



MASSACHUSETTS
HEALTH POLICY COMMISSION

Health Policy Commission Advisory Council

March 27, 2019



MASSACHUSETTS
HEALTH POLICY COMMISSION

AGENDA

- 2019 – 2020 HPC Advisory Council Membership
- Executive Director's Report
- 2019 HPC Policy and Research Agenda
- 2019 Meeting Calendar



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

Chapter 224 of the Acts of 2012

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



GOAL

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

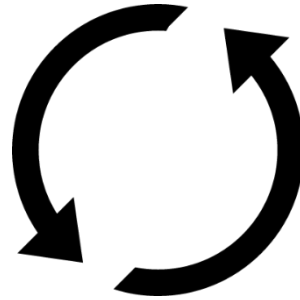


VISION

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

The HPC promotes two priority policy outcomes that contribute to reducing health care spending, improving quality, and enhancing access to care.

**Strengthen market functioning
and system transparency**



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

**Promoting an efficient, high-
quality delivery system with
aligned incentives**

The HPC employs four core strategies to advance its mission.

RESEARCH AND REPORT

INVESTIGATE, ANALYZE, AND REPORT
TRENDS AND INSIGHTS



CONVENE

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



WATCHDOG

MONITOR AND INTERVENE WHEN
NECESSARY TO ASSURE MARKET
PERFORMANCE



PARTNER

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



Role of the Health Policy Commission's Advisory Council

BACKGROUND ON THE HPC'S ADVISORY COUNCIL

- 1 Convened in 2013 with a body of 30+ diverse health care leaders
- 2 Meetings enhance the HPC's robust policy discussions by allowing for varied perspectives on the issues facing the market
- 3 Members are appointed to two-year terms. Today marks the first meeting of the 2019-2020 Advisory Council.

THE ADVISORY COUNCIL SUPPORTS THE AGENCY'S WORK BY

- 1 Advising on and providing specific input towards the HPC's research and policy initiatives, ensuring the consideration of diverse perspectives;
- 2 Contributing feedback and setting priorities for investment and certification programs;
- 3 Facilitating direct communication between HPC staff, HPC Board members, and a broad distribution of health care industry participants and stakeholders; and
- 4 Serving as a network for communicating the HPC's mission and work to a larger community.

2019 - 2020 HPC Advisory Council Members

- **Ms. Dianne Anderson**, President and CEO, Lawrence General Hospital
- **Mr. Richard Buckley**, Vice President of Corporate Affairs for North America, AstraZeneca
- **Mr. Michael Caljouw**, Vice President of Government & Regulatory Affairs, Blue Cross Blue Shield of Massachusetts
- **Mr. Christopher Carlozzi**, State Director, National Federation of Independent Business (NFIB) **NEW**
- **Dr. Abbie Celniker**, Partner, Third Rock Ventures **NEW**
- **Mr. JD Chesloff**, Executive Director, Massachusetts Business Roundtable
- **Dr. Cheryl Clark**, Director of Health Equity Research and Intervention, Brigham and Women's Hospital
- **Dr. Ronald Dunlap**, Cardiologist and Past President, Massachusetts Medical Society
- **Ms. Audrey Gasteier**, Chief of Policy and Strategy, Massachusetts Health Connector **NEW**
- **Ms. Bonny Gilbert**, Co-Chair of GBIO Healthcare Action Team, Greater Boston Interfaith Organization (GBIO) **NEW**
- **Ms. Tara Gregorio**, President, Mass Senior Care Association
- **Dr. Roberta Herman**, Executive Director, Group Insurance Commission (GIC) **NEW**
- **Ms. Margaret Hogan**, Chief Executive Officer of Boston Senior Home Care, Mass Home Care
- **Mr. James Hunt**, President and CEO, Massachusetts League of Community Health Centers

2019 - 2020 HPC Advisory Council Members

- **Mr. Jon Hurst**, President, Retailers Association of Massachusetts
- **Ms. Pat Kelleher**, Executive Director, Home Care Alliance of Massachusetts
- **Mr. David Matteodo**, Executive Director, Massachusetts Association of Behavioral Health Systems
- **Dr. Danna Mauch**, President and CEO, Massachusetts Association for Mental Health **NEW**
- **Ms. Cheryl Pascucci**, Family Nurse Practitioner, Baystate Franklin Medical Center
- **Ms. Carlene Pavlos**, Executive Director, Massachusetts Public Health Association **NEW**
- **Ms. Lora Pellegrini**, President and CEO, Massachusetts Association of Health Plans
- **Mr. Christopher Philbin**, Vice President of Office of Government Affairs, Partners HealthCare System
- **Ms. Julie Pinkham**, Executive Director, Massachusetts Nurses Association
- **Ms. Amy Rosenthal**, Executive Director, Health Care For All **NEW**
- **Ms. Christine Schuster**, President and CEO, Emerson Hospital **NEW**
- **Ms. Marci Sindell**, Chief Strategy Officer and Senior Vice President of External Affairs, Atrius Health
- **Ms. Emily Steward**, Executive Director, Casa Esperanza, Inc./Nueva Vida, Inc. **NEW**
- **Mr. Daniel Tsai**, Assistant Secretary for MassHealth, Executive Office of Health and Human Services
- **Dr. Michael Wagner**, Interim CEO and Chief Physician Executive, Wellforce **NEW**
- **Mr. Steven Walsh**, President and CEO, Massachusetts Health and Hospital Association



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- **Executive Director's Report**
 - Update on Health Care Cost Growth Benchmark
 - Upcoming Publications
- 2019 HPC Policy and Research Agenda
- 2019 Meeting Calendar



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2019 Hearing on the Health Care Cost Growth Benchmark

- Under the law, the HPC has limited authority to modify the statutory benchmark between **3.1% and 3.6%**.
- Massachusetts total health care expenditures (THCE) per capita grew **1.6% from 2016 to 2017**, below the benchmark rate and national growth rates.
- At the hearing, the HPC and CHIA highlighted the increasing challenge of **affordability** for Massachusetts residents.



Newly Released Findings from HPC and CHIA

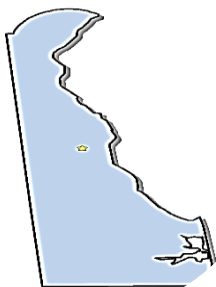
Insulin Drugs:

- For Massachusetts residents with diabetes, **annual spending on insulin products increased by 50%** from 2013 to 2016.
- Insulin spending was the **largest contributor** of health care spending growth for these residents, accounting for **27% of their total spending** in 2016.

Affordability of Health Care:

- In 2017, **43% of insured residents** reported having an **affordability issue** in the past 12 months and 18% of insured residents reported having multiple affordability issues.
- The amount that **middle class Massachusetts employees spend annually** on their health care (cost-sharing and employee premium contribution) **grew by 58%** between 2011 and 2018, and now exceeds the rest of the United States.

Inspired by the “Massachusetts model,” other states are increasingly establishing total health care spending growth benchmarks.



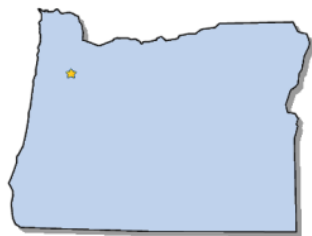
Delaware

- On November 20, 2018, Governor Carney signed an Executive Order (EO) establishing spending and quality benchmarks for health care in Delaware. The EO was signed after significant stakeholder engagement and a thorough examination of promising state models, including MA.
- The spending target is based on total (all-payer) health care spending growth and is initially set at 3.8% for 2019, with more aggressive targets over time.
- The quality improvement benchmarks encompass a range of measures, including emergency department use, opioid overdoses, tobacco use, obesity rates, and physical activity for high school students.



Rhode Island

- On February 6, 2019, Governor Raimondo signed an Executive Order establishing a target for total health care spending growth in Rhode Island: 3.2% annual growth through 2022.
- The Executive Order was signed after significant stakeholder engagement, supported by Brown University's School of Public Health, including an examination of the Massachusetts model.



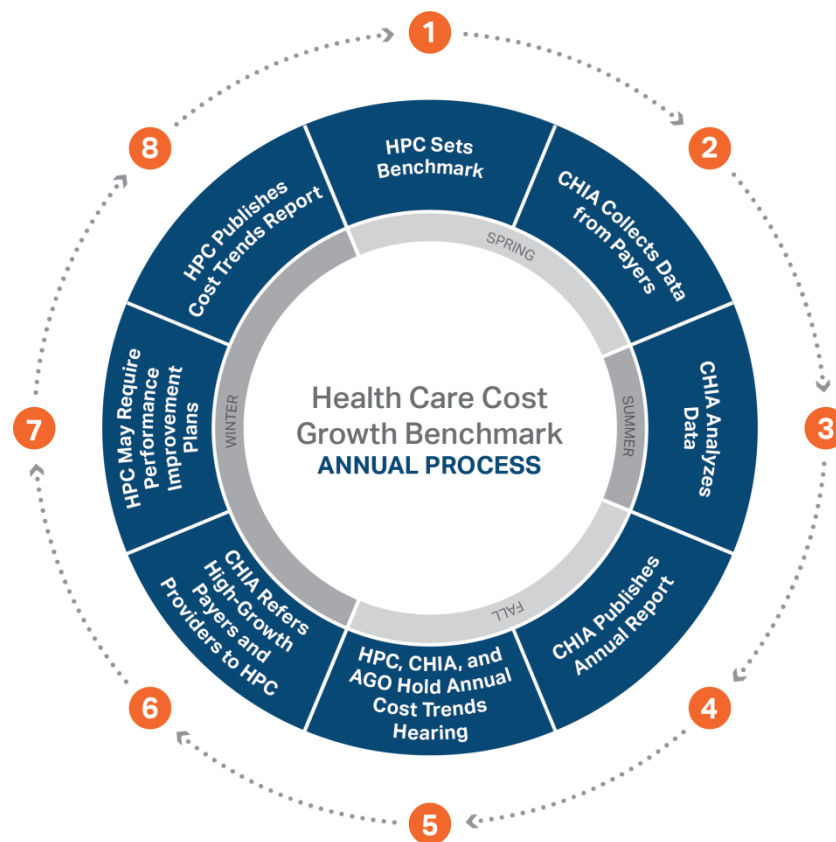
Oregon

- In 2017, Oregon established a Joint Interim Task Force on Health Care Cost Review to study the feasibility of creating a hospital rate-setting process in Oregon.
- In September 2018, after nearly a year of research and consultation with other states including Maryland, Vermont, Massachusetts, and Pennsylvania, the Task Force ultimately recommended that Oregon move forward with a total health care spending target.
- The Oregon Health Authority is leading the planning and initial implementation process.

HPC DataPoints, Issue 10: Health Care Cost Growth Benchmark

HPC DataPoints showcases brief overviews and interactive graphics relevant to the HPC's mission to drive down the cost of health care.

- Through the use of interactive graphics, this [latest edition of DataPoints](#) describes the HPC's **annual process for monitoring health care spending growth** against the benchmark and the performance of individual health care entities, as mandated by Chapter 224.
- The issue also describes the **benchmark setting process over the years**, and the HPC's authority to modify the benchmark.





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Upcoming HPC Publications in 2019

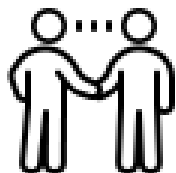
Co-Occurring Disorders (COD) Policy Brief

Findings on barriers to access for individuals with COD and policy recommendations



Tele-Behavioral Health Guide

Lessons from Telemedicine Pilot Awardees & PCMH Prime practices on integrating tele-behavioral health care into practice



ACO Policy Brief #3



Focus on the risk contract experience and performance management approaches of HPC-certified ACOs



Health Care Innovation Investment (HCII) Profiles

Targeted Cost Challenge Investments (TCCI)
Neonatal Abstinence Syndrome (NAS)

White and Brown Bagging Report

Study of the practice of shifting drug distribution channels

DataPoints Issue #11

Impact of insulin drug price increases for Massachusetts patients with diabetes

Drug Coupon Study

Study of the practice of discount vouchers for prescription drugs



DataPoints Issue #12

Pharmacy Benefit Manager (PBM) payment variation for generic drugs



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HPC Ongoing Research Projects

- Insulin price growth and spending for people with diabetes
- Pharmacy Benefit Manager (PBM) markups on generic drugs
- Out-of-Network billing
- Primary Care Nurse Practitioners and “incident-to” billing
- Utilization of high-cost, potentially wasteful care by provider organization
- Hospital factors associated with rates of admission from the ED
- Prescription drug coupons – use and impact
- Understanding growth in hospital outpatient spending
 - Prices, utilization, and shifts from other care settings
- Update: trends in opioid-related ED and inpatient utilization
- Avoidable ED use: resident survey to understand root causes

Policy Recommendations in the HPC's Annual Cost Trends Report

The 2018 Annual Cost Trends Report includes a set of eleven policy recommendations necessary to continue progress in achieving the Commonwealth's goal of better health, better care, and lower costs.

HPC Recommendations by Topics

- 1 Administrative Complexity
- 2 Pharmaceutical Spending
- 3 Out-of-Network Billing
- 4 Provider Price Variation
- 5 Facility Fee Reform
- 6 Demand-Side Incentives

- 7 Unnecessary Utilization
- 8 Social Determinants of Health
- 9 Health Care Workforce
- 10 Innovations in Integrated Care
- 11 Alternative Payment Methods



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- 2019 HPC Policy and Research Agenda
 - **Administrative Complexity**
 - Market Retrospective
- 2019 Meeting Calendar

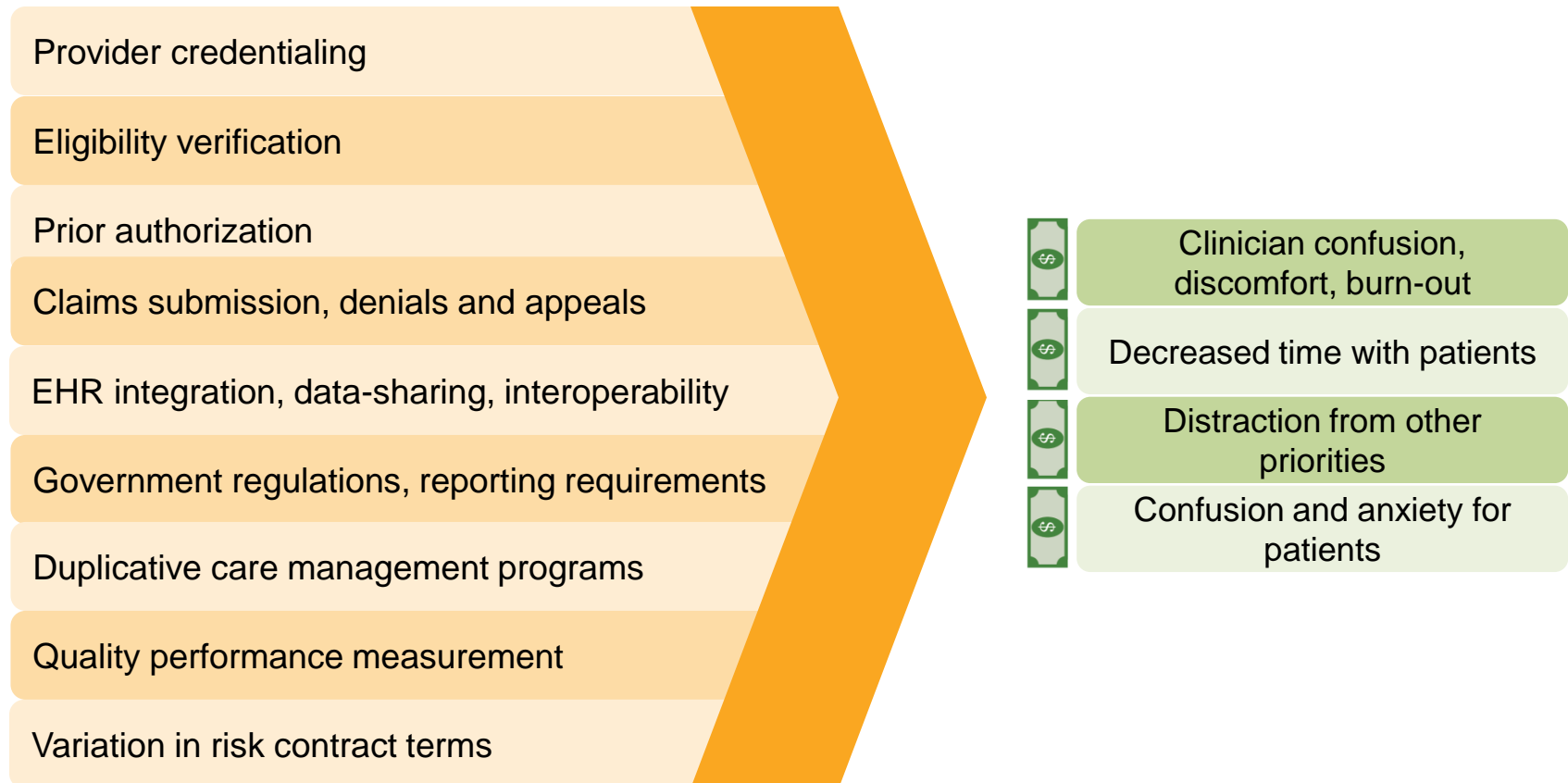
Administrative complexity drives up the cost of health care for patients and purchasers.

In 2016, the United States spent nearly twice as much as 10 high-income countries on medical care.... Prices of labor and goods, including pharmaceuticals and devices, and **administrative costs appeared to be the main drivers** of the differences in spending.

Health Care Spending in the United States and Other High-Income Countries (2018)
Irene Papanicolas, PhD; Liana R. Woskie, MSc; Ashish K. Jha, MD, MPH

Massachusetts payers and providers believe that administrative complexity threatens the Commonwealth's ability to meet the benchmark.

The challenge of administrative complexity – and its unintended consequences – has been identified in pre-filed testimony before every Cost Trends Hearing since 2013.



Some areas of administrative complexity add value; others do not.



Policy Recommendation:

The Commonwealth should take action to identify and address areas of administrative complexity **that add costs** to the health care system **without improving the value or accessibility of care**.

**Takes clinician time
or attention away
from patient care**

**Driven or constrained
by current technology
and its limitations**

*Potential markers of
administrative
complexity without value*

**Must be repeated or done
differently to accommodate
non-standard forms or
processes**

**Costs outweigh
financial benefits**

Areas of Administrative Complexity



PRIOR AUTHORIZATION



Oversight and Safety

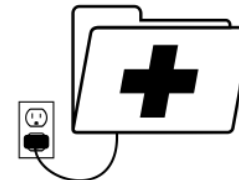
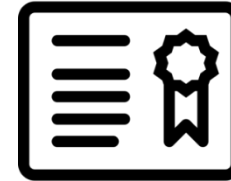
Product and Benefit Design

Contracting Complexity

Billing and Insurance Related

Care Delivery Fragmentation

Reporting Requirements



Proposed Principles for Selecting Focus Areas

- 1 Reducing complexity in this area would reduce health care costs in Massachusetts **without jeopardizing quality or access**
- 2 Massachusetts **stakeholders have prioritized action** in this area
- 3 The costs of the complexity – financial or non-financial – can be **measured**
- 4 The issue can be addressed **at the state level**
- 5 Work in this area could **complement without duplicating** existing efforts

Reducing Administrative Complexity: Discussion Questions

1

What areas of administrative complexity without value are most urgent in Massachusetts?

2

What challenges might the Commonwealth face in addressing these areas?

3

What can we learn from past efforts to address administrative complexity in Massachusetts? Nationally? Internationally?



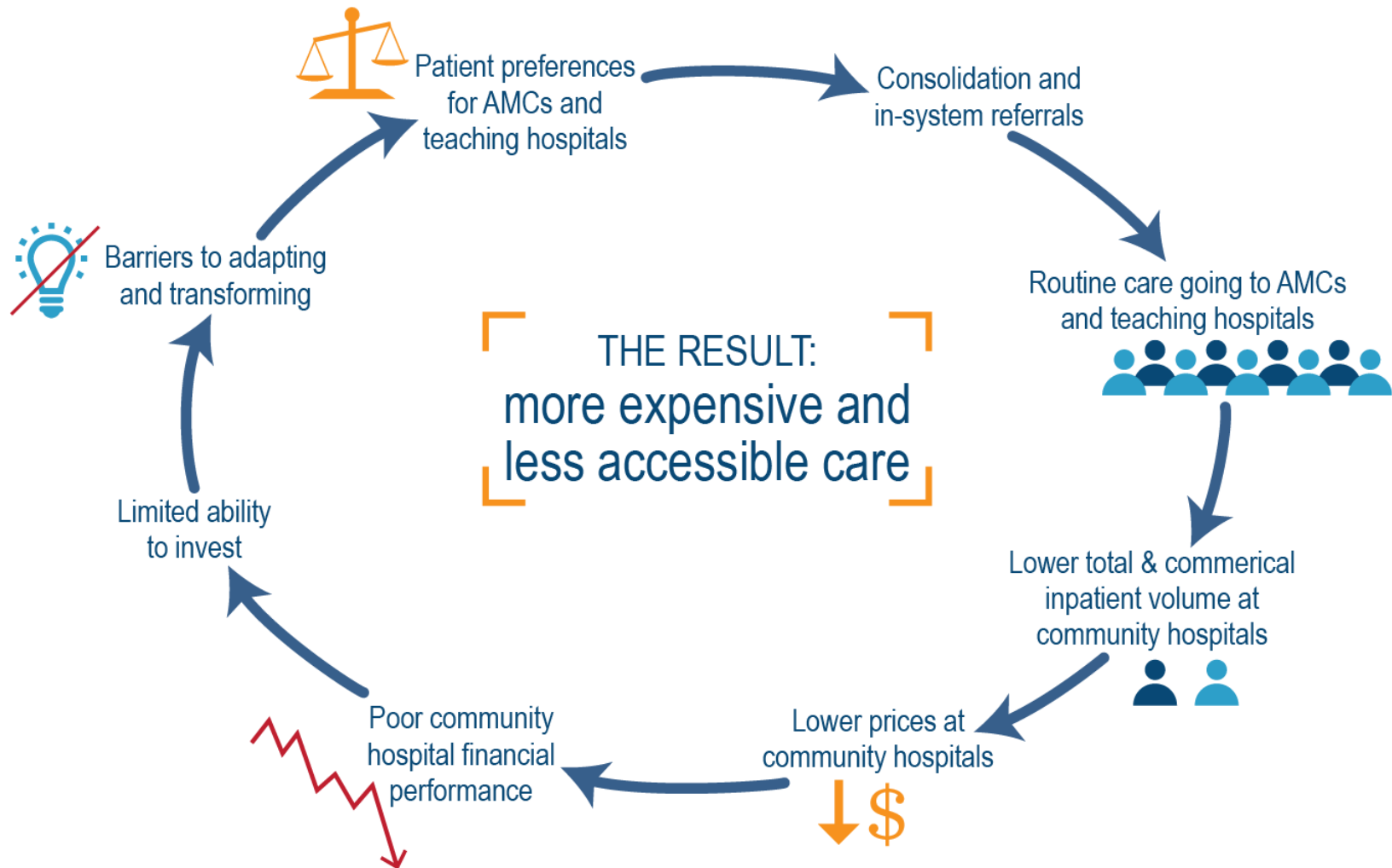
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 - Administrative Complexity
 - **Market Retrospective**
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Since the HPC started monitoring the health care market in 2013 there have been some positive changes, but market dysfunctions persist.

- Health care provider market changes, including consolidation and alignments between providers under new care delivery and payment models, have contributed to a **dynamic market** in Massachusetts.
- The HPC has reviewed **98 notices of material change** since April 2013, 40 of which involved hospital or physician affiliations.
- Hospitals are facing **unprecedented pressure to adapt** to new care delivery and payment models, with community and independent hospitals experiencing particular challenges driven by market dysfunctions.
- Physicians have been affiliating with hospitals and provider systems at a rapid rate; most primary care services in Massachusetts are now delivered by physicians **affiliated with major provider systems**.

Community hospitals continue to face self-reinforcing challenges that lead to more expensive and less accessible care.



The Market Retrospective project will examine the impact of major health care market changes in Massachusetts since the creation of the HPC.

Primary Goals of the Market Retrospective Project

- Highlight **areas of persistent market dysfunction** to emphasize the need for continued reform and investment
- Respond to commissioner and stakeholder interest in the **impacts of past transactions**
- Respond to commissioner and stakeholder interest in updating analyses from the **Community Hospitals at a Crossroads report**

Material Changes Received to Date

| TYPE OF TRANSACTION | NUMBER | FREQUENCY |
|--|--------|-----------|
| Clinical affiliation | 22 | 22% |
| Physician group merger, acquisition or network affiliation | 20 | 20% |
| Acute hospital merger, acquisition or network affiliation | 20 | 20% |
| Formation of a contracting entity | 18 | 18% |
| Merger, acquisition or network affiliation of other provider type (e.g., post-acute) | 12 | 12% |
| Change in ownership or merger of corporately affiliated entities | 5 | 5% |
| Affiliation between a provider and a carrier | 1 | 1% |

Community Hospitals
at a Crossroads:
A Conversation to Foster a
Sustainable Community Health
System



The Market Retrospective project will include analyses related to a cross-section of HPC policy interests.

Potential Priority Areas

- Descriptive analyses of **recent changes in the Massachusetts health care market landscape** (e.g., changes in overall utilization of hospital and non-hospital care, patient migration patterns, and spending)
- Analyses of the **impacts of provider consolidation** and the extent to which expected benefits have (or have not) been realized
- An examination of **disparities** among provider systems, **impacts** on the patients they serve, and the **need for continued development** of robust, efficient community health systems

The HPC will discuss results of these analyses across a number of different settings, potentially including the annual Cost Trend Hearings, other public meetings, and in publications.

DISCUSSION



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Upcoming 2019 Meetings



Advisory Council Meetings

Wednesday, July 10
Wednesday, November 13



Committee Meetings

Wednesday, June 5
Wednesday, October 2
Wednesday, November 20



Board Meetings

Wednesday, April 3 (3:00 PM)
Wednesday, May 1 (1:00 PM)
Wednesday, July 24
Wednesday, September 11
Monday, December 16



Special Events

2019 Cost Trends Hearing
Day 1 – Tuesday, October 22
Day 2 – Wednesday, October 23

APPENDIX

Policy Priorities in the 2018 Cost Trends Report

In late 2017, the HPC's Board restructured the policy committees to better align with its top priority areas and established two new committees, the **Market Oversight and Transparency Committee** (MOAT) and the **Care Delivery Transformation Committee** (CDT). Consistent with this strategic framework, the HPC recommends that the Commonwealth take action across the following two priority areas:

- 1 Strengthen market functioning and system transparency
- 2 Promoting an efficient, high-quality, health care delivery system

These include **NEW** recommendations for 2018, indicated in **orange**, and *renewed* recommendations from previous years' Cost Trends Reports, for which continued action, attention, and effort is required.

2018 Cost Trends Report: Summary of Recommendations

Strengthen market functioning and system transparency

1. **NEW** Administrative Complexity

The Commonwealth should take action to identify, prioritize, and address areas of administrative complexity that add costs to the health care system without improving the value care. The HPC intends to collaborate with stakeholders from across the health care industry to advance this policy imperative in 2019.

2. **Pharmaceutical Spending**

The Commonwealth should take action to reduce drug spending growth and payers and providers should consider further opportunities to maximize value. Specific areas of focus include:

- **NEW** Drug pricing review and accountability – establishing a process for review of high-cost drugs that enhances the ability of MassHealth to negotiate directly with drug manufacturers for supplemental rebates or outcome based contracts
- Adding pharmaceutical and medical device manufacturers as witnesses for the cost trends hearing
- **NEW** Proactive consumer price disclosure and other consumer focused policies such as pass-through rebate sharing
- **NEW** Greater oversight of pharmacy benefit manager prices and limiting the practice of excess “spread pricing”
- **NEW** Consider strategies to address prices for drugs covered under medical benefits of insurance plans including medical drug spending through price variation and consideration of Medicare reforms
- Consider opportunities for risk-based contracting with manufacturers
- Using treatment protocols and guidelines
- Enhanced provider education and monitoring of prescribing patterns

2018 Cost Trends Report: Summary of Recommendations

Strengthen market functioning and system transparency

3. Out-of-Network Billing

The Commonwealth should take action to enhance out-of-network (OON) protections for consumers. Specifically:

- Require advance patient notification
- Consumer billing protections in emergency and “surprise” billing scenarios
- Reasonable and fair reimbursement for OON services

4. Provider Price Variation

The Commonwealth should take action to reduce unwarranted variation in provider prices. Specifically:

- Advance data-driven interventions and policies to address persistent unwarranted provider price variation in the coming year

5. Facility Fees

The Commonwealth should take action to equalize payments for the same services between hospital outpatient departments and physician offices. Specifically:

- Implement site-neutral payments for select services
- Clear disclosure of fees to patients

6. Demand-Side Incentives

The Commonwealth should encourage payers and employers to enhance strategies that empower consumers to make high-value choices. Specifically:

- Encouraging employees to choose high-value plans, and employers to purchase health insurance through the Health Connector
- Payers improving the design of tiered and limited network plans, and testing new ideas such as PCP tiering
- Payers, employers, and employees utilizing new CompareCare website

Policy Priorities in the 2018 Cost Trends Report

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2018 Cost Trends Report: Draft Recommendations

Promoting an efficient, high-quality, health care delivery system

7. Unnecessary Utilization

The Commonwealth should focus on reducing unnecessary utilization and increasing the provision of care in high-value, low-cost settings, consistent with the HPC's improvement targets detailed in the health system performance dashboard. Specifically, policymakers and market participants should seek progress on:

- Avoidable ED utilization (e.g., low-acuity ED visits, BH-related ED visits)
- Avoidable hospital admissions/readmissions
- Community hospital-appropriate inpatient care at AMCs/teaching hospitals
- Institutional post-acute care

8. Social Determinants of Health (SDH)

The Commonwealth should take steps to address the importance of social determinants of health that impact health care access, outcomes, and costs. Building off of leadership by EOHHS and MassHealth, specific areas of focus include:

- Flexible funding to address health-related social needs
- Inclusion of social determinants in payment policies and performance measurement
- **NEW** Collaborations between health plans/ACOs and community-based organizations to address SDH
- Continued evaluation of innovative interventions to build the evidence-base

2018 Cost Trends Report: Summary of Recommendations

Promoting an efficient, high-quality, health care delivery system

9. Health Care Workforce

The Commonwealth should support advancements in the health care workforce that promote top-of-license practice and new care team models. Specific areas of focus include:

- Scope of practice reform, including removing restrictions that are not evidence-based (e.g., advance practice registered nurses)
- Establishing a new level of dental practitioner for expanded oral health care access (e.g., dental therapist)
- Support for new care team models, particularly to address patient's behavioral health and health-related social needs (e.g., community health workers, peer support specialists, recovery coaches)
- Engagement of the health care workforce in policy and delivery reform efforts

10. Innovation Investments

The Commonwealth should continue to support targeted investments to test, evaluate, and scale innovative care delivery models. Emerging ideas that should be considered for funding include:

- Telehealth, particularly for clinical services with patient access challenges (e.g., behavioral health, oral health)
- Mobile integrated health, in which community paramedicine and other providers treat patients in their homes and communities

2018 Cost Trends Report: Summary of Recommendations

Promoting an efficient, high-quality, health care delivery system

11. Alignment and Improvement of APMs

The Commonwealth should promote the increased adoption of alternative payment methods (APMs) and improvements in APM effectiveness. Specific areas of focus include:

- **NEW** Shift global budget payment models to two-sided risk to maximize the impact of incentives to improve health outcomes and values
- Reducing disparities in budget levels
- Incorporating bundled payments