MASSACHUSETTS
HEALTH POLICY COMMISSION

2018 Pre-Filed Testimony

Hospitals and Provider Organizations

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

Massachusetts Health Policy Commission
50 Milk Street, 8th Floor
Boston, MA 02109

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.

i. Priority 1: **Massachusetts Mandated Nurse Staffing Ratios**:

Mounting regulatory requirements have caused increasing administrative costs for healthcare facilities across Massachusetts and the United States. Southcoast anticipates that if the nurse staffing initiative passes, implementation of that regulation will cause costs to climb even further, forcing healthcare facilities, with already stressed budgets, to reduce critical services.

ii. **Priority 2**: **Reducing unnecessary hospital utilization by shifting care from high-cost settings**:

At Southcoast we recognize that there are unnecessary and avoidable situations for hospital and Emergency Department utilization. However, this is not traditionally related to inappropriate admissions, rather it is often related to services that are not available in other venues or to care that is not financially feasible for the patient. Therefore, patients utilize higher cost emergent care to address social and medical needs, that could otherwise be addressed in lower cost settings.

In the communities that Southcoast serves, many patients either cannot afford care in an appropriate setting, or are unaware of social services and health care facilities outside of the hospital that offer the care they need. As a community hospital, Southcoast provides care to all patients, regardless of their ability to pay, and we serve as a safety net for those patients who would otherwise be left untreated in their time of need.

While we understand that there are situations where patients should go to large metro health care systems, there is a considerable portion of care delivery that can be successfully accomplished in the community hospital setting. There continues to be a significant difference in the cost of care delivered in the large metro systems and the regional community hospitals like Southcoast. This is despite the delivery of comparable services for many clinical procedures. Southcoast is working to educate the community on our service excellence and the comprehensive health care services available to our patients, close to home. It is a key priority of Southcoast to keep patients local when appropriate. However, Southcoast does not have control over the choice patients ultimately make in selecting an appropriate health care setting; this lack of control can lead to increasing costs.

iii. Priority 3. High Pharmaceutical Cost:

One of the leading cost drivers for the state to meet the 3.1% benchmark is Pharmaceutical Costs. Specifically, the pharmaceutical inflation rate is higher than other healthcare-related cost inflations and is mostly beyond the control of providers. This means that controlling costs in other areas must offset the year-over-year pharmaceutical increases. Even when controlling for all other cost factors, the 3.1% benchmark will not be possible without having aggressive price reform and pharmaceutical accountability. The state must take a more aggressive stance in mitigating the rise in pharmaceutical costs.

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

i. Priority 1: **Mandated Nurse Staffing Ratios**:

Only one year after the HPC voted to reduce the growth rate benchmark from 3.6% to 3.1%, mandated nurse staffing ratios will add an additional $1.31 billion to overall health care costs in Massachusetts and an additional $38 million in imprudent expenses to Southcoast Health and to our patients. Public health care policy must be made by trained, experienced healthcare professionals at the bedside and not initiated by special interest groups that garner enough signatures. If passed, the Nurse Staffing Ratio will create onerous and unnecessary operational challenges and ill-advised internal restructuring that will lead to a loss of critical health care services. The State of Massachusetts will be forced to create additional safety net programs for the Commonwealth's most vulnerable hospitals.

ii. Priority 2: **Reduce Unnecessary Hospital Utilization by shifting care from high-cost settings**:

The delay of behavioral health treatment through timely access to services limits a patient's ability to properly address their medical conditions. As a result, patients frequently turn to the Emergency Department for care which results in poor control of medical conditions, contributes to downstream complications from chronic medical issues and associated higher costs of care, and contributes to housing and food instability in susceptible patients. We need investments in services that address the root causes of patients' issues rather than spending limited resources in the current environment which instead contributes to the revolving door approach to chronic illnesses – medical and behavioral alike. Ongoing education to beneficiaries regarding the funding and operations of state programs is needed. As a Commonwealth, we need to invest more in behavioral health and substance use disorder programs and recovery beds.

The lack of sufficient behavioral health resources within the Commonwealth, combined with the lack of reimbursement for telemedicine services for behavioral health clinicians/providers, inhibits the ability to address behavioral health needs for patients promptly. Reimbursement for telemedicine services in Massachusetts will create the ability for health care providers to efficiently deliver less expensive care to individuals, removing barriers to care (transportation, convenience, efficiency and the lack of easy navigation of the healthcare system). Massachusetts must mandate the parity for telemedicine.

Another area for future consideration is the inability to fund alternative environments of care through parity in payments for innovative approaches to care delivery. This is for both hospital as well as office-based care. Examples of this are telemedicine instead of in-office treatment where appropriate, and provision for medical treatment at home versus the hospital (hospital at home) for some medical and behavioral health issues. Current payment standards can constrain the ability to create new

models of care or reinforce the use of alternative services. The larger issue of controlling cost will require innovation in care delivery.

Compassionate and appropriate care of patients at the end of life is important. Patients and families are largely uninformed of the benefits of palliative and hospice services and, in some instances, the ways in which to access them. Discussions for supportive care services are difficult conversations to have in the time of crisis. Long-term planning and ongoing education via public service announcements and educational sessions for members of the public are critically needed to encourage patients and families to elect supportive care services when clinically relevant to a patient's care. Only then will the healthcare industry be able to bend the cost curve for expenses that are associated with care in the final weeks of life.

iii. Priority 3: High Pharmaceutical Cost:

Pharmaceutical costs are well above the inflation of other aspects of care. Some is for new very high-cost treatments that we cannot avoid giving since they are the best treatment. However, it goes into the cost of delivery. We should not have to doubly pay for these by also having to take lower reimbursement to keep the trend down. In some cases, it is about established drugs having prices raised only to reinforce the profits of drug companies beyond a prudent societal expectation.

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.

Southcoast Health has three strategic priorities to reduce health care expenditures:

1. **Clinical Best Practices –** Eliminate unwarranted clinical variation, including assessment of length of stay and excess day reduction and 30-day readmissions. Efforts around pharmaceutical cost reduction where appropriate will be included in this area. Also, areas of throughput will be reviewed carefully to ensure patients are receiving the quadruple aim of care delivery.
2. **Expense Controls** – In the rapidly evolving healthcare industry, expenses must be constantly assessed and reassessed to ensure limited resources are being utilized on strategic priorities. An agile workforce is necessary to remain well-positioned to provide patients and consumers with the exceptional clinical care and service they deserve. Implementing new consumer tools and technologies will provide an opportunity to reduce operational expense. Operational optimization and efficiencies, labor productivity and facility usage maximization are a few of the areas being reviewed thoughtfully to control expense. Continuing to extract value by streamlining historic legacy silos into aligned corporate services will provide additional cost controls and a better, more consistent experience for patients.
3. **Care Options** – Investing in conveniently accessible care options for patients provides many desirable results. Urgent care and Telehealth provide patients with timely and convenient access to care while potentially minimizing unnecessary trips to more expensive Emergency Departments. Also, maximizing the appropriate use of Advanced Practice Practitioners, particularly within a Primary Care setting, increases the likelihood of timely and convenient access to care for patients while lowering the cost of care.

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.

1. Southcoast Health Urgent Care Dartmouth – Corporately Owned
   Hannoush Plaza
   435 State Road
   Dartmouth, MA

2. Southcoast Health Urgent Care Fairhaven – Corporately Owned
   208 Mill Road
   Fairhaven, MA

3. Southcoast Health Urgent Care Wareham – Corporately Owned
   Wareham Crossing
   2421 Cranberry Highway
   Wareham, MA

4. Southcoast Health Urgent Care Fall River – Corporately Owned
   SouthCoast Marketplace
   450 William S. Canning Boulevard
   Fall River, MA

5. Southcoast Health Urgent Care Lakeville – Corporately Owned
   12 Main Street
   Lakeville, MA

6. Southcoast Health Urgent Care Seekonk – Corporately Owned
   Seekonk Square
   39 Commerce Way
   Seekonk, MA

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	**Unique Patients:** 42,664 **Unique Visits:** 59,182
Proportion of gross patient service revenue that was received from commercial payers, Medicare, MassHealth, Self-Pay, and Other	Commercial 60% Medicare 14% Medicaid 22%

	Self-Pay 1% Other 3%
Percentage of patient visits where the patient is referred to a more intensive setting of care	Currently, Southcoast does not capture this data, but Southcoast is committed to building out that capability internally within our EHR system in the next quarter.

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.

As an alternative care option, Southcoast currently owns 6 urgent care sites. Our staffing model consists of Medical Doctors, Nurse Practitioners, Physician Assistants, Paramedics, Certified Medical Assistants, and Radiology 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 healthcare providers?

Southcoast uses multiple avenues to share real-time patient data with the appropriate provider community. These tools include, but are not limited to, Direct Messaging, Fax, HIE through Epic's Care Everywhere, CareQuality, and eHealth. Some challenges Southcoast has experience include obtaining direct provider addresses, proper communication when a provider fax number changes and the participation levels for new tools such as CareQuality. Given some initiatives are Opt-In, not all organizations are currently participating. Therefore, information is not always available through the same channels.

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)?

Southcoast is reducing unnecessary hospital utilizations and shifting care from high-cost settings through the following efforts:

Telemedicine. Southcoast is establishing a telemedicine program for twenty-four-hour, year-round (365 days per year) access to providers for minor acute illnesses, such as sinusitis, conjunctivitis, urinary tract infections, dermatological rashes, colds/flu, etc. This program will be available to the public in 2019. It is also assessing all primary care office locations for expansion of after-hours visits to increase access and convenience for patients. Efforts focusing on the consumer experience, access, and convenience are at the forefront of the strategy for Southcoast in the next three years, including online appointment scheduling.

Community Health Workers (CHWs). Southcoast is seeking to decrease the use of ED and inpatient admissions by using CHWs to engage with patients to address social determinants of care and to increase self-care. Southcoast, through its Community Benefits program, has also utilized CHWs in working to overcome social determinants of health and cultural barriers to early screenings for diseases such as colon cancer. A recent outreach project with multi-lingual CHWs

increased the rate of early colon cancer screening from 15 to over 50 percent. Almost 10 percent of those screened were referred for further screening and treatment.

Comprehensive Care Management Program. Southcoast is coordinating care between inpatient and ambulatory practice settings for complex medical patients.

Clinical Pharmacists. Southcoast is fostering medication adherence by using clinical pharmacists to provide patient education, medication reconciliation, provider recommendations for dosing adjustments, and access to discounted drug programs.

Community Resource Specialist. This individual serves as an internal expert of community-based agencies and services to identify appropriate agencies for specific patient needs and to facilitate seamless patient referrals to such services.

Food Security. Southcoast has been a regional leader in efforts to increase access to healthy and nutritious food, particularly in vulnerable populations. Southcoast annually purchases Community Supported Agriculture (CSA) shares which are delivered weekly to vulnerable diabetics and other patients. We also collaborate with the regional Hunger Commission to deliver fresh fruits and vegetables to a mobile food pantry on a weekly basis. Last year over 700 families in Greater New Bedford benefitted from this service.

Housing. Through our Community Benefits program, Southcoast collaborates with regional coalitions to prevent and end homelessness and convenes a monthly Homeless Intervention Group which includes community and clinical staff. This group works to coordinate services for a defined group of homeless residents. Southcoast also supports efforts by community partners to medically triage homeless residents in shelter settings.

Emergency Department Staff. Case managers, social workers and other clinical staff positioned in our Emergency Departments engage patients to collectively problem-solve around avoidable ED visits.

Behavioral Health Integration. By embedding behavioral health services within primary care practices, Southcoast is seeking to decrease ED visits due to behavioral health issues and increase real-time access to behavioral health clinicians.

Recruiting Specialty Physicians. Southcoast Health has the largest network of specialty physicians in the region. Through strategic recruitment efforts, Southcoast has retained board certified, fellowship trained and clinically advanced cardiothoracic surgeons, electrophysiologists, structural heart specialists, vascular surgeons, neurosurgeons, orthopedic surgeons, colorectal surgeons, breast specialists, bariatric surgeons and radiation and medical oncologists to serve in its community-based health system. Delivering clinically advanced care in the community setting allows patients to stay close to home and their families when receiving specialty services.

Developing Innovative Programs. With these specialists on board, Southcoast developed local programs that were previously only accessible at academic medical centers. Examples include the following:

a. **Atrial Fibrillation Wellness Program.** Southcoast has developed an atrial fibrillation wellness program in which physicians and other clinicians work with patients to better manage their condition.
b. **Structural Heart Program and Valve Clinic.** Southcoast has created a Structural Heart Program/Valve Clinic where physicians collaborate from multiple specialties to evaluate valve disorders and select the best treatment plan for each patient.
c. **The Southcoast Lung Cancer Screening Program.** The Southcoast Lung Cancer Screening Program offers low-dose CT scan screenings to people who are at high risk for developing lung cancer.
d. **Southcoast Health Wellness Van.** The Southcoast Wellness Van travels across southern Massachusetts, providing free health screenings and promoting the optimal health and well-

being of the individuals we serve. Our van provides readily available medical care for those who may not have access.

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.

Alternative care sites implemented by Southcoast, such as urgent care, have not had any significant impact to the volumes at the higher acuity setting, such as an Emergency Department. Rather, we have seen them being used as an additional point of access for patients, particularly after-hours and on the weekends. This alternative is a lower cost to the consumer, as well as the overall health care system than the alternative of visiting an Emergency Department. It also decreases the need for redundant testing in offices if testing has already been performed in an alternative setting due to the shared medical record. Since the urgent care through Southcoast is licensed as an outpatient practice, it is subject to the same quality standards as any primary care or specialty office ensuring the highest quality of care is provided to the patient.

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?

- ☒ 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:

b) What policies and resources, including technical assistance or investments, would your organization recommend to the state to address these challenges?

Information-Sharing:

Over the years, Southcoast Health has devoted considerable attention and resources to establish secure information-sharing practices while ensuring compliance with the Health Insurance Portability and Accountability Act of 1996 (HIPAA) to protect the privacy of personal medical information.

HIPAA language can be confusing, and interpretations of law vary greatly across organizations, resulting in lengthy and costly reviews of the law and delays in rolling out new partnerships that have the potential to reduce unnecessary utilization of high-cost medical services. Moreover, the lack of consistent information-sharing policies, standards, and organizational priorities across institutions (including behavioral health and social service agencies), creates additional barriers to information-sharing from a population health management perspective.

In an effort to establish an integrated approach to data and information-sharing processes across the Southcoast system, Southcoast Health invested in Epic, an electronic health record system (EHR). While Epic has created a "one record" system-wide approach to improve data and information-sharing between providers across the Southcoast Health system and other Epic organizations, the lack of participation from other local organizations to join key Health Information Exchange (HIE) platforms such as CareQuality has become a barrier to share real-time critical patient information.

These barriers ultimately impede care coordination efforts and impact the quality of care delivered across the care continuum. The potential development of an integrated, accessible, secure platform on which summative information is stored and shared across sectors, including social service providers and public health departments, and improving upon a structured communication plan regarding HIPAA policies and standards in sharing information, could help drive hospital savings by reducing emergency admissions and discharge delays.

Lack of Resources/Cultural Barriers:

Persistent lack of resources (in general) and trained/credentialed staff (especially as it relates to all levels of Behavioral Health providers and primary care) has resulted in decreased capacity and reduced access to assist patients in need of these services. Southcoast has taken a number of measures to address these barriers and reduce non-emergent visits to the hospital, including entering into an Accountable Care Organization with Medicare and Medicaid, opening six urgent care centers across the South Coast region and working to implement Telehealth and mobile-integrated care as an alternative option for patients seeking routine care.

In the past through grant funding, Southcoast has also implemented the successful utilization of Community Health Workers (CHWs) or Recovery Coaches to fill gaps in medical and behavioral health care and to address social determinants of health needs. CHWs were shown to remove barriers to care and reduce unnecessary visits to higher cost care, including the emergency room. While these services help to alleviate some of these challenges, it is important to note that some of the services, such as Telehealth and CHWs, are not reimbursable services by all payers, which may impede utilization of such services. Consideration should be made to recommend that payers cover these types of lower cost, highly effective services.

Southcoast has also participated in a number of community meetings including a roundtable discussion to address and identify workforce issues across the region. More research could be completed to better understand workforce development issues and incentives should be considered for those practices most in need, such as reimbursement for training and student loan forgiveness programs.

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.**

A summary table has been attached to address this question. Please see attachment ***AGO Provider Exhibit 1*** for more details.

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**	2	4
	Q2	3	7
	Q3	8	20
	Q4	5	12
CY2017	**Q1**	2	6
	Q2	7	15
	Q3	12	29
	Q4	14	34
CY2018	**Q1**	11	27
	Q2	10	23
	TOTAL:	**74**	**177**

   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.

   Currently, Southcoast does not have a definitive process for logging and monitoring the accuracy of responses to consumer requests for price information, but we are in the process of developing one. With our recent change to the Epic electronic billing system, Southcoast has the capacity to build out additional monitoring and analysis tools to assist us in the logging of all inquiries to determine the number of people who schedule services or procedures and the accuracy of our pricing estimates.

   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?

   The requests for pricing have been infrequent, about 2 to 3 per week. Many of the requests are related to cosmetic procedures. We have been able to respond to most requests in a timely manner. One barrier can be the specific description of the service. There can be significant differences in price based on a seemingly small change in the description of the service. Also, variations in surgical procedures may lead to more operating room time than originally estimated.

Making the consumer aware of the price range for the service or procedure has been helpful in accommodating the potential for price variation.

3. **For hospitals and provider organizations corporately affiliated with hospitals:**
   a) **For each <u>year 2015 to present</u>, 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.**

      Southcoast's operating margins do not differ between HMO business and PPO business because Southcoast is paid the same rate for HMO business and PPO business. For 2014-2016, additional commercial and medical revenue is included for what Southcoast received from its alternative payment arrangement contracts (PMPM payments). These payments are accounted for in the operating margins. Please see attachment ***AGO 3A*** for more information.

   b) **For <u>2017 only</u>, 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 <u>AGO Provider Exhibit 2</u> 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.**

      A summary table has been attached to address this question. Please see attachment ***AGO Provider Exhibit 2*** for more information.

Southcoast Hospitals Group, Inc.

HPC 2018 Pre-Filed Testimony

AGO Question #3.a - NPSR and Operating Margins

FY2014

Category	NPSR	Operating Margin
Commercial Business	$217,273,386	29%
Medicare Business	$305,834,915	-4%
Medicaid Business	$130,873,069	-12%
Other Business	$21,191,008	-19%
Grand Total	**$675,172,378**	**5%**

FY2015

Category	NPSR	Operating Margin
Commercial Business	$221,164,753	30%
Medicare Business	$333,521,500	1%
Medicaid Business	$141,849,970	-7%
Other Business	$26,136,230	10%
Grand Total	**$722,672,453**	**8%**

FY2016

Category	NPSR	Operating Margin
Commercial Business	$227,211,000	30%
Medicare Business	$355,082,000	1%
Medicaid Business	$153,976,000	-7%
Other Business	$9,706,000	9%
Grand Total	**$745,975,000**	**8%**

FY2017

Category	NPSR	Operating Margin
Commercial Business	$226,617,987	29%
Medicare Business	$339,143,886	-6%
Medicaid Business	$154,305,352	-4%
Other Business	$22,778,617	10%
Grand Total	**$742,845,842**	**6%**

Notes:

HMO/PPO rates do not differ

Includes reimbursement for PMPM when applicable

Commercial Business:

Blue Cross of MA
Blue Cross of RI
Harvard Pilgrim
United Health
Unicare
Aetna
Cigna
Tufts
NHP Commercial Plan
Other Misc Commercial

Medicare Business:

Medicare
All Medicare MCOs

Medicaid Business:

Medicaid
All Medicaid MCOs

Other Business:

Self Pay
Free Care
Workers Comp
Tricare

Southcoast's operating margins do not differ between HMO business and PPO business because Southcoast is paid the same rate for HMO business and PPO business. For 2014 - 2016, additional commercial and medicaid revenue is included for what Southcoast received from its alternative payment arrangement contracts (PMPM payments). These payments are accounted for in the operating margins.