

2018 Pre-Filed Testimony Hospitals and Provider Organizations



**As part of the
*Annual Health Care
Cost Trends Hearing***

Notice of Public Hearing

Pursuant to M.G.L. c. 6D, § 8, the Massachusetts Health Policy Commission (HPC), in collaboration with the Office of the Attorney General and the Center for Health Information and Analysis, will hold a public hearing on health care cost trends. The hearing will examine health care provider, provider organization, and private and public health care payer costs, prices, and cost trends, with particular attention to factors that contribute to cost growth within the Commonwealth's health care system.

Scheduled hearing dates and location:

Tuesday, October 16, 2018, 9:00 AM
Wednesday, October 17, 2018, 9:00 AM
Suffolk University Law School
First Floor Function Room
120 Tremont Street, Boston, MA 02108

The HPC will call for oral testimony from witnesses, including health care executives, industry leaders, and government officials. Time-permitting, the HPC will accept oral testimony from members of the public beginning at approximately 3:30 PM on Tuesday, October 16. Any person who wishes to testify may sign up on a first-come, first-served basis when the hearing commences on October 16.

Members of the public may also submit written testimony. Written comments will be accepted until October 19, 2018, and should be submitted electronically to HPC-Testimony@mass.gov, or, if comments cannot be submitted electronically, sent by mail, post-marked no later than October 19, 2018, to the Massachusetts Health Policy Commission, 50 Milk Street, 8th Floor, Boston, MA 02109, attention Lois H. Johnson, General Counsel.

Please note that all written and oral testimony provided by witnesses or the public may be posted on the HPC's website: www.mass.gov/hpc.

The HPC encourages all interested parties to attend the hearing. For driving and public transportation directions, please visit: <http://www.suffolk.edu/law/explore/6629.php>. Suffolk University Law School is located diagonally across from the Park Street MBTA station (Red and Green lines). Parking is not available at Suffolk, but information about nearby garages is listed at the link provided. The event will also be livestreamed on the [HPC's homepage](#) and available on the [HPC's YouTube Channel](#) following the hearing.

If you require disability-related accommodations for this hearing, please contact HPC staff at (617) 979-1400 or by email at HPC-Info@mass.gov a minimum of two (2) weeks prior to the hearing so that we can accommodate your request.

For more information, including details about the agenda, expert and market participant witnesses, testimony, and presentations, please check the [Annual Cost Trends Hearing section](#) of the HPC's website. Materials will be posted regularly as the hearing dates approach.

Instructions for Written Testimony

If you are receiving this, you are hereby required under M.G.L. c. 6D, § 8 to submit written pre-filed testimony for the 2018 Annual Cost Trends Hearing. On or before the close of business on **September 14, 2018**, please electronically submit written testimony to: HPC-Testimony@mass.gov. Please complete relevant responses in the provided template. If necessary, you may include additional supporting testimony or documentation in an Appendix. Please submit any data tables included in your response in Microsoft Excel or Access format.

We encourage you to refer to and build upon your organization's 2013, 2014, 2015, 2016, and/or 2017 pre-filed testimony responses, if applicable. Additionally, if there is a point that is relevant to more than one question, please state it only once and make an internal reference. **If a question is not applicable to your organization, please indicate so in your response.**

The testimony must contain a statement from a signatory that is legally authorized and empowered to represent the named organization for the purposes of this testimony. The statement must note that the testimony is signed under the pains and penalties of perjury. An electronic signature will be sufficient for this submission.

If you have any difficulty with the templates, did not receive the email, or have any other questions regarding the pre-filed testimony process or the questions, please contact HPC staff at HPC-Testimony@mass.gov or (617) 979-1400.

HPC Contact Information

For any inquiries regarding HPC questions, please contact HPC-Testimony@mass.gov or (617) 979-1400.

AGO Contact Information

For any inquiries regarding AGO questions, please contact Assistant Attorney General Sandra Wolitzky at Sandra.Wolitzky@mass.gov or (617) 963-2030.

HPC Pre-Filed Testimony Questions

1) STRATEGIES TO ADDRESS HEALTH CARE SPENDING GROWTH

To address excessive health care costs that crowd out spending on other needs of government, households, and businesses alike, the Massachusetts Health Policy Commission (HPC) annually sets a statewide target for sustainable growth of total health care spending. From 2013 to 2017, the benchmark rate was set at 3.6% growth. For the first time for 2018 and again for 2019, the HPC exercised its authority to lower this target to a more ambitious growth rate of 3.1%, the lowest level allowed by state law. Achieving this reduced growth rate in the future will require renewed efforts by all actors in the health care system, supported by necessary policy reforms, to achieve savings without compromising quality or access.

- a) What are your organization's top areas of concern for the state's ability to meet the 3.1% benchmark? Please limit your answer to no more than three areas of concern.

Reliant Medical Group believes that there are three primary issues that challenge the Commonwealth's ability to meet the 3.1% target.

First, we continue to see escalating pharmacy cost trends that drive a significant portion of Reliant's total medical expense trend. Increasing pharmacy costs appear to be driven by high year-over-year unit price increases for specialty and infused drugs, rather than increases in utilization. Currently, Reliant is finding that high pharmacy costs account for a significant portion of spending for our highest cost patients, often far exceeding costs for inpatient care.

Second, despite laudatory efforts on the part of the Commonwealth and the entire health care system to address the opioid crisis, Reliant is seeing an increasing number of patients presenting with substance use disorders. While opioid addiction is an important driver of this utilization, we continue to see a significant number of patients abusing alcohol or other substances. Our analysis indicates that patients with poorly controlled substance use disorders account for many of our highest cost patients.

Finally, Reliant is concerned about the potential cost impact to the health care system if Question 1, the ballot initiative related to mandatory nurse staff ratios, is approved by voters in November. Analysis indicates that passage of the ballot initiative could increase health care costs in Massachusetts by approximately \$1 billion a year. For Reliant, the increasing labor market competition and escalating salaries for nurses could significantly hamper our efforts to manage total medical expense by engaging in comprehensive care management and population health activities.

- b) What are the top changes in policy, market behavior, payment, regulation, or statute your organization would recommend to address these concerns?

With regard to escalating pharmacy costs, Reliant Medical Group supports federal and state regulatory controls on drug pricing, potentially including limits on annual price increases and an approval process for the pricing of new drugs based on clinical effectiveness. We also support regulatory limits on direct-to-consumer advertising, and we are encouraged by early efforts by CMS and others in the industry to reform the way providers are reimbursed for office-administered oncology drugs.

With substance use disorders, there are several areas where policy changes may help improve care for patients and reduce medical expenses. Federal regulations continue to limit clinical information sharing for patients with substance abuse histories and disorders. While Reliant recognizes patient concerns around maintaining the confidentiality of this information, confidentiality requirements in this area hinder efforts to effectively manage substance abuse disorders across provider settings. Moreover, we believe that HIPAA standards assure an appropriate level of privacy for patients while still permitting information exchange between treating providers. Reliant also believes that the Commonwealth can play a role in developing industry standards for measuring quality and outcomes in behavioral health services, and by promoting transparency of results for those behavioral health providers licensed in Massachusetts. Finally, Reliant encourages all payers – including the Commonwealth through MassHealth and the GIC – to promote greater integration of physical and behavioral health services through the elimination of behavioral health carve-outs.

Finally, while Reliant recognizes the strides that Massachusetts has made in promoting value-based payment, we continue to be frustrated by the persistence of fee-for-service payment in much of the health care industry. We encourage the Commonwealth to expand upon existing payment reform efforts in MassHealth and other state programs, and we believe that state government can play a role in standardizing alternative payment and risk adjustment methodologies to assure consistency and actuarial stability in the commercial market.

- c) What are your organization's top strategic priorities to reduce health care expenditures? Please limit your answer to no more than three strategic priorities.

Consistent with the areas of concern listed above, Reliant Medical Group's cost containment efforts are focused in two main areas.

First, Reliant seeks to reduce the growth in prescription drug spending, particularly for high-cost specialty drugs. We have tools embedded in our electronic medical record that provide prescribers with clinical protocols, guidelines, and formularies for drugs. We also have initiatives underway to provide education and information to prescribers on the cost effectiveness of clinically appropriate and therapeutically equivalent treatment alternatives and sites of service, and to monitor prescribing practices among our clinicians so that we can design interventions as appropriate. Reliant's Office of Population Health works closely with our patients to assure appropriate medication adherence and compliance, particularly for highly complex individuals. Finally, we have hired clinical pharmacists that provide consultation and medication reconciliation for complex patients, perform prior authorization reviews for high-cost drugs, and conduct academic detailing on appropriate prescribing, particularly for opioids and other pain medications.

Second, Reliant is focused on improving treatment for patients with substance use disorders and other behavioral health conditions. We are in the process of implementing a new model of behavioral health care, which will include standardized screening protocols to help us better identify and track patient needs. We are deploying embedded behavioral health clinicians to all our primary care practices so that we can arrange for care for our patients as soon as a substance use or behavioral health need is identified. Reliant also is engaging with targeted behavioral health providers and substance use treatment facilities in the community so that we can provide coordinated referrals for evidence-based treatments for specialized conditions that Reliant may not have the capacity of expertise to appropriately manage. Finally, we intend to develop a

medication-assisted treatment program that will allow us to provide chronic care management to substance use disorder patients in recovery.

2) INFORMATION ABOUT ALTERNATIVE CARE SITES

The HPC recently released a [new policy brief](#) examining the significant growth in hospital and non-hospital based urgent care centers as well as retail clinic sites in Massachusetts from 2010 to 2018. Such alternative, convenient points of access to health care have the potential to reduce avoidable and costlier emergency department (ED) visits.

Question Instructions: *If your organization does not own or operate any alternative care sites such as urgent care centers, please only answer questions (e) and (f) below. For purposes of this question, an urgent care center serves all adult patients (i.e., not just patients with a pre-existing clinical relationship with the center or its providers) on a walk-in (non-appointment) basis and has hours of service beyond normal weekday business hours. Information requested in question (a) below may be provided in the form of a link to an online directory or as an appended directory.*

- a) Using the most recent information, please list the names and locations of any alternative care sites your organization owns or operates in Massachusetts. Indicate whether the site is corporately owned and operated, owned and operating through a joint venture, or a non-owned affiliate clinical affiliate.

Reliant Medical Group operates four urgent care centers in central Massachusetts under the ReadyMed brand:

ReadyMed
460 Southbridge Street
Auburn, MA 01501

ReadyMed
234 Washington Street
Hudson, MA 01749

ReadyMed
340 East Main Street
Milford, MA 01757

ReadyMed Plus
366 Shrewsbury Street
Worcester, MA 01604

Our ReadyMed Plus site in Worcester is equipped to provide urgent care for more complex and acute conditions than a typical retail urgent care center. The services available at that location include CT imaging, infusion treatment, and urgent care for children under one year of age.

- b) Please provide the following aggregate information for calendar year 2017 about the alternative care sites your organization owns or operates in Massachusetts, including those operated through a joint venture with another organization (information from non-owned affiliates should not be included):

Number of unique patient visits	116,640
Proportion of gross patient service revenue that was received from commercial payers, Medicare, MassHealth, Self-Pay, and Other	Commercial 71% Medicare 11% Medicaid 16% Self Pay 2% Other 0%
Percentage of patient visits where the patient is referred to a more intensive setting of care	5% (estimate)

- c) For the alternative care sites your organization owns or operates in Massachusetts, briefly describe the clinical staffing model, including the type of clinicians (e.g., physicians, nurse practitioners, physician assistants, paramedics, nurses). If different models are used, describe the predominant model.

Reliant's ReadyMed practices primarily are staffed by nurse practitioners and physician assistants with experience in primary care and emergency medicine. Our workforce also includes several physicians who provide patient care and supervise the advanced practitioners on our staff. Given the scope of services at ReadyMed Plus in Worcester, a physician is on site at that location at all times.

- d) For the alternative care sites your organization owns or operates in Massachusetts, briefly describe the method and timeliness of how the medical record of a patient's visit to an alternative care site is shared with that patient's primary care provider (e.g., interoperable electronic health record, secure email transfer, fax). What barriers has your organization faced in sharing real-time information about patient visits to your alternative care sites with primary care providers or other health care providers?

ReadyMed shares a common electronic medical record with the rest of Reliant Medical Group's providers. If a ReadyMed patient has a primary care provider (PCP) at Reliant, that PCP is notified via the medical record of the patient's visit to ReadyMed, and full documentation of the encounter is available to the PCP. Reliant's primary care practices have established workflows in place to assure appropriate clinical follow-up after a ReadyMed encounter.

For ReadyMed patients who do not have a Reliant PCP, our electronic medical record system automatically prepares a visit report from the encounter that includes the diagnosis, treatment recommendations, and any medications that were prescribed. A copy of the visit report is provided to the patient with recommendations that they contact their PCP. The visit report also is distributed to the PCP that same day. The report frequently is delivered by fax, but ReadyMed does have the ability to share the report electronically depending on the PCP's technical capabilities.

- e) Besides establishing alternative care sites, what other strategies is your organization pursuing to expand timely access to care with the goal of reducing unnecessary hospital utilization (e.g., after-hours primary care, on-demand telemedicine/virtual visits).

Reliant Medical Group is engaged in a number of strategies to reduce unnecessary hospital utilization, aside from the creation of our ReadyMed urgent care sites. Within our primary care practices, we offer some access to after-hours primary care, and our team-based primary care

model allows to provide same-day sick visits to our patients in most cases. We also offer 24 hour phone access for our patients, including nursing access for health-related questions and access to our on-call physicians. We are exploring offering telehealth access to our patients, but prior experience in various pilot programs has indicated that the patient demand for telehealth services is low.

Approximately half of Reliant's hospital admissions are directed to Saint Vincent Hospital in Worcester, where Reliant employs its own staff of physician hospitalists. While these physicians care for Reliant patients receiving inpatient care, we also have a system in place at Saint Vincent where our hospitalists are notified when one of our patients presents in the emergency department. This allows our hospitalists to see our patients relatively quickly, which gives us the opportunity to arrange for care outside of the hospital where appropriate.

Reliant Medical Group also maintains a robust population health management team. The nurse care managers, social workers, and care coordinators on this team provide chronic and complex care management to high risk patients, particularly those at a high risk of hospitalization. The purpose of these interventions is to maintain our patients' health and functional status, while avoiding unnecessary emergency department and hospital utilization.

- f) Please comment on the growth of alternative care sites in Massachusetts, including implications for your organization as well as impacts on health care costs, quality, and access in Massachusetts.

Reliant Medical Group recognizes the importance of access to urgent care outside of the emergency department setting. While the opening of our ReadyMed urgent care centers has represented a revenue growth opportunity for our organization, the main goal of our ReadyMed strategy has been to reduce unnecessary emergency department utilization for our primary care patients, many of whom are covered under a value-based payment arrangement. To that end, we have deployed multiple strategies to redirect patients away from emergency department care, as described above.

While Reliant has tangible examples of scenarios where ReadyMed encounters have prevented an emergency department encounter for our primary care patients, it is not clear to us that the proliferation of urgent care centers in our service area has affected overall utilization of emergency departments. Instead, we continue to see emergency department utilization increase, even while urgent care encounters increase as well. Moreover, we are concerned that for many patients, urgent care services are replacing comprehensive primary care due to the convenience of access to an urgent care center, resulting in greater fragmentation of primary care. To combat this trend, Reliant is migrating to a team-based model of primary care that will allow us to expand access in our primary care sites, providing greater convenience to our patients. The expanded scope of services available at ReadyMed Plus in Worcester also is intended to assure that urgent care can be an effective substitute for emergency department care, and not simply a more convenient way to access basic primary care.

3) STRATEGIES TO SUPPORT PROVIDERS TO ADDRESS HEALTH-RELATED SOCIAL NEEDS

Earlier this year, the HPC held a special event entitled, [*Partnering to Address Social Determinants of Health: What Works?*](#), where many policymakers, experts, and market participants all highlighted the need for health care systems to partner with community-based organizations to address patients' and

families' health-related social needs (e.g., housing stability, nutrition, transportation) in order to improve health outcomes and slow the growth in health care costs.

- a) What are the primary barriers your organization faces in creating partnerships with community-based organizations and public health agencies in the community/communities in which you provide care? [check all that apply]
- Legal barriers related to data-sharing
 - Structural/technological barriers to data-sharing
 - Lack of resources or capacity of your organization or community organizations
 - Organizational/cultural barriers
 - Other: [Click here to enter text.](#)
- b) What policies and resources, including technical assistance or investments, would your organization recommend to the state to address these challenges?

As part of our efforts around the implementation of our MassHealth ACO, Reliant Medical Group has made significant strides in the past year in building connections with the organizations in the community to address the social needs of our patients. We are committed to expanding these connections as part of a holistic vision of improving the health of the communities we serve through high quality medical care and attention to social determinants of health.

One area of concern we see is that many community organizations do not have the systems capacity or management scale to meet the scale of need in the community. The Community Partner program initiated by MassHealth has helped to address this concern by encouraging community organizations to partner with each other and pool their management resources. The Commonwealth should continue to support these efforts by providing additional technical assistance and resources to help community organizations build operational capacity.

While MassHealth's Community Partner program has facilitated connections between health care providers and social service organizations, the payment mechanism for Community Partners currently is separated from the payment mechanism for MassHealth ACOs. Moreover, we continue to see strict requirements in MassHealth and other commercial ACO arrangements that prevent providers from using health care dollars to address health-related social needs. Reliant encourages the Commonwealth and commercial payers to allow greater flexibility in the use of health care dollars. In many cases, we believe that we can be more successful trying to address housing, nutrition, or transportation needs, rather than managing the medical complications that can result for individuals with needs in these areas.

Finally, while housing instability and food insecurity represent real and persistent threats to health for many individuals, it is important to recognize that access to reliable transportation can have the most immediate impact on an individual's ability to access the health care system. Lack of transportation also can make it more difficult for individuals to find adequate housing or access affordable, nutritious food. Reliant Medical Group believes that addressing transportation gaps for vulnerable patients should not be overlooked as part of the Commonwealth's efforts to reduce health care costs and improve the wellbeing of the state's residents.

AGO Pre-Filed Testimony Questions

1. For provider organizations: please submit a summary table showing for each year 2014 to 2017 your total revenue under pay for performance arrangements, risk contracts, and other fee for service

arrangements according to the format and parameters reflected in the attached **AGO Provider Exhibit 1**, with all applicable fields completed. To the extent you are unable to provide complete answers for any category of revenue, please explain the reasons why. Include in your response any portion of your physicians for whom you were not able to report a category (or categories) of revenue.

2. Chapter 224 requires providers to make price information on admissions, procedures, and services available to patients and prospective patients upon request.

a) Please use the following table to provide available information on the number of individuals that seek this information.

Health Care Service Price Inquiries CY2016-2018			
Year		Aggregate Number of Written Inquiries	Aggregate Number of Inquiries via Telephone or In-Person
CY2016	Q1	0	18
	Q2	0	34
	Q3	0	19
	Q4	0	21
CY2017	Q1	0	32
	Q2	0	18
	Q3	0	24
	Q4	0	26
CY2018	Q1	0	44
	Q2	0	65
TOTAL:		0	301

b) Please describe any monitoring or analysis you conduct concerning the accuracy and/or timeliness of your responses to consumer requests for price information, and the results of any such monitoring or analysis.

Reliant Medical Group patients can request information on Reliant’s fees either by speaking to staff at our clinical sites, or by calling our centralized Revenue Operations staff, and information can be provided to the patient immediately.

If a patient is seeking specific allowance or contracted rate information to determine their out of pocket costs under a deductible or coinsurance, the staff at our clinical sites will refer the individual to our centralized Revenue Operations staff. There, the staff utilizes multiple methods to obtain plan allowance and contracted rate information, including Recondo SurePay Health estimates for radiology services and the Experian/MPV software platform for all other services. In many cases, we can provide the information to the patient immediately while they are on the phone, though we respond to all information requests within one business day.

Our key challenge in providing plan allowance and contracted rate information is that the information is only accurate at the moment it is obtained. For example, if a patient has claims pending adjudication with their insurer that could accrue to their deductible or coinsurance prior to receiving services at Reliant, the estimate we give will be inaccurate. We communicate this limitation to our patients, and we provide them with contract information for the insurer if they need any more specific information.

- c) What barriers do you encounter in accurately/timely responding to consumer inquiries for price information? How have you sought to address each of these barriers?

Reliant Medical Group receives very few consumer inquiries for price information, and we are consistently able to respond within one business day, if not immediately. As noted above, timing can affect the accuracy of the information we are able to provide to patients. We encourage patients to contact their insurer to understand their deductible and coinsurance responsibilities, as well as their current accruals for out of pocket expenditures within the benefit plan year.

3. For hospitals and provider organizations corporately affiliated with hospitals:

- a) For each year 2015 to present, please submit a summary table for your hospital or for the two largest hospitals (by Net Patient Service Revenue) corporately affiliated with your organization showing the hospital's operating margin for each of the following four categories, and the percentage each category represents of your total business: (a) commercial, (b) Medicare, (c) Medicaid, and (d) all other business. Include in your response a list of the carriers or programs included in each of these margins, and explain whether and how your revenue and margins may be different for your HMO business, PPO business, and/or your business reimbursed through contracts that incorporate a per member per month budget against which claims costs are settled.

Not applicable; Reliant Medical Group does not have a corporate affiliation with a hospital.

- b) For 2017 only, please submit a summary table for your hospital or for the two largest hospitals (by Net Patient Service Revenue) corporately affiliated with your organization showing for each line of business (commercial, Medicare, Medicaid, other, total) the hospital's inpatient and outpatient revenue and margin for each major service category according to the format and parameters provided and attached as **AGO Provider Exhibit 2** with all applicable fields completed. Please submit separate sheets for pediatric and adult populations, if necessary. If you are unable to provide complete answers, please provide the greatest level of detail possible and explain why your answers are not complete.

Not applicable; Reliant Medical Group does not have a corporate affiliation with a hospital.