MINUTES OF THE COST TRENDS AND MARKET PERFORMANCE COMMITTEE

Meeting of October 14, 2015

MASSACHUSETTS HEALTH POLICY COMMISSION

THE COST TRENDS AND MARKET PERFORMANCE COMMITTEE OF THE MASSACHUSETTS HEALTH POLICY COMMISSION
CONFERENCE CENTER
50 MILK STREET, 8th FLOOR
BOSTON, MA 02109

Docket: Wednesday, October 14, 2015, 9:30 AM – 11:00 AM

PROCEEDINGS

The Massachusetts Health Policy Commission's (HPC) Cost Trends and Market Performance (CTMP) Committee held a meeting on Wednesday, October 14, 2015 in the HPC's Conference Center, located at 50 Milk Street, 8th Floor, Boston, MA.

Members present were Dr. David Cutler (Chair), Dr. Paul Hattis, Dr. Wendy Everett, Mr. Rick Lord, Mr. Ron Mastrogiovanni, and Ms. Lauren Peters, designee for Ms. Kristen Lepore, Secretary of Administration and Finance. Dr. Stuart Altman, Chair of the HPC, was also present.

Dr. Cutler called the meeting to order at 9:34 AM.

ITEM 1: Approval of minutes

Dr. Cutler asked for any change to the minutes from July 15, 2015. Seeing none, Mr. Lord made a motion to approve the minutes from July 15, 2015. Mr. Mastrogiovanni seconded the motion. Members voted unanimously to approve the minutes.

ITEM 2: Agenda

Dr. Cutler outlined the agenda for the meeting. Dr. Cutler praised the 2015 Cost Trends Hearing and noted his appreciation for the substantive discussions that resulted from the two day event.

Mr. David Seltz, Executive Director, noted that the October 21 HPC Board Meeting has been rescheduled for November 18.

ITEM 3: Discussion of the 2015 Health Care Cost Trends Hearing

Mr. Seltz reviewed major themes from the 2015 Health Care Cost Trends Hearing. Mr. Seltz stated that the annual hearing informs the HPC's Cost Trends Report as well as work completed through the CHART Investment Program and other research endeavors.

Dr. Marian Wrobel, Director of Research and Cost Trends, reviewed the hearing, highlighting that the first and last panels directly related to the health care cost growth benchmark. She stated that panelists consistently cited pharmaceutical drug costs, abnormal events relating to the implementation of the ACA, and costs related to MassHealth as the primary reasons that Massachusetts surpassed the benchmark. Dr. Wrobel added that pharmaceutical prices are a national issue. She stated that the hearing highlighted room for cooperation regarding

utilization guidelines in the Massachusetts market. She also noted potential innovative payment methods that could help curtail the costs of the drugs.

Dr. Wrobel noted that all of the panels touched on payment disparity and market consolidation as mutually reinforcing and potentially negative trends.

Dr. Wrobel highlighted the fact that panels paid little attention to the settling-in effects of the ACA. She predicted that said effects might continue into 2015, but would most likely not continue to affect the level of spending growth.

ITEM 4: Discussion of the 2015 Cost Trends Report

HPC staff provided a brief summary of the 2015 Cost Trends Report. Dr. Cutler noted that Massachusetts has seen mixed progress in the report's three focuses areas: spending and delivery trends, aligning incentives, and opportunities to increase quality and efficiency.

Dr. Cutler noted that CHIA's 2015 Annual Report symbolized lost ground for the Commonwealth with respect to spending and delivery. He noted that spending and delivery trends are an issue that the HPC should be mindful of, but that the Commonwealth is generally doing well.

Dr. Cutler noted some progress has been made with regards to aligning incentives. He stated that this progress was highlighted at the Cost Trends Hearing through testimony from payers such as Blue Cross Blue Shield and MassHealth.

Dr. Cutler stated that Massachusetts needs to spend time addressing opportunities to increase quality and efficiency. He noted that the Commonwealth faces challenges in the short run, such as patients using high cost drugs and the effects of the ACA, as well as in the long run, for example maintaining the progress made in aligning incentives. Furthermore, the HPC and the Commonwealth need to figure out ways to "jump start" efforts at improving quality and efficiency.

Mr. Seltz also noted price transparency as an issue that requires attention.

Mr. Seltz highlighted testimony in which several major providers said they could not demonstrate that market alignment resulted in increased efficiencies. He added that there is not yet a direct correlation between the providers' actions and improved efficiency outcomes. Mr. Seltz also noted that the Commonwealth and HPC must determine at what pace market reforms occur.

Ms. Sara Sadownik, Senior Manager for Research and Cost Trends, noted that the hearing pointed to specific areas in which the Commonwealth could improve while also providing a general sense of urgency for the market. She added that stakeholders believe that key areas for improvement are end of life care and post-acute care.

Dr. Wrobel noted that panelists discussed the need for clearly defined quality measures and metrics for patient experience at the Cost Trends Hearing. She added that such metrics are necessary for consumer incentives to function.

Ms. Peters reminded the committee that a panelist suggested selecting one or two quality measures each year for a group of stakeholders to jointly address.

Dr. Cutler agreed that it may be worthwhile to focus on a few metrics and determine how to advance them. He added that the Cost Trends Report could include information on how the Commonwealth could engage in this process.

Mr. Lord noted that, despite what several panelists said at the hearing, care delivery is not being pushed back into community settings. He stated that the creation of tiered network plans to steer consumers into lower cost settings has not accomplished what it set out to do. Mr. Lord echoed previous comments about the need to improve transparency tools. He added that getting consumers to employ these tools will be an additional challenge.

Dr. Wrobel concurred with Mr. Lord's comments regarding tiered networks, noting that they have not delivered the anticipated level of cost savings. Dr. Wrobel stated that she was struck by two occurrences at the hearing. The first was optimism about value-based insurance design. The second was the importance placed upon the consumer's decision of a primary care provider.

Mr. Seltz noted that one of the hearing's keynote speakers highlighted product design as an untapped area for innovation. He stated his optimism that several panelists said they would be amenable to aligning their payment reform structures. Such alignment would be beneficial for MassHealth payment reform work since CMS is interested in the state's ability to demonstrate multi-payer alignment.

Dr. Altman commented that it might be too soon to abandon demand side solutions to cost containment. He added that there is still time for products like tiered networks to demonstrate returns. Dr. Altman noted that price transparency is required for demand side policies to function.

Mr. Lord cited insufficient price differentials between the tiered copays and deductibles as a major complaint he has heard about the tiered networks. He suggested possible next steps to addressing this.

Dr. Cutler stated that an issue underlying the struggles of demand side policies is consumers' inability to access and act on information about prices. He added that there is no way to readily compare costs.

Dr. Wrobel noted that the rise of services, such as CVS's MinuteClinics, demonstrates that consumers are aware of cheaper alternatives for certain services and will migrate to them given the opportunity.

Ms. Peters stated that existing price tools can be tailored to move away from fee for service and towards more episodic and global payment systems. She added that one of the most important decisions a consumer makes is still selecting their primary care provider.

Dr. Cutler highlighted the discussion of nurse practitioners at the Cost Trends Hearing. He noted that the board could recommend legislation regarding the scope of practice for nurse practitioners, if warranted.

Mr. Seltz affirmed that such actions are within the purview of the HPC. He added that it could be a conversation the board has with the release of the Cost Trends Report.

Dr. Altman commented on the format and content of the hearing, noting that he was impressed with the panelists and the subjects discussed. He added, in the future, it might behoove the HPC to explore alternative panel formats.

Ms. Sadownik noted that the 2015 Cost Trends Report echoes many of the themes discussed by the committee. She thanked commissioners for their input.

Dr. Wrobel provided a system-wide data update. She noted that the HPC is working with CHIA to validate MassHealth data and data from the APCD. She noted that working with data can be a slow and laborious process, even under the best of circumstances.

Mr. Steve McCabe, Deputy Executive Director of Health Analytics and Finance at CHIA, agreed with Dr. Wrobel's evaluation. He added that CHIA is working with the HPC to expedite the data analysis.

ITEM 5: Discussion of Performance Improvement Plans
Ms. Kate Scarborough Mills, Policy Director for Market Performance, provided an introduction to performance improvement plans (PIPs). She stated that, in line with Chapter 224's mandate, the HPC is in the process of building the process and the substance of PIPs. She explained that the PIPs go into effect in 2016.

Ms. Mills reminded the committee that the purpose of PIPs was to improve transparency for both providers and payers. PIPs also afford the HPC an opportunity to assist providers and payers who show concerning cost growth, as measured by health status adjusted Total Medical Expenses (TME).

Ms. Mills noted that the HPC has a confidential list of entities whose cost growth threatens the benchmark, which includes final TME data from 2012 and 2013 and preliminary data from 2014. She noted that once the HPC finishes validating the list from CHIA, staff will provide the list to commissioners.

Ms. Mills noted that Chapter 224 mandates that CHIA sends such a list to the HPC for analysis. At which point, the HPC must notify all entities that they are on the list. She stated that the HPC must determine if any organizations will be required to submit a PIP. Ultimately, the PIP will be developed by the payer and/or provider and address the reasons for the cost growth with action steps, measurable outcomes, and an implementation timeline of no more than 18 months. Ms. Mills noted the PIP must be reasonably expected to succeed in order to be approved by the HPC.

Ms. Mills stated that the day's discussion will focus on what the HPC will do with the list of providers and payers it receives from CHIA and how the agency will identify which payers and providers will be required to submit a PIP.

Dr. Cutler asked for clarification on how payers and providers are placed on the list. Ms. Mills responded that payer and providers will be treated differently in this aspect of the process. She stated that the CHIA looks at all membership in all books of business for payers. For providers, CHIA looks at only physician groups with primary care physicians for whom patients can be attributed, such as patients in an HMO plan. Ms. Mills added that CHIA only requires reporting for physician groups that have at least 36,000 member months with a given payer.

Dr. Cutler asked if it was possible to separate out the type of spending. Ms. Mills stated that the HPC has the ability to examine the spending data by various categories such as inpatient, outpatient, pharmacy, and non-claims.

Dr. Cutler inquired if this information is all included in the list CHIA will send to the HPC. Ms. Mills replied that the CHIA list represents a first cut. She noted that it is at CHIA's discretion to determine the specific methodology it uses to identify entities. Ms. Mills reminded commissioners that the mandate requires CHIA to list entities whose cost growth is excessive and threatens the cost growth benchmark according to their health status adjusted TME. Once the HPC receives the list, the HPC will overlay the data with its own robust set of analytics. Ms. Mills underscored that the purpose of this analysis is to do an individualized, deep dive into the performance of each of the identified entities.

Dr. Cutler asked whether HPC's analysis would occur before or after the organization is sent a notice that it was on CHIA's list. Ms. Mills replied that the HPC is required by statute to notify an organization that it is on CHIA's list.

Mr. Seltz noted that the HPC is planning to complete in-house analysis to determine which organizations on the list will need to submit a PIP. He added that the HPC is considering sending entities two different types of notice; one that informs entities that they have been identified by CHIA but that the HPC will not be taking any further action, and another indicating that the HPC is continuing its review of that entity and may be in further contact.

Dr. Cutler agreed with the idea of sending two different types of notice. He hypothesized that due to drug price increases in 2014, nearly all organizations in the state would receive such a letter from the HPC. Dr. Cutler noted that it was unclear to whom the PIP should be directed if the cost driver is pharmaceutical or specialist care, but the physician's organization that uses these services is the entity on CHIA's list.

Dr. Altman recommended that the commission take its time in figuring out what to make public concerning the list of organizations. Mr. Seltz agreed.

Mr. Seltz stated that the introduction of PIPs marks shift in focus from performance across the state to performance of individual entities. He added that the PIP process is crucial, because it represents the accountability component of the benchmark. Mr. Seltz stated that the HPC is building a rigorous process that is also transparent for the market. He noted that the commission should not create a process that requires annual PIPs.

Dr. Cutler expressed concern over sending letters to organizations before the HPC knows which are likely to be required to file a PIP. Mr. Seltz noted that it was the HPC responsibility to inform entities that they are on CHIA's list, but there is a question about what information these notifications will include.

Dr. Altman suggested that the HPC use the coming year to determine what steps should be taken to ensure that future lists are accurate.

Ms. Mills noted that the HPC's goal is to overlay a highly robust set of analytics over the data sent from CHIA. She commented that the bar for which entities would be required to submit a PIP would be very high. She reiterated that the commissioners would be informed of the entities on the CHIA list and informed of further analysis completed by the HPC before any additional steps are taken. Furthermore, she noted that the HPC is anticipating a board vote before any entity is required to submit a PIP. She also noted that the statute includes a process for entities to seek a waiver, which would also require a board vote.

Dr. Cutler asked whether CHIA's list only included primary care providers or if other types of providers, such as tertiary care providers, could also be included, and also asked if we are limited to requiring a PIP from only entities on the list. Ms. Mills stated it was the HPC's reading of the statute that we are limited to the entities on the list, and noted that CHIA's list only includes organizations for which the agency can measure health status adjusted TME. She added that the HPC and CHIA are discussing way to potentially expand that metric. She highlighted the need to come up with a TME-like metric that includes specialists and tertiary care providers.

Dr. Hattis asked whether the HPC could only mandate a PIP for primary care practices. Ms. Mills replied that the list from CHIA includes data that is reported by physician groups with PCPs attached to them for whom patients can be attributed, but that these physician groups may be part of a larger system.

Dr. Hattis asked about whether the HPC can conduct a cost and market impact review (CMIR) of any entity in years where the state exceeds the benchmark, regardless of whether the entity was identified by CHIA on the list,. Ms. Mills explained the HPC can only conduct CMIRs of entities identified by CHIA when the state exceeds the benchmark.

Dr. Hattis asked if the HPC will provide guidance on what an entity must include in its PIP. Mr. Seltz replied that the statute is designed such that the improvement plan must come from the entity itself, and that the HPC would work with the entity to assist them in developing a plan.

Staff and commissioners discussed sample questions and factors that would determine whether an entity would need to complete a PIP. Staff noted that these questions will allow the HPC to see beyond whether an organization exceeded the benchmark and determine whether their performance can be improved.

Dr. Cutler adjourned the meeting at 11:05.