

# Health Policy Commission

Open Public Meeting

March 12, 2013



# Agenda

- Adoption of Minutes from Previous Meeting
- Report of the Committees
- Adoption of Regulation 958 CMR 2.00 (Relative to the One-Time Assessment)
- Adoption of Emergency Regulations 958 CMR 3.00, 4.00 (Relative to the Office of Patient Protection)
- Report on Consumer-Driven Health Plans
- Interim Guidance Relative to Notice of Material Change
- Executive Director Report
- Agenda Items for Next Meeting (April 24, 2013)

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# Cost Trends and Market Performance Committee

## Committee Updates

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- Interim guidance relative to notice of material change
- Update on proposed outline for annual cost trends report

## Annual Cost Trends Report: What are Total Health Expenditures?

- **Definition:** Annual per capita sum of all health care expenditures in the Commonwealth from public and private sources
  
- **Includes**
  - All categories of medical expenses and all non-claims related payments to providers
  - All patient cost-sharing amounts, such as deductibles and copayments
  - Net cost of private health insurance



A more holistic measure of health care expenditure growth than just total medical expenditures

# Cost Trends and Market Performance Committee

## Approach to the Annual Cost Trends Report

### Section 1: Setting baseline

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

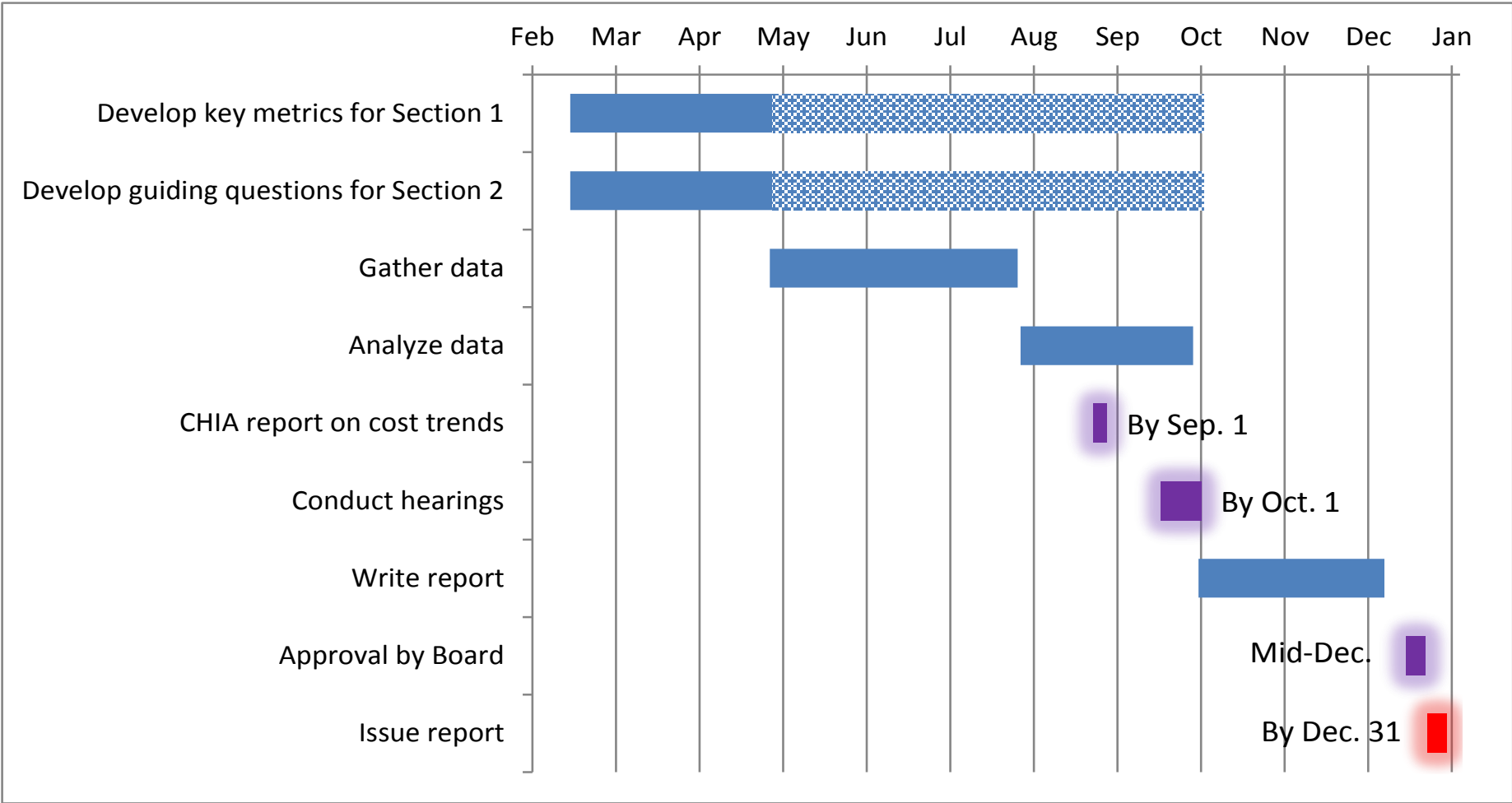
### Section 3: Discussion/next steps

*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

# Cost Trends and Market Performance Committee

## Annual Cost Trends Report Timeline





# Quality Improvement and Patient Protection Committee

## Committee Updates

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- Update on providing guidance on the issue of mandatory nurse overtime
- Update on transferring the Office of Patient Protection to the Health Policy Commission

## Committee Updates

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- Development of the registered provider organization program
- Three listening sessions to be held in conjunction with the Division of Insurance on the registration of provider organizations and the certification of risk-bearing provider organizations
  - Location
    - Division of Insurance, 1000 Washington Street, Room 1-E, Boston
  - Dates
    - Friday, March 15 at 9am
    - Monday, March 25 at 1pm
    - Monday, April 1 at 1pm

# Community Health Care Investment and Consumer Involvement Committee

## Committee Updates

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- One-time assessment
  - Operational update
  - 958 CMR 2.00
  
- Report pursuant to Section 263 of Chapter 224 of the Acts of 2012 regarding flexible spending accounts, health reimbursement arrangements, health savings accounts and similar tax-favored health plans

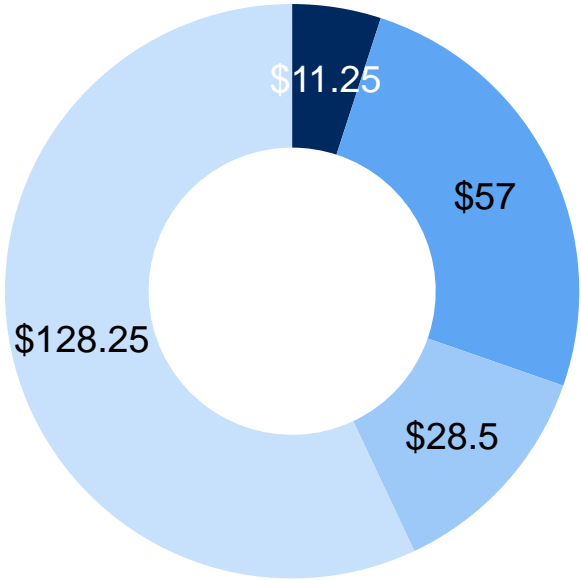
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# What is regulation 958 CMR 2.00?

## Relative to the One-Time Assessment

**Purpose of 958 CMR 2.00:** to describe the determination, payment and enforcement of the one-time assessment on certain qualifying hospitals and surcharge payors in accordance with the purposes set forth in Chapter 224.



**One-time Assessment Distribution**  
100% = \$225 million

- Health Care Payment Reform Fund
- Prevention and Wellness Trust Fund
- e-Health Institute Fund
- Distressed Hospital Fund

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# What are regulations 958 CMR 3.00 and 958 CMR 4.00?

## Relative to the Transfer of the Office of Patient Protection

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### **Purpose of 958 CMR 3.00, Health Insurance Consumer**

**Protection:** establishes requirements for carriers in administering their internal grievance procedures and establishes the requirements for the conduct of external reviews of carriers' medical necessity adverse determinations as well as continuity of care and referral to specialty care.

### **Purpose of 958 CMR 4.00, Health Insurance Open Enrollment**

**Waivers:** establishes the requirements for requests by consumers who wish to enroll in a nongroup health plan outside of the open enrollment periods established by MGL c. 176J.

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# Report on Consumer-Driven Health Plans pursuant to Section 263 of Chapter 224

The HPC shall investigate and review methods of, and make recommendations relative to, increasing the use and adoption of flexible spending accounts, health reimbursement arrangements, health savings accounts and similar tax-favored health plans...not later than April 1, 2013

## Current status

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- The report will focus on consumer-driven health plans (CDHPs) and will include a comprehensive literature review and analysis of available data
- The report is on track to be issued by the statutory deadline of April 1, 2013
- It is anticipated that this report will be the first-in-a-series on this issue
- The report is being developed with input from the Community Health Care Investment and Consumer Involvement Committee and will be made available to the full Commission, the public, and the Legislature

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# Interim Guidance Relative to Notice of Material Change

## What is the purpose of the Interim Guidance?

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- Section 13 of Chapter 6D became effective on January 1, 2013 and requires the Commission to adopt regulations for conducting cost and market impact reviews and for administering this process
- Pending the adoption of final regulations, the purpose of the Interim Guidance is to provide direction with respect to the types of organizational or operational changes that are subject to the notice requirement as well as the form and content of the notice

# Interim Guidance Relative to Notice of Material Change

## Who must provide notice under the Interim Guidance?

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- Any provider or provider organization with \$25 million in net patient service revenue or more in the preceding fiscal year proposing a material change to its operations or governance structure that has not been finalized as of March 12, 2013 must file notice with the Commission not less than 60 days before the effective date of the proposed change.

# Interim Guidance Relative to Notice of Material Change

## **What constitutes a material change under the Interim Guidance?**

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- A merger or affiliation with a carrier
- An acquisition of or acquisition by a carrier
- A merger with or acquisition of or by a hospital or a hospital system
- Any other acquisition, merger or affiliation with another provider or provider organization where such acquisition, merger or affiliation would result in an increase in annual patient service revenue of the provider or provider organization of \$10 million or more
- Any clinical affiliation with another provider or provider organization which itself has an annual net patient service revenue of \$25 million or more in the preceding fiscal year
- Any formation of a partnership, joint venture, common entity, accountable care organization, or parent corporation created for the purpose of contracting on behalf of one or more provider or provider organizations

# Interim Guidance Relative to Notice of Material Change

## What is the form of the notice under the Interim Guidance?

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- Providers and provider organizations should submit notice electronically through a template form developed by the Commission
- The short form includes instructions, definitions, and explanations for all requested information
- The form will be available online at [www.mass.gov/hpc](http://www.mass.gov/hpc) or upon request from [HPC-Notice@state.ma.us](mailto:HPC-Notice@state.ma.us)
- Only the provider or provider organization which had annual net patient service revenue of \$25 million or more in the preceding fiscal year should submit a Notice of Material Change form

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## Executive Director Updates

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- 2013 Strategic Operating Plan Development
- Preliminary 2013 Implementation Timeline
- Health Policy Commission Advisory Council
- Operations Update



# Developing a 2013 Strategic Operating Plan

## **Purpose of the 2013 Strategic Operating Plan**

The Strategic Operating Plan will define the vision, goals, objectives, values, strategies and operational plans that will support the implementation of Chapter 224 of the Acts of 2012 and the mission of the Commission in 2013.

## **Four Guiding Principles for the Development of the 2013 Strategic Operating Plan**

- 1) Build a foundation
- 2) Build for the long-term
- 3) Build through collaboration
- 4) Build toward our goal: *a more affordable, accountable, effective, and transparent health care system for the benefit of all residents of the Commonwealth*

# Preliminary 2013 Implementation Timeline

## First Quarter (January – March)

- Commission appoints an Executive Director
- Executive Director hires senior staff to support the policy, legal, and operational work of the HPC
- Establish state health care cost growth benchmark for calendar year 2014
- Promulgate regulations on the administration of the One-Time Assessment of Qualifying Hospitals and Surcharge Payors
- Promulgate regulations and work with the Department of Public Health to ensure the seamless transfer of the Office of Patient Protection to the HPC
- Issue Interim Guidance regarding notice of material changes of providers or provider organizations
- Research and prepare a report to the legislature on Consumer-Driven Health Plans
- Announce the HPC Advisory Council and hold the first quarterly meeting
- Approve the FY13 budget for HPC operations

## Second Quarter (April – June)

- Propose regulations to administer a provider organization registration program
- Propose regulations on cost and market impact reviews of material changes from providers or provider organizations
- Consider any applications for a waiver or mitigation of the one-time assessment by qualifying hospitals
- Collect the first installment of the one-time assessment
- Issue guidance and procedures relative to the definition of “emergency situation” for the purposes of allowing mandatory nurse overtime
- Finalize the transfer the Office of Patient Protection
- Develop key metrics and examination questions for the annual cost trends report
- Hold the second quarterly meeting of the Advisory Council
- Approve the FY14 budget for HPC operations

# Preliminary 2013 Implementation Timeline

## Third Quarter (July – September)

- Adopt final regulations the administration of a provider organization registration program
- Adopt final regulations on cost and market impact reviews of material changes of providers and provider organizations
- Propose and adopt final regulations on the competitive grant program for distressed hospitals
- Begin implementation of the provider organization registration program
- Analyze data and information in preparation for the annual cost trends report
- Propose regulations on a certification program for ACOs and Patient-Centered Medical Homes beginning January 1, 2014
- Hold the third quarterly meeting of the Advisory Council

## Fourth Quarter (October – December)

- Adopt final regulations on a certification program for ACOs and Patient-Centered Medical Homes beginning January 1, 2014
- Hold, in collaboration with the Center for Health Information and Analysis and the Office of the Attorney General, the annual cost trends hearings
- Monitor the launch of consumer cost-sharing transparency tools by the health plans
- Distribute the first round of grants to distressed hospitals
- Begin development of innovative grant program funded by the Health Care Payment Reform Fund
- Issue the Commission's annual report on cost trends and underlying factors with recommendations for strategies to increase the efficiency of the health care system
- Arrange for a third party audit of FY13 operations
- Hold the fourth quarterly meeting of the Advisory Council

# Health Policy Commission Advisory Council

There shall be an advisory council to the commission. The council shall advise on the overall operation and policy of the commission. The council shall be chosen by the executive director and shall reflect a broad distribution of diverse perspectives on the health care system, including health care professionals, educational institutions, consumer representatives, medical device manufacturers, representatives of the biotechnology industry, pharmaceutical manufacturers, providers, provider organizations, labor organizations and public and private payers.

The first meeting of the Advisory Council will be held:

**March 26, 2013 at 9:00am**  
**University of Massachusetts Boston Campus Center**  
**1000 Morrissey Boulevard, Boston**

Following this first meeting, the Advisory Council will convene at least quarterly. All are welcome to attend.

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# Contact information

For more information about the Health Policy Commission:

- Visit us: <http://www.mass.gov/hpc>
- Follow us: [@Mass\\_HPC](#)
- E-mail us: [HPC-Info@state.ma.us](mailto:HPC-Info@state.ma.us)