

**MINUTES OF THE COST TRENDS AND MARKET PERFORMANCE
COMMITTEE**

Meeting of May 29, 2013

MASSACHUSETTS HEALTH POLICY COMMISSION

**THE COST TRENDS AND MARKET PERFORMANCE COMMITTEE OF THE
MASSACHUSETTS HEALTH POLICY COMMISSION**

**Minihan Hall
Charles F. Hurley Building
19 Staniford Street
Boston, MA 02114**

Docket: Wednesday, May 29, 2013, 10:30 AM – 12:00 PM

PROCEEDINGS

The Massachusetts Health Policy Commission's (HPC) Cost Trends and Market Performance Committee held a meeting on Wednesday, May 29, 2013 at Minihan Hall within the Charles F. Hurley Building located at 19 Staniford Street, Boston, MA.

Members present were Dr. David Chair Cutler (Chair), Dr. Paul Hattis, Dr. Wendy Everett, Mr. Rick Lord, and Ms. Candace Reddy, representing Mr. Glen Shor, Secretary, Administration and Finance.

No members were absent. Commission Chair Stuart Altman was present via phone.

Chair Cutler called the meeting to order at 10:30 AM.

ITEM 1: Approval of Minutes

Chair Cutler made no changes to the minutes and asked for a motion to accept the minutes. Mr. Lord made the motion and Dr. Everett seconded. Members voted unanimously to approve the minutes.

ITEM 2: Presentation by the Center for Health Information and Analysis (CHIA)

The Committee on Cost Trends and Market Performance heard highlights from two presentations given to the full Commission at the April meeting.

Áron Boros, CHIA Executive Director; Steve McCabe, Deputy Executive Director for Health Analytics and Finance; and Po-Yu (Alex) Lai, Director for Health Systems Finance presented on behalf of CHIA.

Mr. Boros presented three updates from CHIA. He first discussed the Fiscal Year 2012 acute hospital financials and reported a total margin of 3.8% with all hospitals very close to a breakeven point. He also spoke about the Medicare "Rural Flood Adjustment," which provided \$275 million to the FY 2012 financials but will be unlikely to exist in the future because of policy moving through the Legislature.

Mr. Boros updated the Committee on CHIA's Cost Trends Report and other publications. The goal of these publications is to assess how money is flowing and distributed through the system to see impacts on the market today and over time. Mr. Boros noted that CHIA hoped to release all 2012 data, to the extent possible, to demonstrate trends from 2010-2012.

Dr. Everett and Chair Cutler asked about the source for quality data in CHIA's reports. Mr. Boros detailed that they use Medicare sources for quality data, Medicare Health Care Quality (MHCQ), and standard health care quality scores. The TME comes from the largest 8-10 private insurers, PCC plans, and Medicaid MCOs. CHIA's data does not include information from the fee for service population or carve outs (i.e. mental health treatments, pharmacy visits, and partial TMEs).

Dr. Hattis asked if there were a way to tease out TMEs to look at how much is generated by whom, especially at the PPO level. Mr. Boros responded that the focus of today's presentation was attributions in managed care products and HMOs, not PPOs. For the data, CHIA relies on insurers for information on risk adjustment and attribution, but these are defined differently across the field. CHIA is working on a more comparable metric of comparison.

Mr. Seltz noted that the first time to look back and judge growth in relation to the statutory benchmark is next fall. Mr. Boros confirmed that numbers existing now are aggregated and not yet at a level of richness to look at individual insurers and providers. Chair Cutler asked whether a TME would be available by the hearing next fall. Mr. Boros confirmed that the statutory expectation was to release a regional TME by the hearing.

Finally, Mr. Boros updated the Committee on the Total Healthcare Expenditures (THE) calculation. He provided the criteria on which they are assessed for being data driven and actionable with the ideal sources being highly data driven and actionable.

Dr. Everett asked about the resolution of data. Mr. Boros indicated that some data was only available in the aggregate, but that CHIA was working with Medicare to gain different levels of detail and data categorization. Dr. Everett suggested that CHIA at least differentiate data into two buckets: the City of Boston (teaching hospital intense region) and everything else.

Commissioners asked for any advice that CHIA had for the HPC. Mr. Boros advised the Committee to encourage and support Executive Director David Seltz as he creates a team. He also advised the Committee to be reasonable about their expectations and as clear as possible when setting baselines.

ITEM 3: Presentation by the Attorney General's Office

For the second presentation, a team from the Office of the Attorney General's (AG) Health Care Division, including Courtney Aladro, Assistant Attorney General, and Tom O'Brien, Assistant Attorney General and Chief of the Health Care Division, reviewed their 2013 Cost Containment Report.

Ms. Aladro discussed key findings from the report with the Committee. The primary finding was that purchaser activity matters. Ms. Aladro also talked about provider structure. She reported an increase in tiered and limited network membership. She suggested that the HPC could track provider and clinical affiliations to determine whether alignments are affecting cost and provider membership in carrier networks.

Dr. Hattis suggested that the HPC should pay attention to referral pattern changes as a result of transactions. He asked whether the AG's Office had access to data based on physician practice purchases over the last two years to see what it does to the flow of care. Ms. Aladro responded that the AG's Office had some information on referral patterns by provider.

Ms. Aladro also discussed the finding that providers might limit consumer care options. Chair Cutler recommended that the government set up a tracking mechanism for what happens to individuals within plans and how it compares to people outside of plans. Ms. Aladro affirmed that there is a chapter in their report with case studies reviewing this relationship to extent that data allows.

Dr. Hattis highlighted that an analysis must take into consideration how individual physicians are paid. He noted that depending on that answer, different incentives would be necessary on individual levels and different care positions. He asked the AG's Office whether they were able to ascertain what arrangements are under global payment. They noted that they have some information on this and would make that available to the HPC.

Dr. Everett asked Mr. Lord about the shift from PPOs to HMOs highlighted in the AG's Report. The Commissioners discussed the potential role of the market in bringing about this shift. Mr. Lord hypothesized that smaller employers are choosing to self-insure. Chair Cutler agreed that the shift was likely caused by smaller firms replacing HMO products while larger firms were transitioning to PPOs.

Mr. Seltz asked whether the HPC would be able to recommend certain types of provisions as the most effective ways for payers and providers to share risks that create the right incentives. The AG's office said that the HPC and other state agencies have huge roles in making sure important information is available to make these recommendations.

Commissioners asked the representatives from the AG's Office whether there were any areas that the HPC has underweighted relative to their importance. Ms. Aladro responded that the HPC's findings can fit into the cost trends agenda as far as setting a baseline. She noted that the HPC needs to understand risk contracts and drivers of market change that impact of product enrollment. She also recommended that the HPC look at impact of provider structures and supply side initiatives.

ITEM 4: Adjournment

Chair Cutler adjourned the meeting at 12:01 PM.