers, and an analysis of license application processing metrics, such as wait and processing times, for initial and renewing professionals. The Bureau is directed to submit findings, including any barriers to accessing data, to the HPC and certain legislative committee by June 28, 2024.

FY 2024 Budget Recommendation by Category



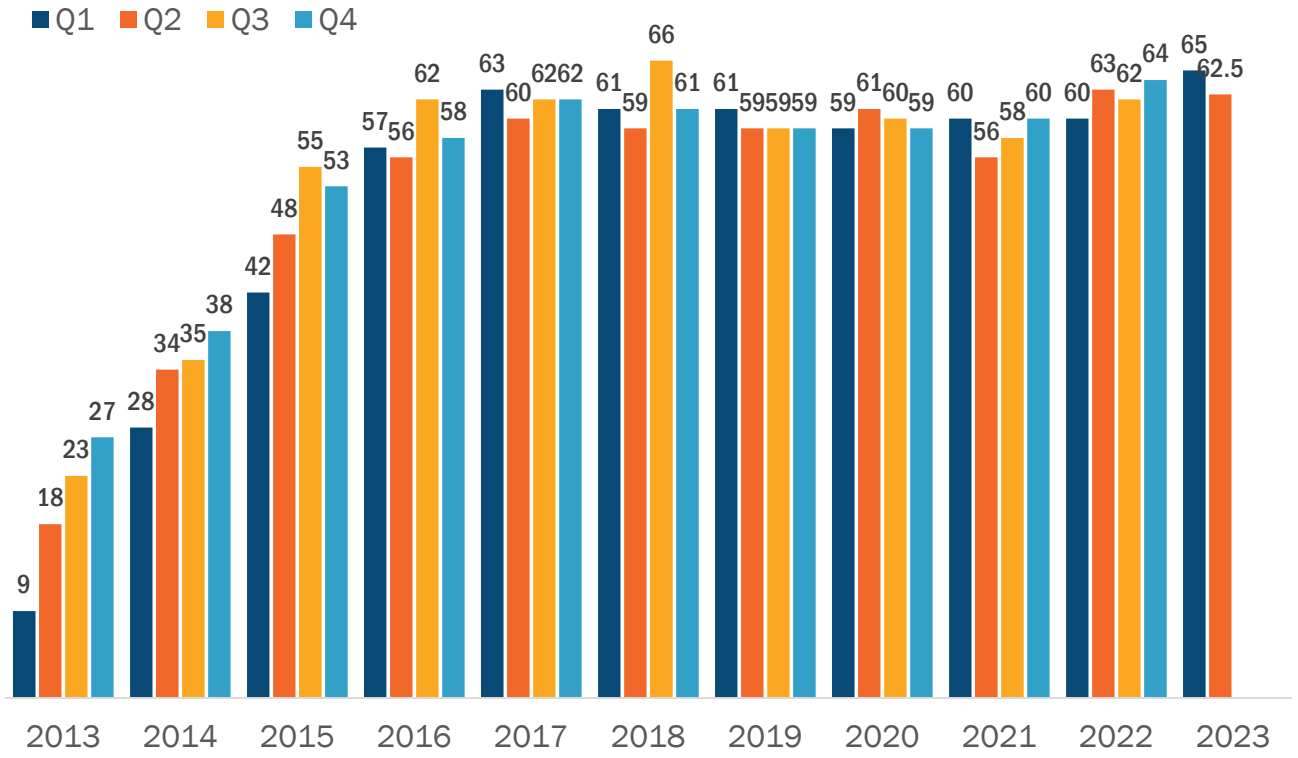
Note: $167,000 was built into budget assumptions for the ongoing operation of the HPC's two investment programs.

Additional funding will primarily support an increase in payroll expenses, necessary to support cost of living adjustments, staff backfills, and a small number (2-3) of new staff in FY24.



The number of employees has been stable at 60-65 for the past six years; the HPC will add approximately 2-3 positions in FY24 to staff new mandates and support agency work.

*HPC Employee Count: 2013-2023**



FTE by Department, July 1, 2023

Health Care Transformation and Innovation	14
Office of the Chief of Staff (Internal/External Relations)	14.5
Office of the General Counsel/Office of Patient Protection	7
Market Oversight and Transparency	15
Research and Cost Trends	12
Total FTE	**62.5**

*This graph includes a count of both full time and part time paid employees, including temporary contract employees but excluding seasonal fellows. The table is an adjusted count based on 37.5-hour work week (FTE).

VOTE

Approval of the HPC's FY 2024 Operating Budget

MOTION

That the Commission hereby accepts and approves the Commission's total operating budget for fiscal year 2024, as recommended by the Commission's Administration and Finance Committee and as presented and attached hereto and authorizes the Executive Director to expend these budgeted funds.

Agenda

Call to Order

Approval of Minutes **(VOTE)**

Report on Trends in the Pediatric Market in Massachusetts

2023 Health Care Cost Trends Report

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Executive Director's Report

- FY 2024 HPC Operating Budget (**VOTE**)

NOTICES OF MATERIAL CHANGE

- HPC Health Equity Lens
- Mental Health and Substance Use Disorder Standard Release Form
- AcademyHealth 2023 Annual Research Meeting Recap

Schedule of Upcoming Meetings

Executive Session **(VOTE)**

Since 2013, the HPC has reviewed 151 market changes.

TYPE OF TRANSACTION	NUMBER	FREQUENCY
Formation of a contracting entity	35	23%
Clinical affiliation	33	22%
Physician group merger, acquisition, or network affiliation	29	19%
Acute hospital merger, acquisition, or network affiliation	25	17%
Merger, acquisition, or network affiliation of other provider type (e.g., post-acute)	22	15%
Change in ownership or merger of corporately affiliated entities	6	4%
Affiliation between a provider and a carrier	1	1%

Elected Not to Proceed

- A proposed clinical affiliation between **Emergency Physician Associates of Massachusetts** (EPA), **Saint Vincent Hospital** (St. Vincent), and **MetroWest Medical Center** (MetroWest). St. Vincent and MetroWest, located in Worcester and Framingham respectively, are owned by Tenet Health Care Corporation, a national for-profit healthcare system. EPA is an affiliate of TeamHealth, a national healthcare staffing and management company. Under the proposed transaction, EPA would become the exclusive provider of emergency department services for both St. Vincent and MetroWest.
- The proposed employment of the emergency medicine clinicians of **Newton Wellesley Emergency Medicine Specialists** (NWEMS) by **Mass General Brigham** (MGB). NWEMS is a private medical group specializing in emergency medicine that staffs the emergency department at MGB-owned Newton Wellesley Hospital.
- A proposed clinical affiliation between four Beth Israel Lahey Health-affiliated entities: **Beth Israel Deaconess Medical Center** (BIDMC), **Harvard Medical Faculty Physicians at Beth Israel Deaconess Medical Center** (HMFP), **Mount Auburn Hospital** (Mt. Auburn), and **Cambridge Health Alliance** (CHA). The proposed clinical affiliation would expand a longstanding affiliation between BIDMC, HMFP, and CHA to include Mt. Auburn.

The HPC has no notices of material change currently under review.

Agenda

Call to Order

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HPC HEALTH EQUITY LENS

- Mental Health and Substance Use Disorder Standard Release Form
- AcademyHealth 2023 Annual Research Meeting Recap

Schedule of Upcoming Meetings

Executive Session **(VOTE)**

The HPC's Commitment to Health Equity

Eliminating health inequities is integral to achieving the HPC's mission.

> *The HPC's mission is to advance a more transparent, accountable, and **equitable** health care system through its independent policy leadership and innovative investment programs. The HPC's overall goal is better health and better care – at a lower cost – **for all residents** across the Commonwealth*

The HPC's statute states that the agency should seek to address health care disparities through its work:

> *The commission shall establish goals that are intended to **reduce health care disparities** in racial, ethnic, and disabled communities and in doing so shall seek to incorporate the recommendations of the health disparities council and the office of health equity.*

As part of its commitment to advance health equity and promote social and economic justice throughout its work, the HPC recognizes the need to continually examine how this work is being done and where improvements can be made.

Progress Towards Embedding Health Equity into HPC Internal Processes

Integrate health equity principles into operations and workstreams to ensure that an **"equity in everything"** approach is applied to all current and future projects.

Actively seek opportunities to **align, partner, and support** other state agencies, the health care system, and other organizations toward **common health equity goals**.

Explicitly build equity into the **design of measurement and evaluation plans** for investment programs, e.g., equity-focused patient experience data collection.

Hold regular **journal and book clubs** to stay up-to-date on equity themes and best practices and increase team fluency of health equity concepts.

Continually review and update the **HPC Health Equity Practice and Style Guide** to promote intentional and consistent use of language and terminology across all agency work products.

The HPC employs its four core strategies to advance health equity.

WATCHDOG

Monitor and intervene when necessary to assure market performance

CONVENE

Bring together stakeholder community to influence their actions on a topic or problem

RESEARCH AND REPORT

Investigate, analyze, and report trends and insights

PARTNER

Engage with individuals, groups, and organizations to achieve mutual goals

Looking Ahead

1 WORK IN THE PIPELINE

The HPC has several equity-focused projects that will be released in the next year. These include:

- A report on **Supply, Access, and Affordability: How Health System Factors Perpetuate Disparities** (expected fall 2023);
- The **5-year retrospective Cost and Market Impact Review on the Beth Israel Lahey Merger** (expected in 2024); and
- A new project exploring spending and outcomes for **pregnancy, delivery, and postpartum care** with a particular focus on lower-income populations and populations of color (in planning phase).

2 CONTINUED COMMITMENT TO TRANSPARENCY

The HPC will continue to provide updates on how **health equity principles are integrated into operations and workstreams**. This includes keeping current the **HPC's website** with information on projects and resources, holding public discussions during HPC Board and Advisory Council meetings and hearings, and keeping the public and stakeholders engaged through communications like the **Transforming Care newsletter**.

3 COLLABORATION AND PARTNERSHIP

The HPC actively seeks opportunities to **align, partner, and support** other state agencies, the health care system, and other organizations toward **common health equity goals.**

The Health Equity Compact's Equity Trends Summit: June 13, 2023

The Health Equity Compact comprises over **70 leaders of color** across a diverse set of Massachusetts organizations – including hospitals, health centers, payers, academic institutions and public health – who have come together to advance health equity in Massachusetts.

The Compact's bill, ***An Act to Advance Health Equity*** (H.1250 and S.799), is currently under consideration by the Massachusetts legislature.

- The inaugural summit highlighted **disparities in health, health care, and patient outcomes** in Massachusetts, including a new report released in partnership with the Blue Cross Blue Shield Foundation: *The Time is Now: The $5.9 Billion Case for Massachusetts Health Equity Reform*.
- Panels convened leaders from the **health care industry, businesses, state agencies, legislators,** and **other sectors** to discuss and make public commitments on how they will address health equity in the Commonwealth.
- Key Themes and Takeaways:
  - Creating a collaborative, coordinated approach to advance health equity for all residents of the Commonwealth is a **shared responsibility.**
  - The importance of **engaging directly with communities, including non-traditional health care partners,** to identify disparities, address social determinants of health, and improve care delivery.
  - The importance of **improving data collection standards** to better reflect racial, socioeconomic, and other disparities in health outcomes between communities.

Agenda

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- **MENTAL HEALTH AND SUBSTANCE USE DISORDER STANDARD RELEASE FORM**
- AcademyHealth 2023 Annual Research Meeting Recap

Schedule of Upcoming Meetings

Executive Session **(VOTE)**

Update: Mental Health and Substance Use Disorder Standard Release Form

- Section 11 of Chapter 177 of the Acts of 2022 requires the HPC to **develop a standard release form** for exchanging confidential mental health and substance use disorder information. Section 76 requires the HPC to **convene an advisory group** to advise the HPC on the form's development and use.
- In December 2022, the U.S. Department of Health and Human Services **released a Notice of Proposed Rulemaking to implement changes to 42 C.F.R Part 2**, the federal regulation that governs substance use disorder treatment records, which would more closely align it with HIPAA rules.
- Public comments were due on January 31, 2023, but there is **no public timeline for the final rule**.
- Given the implication of these federal changes to the HPC advisory group's statutory charge, **the HPC paused the standard release form process while awaiting a final rule**.
- HPC has reached out to the named organizations on the advisory group to provide this update.

Agenda

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ACADEMYHEALTH 2023 ANNUAL RESEARCH MEETING RECAP

Schedule of Upcoming Meetings

Executive Session **(VOTE)**

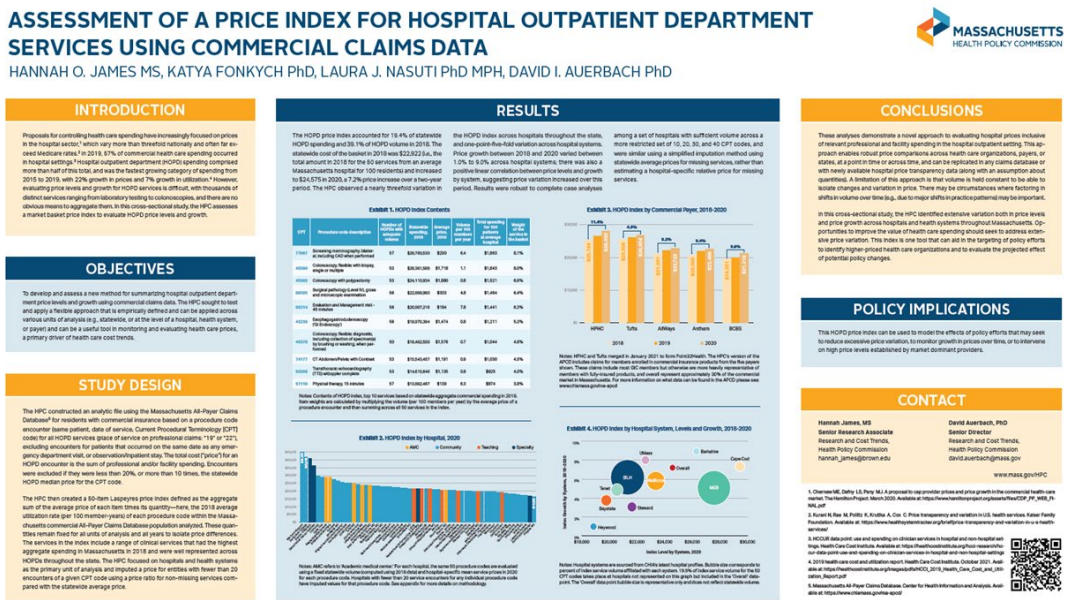
AcademyHealth 2023 Annual Research Meeting Recap

The AcademyHealth 2023 Annual Research Meeting (ARM) took place in Seattle, WA from June 24 to 27.

The HPC had 7 posters and one podium presentation at the conference.

One of the HPC's poster submissions, *Assessment of a Price Index for Hospital Outpatient Department Services Using Commercial Claims Data,* was selected **Best Poster** for the entire ARM 2023 conference.

All of the HPC's ARM 2023 submissions are available online.



ASSESSMENT OF A PRICE INDEX FOR HOSPITAL OUTPATIENT DEPARTMENT SERVICES USING COMMERCIAL CLAIMS DATA

HANNAH O. JAMES MS, KATYA FONKYCH PhD, LAURA J. NASUTI PhD MPH, DAVID I. AUERBACH PhD

MASSACHUSETTS HEALTH POLICY COMMISSION

INTRODUCTION

OBJECTIVES

STUDY DESIGN

RESULTS

CONCLUSIONS

POLICY IMPLICATIONS

CONTACT

Agenda

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SCHEDULE OF UPCOMING MEETINGS

Executive Session **(VOTE)**

Schedule of Upcoming Meetings

BOARD

September 13

December 13

COMMITTEE

October 4

ADVISORY COUNCIL

September 20

December 6

SPECIAL EVENTS

November 8

Cost Trends Hearing

Mass.gov/HPC

HPC-info@mass.gov

@Mass_HPC

tinyurl.com/hpc-linkedin

2023 ANNUAL HEALTH CARE COST TRENDS HEARING

When:
Wednesday, November 8, 2023

Livestream:
tinyurl.com/hpc-video

Where:
Suffolk University Law School
120 Tremont Street, Boston

MASSACHUSETTS
HEALTH POLICY COMMISSION

Agenda

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Schedule of Upcoming Meetings

EXECUTIVE SESSION (VOTE)

VOTE

Enter Executive Session

MOTION

That having first convened in open session at its July 12, 2023 board meeting and pursuant to M.G.L. c. 30A, § 21(a)(7), the Commission hereby approves going into executive session for the purpose of complying with M.G.L. c. 6D, § 10 and its associated regulation, 958 CMR 10.00, M.G.L. c. 6D, § 2A, and M.G.L. c. 12C, § 18, in discussions about whether to require performance improvement plans by entities confidentially identified to the Commission by the Center for Health Information and Analysis.