Health Policy Commission

Board Meeting

October 16, 2013

Agenda

- Approval of Minutes from September 11, 2013 Meeting
- Executive Director Report
- Annual Cost Trends Hearing Discussion
- Care Delivery and Payment System Reform
- Quality Improvement and Patient Protection
- Community Health Care Investment and Consumer Involvement
- Cost Trends and Market Performance
- Administration and Finance Update
- Schedule of Next Commission Meeting

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Vote: Approving Minutes

Motion: That the Commission hereby approves the minutes of the Commission meeting held on September 11, 2013, as presented.

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HPC Milestones

The first meeting of the Health Policy Commission was held on November 17, 2012. Since then, the HPC has moved quickly to meet its statutory requirements:

Public Meetings

- Held 8 commission meetings, with 3 more scheduled for 2013. Divided the commission into four policy committees.
- Held 27 committee meetings, with at least 3 more scheduled for 2013.
- Held 3 advisory council meetings, with 1 more scheduled for 2013.
- Generated significant public attendance at all meetings.

Agency Operations

- Appointed an executive director to supervise the policy affairs, general management, and operations of the HPC. Hired key policy, legal, administrative, and finance staff.
- Established an office location at Two Boylston Street, 6th Floor, Boston.
- Designated an advisory council.

Chapter 224 Implementation

- Established the health care cost growth benchmark for calendar years 2013 and 2014 (3.6%).
- Published a report on consumer-driven health plans in March, 2013.
- Issued guidance on the prohibition of mandatory nurse overtime.
- Transferred the Office of Patient Protection from DPH in April, 2013.
- Administered the first year's collection ($72M) of a one-time $225M industry assessment.
- Began receiving and reviewing providers' notices of material change. Initiated cost and market impact review of Partners-South Shore Hospital in June, 2013.
- Initiated first analysis of the all-payer claims database to inform cost trends work.
- Conducted the HPC's first annual hearing on health care cost trends.
- Approved regulations necessary to administer a community hospital acceleration, revitalization, and transformation (CHART) grant program.

Upcoming Meetings

Wednesday, November 13, 2013
Quality Improvement and Patient Protection (QIPP) Committee
9:30AM – 11:00AM
Daley Room, Two Boylston Street, 5th Floor, Boston, MA 02116

Care Delivery and Payment System Reform (CDPSR) Committee
11:00AM – 12:30PM
Daley Room, Two Boylston Street, 5th Floor, Boston, MA 02116

Thursday, November 14, 2013
Cost Trends and Market Performance (CTMP) Committee
1:30PM - 3:00PM
Charles F. Hurley Building, Minihan Hall, 19 Staniford Street, 6th Floor Boston, MA 02114

Wednesday, November 20, 2013
Health Policy Commission (HPC) Board Meeting
9:00AM – 12:00PM
Boston Public Library, Johnson Building, Rabb Lecture Hall, 700 Boylston Street, Boston, MA 02116

Wednesday, December 18, 2013
Health Policy Commission (HPC) Board Meeting **– Annual Meeting**
11:00AM – 2:00PM
Gardner Auditorium, State House, Boston, MA

Key Upcoming Activities

- Approve CHART grant program request for proposals (RFP)
- Release executive summary of cost trends hearing
- Issue cost and market impact review report on Partners-South Shore Hospital
- Issue annual cost trends report by December 31, 2013
- Propose regulations on the registration of provider organizations
- Finalize program design and evaluation plan for phased implementation of PCMH certification
- Update material change notice guidance and forms
- Propose regulations on the cost and market impact review process
- Develop program for certification of accountable care organizations
- Develop innovation investment program
- Support DPH statewide health resource planning efforts
- Revise Office of Patient Protection regulations consistent with ACA
- Release second report on consumer-driven health plans

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Annual Cost Trends Hearing: Themes for Discussion

- Cost containment, care delivery, and payment reform efforts and future opportunities
- Conflicting incentives within organizations and across the system to transform care delivery and enhance efficiency
- Potential costs and benefits of changing provider relationships
- Market structure and payment disparities and connection to value
- Need to coordinate and integrate care across the continuum, including behavioral health services and services for unique populations
- Need for more reliable data and information for all market participants and purchasers
- The state's role in advancing and supporting system transformation

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  - SIM Grant Presentation by Dr. Ann Hwang, Executive Office of Health and Human Services
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Commonwealth of Massachusetts

Executive Office of Health and Human Services

State Innovation Model Overview

10/16/2013

Agenda

- **Health Reform and the SIM Opportunity**
- SIM Project Overview
- Next Steps

Massachusetts' Overarching Vision of Reform

Reduce overall health care costs while ensuring accessible, quality, affordable health care for the Commonwealth's residents by:

System redesign

⇨ *Redesigning the health care system* to an integrated model in order to deliver higher quality, coordinated, person-centered care

Payment Reform

⇨ Aligning payment methods with desired outcomes through *payment reform*

Consumer Engagement

⇨ *Promoting consumer engagement* in health care decision-making, and through wellness initiatives

State Innovation Models opportunity

- Competitive funding opportunity for states to design and test multi-payer payment and delivery models that deliver high-quality health care and improve health system performance
- Two types of awards:
    - "Model design": For states to create a State Health Care Innovation Plan (a state proposal to transform its health care delivery system)
    - **"Model testing": For states that are "ready to implement a multipayer model in the context of a State Health Care Innovation Plan"**
- Because of Massachusetts' progress on cost containment, quality improvement, and system redesign in the public and private sector and the passage of Ch. 224, the Commonwealth submitted a "Model Testing" proposal

Proposal requirements

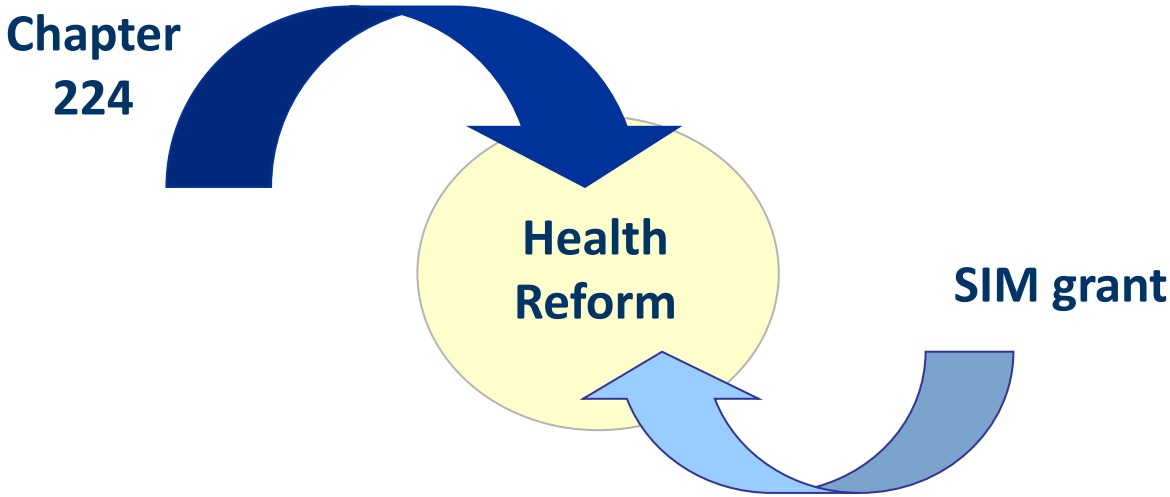
- Proposal must have potential to benefit Medicare, Medicaid, and CHIP populations, and must include multi-payer participation, provider engagement, and stakeholder support
- CMS defined allowable costs, such as costs related to technical resources, evaluation, data collection, collaborative learning

Application timeline

- Application submitted September 2012
- Awards announced in February 2013
- Massachusetts awarded $44 million over 3.5 years
- Implementation phase April 1, 2013 through December 31, 2013

SIM and Chapter 224

- Chapter 224 defines a clear vision for health reform in the state and provides tools to achieve that vision
- SIM supports and accelerates progress, by, for example:
  - Supporting transition to alternative payments
  - Strengthening IT infrastructure
  - Building on initiatives to align on quality measurement



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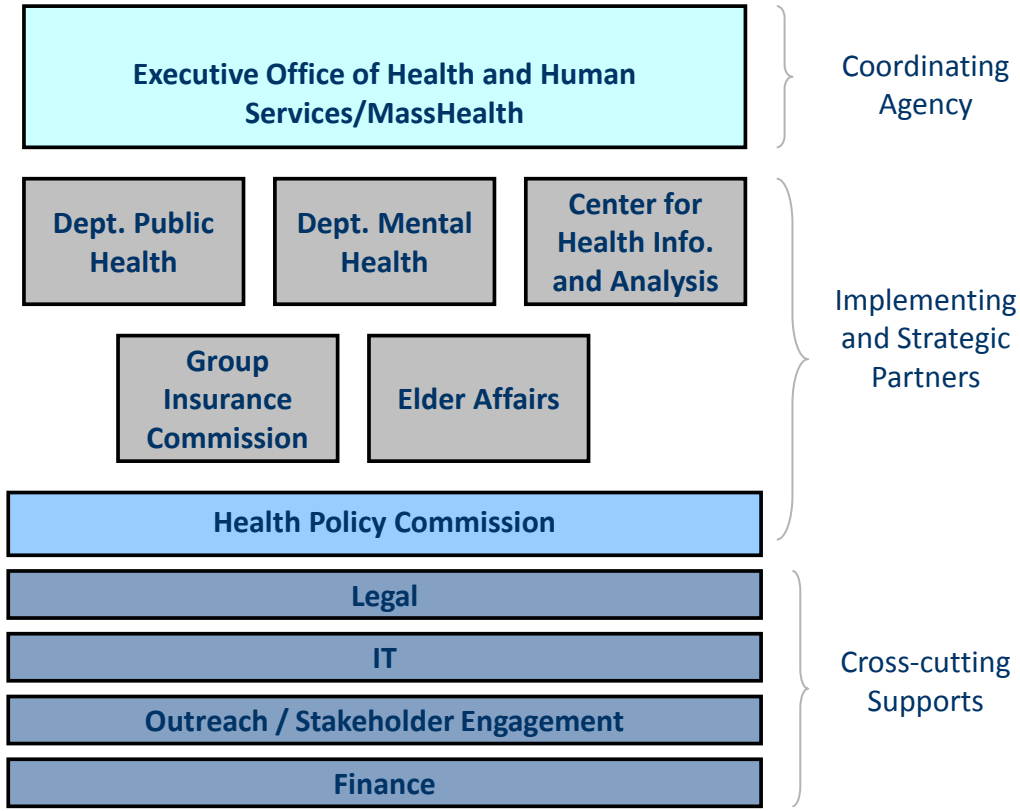
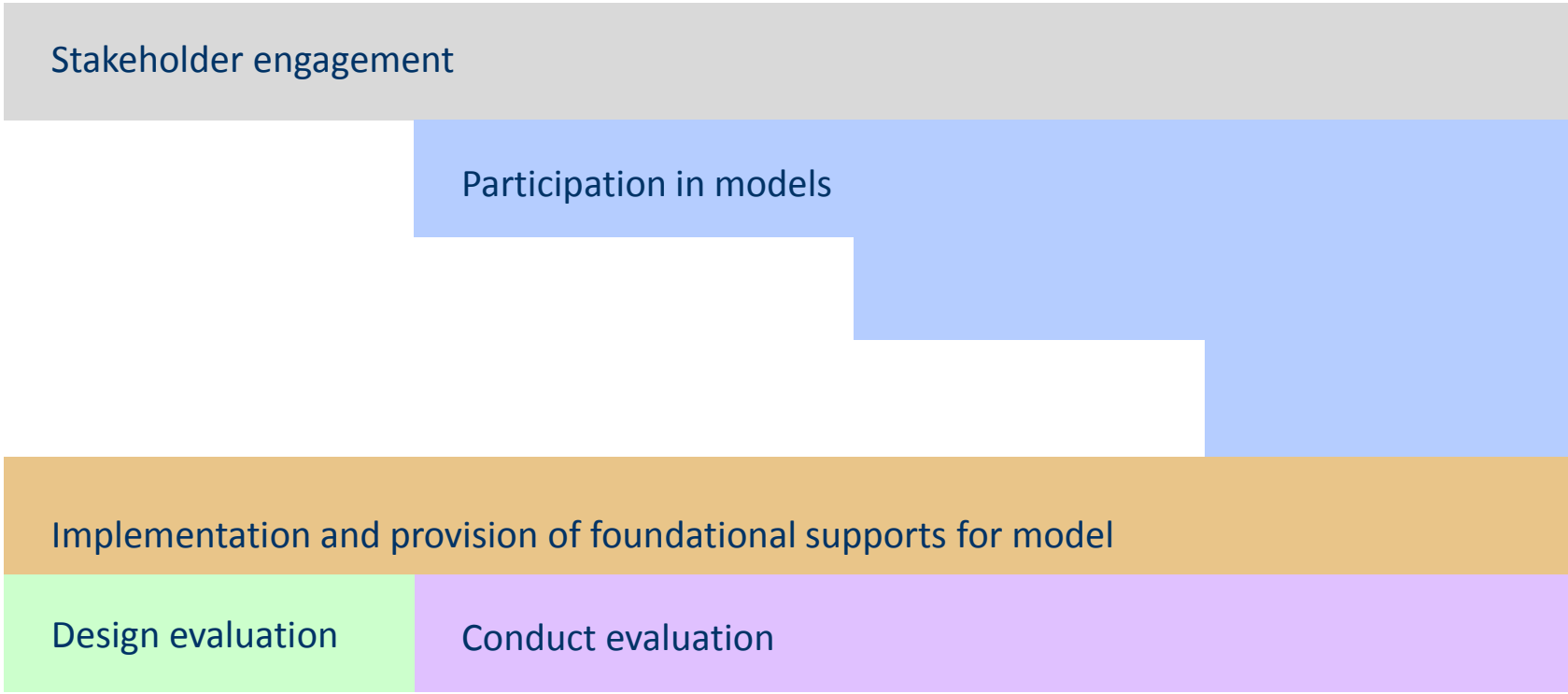
Participants and Organization



SIM Grant Projects

What is our goal?	How do we do it?	How does SIM help us get there?
The Triple Aim: Better population health, better experience of care, lower costs	**Payment Reform**	• Medicaid's Primary Care Payment Reform Initiative • The Group Insurance Commission's value based purchasing initiative
	Delivery system transformation	• Provider portal on the APCD • Adoption of the Health Information Exchange • Data infrastructure for LTSS Providers • Electronic referrals to community resources • Access to pediatric behavioral health consultation • Linkages between primary care and LTSS • Technical assistance to primary care providers • HIE functionality for quality reporting
	Cost and quality accountability	• Statewide quality measurement and reporting • Payer and provider focused learning collaboratives • Rigorous evaluation

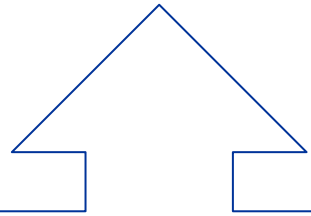
SIM Timeline Overview



SIM Goals and Objectives

Massachusetts' SIM Aim

To *transform* Massachusetts' care delivery and payment systems by strengthening primary care, rewarding quality, encouraging providers to take accountability for total cost of care, coordinating with community and public health resources, integrating behavioral health, and promoting primary care payment reform.



Driver 1:	Driver 2:	Driver 3:	Driver 4:	Driver 5:
Supporting public payers in transitioning to a system that strengthens primary care and rewards quality over volume	Supporting a state-wide cross-payer approach to building data infrastructure for care coordination and accountability	Supporting a state-wide quality strategy aligning payers around a standard set of quality metrics	Integrating primary care with a robust set of public health and community-based services	Promoting a multi-payer statewide approach to learning, evaluation and disseminating best practices

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Next Steps

Next steps:

- Update operational plan based on CMS feedback
- Submit continuation application
- Complete implementation phase milestones to enter testing phase as of January 1, 2014 (subject to CMS approval)

For more information:

- http://innovation.cms.gov/initiatives/state-innovations/
- http://www.mass.gov/eohhs/gov/commissions-and-initiatives/state-innovation-model-grant.html
- SIMgrant@state.ma.us

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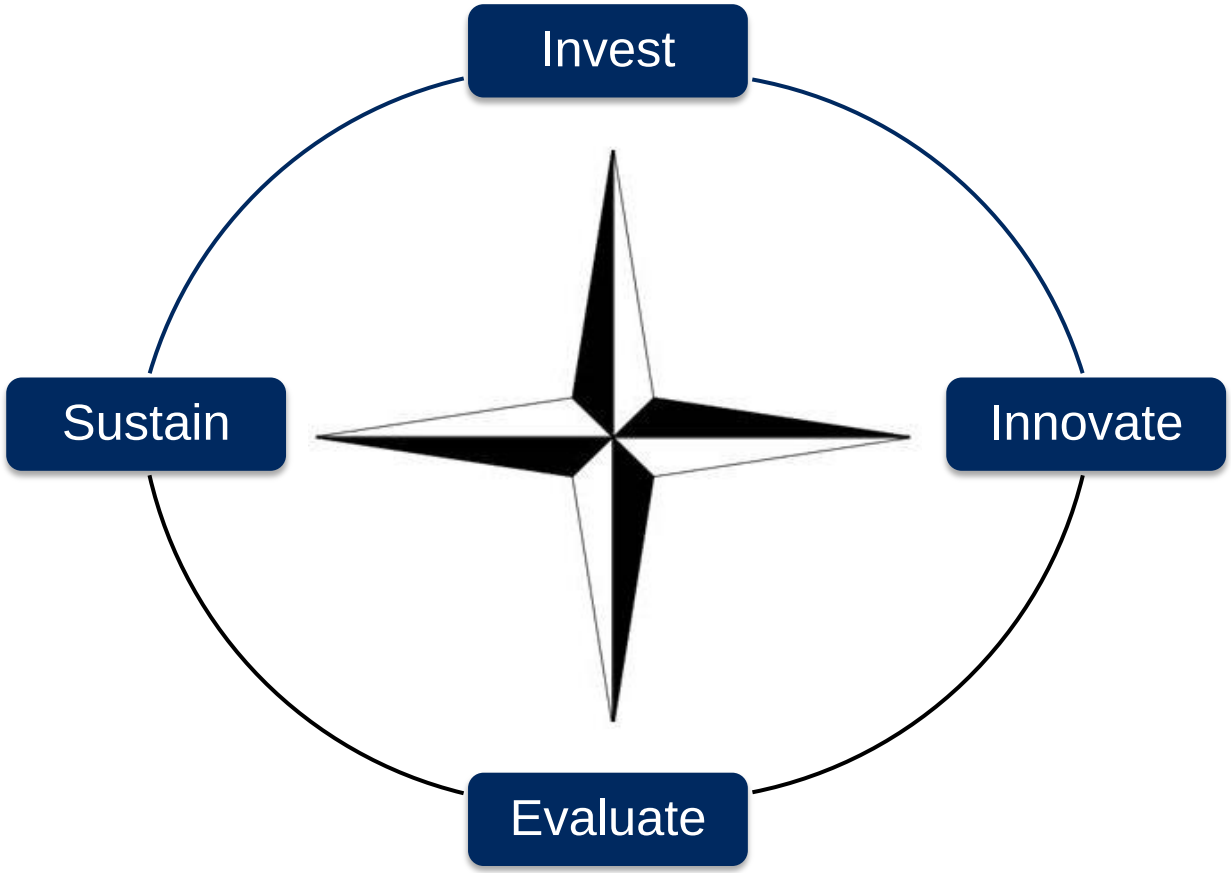
HPC CHART Investments

Community Hospital Acceleration, Revitalization, and Transformation

Charting a course for the right care at the right time in the right place



Proposed Framework for Year 1 Investments

Robust Public Development Process

- Reflects learning from many stakeholders, including:
  - market participants, including payers, providers, and purchasers
  - local and national content experts
  - diverse array of investors (private sector grant making/investment entities, other states and federal government, payers, etc)
  - HPC Advisory Council members
  - Extensive Commission deliberation and process, including nine meetings of the Commission or its Committees
- Provides opportunity for shared development of future CHART activities by stakeholders and HPC
- Reflects a strong basis in accountability with an early focus on evaluation
- Received strong endorsement of the Community Healthcare Investment and Consumer Involvement Committee on October 9, 2013

Looking from Phase 1 to Phase 2

Phase 1: Fall 2013 – Foundational Activities to Prime System Transformation

- Modest investment with many eligible hospitals receiving funds
- Short term, high-need expenditures
- Participation not requisite for receipt of Phase 2 funds nor a guarantee of Phase 2 award
- Identified need to assess capability and capacity of participating institutions
- Opportunity to develop engagement and foster learning

Phase 2: Spring 2014 – Driving System Transformation

- Deeper investment in limited set of hospitals – competitive application process
  - Multi-year, system or service line transformations in Commission-identified areas of focus
  - Testing models of system transformation
- Multiple potential funding models tailored to a variety of institutional needs/settings
- Close engagement between awardees and HPC

Ongoing program development

QI, Collaboration, and Leadership Engagement
Measurement & Evaluation
HPC Partnership with Awardees

Key Elements of Phase 1

- $10M total opportunity
- $500K cap per applicant
- 3 pathways for proposals
- Menu of selection criteria
- HPC-awardee engagement
- Approach to evaluation
- Pathway to Phase 2

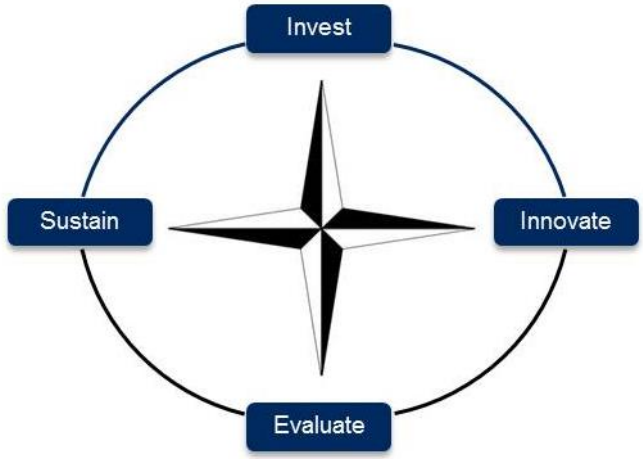


CHART Framework – driving to deep investment in Phase 2

Phase 1: Approach

- **Pathway A: Simple pilots in higher performing systems**
  - <6 month model testing aligned with CHART goals
- **Pathway B: Capability and capacity development**
  - Clinical info flow between hospital and community providers
  - Tools and training to promote cost reduction and quality improvement (e.g., Lean)
  - Clinical triggers and flags
  - Building collaboration across settings (e.g., post acute and behavioral health)
- **Pathway C: Planning**

Phase 1: HPC Operations

- **HPC partnership with awardees**
  - QI, efficiency, collaboration, and leadership engagement
  - Capability, capacity, and culture assessment and development
  - Data capacity development
  - Building learning environments
- **Early evaluation**

Phase 2: Spring 2014 – Driving System Transformation

- **Behavioral Health, e.g.:**
  - ED boarding
  - Inpatient treatment of SA
  - BH integration
- **Care Coordination and Care Transitions, e.g.:**
  - Readmission/preventable hospitalization reduction
  - Hot-spotting/PHM
- **Service Line Efficiency, e.g.:**
  - OB/GYN
  - ICU/Med-Surg
  - Resource stewardship

CHART Framework – driving to deep investment in Phase 2

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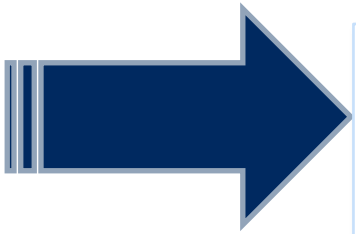

- **Pathway A: Simple pilots in high performing systems**
  - Early evaluation metrics must be available prior to submission of Phase 2 application
  - Relatively few awards – current capability and capacity must be previously established or enhanced with a concurrent Pathway B application
  - May serve as proof of concept (PDSA) for Phase 2 application
  - May include expansion of current initiatives
  - Implementation of models for which an evidence base exists

CHART Framework – driving to deep investment in Phase 2

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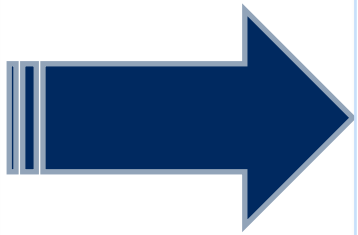

- **Pathway B: Capability and capacity development**
  - Foundational investments (staff or infrastructure) to facilitate engagement in ongoing transformation
  - All investments should be aligned with goals of CHART program – may serve as the basis for Phase 2 investment but are meaningful as a stand-alone spend
  - Identified, high-need investments that can be tied to awardees plan for transformation
  - Prioritize acquisition or implementation of simple tools and approaches that improve cost reduction, quality improvement, patient safety, care coordination, and communication

CHART Framework – driving to deep investment in Phase 2

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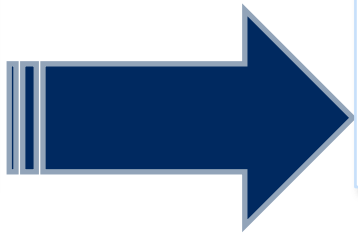


- **Pathway C: Planning**
  - Foundational investments to improve strategic and operational planning
  - Output is a written plan to HPC documenting opportunities for improvement of business strategy and operations of core community hospital service lines
  - Eligible applicants must demonstrate lack of capacity to otherwise conduct planning
  - HPC may also award Planning funds to facilitate enhancement of unsuccessful Pathway A or B applications
  - Recipients of Planning funds will be subject to participation and output requirements

Scope of Phase 1

Fund allocation, structure, and required activities

- Staff propose a **$10M funding pool**, with a cap of **$500K per awardee**
  - No more than **$100K may be expended on planning** activities[1]
  - Eligible entities may apply for funding within **one or more Pathways**, with the total requested sum not to exceed the cap
  - **Evaluation of resources** will be part of the award determination. For eligible hospitals with relatively greater resources, including affiliation with larger systems, proposals including internal cash contributions may be considered more favorably
- Funds flow would take the form of 80% of award upon execution of contracts and 20% upon completion of project and limited claw-backs in contract
- Upon execution of contracts for Phase 1 awards, Staff propose initiating a **comprehensive set of improvement-focused training and collaborative activities** in which executive leadership and Board participation would be requisite
  - Requisite activities may include but not be limited to completion of a comprehensive improvement capability assessment tool and a culture survey, as well as attendance at a series of HPC led events

[1] Includes cost of culture survey and related activities – anticipates $50-75K on direct planning activity

Selection Factors – Defining a Qualified Acute Hospital

Non-teaching hospital	Excludes major acute care teaching hospitals
Non-profit status	Excludes acute care hospital or health system with for-profit status
Relative price below median	Excludes hospitals whose relative prices are determined by the Commission to be above the statewide median relative price
Eligible applicant	An eligible Applicant is a qualified acute hospital, as determined by the Commission at the time of issuance of an RFR, using the best available data from the Center

Selection Factors – Statutory and Beyond

Selection and relative award of implementation grants should be tied to a variety of factors, including:

- **Applicant's financial health and payer mix**
- ROI of the investment
- Extent of innovation and potential for scaling up
- **Extent of potential for supporting future transformation activities**
- **Affiliations of the applicant, access to resources**
- Extent to which the proposal meets an identified geographic/population need
- **Extent to which the proposal demonstrates alignment and synergy with ongoing investments in the Commonwealth**
- **Extent to which the proposal meets an identified institutional need**

Review and Selection

CHART Investment Review Committee Process

- Chair appoints Commissioner(s) to serve on CHART Investment Review Committee (Review Committee)
- Executive Director designates HPC staff and/or contractors to serve on Review Committee
- Review Committee performs technical review for completeness and requests additional information
- Review Committee evaluates each element of the Operational Responses and Financial Responses for comprehensiveness, appropriateness, feasibility, clarity, effectiveness, innovation, and responsiveness to the goals of the HPC
- The Review Committee, through the Executive Director, recommends proposed awardees, including funding amount and project scope, to Commission for review and approval
- HPC negotiates and enters into contracts with awardees

Project Evaluation

Example

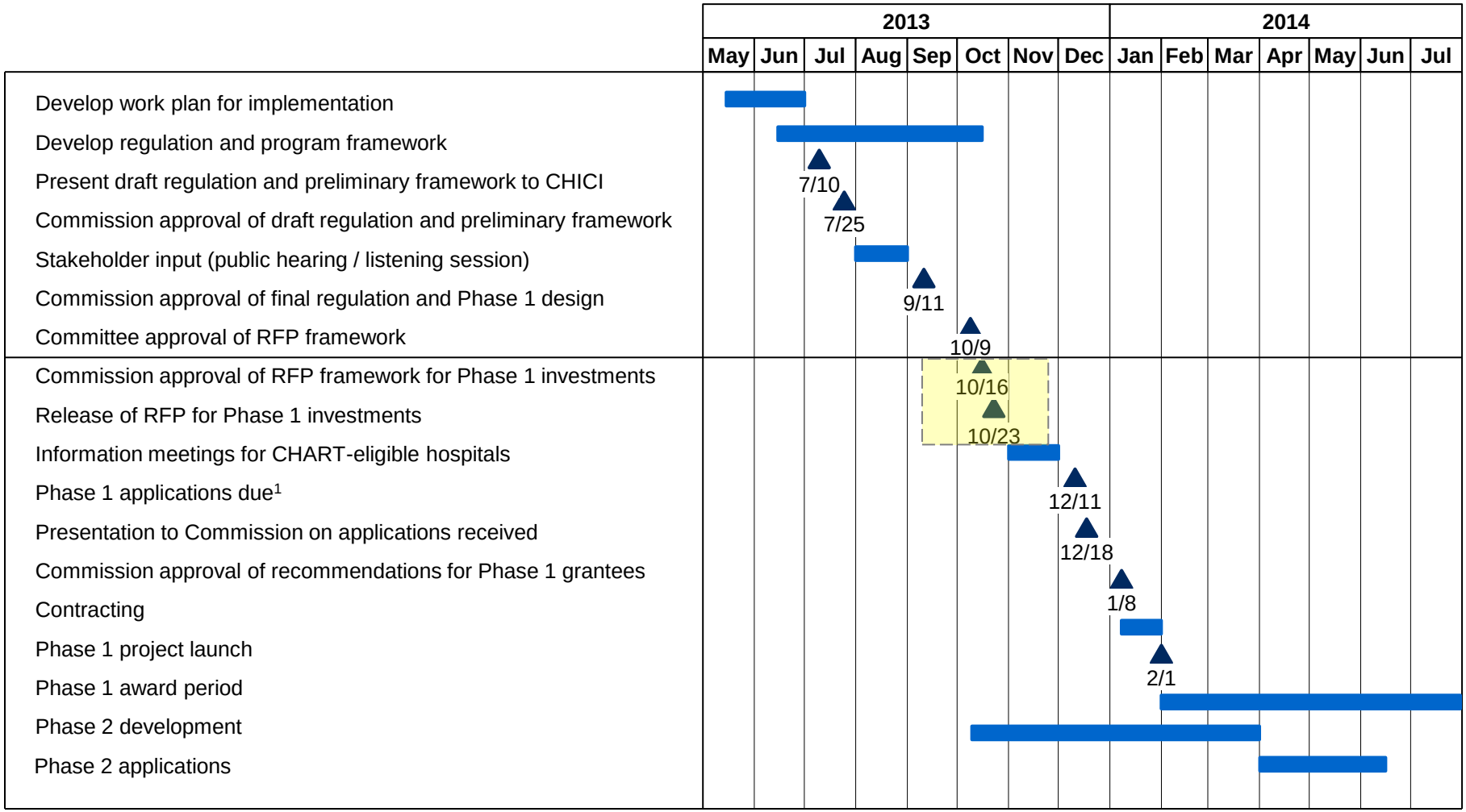
CHART Investment Goals and Objective

3 bullets on final CHART report on sustainable, scalable interventions with ROI

- 80% of clinical units score 80% or higher on culture survey *(indicating improvement)*
- 50% reduction in waste (*service line specific)*
- 50% reduction in ED boarding *(or similar measure for narrow domain)*
- 50% improvement in hospitals with capability for ACO certification

	Phase 1 Priming System Transformation	Phase 2 – Driving System Transformation
Objective	▪ Build BH capacity in emergency department to reduce ED boarding	▪ Behavioral Health Integration
Metrics	▪ Redesign ED workflow to maximize efficiency ▪ Hire case manager + process measures – Number of intake evaluations – Reduction in length of stay	▪ Number of case managers ▪ Outcome measures – Reduction in readmission – Reduction in TME for BH patients
Data Collection	▪ Statistics provided by grantees ▪ Cross-Commonwealth benchmarking through available DPH data	▪ Statistics provided by grantees ▪ Onsite visits ▪ Interviews ▪ Survey/Case studies ▪ Publicly available HEDIS/ACES data
Program Monitoring	▪ Initial baseline report (in proposal) ▪ Final report (bonus grants for successful completion?)	▪ Initial baseline report (in proposal) ▪ Yearly report (payment disbursed after meeting milestones) ▪ Final report

Anticipated Timeline

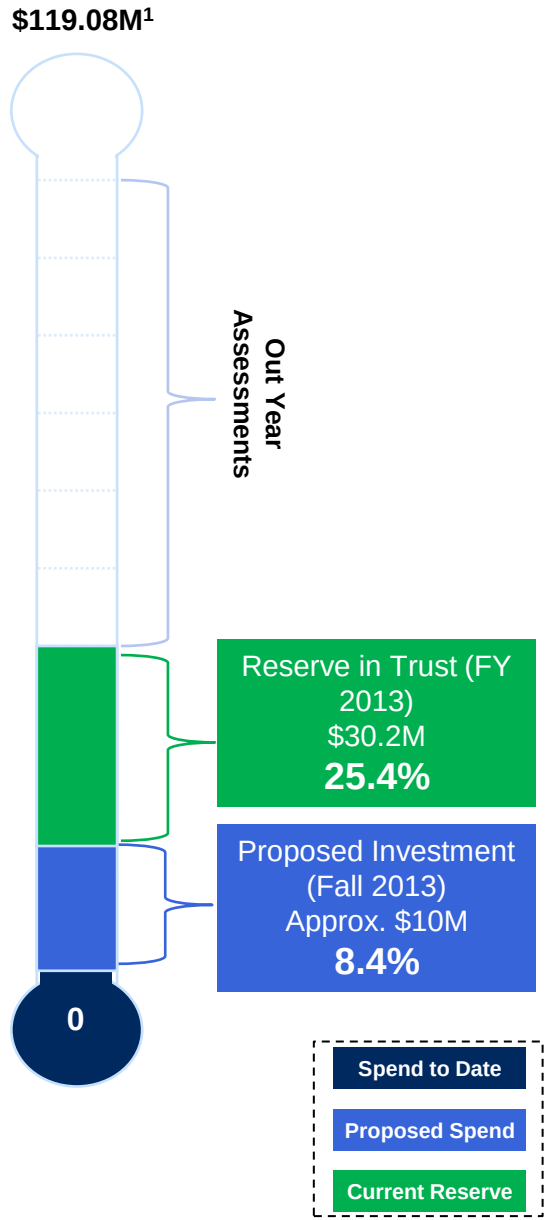


[1]Chairman of HPC selects one or more Commissions for participation in review process

Next Steps

Staff activities and Committee engagement

- **Finalize RFP** and requisite application materials
- **Release RFP** Week of October 21, 2013
- **Finalize administrative protocols** for review and evaluation of applications
- Formalize opportunities for engagement with applicants / awardees throughout the funding lifecycle, to **build strong relationships** and truly understand our cohort
- **Continue development of full CHART framework**, building towards significant fund allocation in Spring 2014
- **Continue development of HPC capacity** to support operational implementation
- **Continue coordination of CHART activities with key partners** (e.g. Prevention and Wellness Trust Fund, Infrastructure and Capacity Building Grants, MeHI e-Health investments, SIM, etc.)



[1]Distressed Hospital Trust funding pool after mitigation for select health systems

Vote: Approving CHART Investment Program RFP

Motion: That the Commission hereby authorizes the Executive Director to issue a Request for Proposals (RFP) for the Distressed Hospital Trust Fund grant program, as described to the Commission, pursuant to 958 CMR 5.04.

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Evaluating Material Change Notices

NOTICE OF MATERIAL CHANGE

Date of Notice: _____

1.	Name:	

2.	Federal TAX ID #	MA DPH Facility ID #	NPI #
	000-000-0000	0000	00000000

	Contact Information					
3.	Business Address 1:					
4.	Business Address 2:					
5.	City:		State:		Zip Code:	
6.	Business Website:					
7.	Contact First Name:		Contact Last Name:			
8.	Title:					
9.	Contact Phone:		Extension:			
10.	Contact Email:					

	Description of Organization
11.	*Briefly* describe your organization.

	Type of Material Change
12.	Check the box that most accurately describes the proposed material change:
	☐ Merger or affiliation with a carrier ☐ Acquisition of or acquisition by a carrier ☐ Merger with or acquisition of or by a hospital or a hospital system

Types of Transactions Noticed

2013 YTD

Type of Transaction	Frequency
Physician group affiliation or acquisition	25%
Acute hospital acquisition	19%
Acquisition of post-acute provider	19%
Clinical affiliation	19%
Change in ownership	13%
Formation of contracting entity	6%

Statutory Factors for Review of Material Change Notices

Statutory standard

Factors should evaluate whether the material change is likely to result in a significant impact
- "on the commonwealth's ability to meet the health care cost growth benchmark" or
- "on the competitive market"

The following factors, as relevant:

Cost impact	▪ Unit prices, including whether prices are ***materially higher*** than other providers ▪ Health status adjusted TME, including whether TME is ***materially higher*** than other providers ▪ Provider costs and cost trends, including compared to statewide trends
Market impact	▪ Provider size and market share within ***primary service areas*** and ***dispersed service areas***, including whether the provider has ***dominant market share*** ▪ Availability of services similar to those proposed to be provided ▪ Impact on competing options for health care delivery, including the impact on existing providers ▪ Quality, including patient experience and level of coordinated, population-based care ▪ Methods used to attract patient volume and to recruit or acquire health care professionals or facilities ▪ Role in serving at-risk, underserved, and government payer populations, including those with behavioral and substance use disorders or mental health conditions ▪ Role in providing low margin or negative margin services ▪ Consumer concerns, such as complaints that the provider has engaged in any unfair method of competition, or any unfair or deceptive act
Additional factors	▪ Other factors in the public interest ▪ Any factors identified by Commissioners during the initial 21-day review period, or at the first Commission meeting following initiation of any CMIR

Initial Questions for Evaluating Changes in TME

- What is the level of medical spending associated with the parties? Is a party being acquired joining a network with higher or lower TME?
- Are prices - whether fee for service or global budget prices – expected to increase or decrease as a result of the transaction? Is care anticipated to shift to lower or higher priced providers?
- Will market concentration increase or decrease as a result of the transaction? By how much? In which markets?

Initial Questions for Evaluating Changes in Access and Quality

- Will the transaction enhance or reduce availability of and access to needed services?
- How will the transaction impact the payer mix and service mix of the parties and other providers?
- What is the parties' quality performance? Is a party being acquired joining a system with higher or lower quality performance?

Next Steps

- Recommended updates to the Interim Guidance and Form for submitting material change notices

- Proposed regulations
  - Definitions of materially higher price and TME, primary service area, dispersed service area, dominant market share, and other statutorily identified terms
  - Proposed thresholds for evaluating changes in each of the above metrics

Update on Partners-South Shore Cost and Market Impact Review

- Have now received most of the data and other materials requested of Partners and South Shore Hospital
- Information requests issued to payers and other providers
- Timely reviewing, cleaning, and analyzing data provided
- On track to have a public report by the end of the year

Agenda

- Approval of Minutes from September 11, 2013 Meeting
- Executive Director Report
- Annual Cost Trends Hearing Discussion
- Care Delivery and Payment System Reform
- Quality Improvement and Patient Protection
- Community Health Care Investment and Consumer Involvement
- Cost Trends and Market Performance
- **Administration and Finance Update**
- Schedule of Next Commission Meeting

Vote: Authorizing Process to Review Hourly Professional Service Contracts

Motion: That, subject to the Executive Director providing regular updates to the Commission's Administration and Finance Committee and notwithstanding section 6.2 of the By-laws, the Commission hereby authorizes the Executive Director to enter into competitively procured contracts for professional services necessary to support the HPC's work in conducting ongoing measurement and monitoring of cost trends, provider relationships, and market changes as required by G.L. c. 6D § 8, 11 and 13, which contracts may exceed $200,000.

Agenda

- Approval of Minutes from September 11, 2013 Meeting
- Executive Director Report
- Annual Cost Trends Hearing Discussion
- Care Delivery and Payment System Reform
- Quality Improvement and Patient Protection
- Community Health Care Investment and Consumer Involvement
- Cost Trends and Market Performance
- Administration and Finance Update
- **Schedule of Next Commission Meeting (November 20, 2013)**

Contact Information

For more information about the Health Policy Commission:

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