

Cost Trends and Market Performance

Health Policy Commission

Committee Meeting
February 27, 2013



Agenda

- Election of Committee Chair
- Review of Committee Responsibilities
- Proposed Outline for Cost Trends Report
- Timeline for Cost Trends Report
- Update on Material Change Interim Guidance
- Agenda for Next Committee Meeting
- Public Comment

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Committee members

- Dr. David Cutler
- Dr. Wendy Everett
- Dr. Paul Hattis
- Rick Lord
- Secretary Glen Shor

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Health Policy Commission responsibilities

- Establish the annual health care cost growth benchmark for total health care expenditures in the Commonwealth.
 - Conduct annual cost trends hearings, in conjunction with the Center for Health Information and Analysis and the Attorney General, and issue a final report on health care trends.
 - Conduct cost and market impact reviews of providers and plans proposing significant market changes to the health care industry, considering the impact of these changes on cost, access, quality, and market competitiveness.
 - Oversee the development and implementation of performance improvement plans for certain health providers and health plans.
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Section 8g of Chapter 224

The commission shall compile an annual report concerning spending trends and underlying factors, along with any recommendations for strategies to increase the efficiency of the health care system. The report shall be based on the commission's analysis of information provided at the hearings by providers, provider organizations and insurers, registration data collected under section 11, data collected by the center for health information and analysis under sections 8, 9 and 10 of chapter 12C and any other information the commission considers necessary to fulfill its duties under this section, as further defined in regulations promulgated by the commission. The report shall be submitted to the chairs of the house and senate committees on ways and means and the chairs of the joint committee on health care financing and shall be published and available to the public not later than December 31 of each year. The report shall include any legislative language necessary to implement the recommendations.

Approach to annual cost trends report

Section 1: Setting baseline

Goal: develop a set of metrics/ indicators that allow for the analysis of total health expenditure growth

- Identify a subset of categories, e.g., price, quantity, service mix, provider mix
- Along each of these categories, develop key indicators that provide insight and information into drivers of cost growth
- Update indicators over time to capture new developments in the health care system

Section 2: Uncovering drivers

Goal: explore the drivers of cost growth with specific, targeted questions, both forward and backward looking

- Annually identify key themes to investigate in-depth
- Potential themes could include:
 - Waste in the system
 - Delivery system changes
 - Market landscape changes
 - Alternative payment methods
 - Labor workforce
 - Productivity
- Develop 3-5 guiding questions each year to push understanding of drivers of cost growth further
- Develop policy recommendations based on our results

Section 3: Discussion/next steps

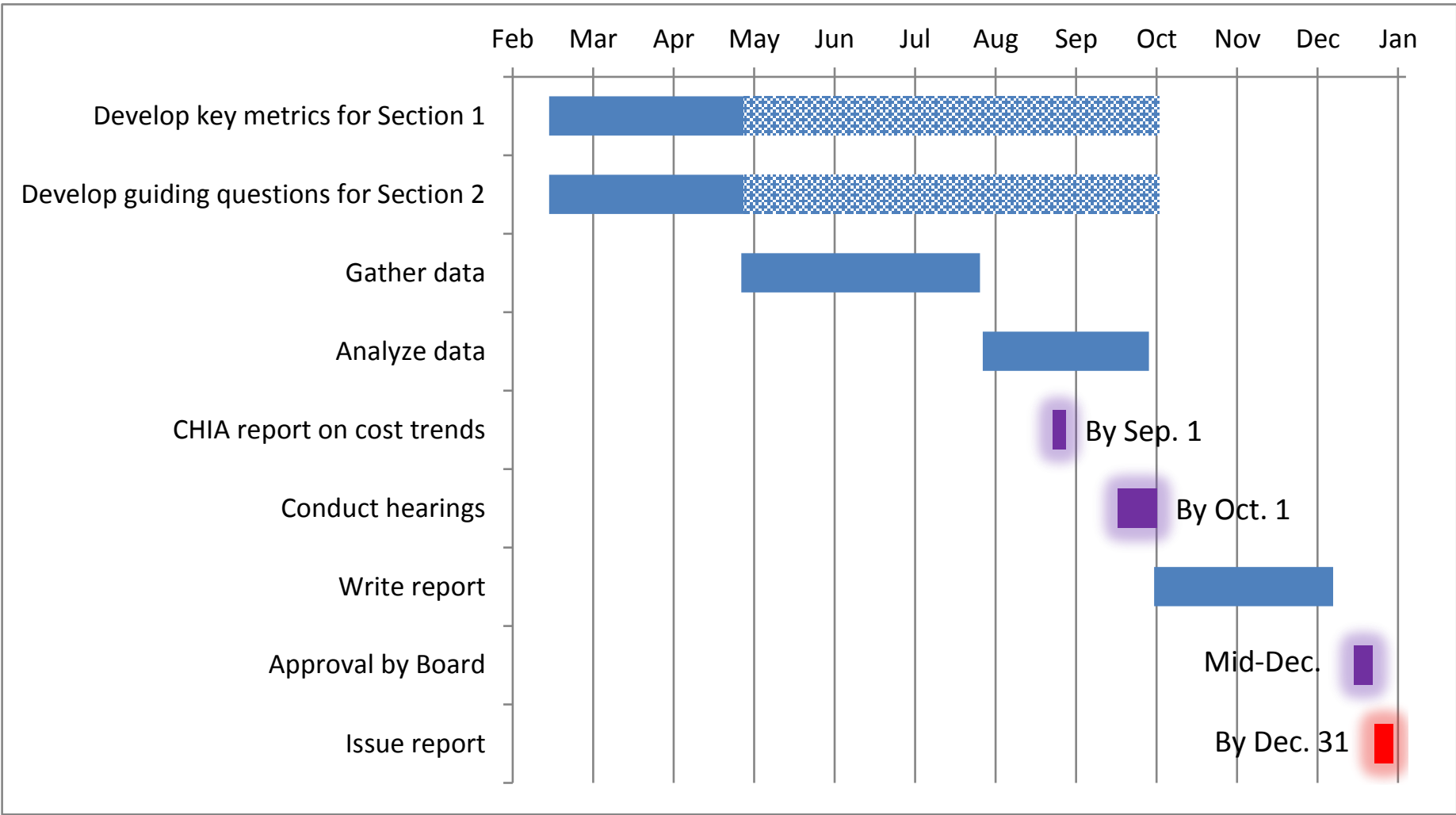
Goal: discuss implications of our findings/ analyses on future of health care landscape and further areas of study

- Discuss short-term and long-term implications of our findings on health care landscape
- Discuss further areas of study based on section 2
- Institutionalize key findings from section 2 into key indicators for section 1 for following year
- Review section 2 findings from previous year

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Timeline for preparing cost trends report



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Contact information

For more information about the Health Policy Commission:

- Visit us: <http://www.mass.gov/anf/hpc>
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