



MASSACHUSETTS
HEALTH POLICY COMMISSION

Administration and Finance

June 1, 2016



AGENDA

- Approval of CHART Evaluation Contract
- Update on FY16 State Budget Line Items
- Discussion of FY17 State Budget Process
- Approval of Proposed Regulation on Annual Assessment
- Approval of HPC Budget Extension
- Schedule of Next Meeting (July 13, 2016)



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CHART evaluation background

CHART Phase 2

- Phase 2 of the CHART Investment Program awards over \$60 million to 28 community hospitals across the Commonwealth. Launched in late 2015 after implementation planning, the program is approximately 30% complete. At this point, the HPC anticipates that the Phase 2 projects will be complete in early 2018.
- Chapter 224 requires the HPC to conduct an evaluation of Phase 2 of the CHART Investment Program. The value and goals of the evaluation were discussed with CHICI in April 2015.
- In order to generate an independent, rigorous, and insightful evaluation, the HPC proposes to hire an outside evaluator with the necessary expertise and resources.

CHART Evaluation Design Process

- In May of 2015, the HPC released an Request for Proposal (RFP) to hire a consultant to assist with the development of an evaluation design for the CHART Program. At that time, the HPC engaged with **Abt Associates**.
- Working with Abt, the HPC finalized an evaluation design and presented it at CHICI meetings in October 2015 and February 2016. The evaluation design includes a plan for mixed-methods summative evaluation with performance feedback to hospitals, descriptions of data collection and analysis to be conducted, as well as reports and other deliverables, and a timeline that calls for baseline and interim reports to be available during the program period. The final report is to be delivered by the end of 2018.
- With a thorough evaluation design formulated, the HPC procured for a vendor for implementation.

Building insight into care delivery and hospital transformation

Goals	<p><u>TO ASSESS EFFICACY</u> of CHART Phase 2 in achieving its quantitative and qualitative goals, including the ROI, sustainability, and scalability of hospital projects</p>	<p><u>TO ADVANCE KNOWLEDGE</u> regarding opportunities, challenges, and best practices for health care organizations that seek to transform care delivery</p>	<p><u>TO ENHANCE CAPABILITY</u> of participating hospitals and of the HPC for measurement, continuous improvement, and accountability</p>
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Value	<p>During CHART Phase 2</p>	<p>After Period of Performance Ends</p>
	<p>Improve technical assistance to awardees</p>	<p>Report to HPC’s Board and the Legislature on results</p>
	<p>Provide feedback to hospitals</p>	<p>Disseminate findings on program effectiveness and best practices</p>
	<p>Identify challenges and create learning opportunities</p>	<p>Guide future HPC investments</p>
	<p>Identify questions that need further study</p>	<p>Make policy recommendations</p>

Assessing performance of a forward-looking investment



	Was the intervention fully deployed?	Did the intervention work as designed?	Did the intervention produce lasting changes?
Research questions	Did each hospital carry out the activities described in the implementation plan?	Was avoidable hospitalization reduced?	Did CHART hospitals move towards effective participation in accountable care?
	Was the CHART program as a whole implemented effectively?	Was patient-centered, integrated care delivery expanded?	Did CHART hospitals increase their capability for continuous improvement?
Methods	Qualitative Site visits, Document review	Qualitative Site visits, Document review, Patient perspective study	Qualitative Site visits, Organization Survey
		Quantitative Pre-Post Analysis Difference-in-difference	Quantitative Return on Investment

Selecting an external evaluator

The HPC sought to partner with an experienced team capable of implementing the full-scope of the evaluation on time and as designed and of delivering high-quality results.

Process

- Staff finalized the Evaluation Design Report with input from hospitals and accountable care team
- HPC issued an RFR on 3/11/2016 requesting bids to carry out the plan described in the EDR
- HPC received two bids for the evaluation as designed
- Staff interviewed both vendors in person and scored proposals on merit

Scoring Criteria

- Experience with health care delivery evaluation
- Experience in mixed-methods synthesis
- Experience in iterative performance improvement
- Expertise in community hospitals and MA provider landscape
- Track record of effective project management and timely deliverables

Selecting an external evaluator

Recommendation

Boston University School of Public Health

Factors

- Depth and breadth of expertise in subject matter
- Fluency in quantitative and qualitative methods
- Experience in mixed-methods synthesis
- Detailed plan for collaborative process leading to on-time deliverables
- Higher value, lower cost
- Additionally, BUSPH responded to an optional component to study patient perceptions of CHART care

Budget

\$1,300,000 total cost

Includes Patient Perspective Study

Period of Performance June 2016 – December 2018

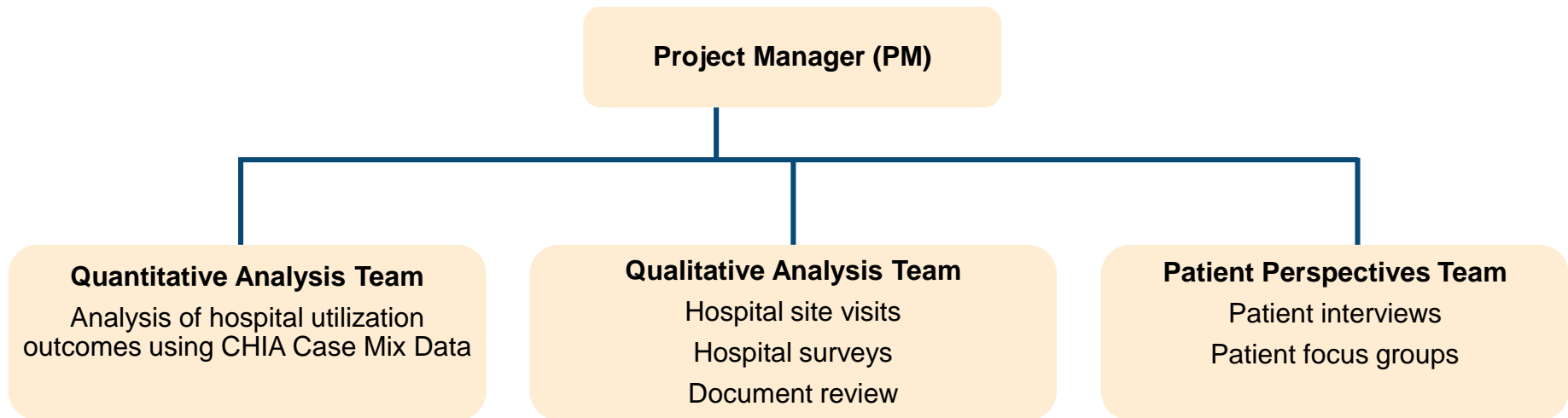
Approx. \$600K cost for FY17

Supported by the Distressed Hospital Trust Fund

Synthesizing findings from mixed methods

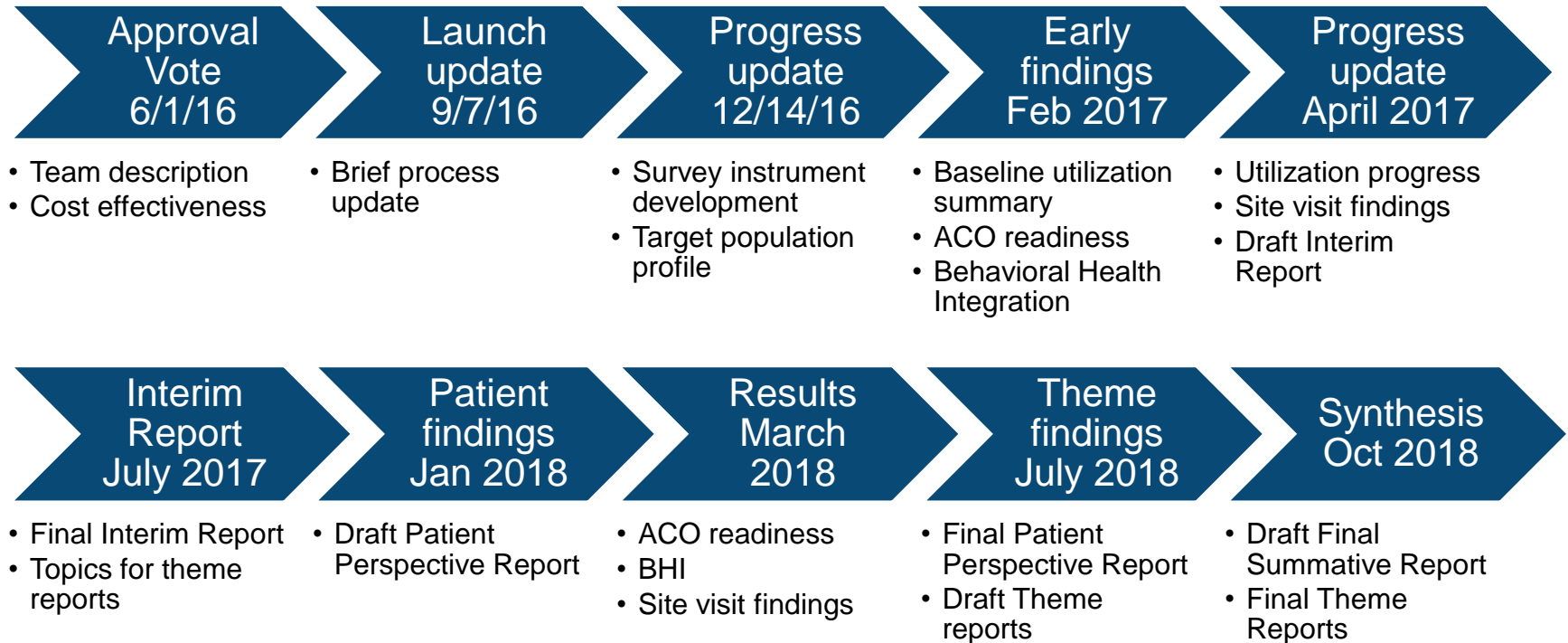
CHART Evaluation Integration & Synthesis Committee (EISC)

- Facilitate collaboration across study design and execution
 - Lead conceptual development of key deliverables, such as the interim and final summative reports
 - Synthesize qualitative and quantitative findings
 - Perform QA on final reports
 - The EISC will meet at least monthly
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Delivering findings

Between waves of results, updates are planned for alternate board meetings.



Final Summative Report Jan 2019



Vote: Approval of CHART Evaluation Contract

Motion: That, pursuant to Section 6.2 of the Health Policy Commission's By-Laws, the Administration and Finance Committee hereby authorizes the Executive Director to enter into a contract with the Boston University School of Public Health for professional services to conduct an evaluation of the projects funded by the Community Hospital Acceleration, Revitalization, and Transformation Investment Program (Phase 2), pursuant to M.G.L. c.29, sec. 2GGGG, through December 31, 2018, for a total contract amount up to no more than \$1,300,000, subject to further agreement on terms deemed advisable by the Executive Director.



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Overview of FY16 HPC appropriations available for expenditure in FY17

Appropriation	Amount	Purpose	Status	Next Steps
NAS Pilot	\$500,000	Provides funds to implement an inpatient quality improvement pilot programs for substance exposed newborns at up to two regional sites.	RFP closed on 5/13. Reviewing applications.	Board vote on July 27 to award investments.
Telemedicine Pilot	\$500,000*	One year regional pilot program to further the development of telemedicine in MA, with a particular focus on expanding access to behavioral health care services.	RFP closed on 5/13. Reviewing applications.	Board vote on July 27 to award investments.
PCMH Technical Assistance	\$250,000	Supplementary funding to support training and technical assistance for practices enrolled in the HPC's patient-centered medical home program (PCMH- PRIME). The core purpose of this funding is to support primary care practices in improving and enhancing their capacity to integrate behavioral health.	RFR closed 5/31. Reviewing submissions.	Board vote on July 27 to award expert contract. Work throughout the summer on program development.
PCP Narcan Training	\$100,000	Training and technical assistance to improve and expand the capacity and ability of primary care providers to co-prescribe naloxone (Narcan).	Collaborating with DPH on scope of work and alignment with current activities.	Continued coordination with DPH; finalize potential interagency service agreement (ISA).
Quincy Paramedicine	\$250,000	EMS paramedicine pilot administered by the HPC in the Quincy area provides funds for the HPC to develop a pilot program to triage behavioral health patients in the Quincy area affected by the closure of Quincy Medical Center.	Collaborating with DPH on scope of work and alignment with current activities.	Finalize ISA with DPH; Engage with Quincy stakeholders on regional planning effort.

* Earmarked from the distressed hospital trust fund



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HPC line-item FY17 budget proposals

All FY17 budget proposals propose identical funding levels for the HPC's operating budget. This figure is set at level-funding to the FY16 Board-approved budget.

Governor's FY17 Budget Proposal

1450-1200: *For the operation of the Health Policy Commission...* \$8,479,800

House FY17 Budget Proposal

1450-1200: *For the operation of the Health Policy Commission...* \$8,479,800

Senate FY17 Budget Proposal

1450-1200: *For the operation of the Health Policy Commission...* \$8,479,800



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Vote: HPC Budget Extension

Motion: That the Administration and Finance Committee hereby authorizes the Executive Director to continue to spend funds to support the ongoing operations of the agency at the level of funding approved by the Commission for fiscal year 2016, until the Commission approves the operating budget for fiscal year 2017 at its next meeting.



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Proposed Regulation for the HPC's Annual Assessment: Background

2013 – Present

HPC operations have been partially supported by a portion of the One-Time Assessment on certain hospitals and surcharge payors and a portion of gaming license fees, as authorized in Chapter 224. A significant portion of these funds (43% or \$22 million) have been diverted from the HPC to support other state budgetary priorities.

Pursuant to 958 CMR 2.00, the HPC collected the funds from the One-Time Assessment over the past four years.

- *Assessed hospitals and payors elected to pay in a single payment or in four equal annual installments.*

FY16 is the last year of receipt of funds under the One-Time Assessment. In addition, the Massachusetts Gaming Commission has declined to award any additional commercial gaming licenses at this time.

Fiscal Year 2017

Chapter 224 directs the HPC to collect an annual assessment from acute hospitals, ambulatory surgical centers and surcharge payors to fund HPC operations and programs.

- The statute provides that the assessed amount for hospitals and ambulatory surgical centers be *at least* 33% of the amount appropriated by the General Court in the state budget, and the assessed amount for surcharge payors to also be *at least* 33% of the appropriated amount.

The statutory language authorizing the HPC's industry assessment (*MGL. c. 6D, Section 6*) mirrors the statute governing CHIA's annual assessment (*MGL. c. 12C, s. 7*).

Development of HPC's Proposed Annual Assessment Regulation

Advisory Council Administration and Finance Committee

- January 25, 2016
- April 18, 2016

Center for Health Information and Analysis

- Consulted with CHIA on the process used for operationalizing and collecting its annual assessment

Administration and Finance Committee Meeting

- March 2, 2016
- June 1, 2016

Advisory Council ANF Committee Members
Association for Behavioral Healthcare
Blue Cross Blue Shield of Massachusetts
Conference of Boston Teaching Hospitals
Massachusetts Hospital Association
Massachusetts Association of Health Plans
Massachusetts Council of Community Hospitals

Proposed Regulation 958 CMR 9.00: Assessment on Certain Health Care Providers and Surcharge Payors

958 CMR: HEALTH POLICY COMMISSION

958 CMR 9.00: ASSESSMENT ON CERTAIN HEALTH CARE PROVIDERS AND SURCHARGE PAYORS

Section

- 9.01: General Provisions
- 9.02: Definitions
- 9.03: Acute Hospital and Ambulatory Surgical Center Assessment
- 9.04: Surcharge Payor Assessment
- 9.05: Special Provisions

Proposed Regulation 958 CMR 902: Definitions

Acute Hospital

The teaching hospital of the University of Massachusetts Medical School and any hospital licensed under M.G.L. c. 111, § 51 that contains a majority of medical-surgical, pediatric, obstetric and maternity beds, as defined by the Department of Public Health.

Ambulatory Surgical Center

Any distinct entity that operates exclusively for the purpose of providing surgical services to patients not requiring hospitalization and meets the U.S. Centers for Medicare and Medicaid (CMS) requirements for participation in the Medicare program.

Surcharge Payor

A Surcharge Payor is an individual or entity that pays for or arranges for the purchase of health care services provided by provided by Acute Hospitals and Ambulatory Surgical Centers, including a managed care organization; provided, however, that the term “Surcharge Payor” shall not include (1) Title XVIII and Title XIX programs and their beneficiaries or recipients; and (2) other governmental programs of public assistance and their beneficiaries or recipients; and (3) the workers’ compensation program established pursuant to M.G.L. c. 152.

GPSR

The total dollar amount of an Acute Hospital’s or an Ambulatory Surgical Center’s charges for services rendered in a Fiscal Year.

Proposed Regulation 958 CMR 9.03: Assessment

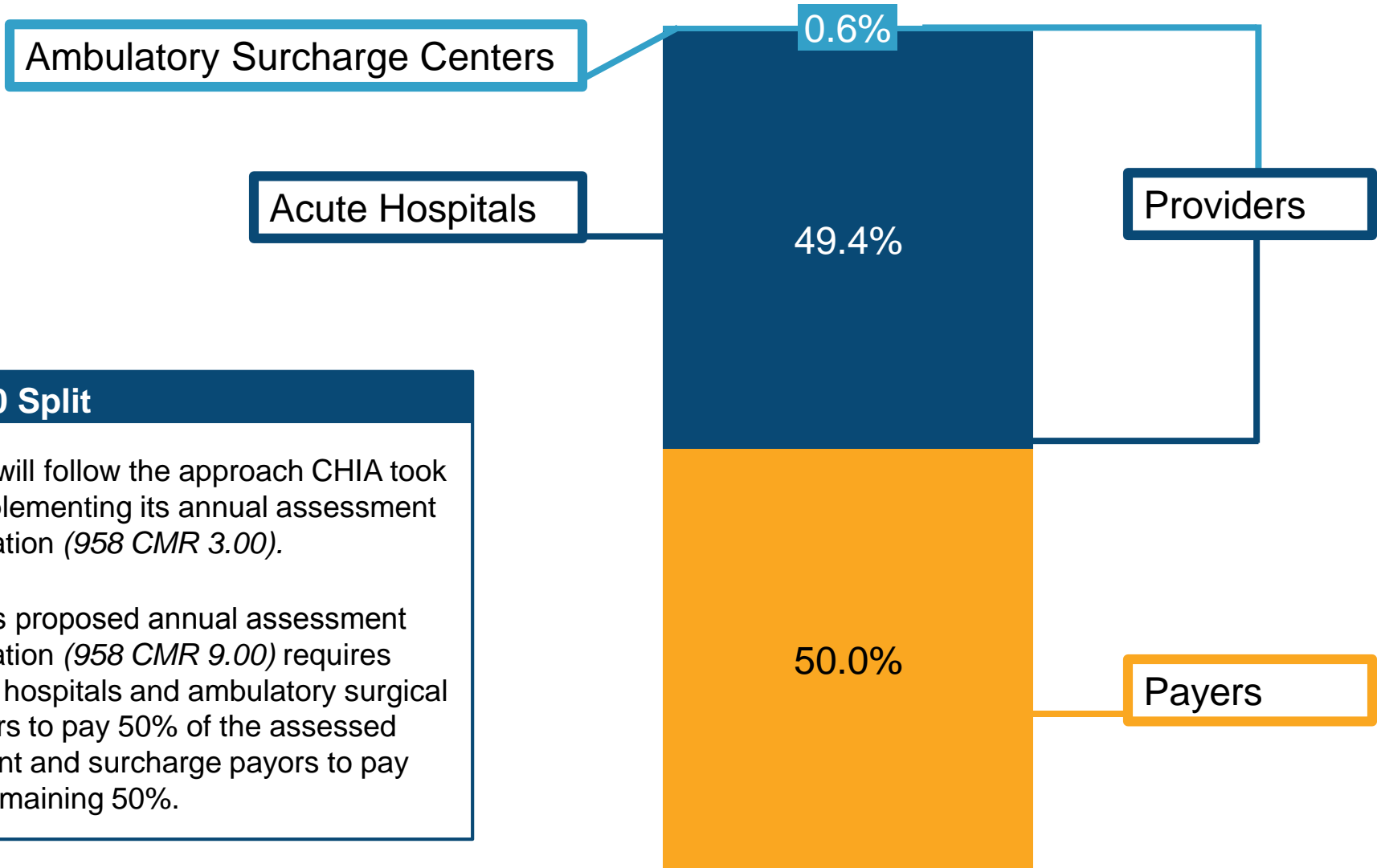
Acute Hospital and Ambulatory Surgical Center Assessment Calculation

- The assessment percentage for each hospital and ambulatory surgical center is calculated by dividing each entity's individual gross patient service revenue (GPSR) for the most recent fiscal year for which complete data was reported to CHIA, by the total of all such GPSR reported by all acute hospitals and ambulatory surgical centers.
- The assessment liability for each acute hospital and ambulatory surgical center is the product of the assessment percentage and one-half of commission expenses.
 - *This methodology relies on data already collected by CHIA (pursuant to 957 CMR 3.05) and is identical to the one used currently by CHIA.*
- 958 CMR 9.03 does not apply to any state institution or to any acute hospital which is operated by a city or town.

Surcharge Payor Assessment Calculation

- Qualifying Surcharge Payor:
 - Payments that are made by surcharge payors to acute hospitals and ambulatory surgical centers pursuant to MGL c. 118E, s. 68 (Health Safety Net Trust Fund) are subject to assessment if those payments were at least \$1 million during the last 12 month period for which complete data was received by CHIA.
- The assessment percentage for each surcharge payor is calculated by dividing an individual surcharge payor's payments subject to assessment during the last fiscal year for which complete data was received by CHIA by the total of all such payments by all qualifying surcharge payors.
- The assessment liability for each qualifying surcharge payor is the product of the surcharge payor's assessment percentage, and one-half of commission expenses.
 - *This methodology relies on data already collected by CHIA (pursuant to 957 CMR 3.05) and is identical to the one used currently for the One-Time Assessment and by CHIA.*

Proposed Annual Assessment Regulation: Amount of the Assessment (Based on FY16 CHIA assessment – for illustrative purposes only)



50/50 Split

HPC will follow the approach CHIA took in implementing its annual assessment regulation (958 CMR 3.00).






HPC's proposed annual assessment regulation (958 CMR 9.00) requires acute hospitals and ambulatory surgical centers to pay 50% of the assessed amount and surcharge payors to pay the remaining 50%.

Proposed Regulation 958 CMR 9.03(4) and 9.04(6): Payment Process

Collection of Annual Assessment

- The HPC will collect preliminary payments on October 1 of each year in an amount equal to one-half of the previous year's total assessment.
 - *The balance will be collected after providing notice to the entities.*
- The commission shall adjust the assessment to account for any variation in actual commission expenses.
 - *Commission expenses shall include the cost of fringe benefits and indirect expenses as established by the Comptroller (MGL. c. 29, s. 5D).*
- The commission shall also adjust the assessment to account for any changes in acute hospital and or ambulatory surgical center GPSR.

Next steps in the regulatory process

	June 1, 2016	HPC Board vote to issue proposed regulation
	July 2016	Public Hearing on proposed regulation at ANF committee
	July 27, 2016	HPC Board approval of final regulations
	August 12, 2016	Regulation effective date
	October 1, 2016	Preliminary payments due to HPC



Vote: Proposed Regulation on Annual Assessment

Motion: That the Administration and Finance Committee hereby advances the PROPOSED regulation on the annual assessment, pursuant to M.G.L. c. 6D, sec. 6, for consideration and approval by the Commission.

Contact Information

For more information about the Health Policy Commission:

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