



MASSACHUSETTS
HEALTH POLICY COMMISSION

Cost Trends and Market Performance Committee Meeting

December 7, 2016



AGENDA

- **Call to Order**
- Approval of Minutes from the April 6, 2016 Meeting (VOTE)
- Approval of Minutes from the May 18, 2016 Meeting (VOTE)
- Discussion of Proposed Regulation Governing Performance Improvement Plan
- Other Business
- Schedule of Next Meeting



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VOTE: Approving Minutes

MOTION: That the Committee hereby approves the minutes of the Cost Trends and Market Performance meeting held on April 6, 2016, as presented.



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VOTE: Approving Minutes

MOTION: That the Committee hereby approves the minutes of the Cost Trends and Market Performance meeting held on May 18, 2016, as presented.



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- Call to Order
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The HPC is drafting regulations modeled after the Interim Guidance.

HEALTH POLICY COMMISSION

Bulletin 2016-01: Interim Guidance for Payers, Providers, and Provider Organizations Relative to Performance Improvement Plans and Cost and Market Impact Reviews; Issued 03/02/16

BULLETIN 2016-01

To: Payers, Providers, and Provider Organizations

From: David M. Seltz, Executive Director, Health Policy Commission

Date: March 2, 2016

Re: Interim Guidance Relative to Payers, Providers, and Provider Organizations Identified by the Center for Health Information and Analysis under section 18 of chapter 12C, Performance Improvement Plans, and Cost and Market Impact Reviews

Chapter 224 of the Acts of 2012 establishes, in sections 10 and 13 of chapter 6D of the General Laws, authority for the Health Policy Commission (Commission) to take certain actions related to payers, providers, and provider organizations identified by the Center for Health Information and Analysis (CHIA) under section 18 of chapter 12C. Beginning January 1, 2016, the Commission may require any entity identified by CHIA to file a performance improvement plan with the Commission. The Commission may also conduct a cost and market impact review of any provider organization identified by CHIA when total health care expenditures exceed the health care cost growth benchmark in the previous calendar year.

Interim Guidance

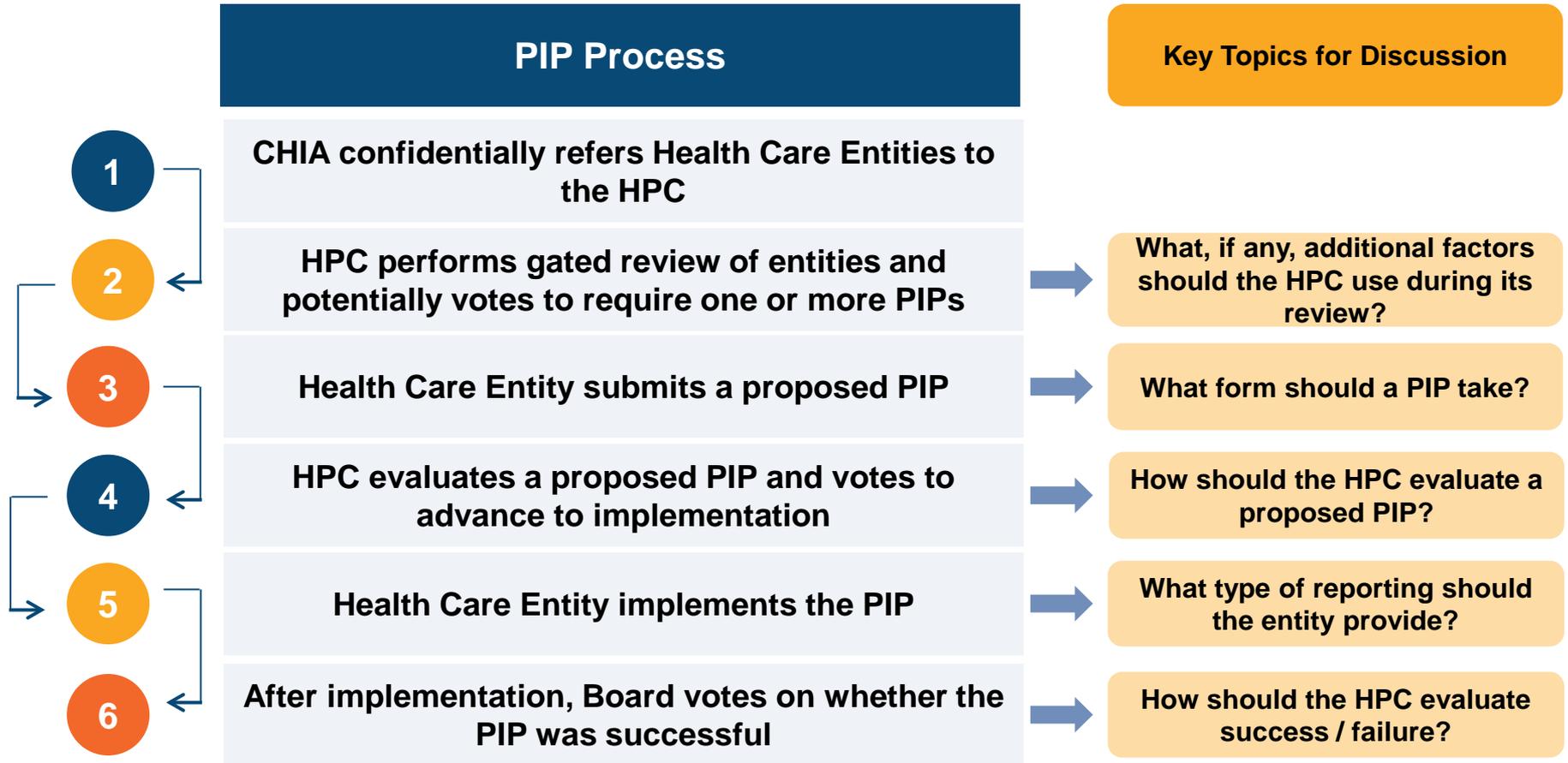
Pending adoption of a final regulation, the Commission issues the following guidance to Health Care Entities regarding performance improvement plans and cost and market impact reviews under sections 10 and 13 of chapter 6D. The purpose of the Interim Guidance is to provide direction with respect to the process for submission, approval, and amendment of performance improvement plans, as well as the process for conducting cost and market impact reviews of provider organizations identified by CHIA under section 18 of chapter 12C. This Interim

- The HPC released the Interim Guidance in March 2016 after holding conversations with **stakeholders and subject matter experts.**
- The Interim Guidance tracks closely to statutory requirements with some additional detail.
- The regulation and accompanying forms will provide further **clarity on the process and standards** that the HPC will use going forward.

Today's Goal:

Highlight areas of regulation requiring further clarification and seek commissioner feedback

Performance Improvement Plans: Overview



CHIA Methodology for Confidential Referral

1

CHIA confidentially refers Health Care Entities to the HPC

■ ■ ■

CHIA.

Proposed Methodology Update

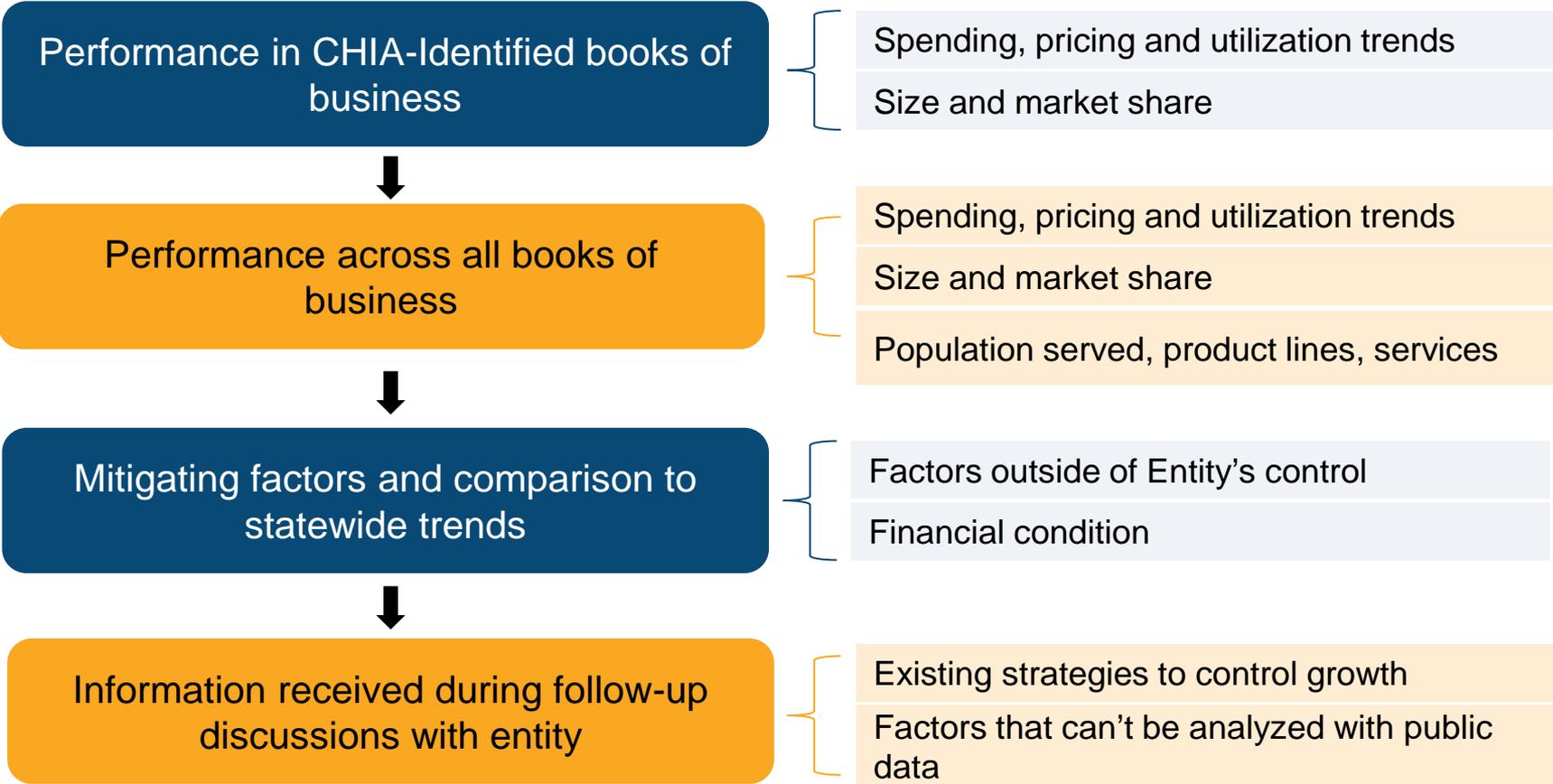
- CHIA has issued an updated, proposed methodology for the confidential referral of health care entities to the HPC
- CHIA is accepting public comment on the proposed methodology until **5 p.m. ET on Friday, December 9, 2016**
- Following a review of the submitted comments, CHIA will issue a final methodology in December

See CHIA's website for details

<http://www.chiamass.gov/regulations>

Current Gated Review Factors

2 HPC performs gated review of entities and potentially votes to require one or more PIPs



Additional Factors in Gated Review Process

2

HPC performs gated review of entities and potentially votes to require one or more PIPs

Previous appearance on the CHIA list

Recent transactions with claims of increased efficiency or lower spending

Others?

Components of the Performance Improvement Plan

3

Health Care Entity submits a proposed PIP

Interim Guidance

Per the statute, the PIP must include:

- Causes of growth
- Strategies to address growth
- Metrics, goals and timetables
- Request for technical assistance
- Supporting documentation

Regulation & Forms

Provides additional guidance and clarification:

- Strategies **cannot compromise quality or access** to needed services
- Entities are encouraged to **consult with the HPC** in the development of the PIP
- The PIP will include both a **public-facing form and confidential appendices**

Forms for the Performance Improvement Plan

3

Health Care Entity submits a proposed PIP

Forms provide consistency, transparency, accountability, and clear expectations for the entity, the HPC, and the public.

Performance Improvement Plan Form

Public-facing template that will be posted on the HPC website

Describes interventions, expected outcomes, sustainability plan, etc.

Attestation of Good Faith Implementation

Signed by the PIP Custodian, who is responsible for PIP oversight

Signed by the Executive Sponsor(s) (e.g., CEO, CFO, Board Chair)

Appendices

Confidential attachments that are protected from disclosure

Provide greater detail and include supporting documentation, evidence, and data

Evaluation of the Proposed Performance Improvement Plan

4 HPC evaluates a proposed PIP and votes to advance to implementation

When should the Board approve a proposed PIP?

Statutory Requirements

- The PIP is likely to **address the underlying cause** of cost growth
- There is a reasonable expectation of **successful implementation**

Additional Considerations

- The PIP has a reasonable economic, business, or medical rationale with a **sufficient evidence base**
- The potential impact on the Commonwealth's ability to **meet the health care cost growth benchmark**
- Whether savings and efficiencies associated with the PIP are likely to **continue after implementation**
- The extent to which a PIP carries a **risk of negative consequences** that would be inconsistent with other policy goals of the Commonwealth
- Whether the Entity has, if necessary, secured **cooperation from third parties**
- Input from **relevant agencies** (e.g., MassHealth, DOI, DPH) and **expert consultants**

Performance Improvement Plan Implementation

5

Health Care Entity implements the PIP

Key health care entity activities during PIP implementation

Implement Strategies

The Health Care Entity must fully implement the activities of the PIP based on the approved timeline.

Measure Outcomes

The Health Care Entity must collect data and calculate metrics at agreed upon intervals to assess performance.

Report to the HPC

The Health Care Entity must regularly report on progress of implementation and results in written and oral format.

Evaluation of Completed Performance Improvement Plan

6

After implementation, the HPC's Board considers whether the PIP was successful

Board evaluation of a completed PIP

- To what extent the Entity has **addressed significant concerns** about its costs
- To what extent the Entity has **achieved the target** outcome and process measures
- Whether the Entity has fully implemented the PIP in **good faith**
- The **sustainability** of the efficiencies and cost savings
- Whether the PIP resulted in **negative outcomes** that are inconsistent with other policy goals of the Commonwealth
- The impact of **events outside of the PIP Entity's control** on implementation or cost growth



PIP Deemed Successful

- 1 HPC monitoring is complete
- 2 Entity's name is removed from public HPC list

Unsuccessful Completion of the Performance Improvement Plan

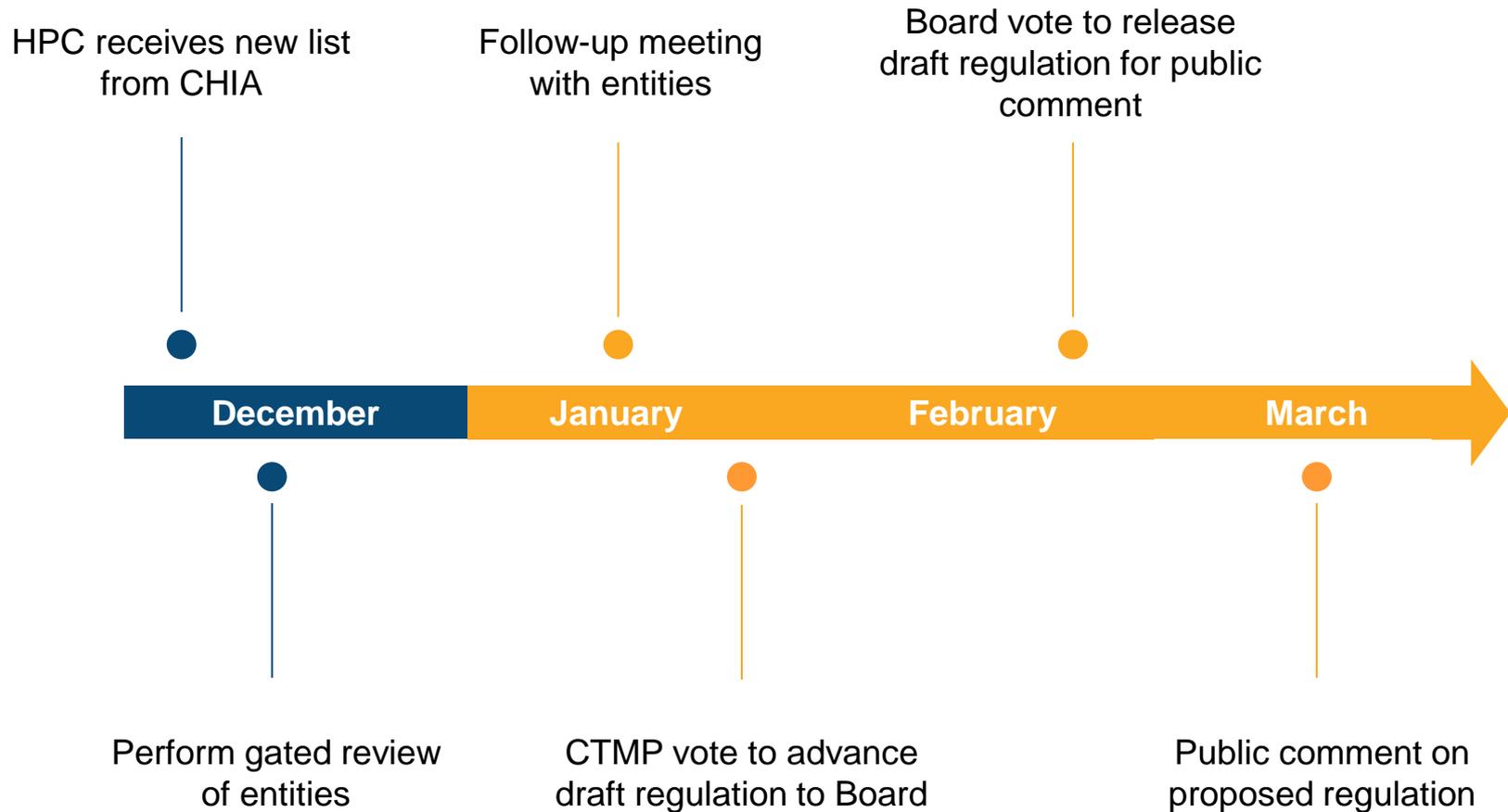
6

After implementation, the HPC's Board considers whether the PIP was successful

PIP Deemed Unsuccessful

- 1 Extend or amend the existing PIP
- 2 Require a new PIP
- 3 Waive or delay the requirement for a new PIP
- ★ HPC may levy fines in the case of willful noncompliance

Next Steps



All dates are approximate.



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Appendix

CHIA's Methodology for Referring Health Care Entities to the HPC

Statutory Requirement	<ul style="list-style-type: none">▪ Excessive HSA TME growth; and▪ Threatening to the health care cost growth benchmark.
Current Method	<ul style="list-style-type: none">▪ Each entity that had greater than 3.6% growth in HSA TME in at least one book of business
Proposed Method	<ul style="list-style-type: none">▪ Each entity that had greater than 3.6% growth in HSA TME in at least one book of business▪ Threshold that may use a slightly lower HSA TME growth threshold combined with additional factors such as membership size, comparison with network average HSA TME, and unadjusted TME

See CHIA's website for details
<http://www.chiamass.gov/regulations>