

MINUTES OF THE HEALTH POLICY COMMISSION

Meeting of October 16, 2013

MASSACHUSETTS HEALTH POLICY COMMISSION

THE HEALTH POLICY COMMISSION
Boston Public Library
Johnson Building, Rabb Lecture Hall
700 Boylston Street
Boston, MA 02116

Docket: Wednesday, October 16, 2013, 10:00AM

1. Approval of Minutes from September 11, 2013 Meeting (APPROVED)
2. Executive Director Report
3. Annual Cost Trends Hearing Discussion
4. Care Delivery and Payment System Reform Update
 - a. SIM Grant Presentation by Dr. Ann Hwang, Executive Office of Health and Human Services
5. Quality Improvement and Patient Protection Update
6. Community Health Care Investment and Consumer Involvement Update
 - a. CHART Investment Program RFP (APPROVED)
7. Cost Trends and Market Performance Update
 - a. Material Change Notices
8. Administration and Finance Update
 - a. Contract Authorization (APPROVED)
9. Schedule of Next Commission Meeting (November 20, 2013)

Health Policy Commission

Presented below is a summary of the meeting, including time-keeping, attendance, and votes.

Date of Meeting: Wednesday, October 16, 2013

Beginning Time: 10:03 AM

End Time: 12:37 PM

Board Member	Attended	ITEM 1	ITEM 6a	ITEM 8a
		Approval of Minutes from September 11, 2013	Approval of Request for Proposals for the CHART Grant Program	Approval of contract authorization process
Carole Allen	Yes	Yes	Yes	Yes
Stuart Altman*	Yes	Yes	Yes	Yes
David Cutler	Yes	Yes	Yes	Yes
Wendy Everett	Yes	Yes (2 nd)	Yes	Yes
Paul Hattis	Yes	Yes	Yes (M)	Yes
Rick Lord	Yes	Yes	Yes (2 nd)	Yes (2 nd)
John Polanowicz (Ann Hwang)	Yes	Yes	Yes	Yes
Glen Shor	Yes	A	Yes	A
Marylou Sudders	Yes	Yes (M)	Yes	Yes
Veronica Turner	Yes	Yes	Yes	Yes
Jean Yang	Yes	Yes	Yes	Yes (M)
Summary	11 Members Attended	Approved with 10 votes	Approved with 11 votes	Approved with 10 votes

*Chairman

(M): Made motion; (2nd): Seconded motion; (ab): Abstained from Vote; A: Absent from Meeting

PROCEEDINGS

A regular meeting of the Massachusetts Health Policy Commission was held on Wednesday, October 16, 2013, at the Boston Public Library, Johnson Building, Rabb Lecture Hall, 700 Boylston Street, Boston, MA 02116.

Commissioners present included Chair Stuart Altman; Dr. Carole Allen; Dr. David Cutler; Dr. Wendy Everett; Dr. Paul Hattis; Mr. John Polanowicz, Secretary, Executive Office of Health and Human Services; Mr. Glen Shor, Secretary, Executive Office of Administration and Finance; Ms. Marylou Sudders; Mr. Rick Lord; Ms. Veronica Turner; and Ms. Jean Yang.

Chair Altman called the meeting to order at 10:03 AM and reviewed the agenda.

ITEM 1: Approval of the Minutes from the October 16, 2013 Meeting

Chair Altman initiated the meeting at 10:03 AM. He solicited comments, additions, or corrections to the minutes from the September 11, 2013, Health Policy Commission meeting. Chair Altman then called for a motion to approve the minutes. **Ms. Sudders** made a motion to approve the minutes. After consideration, upon motion made and duly seconded by **Dr. Everett**, it was voted unanimously to approve the minutes from the September 11, 2013, board meeting.

Voting in the affirmative were the eight present Commission members. There were no abstentions and no votes in opposition.

ITEM 2: Executive Director Report

Mr. David Seltz, Executive Director for the Health Policy Commission, welcomed everyone to the ninth meeting of the Health Policy Commission. He presented a report regarding the status of the Commission.

Mr. Seltz gave a brief overview of upcoming agenda items for the current commission meeting. He discussed HPC milestones to date as well as goals for the remainder of the year.

Mr. Seltz noted that two weeks had passed since the cost trends hearing. He highlighted that the hearing showcased strong support for the Health Policy Commission from political leadership and the public. He emphasized that the hearings provided a unique opportunity to bring together leadership from various stakeholder organizations as well as national experts in health care. Mr. Seltz reiterated that the hearing brought focus to issues central to achieving greater accountability in the Massachusetts health care system.

Mr. Seltz asked Commissioners for questions. Seeing none, Chair Altman moved to the next agenda item.

ITEM 3: Annual Cost Trends Hearing Discussion

Dr. Altman thanked staff for their work organizing and hosting the 2013 cost trends hearing. He also thanked those who testified for their thoroughness and effort.

Dr. Altman asked Mr. Seltz to review the staff's main themes from the cost trend hearing.

At this point, Secretary Glen Shor arrived at the Commission meeting.

Mr. Seltz noted that market participants spent a great deal of time preparing their testimony. He highlighted the role of the HPC in mining through the collected data and producing substantive reports.

Mr. Seltz noted that, for the first time, staff is preparing an executive summary of the cost trends hearing to highlight key themes for the general public.

The point of the day's discussion was to glean commissioner takeaways from the hearing to add to the breadth of the executive summary. Before opening discussion to commissioners, Mr. Seltz reviewed the high level themes from the hearing. The full list of themes can be found in the Commission meeting's presentation on slide 9.

Dr. Altman thanked Mr. Seltz for his summary and asked commissioners for their input on the hearing.

Dr. Cutler thanked staff for organizing and planning the cost trends hearing. He provided three areas where he believed the HPC could focus future work:

1. CMIR notification and review of the material change notice process
2. Access to data
3. Payment system design issues

Dr. Hattis commended Mr. Seltz and his staff on the hearings. He noted that day probed the question as to whether the HPC is thinking about the right issues. He noted two big picture themes from the hearings:

1. Market failure elements
2. Historic role of fee for service and its impact on the current market

Ms. Yang commented on the HPC's next steps following the cost trends hearing. She suggested that commissioners and staff refer to the committees and make sure that each theme has a home in one of them. This will allow the themes to become action steps.

Dr. Altman commented on market dynamics and the conflicting set of incentives for change.

Dr. Everett noted that the most valuable outcome from the hearing was the creation of a baseline for defining issues. This will aid Commissioners and staff as they prepare for next year's hearings and facilitate the ability to judge progress across the years.

Dr. Everett also endorsed Ms. Yang's idea to divide themes into the subcommittees.

Ms. Sudders noted that the hearing provided a baseline, but also gave the HPC more questions to explore. She emphasized the need to look at market drivers and keep the role of consumers in mind.

Mr. Lord noted that he left the hearing with a better understanding of how complicated the issue of cost containment is and how much work is yet to be done. He noted that the hearing pointed to great opportunities for employer/consumer discussion, citing Undersecretary Barbara Anthony's presentation on the consumer transparency tools as a key conversation point.

Dr. Allen commented that the hearings provided an overwhelming amount of information. To her, the main themes were the lack of standardization in plans and the lack of attention to determinants of population health and prevention.

Mr. Turner echoed her fellow Commissioners that the hearings were a great event with a surplus of information. She noted that, following the hearing, the HPC needs to take deeper look into Medicaid

and Medicare reimbursement rates. She also challenged Commissioners and staff to consider what power and authority the HPC has to make significant changes. She noted that she looks forward to delving more deeply into these issues at the committee level.

Ms. Sudders suggested cataloguing the suggestions made by panelists to facilitate future discussions.

Mr. Seltz stated that the HPC will use this conversation to create a baseline for actionable next steps. He commented that the hearings were recorded to allow staff to use them as a source of detailed testimony. He further noted that there is a large amount of data in the form of pre-filed testimony on the HPC's website.

Dr. Altman asked for any further questions or comments from Commissioners. Seeing none, he moved onto the next agenda item.

ITEM 4: Care Delivery and Payment System Reform Update

Dr. Carole Allen, Chair of the Care Delivery and Payment System Reform Committee, initiated an update regarding the Committee, noting that the Committee had not met since the last full Commission meeting.

Dr. Allen discussed the work that Committee members and staff have been doing on criteria for certifying patient-centered medical homes (PCMH) and registered provider organizations (RPO). She commented that the Committee hoped to present more details on the certification programs at the November 20 Board meeting.

Chair Altman thanked Dr. Allen and staff for their work on the PCMH program. He asked Commissioners for any questions for the Committee. Seeing none, he moved to the next agenda point.

ITEM 4a: SIM Grant Presentation by Dr. Ann Hwang, EOHHS

Dr. Ann Hwang, Director of Health Care Policy, Executive Office of Health and Human Services, presented to the HPC on the SIM grant program. Her presentation is available on the HPC's website.

ITEM 5: Quality Improvement and Patient Protection Update

Ms. Marylou Sudders, Chair of the Quality Improvement and Patient Protection Committee, updated the Commission regarding the status and activities of the Committee. Ms. Sudders noted that the Committee had not met since the last Commission meeting. She announced the next QIPP meeting on November 13, 2013. She predicted that proposed regulations for the Office of Patient Protection (OPP) would be discussed at the November Committee meeting.

ITEM 6: Community Health Care Investment and Consumer Involvement Update

Dr. Paul Hattis, chair of the Community Health Care Investment and Consumer Involvement Committee, introduced the agenda item to be covered by his Committee: approval of the request for proposals (RFP) for the CHART Investment Program.

Chair Altman commented that the Commission has rightfully spent a large amount of time on this topic. He commended the staff on their efforts to define the investment program.

Dr. Hattis emphasized the larger purpose of the CHART Investment Program: getting to a place of high value care. He announced progress in moving the CHART program forward, with the goal of dispersing grant funds by January 2014 to encourage acceleration, revitalization, and transformation in community hospitals.

Mr. Seltz noted that the task before the Commission today was to discuss and ultimately vote on detailed parameters for phase one of the RFP. This phase would disperse \$10 million in funds to eligible community hospitals.

Mr. Seltz emphasized that the CHART Investment Grants were not a “bail out” for hospitals, but rather an opportunity for partnership. He stated that the proposed RFP recognizes the opportunity for the HPC to engage with hospitals early and build towards deeper investments in subsequent phases. Mr. Seltz introduced Mr. Iyah Romm, Director for System Performance and Strategic Investment for the Health Policy Commission.

Mr. Romm reviewed the work to date on the CHART Investment Program. He summarized the RFP to be debated by the Commission and emphasized that the RFP had been endorsed by the CHICI Committee at the October 9 meeting.

Mr. Romm then outlined the two-phase approach to the CHART Investment Program. He noted the ultimate goal of achieving quality improvement, collaboration, and engagement with hospital leadership.

After reviewing the program in its entirety, Mr. Romm provided a detailed analysis of the first phase of the investment program. He noted that the HPC would award \$10 million during the first phase to a select group of eligible community hospitals. Mr. Romm stated that, under the RFP, there is a \$500,000 cap on funding to an individual hospital. He highlighted that the RFP provided three pathways for funding under the first phase:

- A. Simple pilots in higher performing systems
- B. Capability and capacity development
- C. Planning

Mr. Romm detailed the differences between these pathways and potential projects for each.

Dr. Hattis noted that the investments could allow community hospitals to become more efficient and reduce the cost of care. Dr. Altman echoed this point, noting that Massachusetts needs to provide services in a less costly way. He pointed to various existing benchmarks for health care cost.

Dr. Cutler asked what feedback staff has received on the RFP from eligible hospitals. Mr. Romm responded that feedback is generally positive. Hospitals range across the spectrum of transformation preparedness and the phased approach allowed the HPC to meet institutes where they are. Mr. Romm then presented on the data available to determine eligibility of hospitals under the CHART program. He reviewed the statutory criteria for eligibility and other factors that will be considered by HPC when looking at applications.

Dr. Altman asked for clarification on the statutory criteria for statewide relative price below median. Mr. Romm noted that each of the plans in the Commonwealth for which rates are negotiated, not including Medicaid and Medicare fee for service, weigh into this. Dr. Altman stated that the staff should consider changing the wording for this criterion as it is misleading. Mr. Romm replied that the wording is statutorily mandated. Dr. Everett commended Mr. Romm on the work that went into the program and commented that “statewide relative price below median” leads one to believe it includes non-commercial payers. She asked the staff to change the branding of this criterion before releasing the RFP to the public. Dr. Hattis suggested renaming this criterion as “statewide private payer relative price below median.”

Mr. Romm discussed the next steps for the CHART Investment Program before opening up to questions from commissioners.

Ms. Sudders expressed concern about the amount of funding provided to grantees at the time of contract execution. She noted the need for upfront investments, but affirmed that 80% seemed like a substantial amount. Dr. Everett responded that 80% was a typical amount in private foundations and that, given the work with distressed community hospitals, the large upfront investment was necessary for success. Ms. Turner echoed Dr. Everett, noting that large upfront investments could be instrumental for success for these community hospitals. Dr. Allen noted that 80% was just for phase one investments and that this issue of front-loading dispersal could be revised when the HPC releases the RFP for phase two grants.

Dr. Everett asked about the timeline of the RFP. Mr. Romm noted that staff would return to the Commission with a preliminary report of the proposals at the December 18 meeting. The Commission would vote to award the grants at the January 8 meeting.

Seeing no further questions or comments, Dr. Altman asked for a motion to vote on approving the request for proposals. **Dr. Hattis** made the motion. **Mr. Lord** seconded. The Commission unanimously voted to approve the RFP for the CHART Investment Program.

Dr. Altman highlighted that staff will welcome input from commissioners interested in reviewing the RFPs.

Secretary Glen Shor left the meeting.

ITEM 7: Cost Trends and Market Performance Update

Dr. Cutler, chair of the Cost Trends and Market Performance Committee, introduced the agenda item to be covered by his Committee: the framework for reviewing notices of material change (MCN) and an update on pending material change notices.

Ms. Karen Tseng, Policy Director for Market Performance for the Health Policy Commission, provided an update on the staff's work to define the framework for reviewing notices of material change. She detailed the statutory factors to which the HPC must comply. She also discussed the types of notices received by the HPC.

Ms. Tseng offered commissioners a variety of sample questions used by staff to evaluate changes in total medical expenditures (TME), access, and quality of care. She also detailed next steps that the staff will take to define MCN guidelines, including returning to the Commission in November with a clearer framework.

Commissioners discussed the preliminary framework and questions proposed by staff. Ms. Tseng provided a brief update on pending MCNs.

ITEM 8: Administration and Finance Update

Mr. Seltz proposed a motion to authorize 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 which may exceed \$200,000.

Commissioners discussed the proposed motion and amended it to limit the approval authority of the Executive Director so that he/she can only approve contracts less than \$500,000. For contracts greater than \$500,000 the Executive Director must seek the approval of the full Commission.

Ms. Yang moved the amended motion to a vote. **Mr. Lord** seconded. The Commission voted unanimously to approve the amended motion.

ITEM 9: Schedule of Next Commission Meeting

Following the conclusion of discussion of the final agenda item, Chair Altman announced the date of the next board meeting, November 20, and adjourned the meeting of the Health Policy Commission at 12:37 PM.

LIST OF DOCUMENTS PRESENTED AND POSTED AFTER THE MEETING

1. Meeting Agenda, 10/16/2013
2. Minutes of the 9/11/2013 Health Policy Commission Meeting
3. Committee Presentation, 10/16/2013
4. SIM Grant Presentation by Dr. Ann Hwang