



**MASSACHUSETTS**  
HEALTH POLICY COMMISSION

# **Health Policy Commission**

## **Cost and Market Impact Review**

**September 7, 2016**

# Preliminary and Final Reports on the current CMIRs

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## Preliminary Report & Response

- Preliminary Report issued July 27
- Joint written response from the parties received on August 19<sup>th</sup>
- HPC analyzed the parties' response, including:
  - Discussing key points with the parties
  - Review by key HPC staff and outside experts
  - Consideration of feedback provided by commissioners

## Final Report

- Reflects consideration and analysis of the parties' response
- Parties' response and the HPC's analysis of the response are attached as Exhibits A and B of the Final Report, respectively
- Includes an expectation of continued monitoring by the HPC, but does not include a referral to the Massachusetts Attorney General's Office
- The proposed transactions may not be finalized until 30 days after issuance of the final report

## Principal findings: Cost and market impact

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- The proposed transactions would **increase market concentration** and solidify BIDCO's position as the second largest hospital network in the Commonwealth. This could strengthen BIDCO's ability to negotiate **higher prices** or other favorable contract terms.
- As NEBCIO physicians join BIDCO contracts, there would be a small to moderate increase in total health care spending of **up to \$4.5 million annually**.
- If BIDCO retains its low to mid-range prices and redirects volume away from higher-priced systems, the transactions **may reduce health care spending**. However, BIDCO has had limited success to-date redirecting commercial patients away from higher-priced systems.

## Principal findings: Care delivery and quality impact

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- Available information suggests **potential for NEBH to help BIDCO hospitals improve** performance on key quality measures; however, the parties have not yet developed specific plans, timelines, or resource commitments to transmit best practices to non-owned BIDCO hospitals
- The transactions are unlikely to significantly impact MetroWest's overall quality; however, several specific elements of the clinical affiliation suggest the potential for some **targeted quality and care delivery improvements at MetroWest**

## Principal findings: Access impact

- NEBH currently provides a very low share of orthopedic and musculoskeletal services to Medicaid patients. **NEBH has stated it is committed to increasing access** to its services for Medicaid patients, though the timeline is unclear.
  - In the Parties' Response, NEBH committed to care for a share of Medicaid patients proportionate to that of BIDMC's orthopedic patients over time and states that NEBH's "in-network" status for BIDCO PCPs will advance this commitment
- The MetroWest transactions **may increase access to certain services**:
  - Evidence suggests that expansion of services targeted in the BIDMC/HMFP clinical affiliation will help to fill identified community needs.
  - The proposed transactions could represent an opportunity for collaboration among BIDCO hospitals serving significant behavioral health populations if the parties make such collaboration a priority
  - In the Parties' Response, MetroWest, BIDMC, and HMFP committed to maintaining behavioral health services at MetroWest, evaluating opportunities to collaborate on behavioral health programs, and facilitating access to psychiatric services for patients of new primary care practices. They also committed that new primary care practices will accept all payers

## Specific issues highlighted for the parties to address

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Based on the findings in the Preliminary Report and concerns highlighted by Commissioners, the HPC identified certain key issues for the parties to address in their response:

- Specific commitments to mitigate concerns about increases in spending due to NEBCIO physician rate increases, potential increased utilization of BIDMC, and the potential for the transactions to strengthen BIDCO's negotiating position with commercial payers
- Data indicating that BIDCO affiliation has been responsible for decreased spending and/or improved quality for current affiliates
- Details regarding how quality improvement would be achieved, such as how progress toward quality improvement would be measured, specific improvements or benchmarks that would be expected in specific time periods, and how progress would be made transparent to the public
- Additional information regarding NEBH's payer mix and commitments to improve access for Medicaid patients
- Commitments to maintain (or further enhance) behavioral health services at MetroWest and commitments that new primary care providers would serve Medicaid patients

## Parties' response to the HPC's findings

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- The parties' response included minor technical suggestions and somewhat different interpretations of HPC findings, but did not generally dispute the HPC's findings that the transactions would result in increases in market share and market concentration, small to moderate price increases, and the potential for quality and access improvements.
- Key differences in the parties' interpretation include:
  - The parties claim that the potential for cost and market impacts will be mitigated by the fact that BIDCO will “remain a tenuous #2 hospital network, not within competitive reach of the current market leader” and that there would remain “a high degree of competition for orthopedic and MSK services throughout all relevant service areas”
  - Based on an alternative analysis, the parties also submit that increases in NEBCIO physician prices would result in a \$1.3 million per year increase in spending

## Parties' specific commitments regarding highlighted issues

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- **Access:** As noted, NEBH committed to increase its share of Medicaid patients over time to levels comparable to BIDMC's orthopedic patients, the parties committed to maintain and support behavioral health services at MetroWest, and the parties committed that new MetroWest-area primary care practices would accept Medicaid.
- **All other issues:** The parties committed to supporting the HPC's role and Chapter 224 objectives, but stated they could not specify a timeframe by which certain results could be demonstrated, declined to adhere to any additional reporting or monitoring requirements, and stated that they had already provided all available information regarding their plans and performance to date.



## Conclusion

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- The HPC is disappointed that the parties did not identify specific commitments, outside of compliance with their existing legal requirements, to further enhance transparency and accountability for the impacts of the proposed transactions
- Recognizing both the potential for positive and negative impacts from these transactions, the HPC recommends monitoring of the parties' performance, including the parties' progress on specific commitments and other stated goals of the transactions
- The HPC will assess the parties' performance over time through its ongoing authority to monitor the health care market including, but not limited to:
  - Potentially requiring specific written and oral testimony in connection with the HPC's annual cost trends hearings
  - Evaluating future transactions in light of the parties' performance
  - Potentially requiring a performance improvement plan or cost and market impact review if a party is identified by CHIA as having excessive health care cost growth
- However, based on the findings in the Final Report and the parties' written response, the HPC declines to refer the Final Report to the Massachusetts Attorney General's Office pursuant to MASS. GEN. LAWS c. 6D

## **Vote:** Issuance of a Final CMIR Report

**Motion:** That pursuant to section 13 of chapter 6D of the Massachusetts General Laws, the Commission hereby authorizes the issuance of the attached final report on the cost and market impact review of the proposed contract affiliation between Beth Israel Deaconess Physician Organization, LLC d/b/a Beth Israel Deaconess Care Organization, New England Baptist Hospital, and New England Baptist Clinical Integration Organization, LLC, the proposed contracting affiliation between Beth Israel Deaconess Physician Organization, LLC d/b/a Beth Israel Deaconess Care Organization and MetroWest Medical Center, and the proposed clinical affiliation between Beth Israel Deaconess Medical Center, Harvard Medical Faculty Physicians and MetroWest Medical Center.