

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.

There are many areas of concern that exceed a 3.1% growth rate, limiting to 3 is as follows...

1. Year over year (YoY) price increases in:
 - Union RN labor costs (minimum of 4.5% annually)
 - Pharmaceutical costs (August year to date comparison shows YoY increase of 16% on an adjusted admission basis, driven primarily by chemo drugs (up 27% on AA basis) and biotech drugs (up 44% on AA basis).
2. Rate disparity in reimbursements among providers allows for cost inefficiencies to go unchecked in those facilities receiving higher reimbursements.
3. Question 1 on the ballot, adding to the existing shortage of RNs will only drive costs higher with no guarantee for improved patient care. Long term impact could result in less access for patients which will drive up costs, wait times and poorer outcomes for patients.

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

Price variation continues to drive up the overall cost of care, continuing the rate inequity between hospitals at the expense of community hospitals. We have appreciated the Health Policy Commission's focus on this issue in previous years, and we made some progress this year that unfortunately fell short of remedying the problem. Earlier this year, the Legislature ended its formal session without a compromise on a bill that would have addressed rate inequity through assessments on insurers, outpatient centers and some hospitals to generate funding for the Community Hospital Reinvestment Trust Fund for stabilizing community hospitals. We are hopeful this legislation will be re-considered in the 2019 legislative session. Reimbursement inequity impacts the sustainability of community providers, particularly in high-need, low-reimbursement areas. Although some progress has been made, as Saint Vincent Hospital testified in 2015, investment in behavioral health, while necessary to meet the needs of the community, is not reimbursed at sufficient levels to invest in the programs and facilities needed to effectively manage behavioral health. The lack of adequate treatment options continues to result in behavioral health patients boarding in the ED, or utilizing inpatient care when no appropriate outpatient care is available. Saint Vincent and MetroWest Hospitals continue to invest in both inpatient and outpatient behavioral health programs to address these needs, but as we have addressed the community need, the need has risen, in part due to the continuing opioid crisis facing the Commonwealth. Our service area, including Worcester, has been listed among communities with the largest challenges with opioid abuse and addiction. Additionally, behavioral health capacity has decreased in some areas by providers that reduced or shuttered behavioral health capacity due to the lack of finances. Because our mission is to provide for the overall health of our communities, we continue to invest in behavioral health despite the gap in

reimbursement. This places an unequal burden on community hospitals, where many of these patients are frequently seen.

- 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.

The top 3 initiatives SVH is focused on not only address costs but also address quality of care and patient experience:

1. Reduce re-admissions
2. Reduce unnecessary days away from home
3. Improve ER throughput times and walkout rates

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.

Corporately owned [SVH – St. Vincent Hospital; MWMC – MetroWest Medical Center]

SVH Ambulatory Clinic 108 Grove St, 01605

SVH Physical Therapy 440 Grove St, 01605

SVH Pain Center 102 Shore Dr, 01605

SVH Imaging and Physical Therapy 250 Hampton St 01501

SVH Cancer and Wellness Center 1 Eaton Place 01608

SVH Partial Hospitalization Program 2998 Lincoln St 01605

MWMC Imaging, Lab, Physical Therapy 321 Fortune Blvd 01757

MWMC Lab 435 King St 02038

MWMC Lab 475 Franklin St 01702

MWMC Lab 260 Cochituate Rd 01701

MWMC Lab 74 Main St 02053

MWMC Lab Shore Dr 01605

MWMC Lab 104 Leominster Rd 01564

MWMC Lab 61 Lincoln St 01702

MWMC Lab 181 Main St 01545

MWMC Lab 826 Southbridge St 01501

MWMC Lab 10010-K Shoppes Way 01532

MWMC Lab 463 Worcester Rd 01702

TPR-SV PCP - FM 813 Southbridge Street 01501

TPR-SV PCP - IM 102 Shore Dr 01605

TPR-SV PCP - FM 102 Shore Dr 01605

TPR-SV Cardiology 102 Shore Dr 01605

TPR-SV PCP - IM/FM 181 Main St 01545
 TPR-SV PCP - FM 104 Leominster Rd 01564
 TPR-SV PCP - IM/FM 10010-K Shoppes Way 01532
 TPR-SV PCP - FM 9 Trolley Crossing 01507
 TPR-SV OB/Gyn 9 Trolley Crossing 01507
 TPR-SV Cardiology 123 Summer St 01608
 TPR-SV Cardiac/Thoracic Surgery 123 Summer St 01608
 TPR-SV Neurology 123 Summer St 01608
 TPR-SV Endocrinology 123 Summer St 01608
 TPR-SV Geriatrics 123 Summer St 01608
 TPR-SV OB/Gyn 123 Summer St 01608
 TPR-SV Breast Surgery 1 Eaton Place 01608
 TPR-SV Oncology/Radiation Onc 1 Eaton Place 01608
 TPR-MW General Surgery 85 Lincoln St 01702
 TPR-MW Bariatric Surgery 67 Union St 01760
 TPR-MW PCP - IM 260 Cochituate Rd 01701
 TPR-MW OB/Gyn 260 Cochituate Rd 01701
 TPR-MW PCP - IM 435 King St 02038
 TPR-MW PCP - FM 969 Main St 02054
 TPR-MW OB/Gyn 969 Main St 02054
 TPR-MW PCP - IM/FM 10010-K Shoppes Way 01532
 TPR-MW Oncology 99 Lincoln St 01702

- 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	SVH – 50,461 MWMC – 59,521
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Proportion of gross patient service revenue that was received from commercial payers, Medicare, MassHealth, Self-Pay, and Other		SVH	MWMC
	Commercial	36.76%	53.81%
	Mcare	29.93%	19.81%
	Mcaid	1.73%	3.13%
	Self	0.08%	0.12%
	Other	31.50%	23.12%
Percentage of patient visits where the patient is referred to a more intensive setting of care	Data not available		

- 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.

Clinic sites include physicians, RNs, residents, medical office assistants and managers.

Lab sites include technicians and phlebotomists.

Physical Therapy sites include physical therapists and office assistants.

Imaging sites include technicians.

- 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?

Sharing of information is predominantly via secured email/fax and by phone (provider to provider). The primary barrier is connectivity and interfacing capabilities between all of the disparate EHR systems utilized by all providers.

- 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). Exploring the use of telemedicine and continuing to identify needs in the community with respect to investing in additional primary care sites.

- 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.

The growth of alternative care sites will assist patients with having access to the appropriate level of care required. Over time as volumes shift from hospitals, hospitals will be able to focus on the higher levels of care they are intended for. This focus should allow for more timely access and higher quality outcomes for patients.

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?
- SVH's emergency room is inappropriately utilized on a daily basis for behavioral health and substance abuse patients. Those patient populations need access to facilities/programs that provide the appropriate level of care for their needs. Investment in programs and facilities along with leveling the playing field in terms of appropriately reimbursing for behavioral health and substance abuse treatments would generate better access for these for these patient populations. These populations could then be treated with the appropriate level of care.

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		70
	Q2		48
	Q3		45
	Q4		32
CY2017	Q1		42
	Q2		52
	Q3		24

	Q4		48
CY2018	Q1		28
	Q2		30
	TOTAL:	0	419

- 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.

As calls are received from customers SVH has a tool in place (V-Estimator / PAI tool) that allows us to give real time answers back to customers while they are on the phone. For more complex cases (i.e. multiple surgical procedures, IP procedures) Patient Access will contact Finance for a more in depth analysis that is performed within 48 hours. Patient Access reaches back out to the customer with quotes.

- 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?

No known barriers in terms of process. Determining the actual procedure in question can be challenging when speaking directly with the potential patient as there are sometimes knowledge/terminology gaps that need to be overcome. In those scenarios or as needed, Patient Access will contact the customers' physician office for the appropriate CPT code(s)/procedure(s).

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. **See AGO Provider Exhibit 2**

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. **See AGO Provider Exhibit 2.**