



**MASSACHUSETTS**  
HEALTH POLICY COMMISSION

# **Administration and Finance Committee**

**July 27, 2016**



## **AGENDA**

- Approval of HPC FY2017 Budget
- Approval of PCMH PRIME TA Contract
- Approval of CHART TA Contract
- Approval of Final Regulation on Annual Assessment



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# State Fiscal Year 2017 Budget

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## Line-Items

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

## Outside Sections

Section XX. The health policy commission, in consultation with the department of public health, shall implement a 2-year pilot program to further test a model of emergency department initiated medication-assisted treatment, including but not limited to buprenorphine and naltrexone, for individuals suffering from substance use disorder...The commission may direct not more than \$3,000,000 from the Distressed Hospital Trust Fund established in section 2GGGG of chapter 29 of the General Laws to fund the implementation of the program. The commission shall report to the joint committee on mental health and substance abuse and the house and senate committees on ways and means not later than 12 months following completion of the program on the results of the program, including effectiveness, efficiency and sustainability.

# HPC Budget Overview: Background and Recommendations

## One Time Assessment

- FY2013 to FY2016
- Mandated by Chapter 224
- Funded the Health Care Payment Reform Trust Fund (HCPRTF) and the Distressed Hospital Trust Fund (DHTF)
  - HCPRTF was a multi-year “*glide-path*” to build infrastructure and capacity
  - DHTF supports the CHART Investment Program and related expenses



## Annual HPC Assessment

- FY2017 and onward
- Mandated by Chapter 224 and described in HPC regulation
- Supports annual operating cost of the HPC
- Amount is set in a line-item in the state’s annual budget.

## State Budget Operating Expenses

1

- Recommendation:  
**\$8,479,800**
- Use: HPC Operating
- Level-funding to the HPC’s FY16 Board-approved operating budget

## Payment Reform Trust Fund Operating Expenses

2

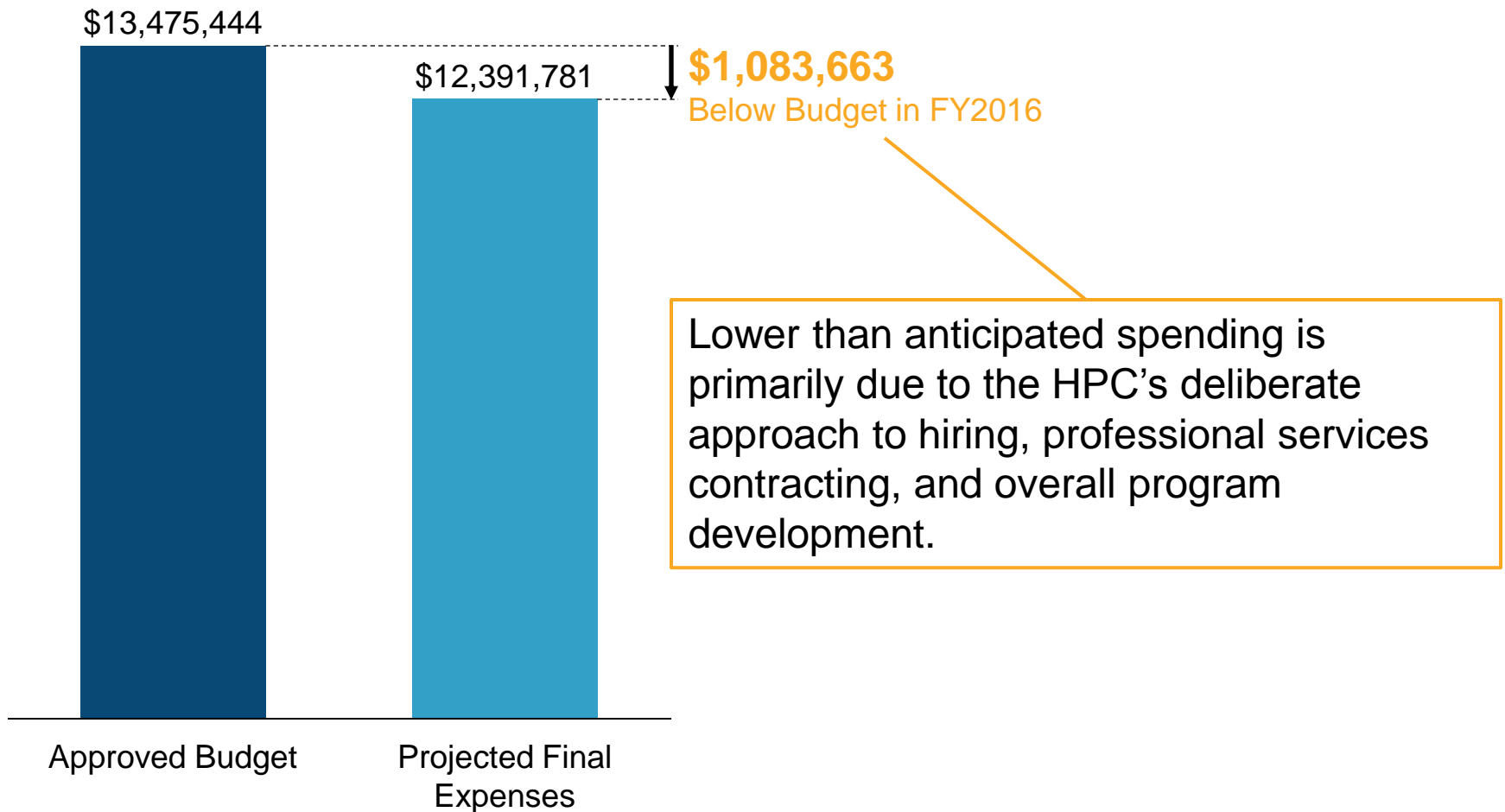
- Recommendation:  
**\$1,000,000**
- Use: Direct technical assistance and investments

## Distressed Hospital Trust Fund

3

- Recommendation:  
**\$3,795,764**
- Use: CHART direct grants and administrative costs

## FY16 Budget Overview: Projected Final Combined Operating Expenses



## Budget FY16 Overview: Projected Final Combined Operating Expenses

Category	Approved FY16 Spending	Estimated Final FY16 Spending	Difference (Approved minus Estimated)
Payroll	\$5,396,832	\$5,019,854	\$376,978
Rent/Utilities	\$652,988	\$668,996	-\$16,008
Professional Services	\$4,253,000	\$3,310,656	\$942,344
Admin/IT Support	\$553,000	\$618,976	-\$65,976
Transfer out to CHIA	\$147,000	\$136,000	
Transfer for the General Fund		\$500,000	-\$500,000
<b>Total</b>	<b>\$11,002,820</b>	<b>9,635,506</b>	<b>\$737,338</b>
CTR Trust Assessment	\$972,643	\$701,501	\$271,142
Employee Fringe Assessment	\$1,499,981	\$1,435,798	\$64,183
<b>Totals</b>	<b>\$13,475,444</b>	<b>\$12,391,781</b>	<b>\$1,072,663</b>

## HPC Budget FY16 Overview: State Appropriations

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Line-Item	Purpose	Amount Appropriated	Total Expended in FY16
1599-1450	\$500,000 for hospital grant program to address substance exposed newborns; \$100,000 for a technical assistance program to train PCPs on Narcan	\$600,000	\$0
1599-2004	\$250,000 for a pilot program to implement paramedicine in the Greater Quincy Area	\$250,000	\$0
1599-2012	\$250,000 for technical assistance for HPC certified PCMHs to enhance behavioral health integration	\$250,000	\$50,000



# HPC Budget FY17 Overview: General Operating Appropriation

FY16-FY17 Crosswalk for Operating Expenses			
Category	Approved FY16 Spending (PRFT)	Proposed FY17 Spending (1450-1200)	Difference (FY17 minus FY16)
Payroll	\$4,521,710.00	\$4,725,800.00	\$204,090.00
Rent/Utilities	\$555,040.00	\$607,750.00	\$52,710.00
Professional Services	\$2,800,000.00	\$2,700,000.00	-\$100,000.00
Admin/IT Support	\$470,050.00	\$446,250.00	-\$23,800.00
Transfer out to CHIA	\$133,000.00		-\$133,000.00
<b>Total</b>	<b>\$8,479,800.00</b>	<b>\$8,479,800.00</b>	
CTR Trust Assessment	\$739,831.00		-\$739,831.00
Employee Fringe Assessment	\$1,244,621.00	\$1,515,878	\$217,257.00
<b>Totals</b>	<b>\$10,464,252.00</b>	<b>\$9,995,678</b>	<b>-\$468,574.00</b>

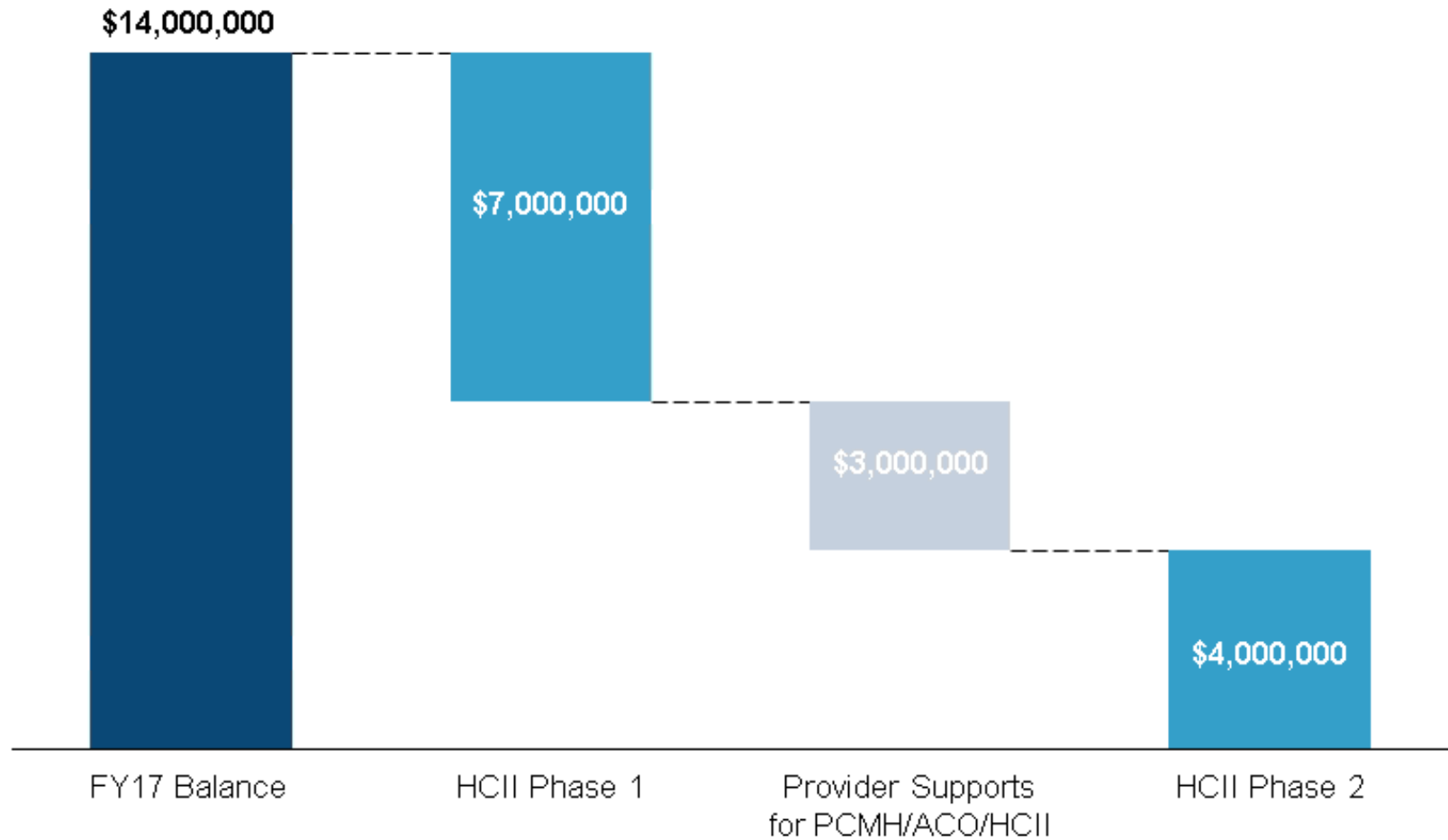
\*Note: The FY17 Employee Fringe Assessment is included in the annual assessment on health plans, hospitals, and ambulatory surgery centers, but is *not* included in the state appropriation. The difference between FY16 and FY17 is driven by a significant increase in the fringe rate, from 29.17% to 33.5%.

## HPC Budget FY17 Overview: Other State Budget Accounts

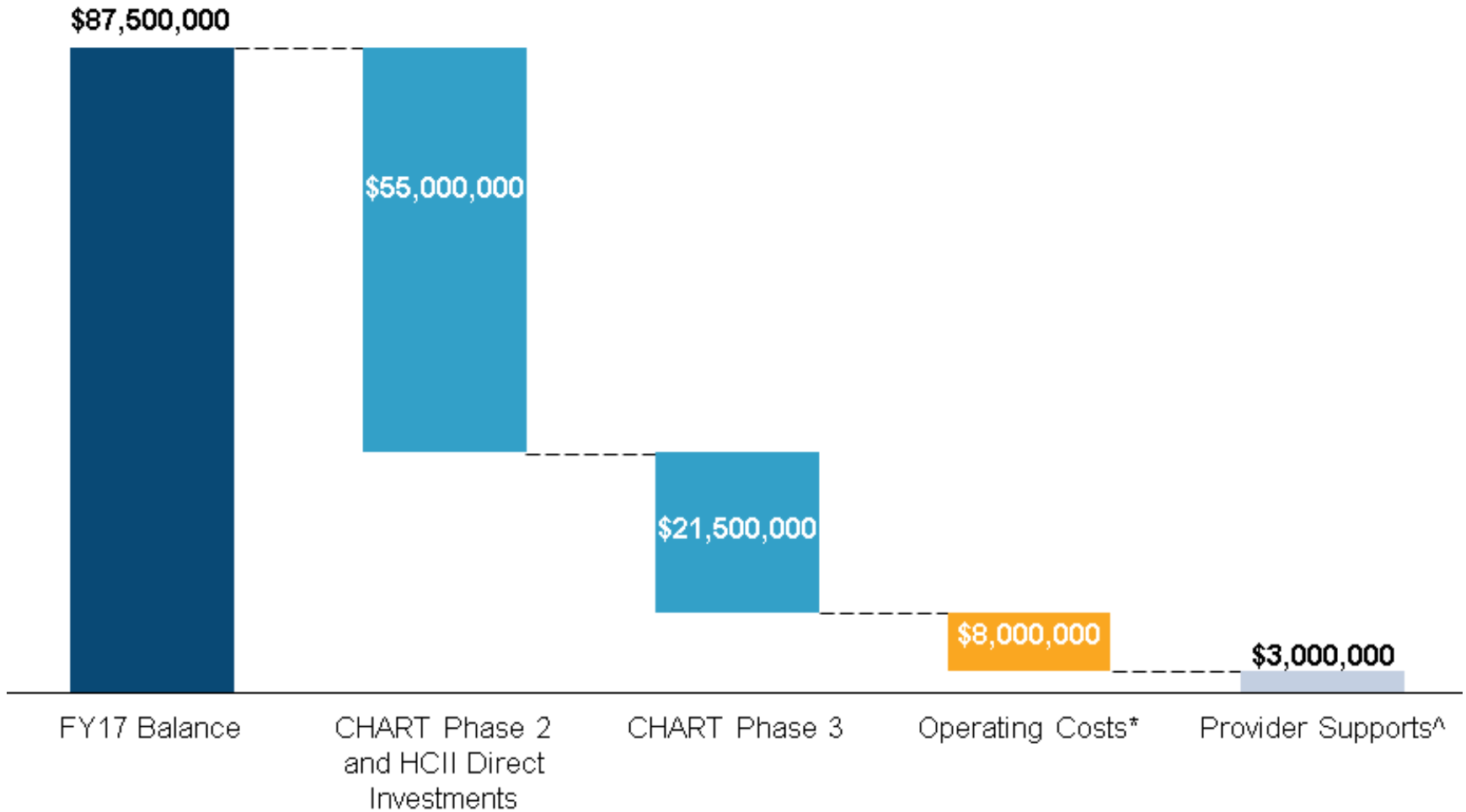
State Budget One-Time Appropriations (FY17)				
Line-Item	Purpose	Amount Available	HPC Spending	Transfer to DPH
1599-1450	\$500,000 for hospital grant program to address substance exposed newborns; \$100,000 for a technical assistance program to train PCPs on Narcan	\$600,000	\$500,000	\$100,000
1599-2004	\$250,000 for a pilot program to implement paramedicine in the Greater Quincy Area	\$250,000	\$75,000	\$175,000
1599-2012	\$250,000 for technical assistance for PCMHs certified by HPC to enhance behavioral health integration	\$200,000	\$200,000	\$0

## HPC Budget FY17 Overview: Payment Reform Trust Fund

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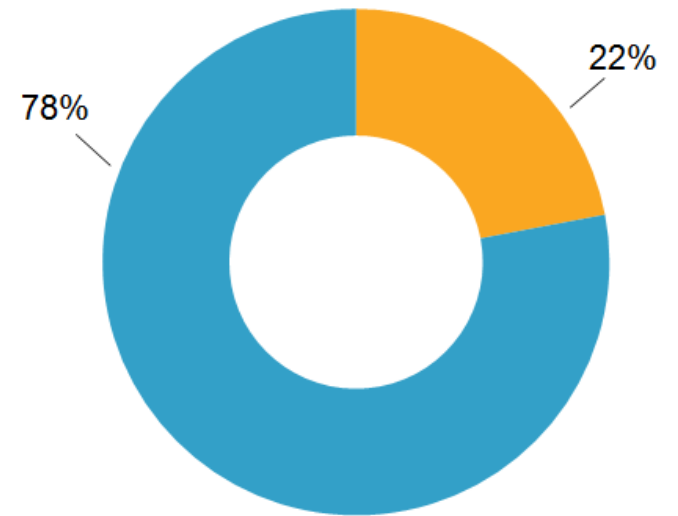
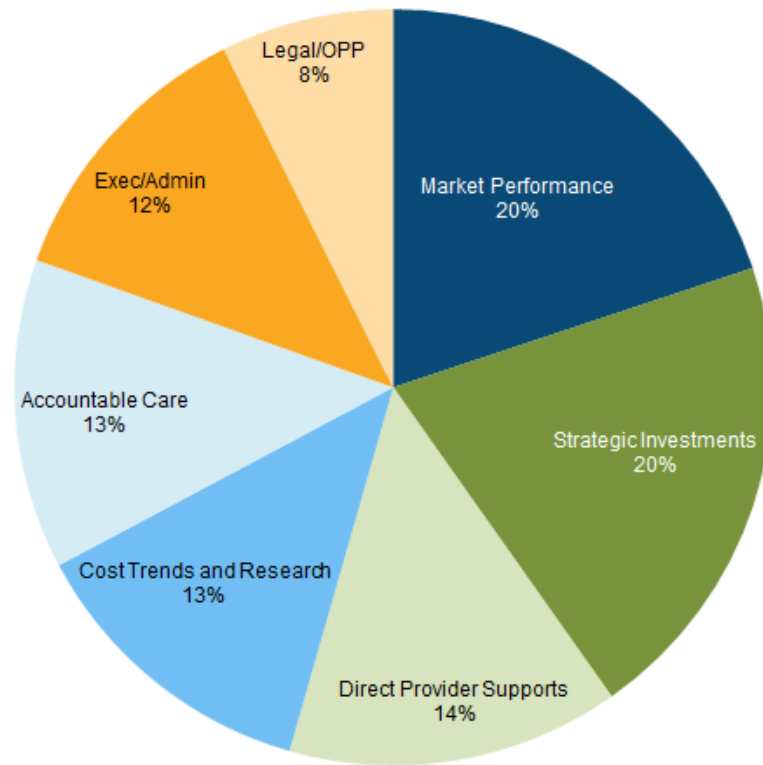
# HPC Budget FY17 Overview: Distressed Hospital Trust Fund



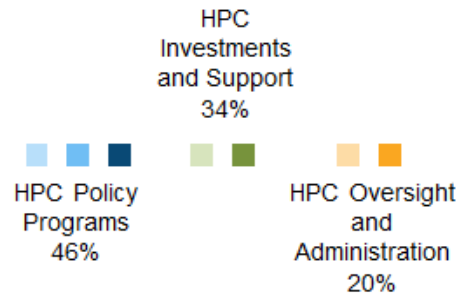
\*Operating Costs include expenses related to the HPC's contract with BUSPH for the evaluation of CHART Phase 2

^Provider Supports include the Interagency Service Agreement with the Department of Public Health for technical assistance related to the "Moms Do Care" replication awards

# HPC Budget FY17 Overview: Combined Spending Graphs



■ Operating Expense   ■ Investments and Supports



# HPC Budget FY17 Overview – Summary of Combined Spending

## Summary of Combined FY17 Spending\*

	1450-1200	PRFT	DHTF
<b>Expenditures</b>			
Payroll/Benefits	\$ 4,725,800	\$ -	\$ 1,144,214
Rent/Utilities	\$ 607,750	\$ -	\$ 107,250
Professional Services	\$ 2,700,000	\$ -	\$ 900,000
Administration/IT Support	\$ 446,250	\$ -	\$ 78,750
<b>Total Expenditures</b>	<b>\$ 8,479,800</b>	<b>\$ -</b>	<b>\$ 2,230,214</b>
<b>State Levies</b>			
CTR Trust Fund Assessment	\$ -	\$ 90,000	\$ 264,421
Employee Fringe Assessment**	\$ -	\$ -	\$ 402,420
<b>Total Levies</b>	<b>\$ -</b>	<b>\$ 90,000</b>	<b>\$ 666,841</b>
<b>Investments</b>			
Provider Supports <sup>^</sup>	\$ -	\$ 910,000	\$ 600,000
<b>Total Investments</b>	<b>\$ -</b>	<b>\$ 910,000</b>	<b>\$ 600,000</b>
<b>Transfers Out</b>			
DPH - ISA	\$ -	\$ -	\$ 298,709
<b>Total Transfers Out</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 298,709</b>
<b>Total</b>	<b>\$ 8,479,800</b>	<b>\$ 1,000,000</b>	<b>\$ 3,795,764</b>

\*Does not include direct investments authorized by the Board or expenditures funded by the one-time FY16 appropriations.

\*\*The FY17 Employee Fringe Assessment for payroll in 1450-1200 is included in the annual assessment, but is not included in the state budget line-item.

**Vote:** Approval of FY2017 Operating Budget

**Motion:** That the Committee hereby endorses the Commission's total operating budget for fiscal year 2017 as presented and attached hereto, and moves the presentation to the full Commission for discussion.



## **AGENDA**

- Approval of HPC FY2017 Budget
- **Approval of PCMH PRIME TA Contract**
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## Practices participating in PCMH PRIME

*Since January 1, 2016 program launch:*

**2 practices**  
are PCMH PRIME Certified  
Fenway South End  
Lynn Community Health Center

**5 practices**  
have applications under review for PCMH  
PRIME Certification

**35 practices**  
are on the **Pathway to PCMH PRIME**

**2 practices**  
are working toward NCQA PCMH  
Recognition and PCMH PRIME Certification  
concurrently



# PCMH PRIME technical assistance background

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## TA Goals and Objectives

- ✓ Increase the capacity of primary care practices to identify and treat behavioral health conditions, in coordination with behavioral health providers as appropriate
- ✓ Increase the number of PCMH PRIME certified practices in the Commonwealth
- ✓ Increase the number of PCMH PRIME criteria that practices are able to meet
- ✓ Facilitate knowledge transfer between “leading” practices and those newer to implementing behavioral health integration
- ✓ Support primary care practices that may vary in geographic location, setting, primary care model, patient population, and other characteristics (including those serving special high-risk populations) to achieve PCMH PRIME certification
- ✓ Identify areas of need for further behavioral health integration support among primary care practices in the Commonwealth

# PCMH PRIME TA contractor recommendation

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## Recommendation

**Health Management Associates**

## Factors

- Demonstrated understanding of PCMH PRIME TA program objectives
- Presentation of a cohesive, evidence-based approach to TA
- Depth of expertise in BHI models and implementation challenges
- Extensive knowledge of the MA healthcare landscape
- TA approach focusing on in-person TA
- TA approach with flexibility to accommodate practices on varying timelines
- Evaluation approach to support forecasting of future TA needs

## Budget

**Up to \$1,000,000 total cost**

Period of Performance: 2 years, (expected August 2016 – 2018)

# Summary of HMA proposed approach

## Cohort approach:

Practices will be divided into 4 cohorts that each receive 6 months of TA

### TA Modes

#### Learning Collaboratives:

Subject matter experts will lead full-day, in-person sessions for practice teams. Curriculum will include BHI topics relevant to a broad audience and emphasize small group and participatory learning.

#### Regional Knowledge Sharing Opportunities:

2-3 hour, in-person sessions will include provider presentations and group discussions. RKSOs aim to facilitate peer-to-peer learning.

#### Webinars and Virtual Learning Community:

Monthly webinars will be held on PCMH PRIME-specific topics. TA website will include tools, FAQs, TA calendar, blog, etc.

#### Practice Coaching:

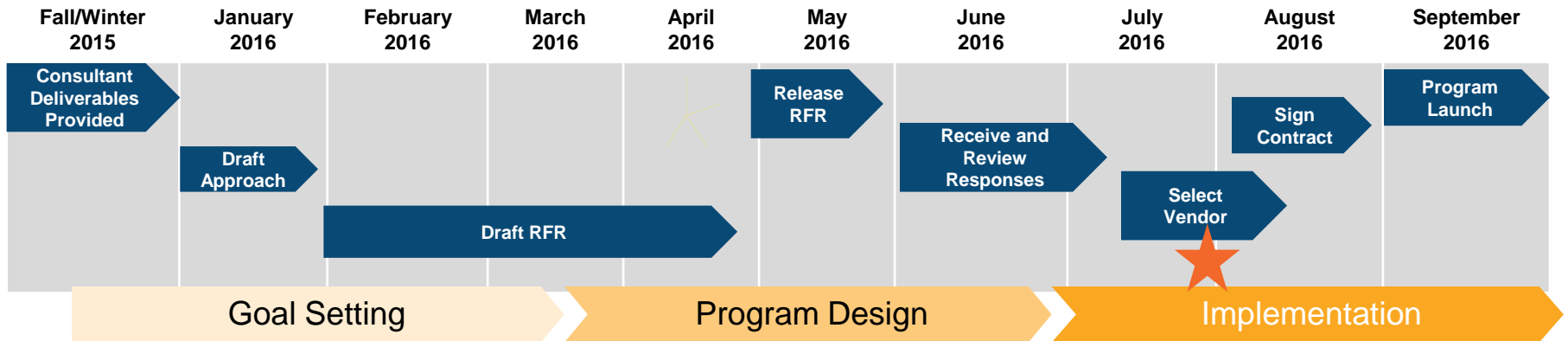
Readiness assessment will divide practices into “Preliminary” and “Advanced” categories based on current BHI capabilities. “Preliminary” practices will receive on-site and telephonic practice coaching.

### Evaluation

HMA will report on TA activities and practice feedback each 6-month period. HMA will subcontract with Day Health Strategies to evaluate TA delivery. Evaluation will include quantitative data (# practices achieving PCMH PRIME, patient-level goals, etc.), analysis of TA evaluations, and practice interviews. Reporting and evaluation activities will be used to refine TA program and project future need.

*HMA and HPC will work together to finalize TA design and approach*

# PCMH PRIME TA timeline and next steps



## Activities

- Meet with subject matter experts and stakeholders on program design considerations
- Scan MA for existing BHI TA models
- Decide on TA framework, present to QIPP (Feb. 10)

- Draft RFR
- Release RFR
- Receive and review proposals from vendors

- Selection of vendor

- Finalize program design, measurable goals, and contract requirements with vendor'(s)
- Begin TA program
- Support program implementation as needed and monitor performance

## Output

- Program Goals
- Current Landscape

- RFR development
- Proposal process
- Vendor selection

- Operational planning
- Program monitoring

## **Vote:** Approval of PCMH PRIME Technical Assistance Contract

**Motion:** That, pursuant to Section 6.2 of the Health Policy Commission's By-Laws, the Committee hereby endorses the contract with Health Management Associates, Inc. (HMA) for professional services to design and implement a technical assistance program for the HPC PCMH certification program for a two year time period, for a total contract amount up to no more than \$1,000,000, and moves the item to discussion by the full Commission.



## **AGENDA**

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# CHART Phase 2 technical assistance background

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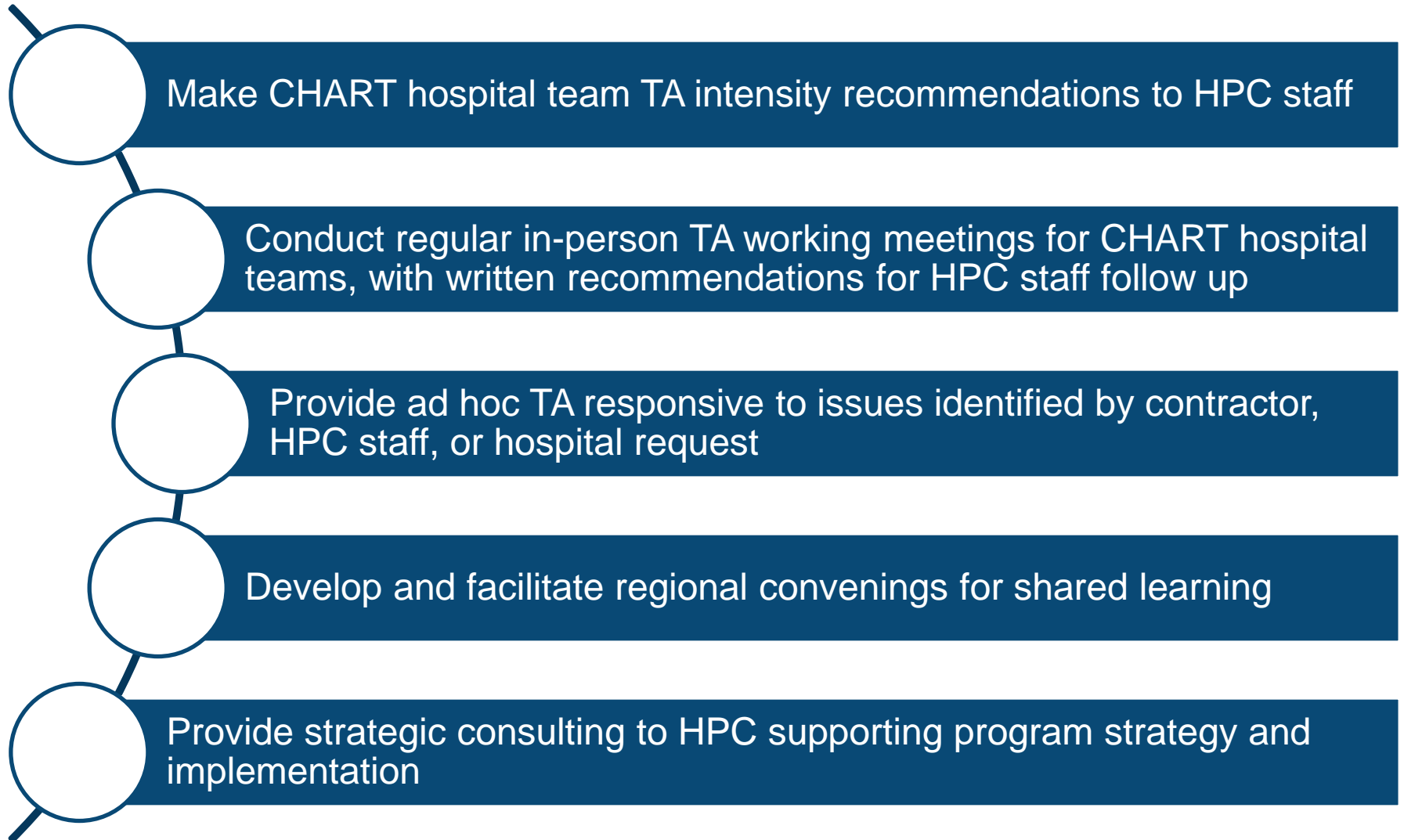
## TA Goals and Objectives

- ✓ Build capability and capacity for sustainable transformation
- ✓ Promote success of CHART Phase 2 initiatives, including:
  - ✓ Identifying, engaging, and serving target population patients
  - ✓ Understanding effective service, using data to improve operations, and prioritizing efforts to achieve results
  - ✓ Consolidating lessons learned
  - ✓ Sustaining programs for the future



## Collaborative Healthcare Strategies scope of services (FY17)

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## **Vote:** Approval of CHART Technical Assistance Contract

**Motion:** That, pursuant to Section 6.2 of the Health Policy Commission's By-Laws, the Committee endorses Executive Director's recommendation to amend the Commission's contract with Collaborative Healthcare Strategies for an additional amount of up to \$300,000 through June 30, 2017 for clinical expertise in ongoing technical support of the Commission's Community Hospital Acceleration, Revitalization and Transformation (CHART) Investment Program, and moves the item to the full Commission for discussion.



## **AGENDA**

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# Final Regulation for the HPC's Annual Assessment: Background

## FY2013 – FY2016

- HPC operations have been 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.
- 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.

## FY2017

- 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 Final Annual Assessment Regulation

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## **Advisory Council Administration and Finance Committee**

- January 25, 2016
- April 18, 2016

## **CHIA**

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

## **Administration and Finance Committee Meeting**

- March, 2016
- June 1, 2016 (Endorsed Proposed Regulation)

## **Health Policy Commission Board Meeting**

- June 1, 2016 (Endorsed Proposed Regulation and released for public comment)

## **Public Hearing on Proposed Regulation**

- July 13, 2016

## **Administration and Finance Committee Meeting**

- July 27, 2016 (Endorsed Final Regulation)

# Administration and Finance Committee Public Hearing: Summary of Testimony

Organization	Comment	HPC Recommendation
<p><b>Massachusetts Hospital Association</b></p>	<p>Revise 9.03(3) to require acute hospitals and ambulatory surgical centers to pay 1/3 of commission expenses; surcharge payors to pay 1/3 of commission expenses; and the General Fund to contribute 1/3 of commission expenses.</p> <p>Include new provision that limits the acute hospital and ambulatory surgical center assessment and surcharge payor liabilities from increasing each year by no more than the health care cost growth benchmark as set by the HPC.</p>	<p>No change recommended to assessment method as it follows model established by CHIA and annual budget assumes a 50/50 split.</p> <p>No change recommended as amount of assessment is appropriated in the annual state budget.</p>
<p><b>Massachusetts Association of Health Plans</b></p>	<p>Revise 9.03(3) to require acute hospitals and ambulatory surgical centers to pay 1/3 of commission expenses; surcharge payors to pay 1/3 of commission expenses; and the General Fund to contribute 1/3 of commission expenses.</p>	<p>No change recommended (see above).</p>
<p><b>Conference of Boston Teaching Hospitals</b></p>	<p>Include new provision that limits the acute hospital and ambulatory surgical center assessment and surcharge payor liabilities from increasing each year by no more than the health care cost growth benchmark as set by the HPC.</p>	<p>No change recommended (see above).</p>

## Final steps in the regulatory process

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- ANF Committee advances final regulation to HPC Board
- HPC Board vote to issue final regulation
- Regulation effective date
- Preliminary payments due to HPC



**Vote:** Proposed Regulation on Annual Assessment

**Motion:** That the Commission hereby approves and issues the attached FINAL regulation on the annual assessment, pursuant to M.G.L. c.6D, Section 6.



## Contact Information

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For more information about the Health Policy Commission:

Visit us: <http://www.mass.gov/hpc>

Follow us: @Mass\_HPC

E-mail us: [HPC-Info@state.ma.us](mailto:HPC-Info@state.ma.us)



**MASSACHUSETTS**  
HEALTH POLICY COMMISSION

# APPENDIX

## HPC FY2017 Budget

# HPC Budget Overview

## Chapter 224 Background

- Chapter 224 of the Acts of 2012 (Ch.224) dedicated certain one-time, non-tax revenues to be administered by the HPC through two Trust Funds: the **Health Care Payment Reform Trust Fund (HCPRTF)** and the **Distressed Hospital Trust Fund (DHTF)**. These revenues were designed to provide a multi-year “*glide-path*” for the HPC to build infrastructure and capacity, make phased investments, and develop programs and policies.
- Ch. 224 further required that, beginning in FY17, the annual operating cost of the HPC would be funded by a new annual assessment on hospitals, ambulatory surgery centers, and health plans. The assessment amount is set in a line-item in the state’s annual budget.
- Together, the Trust Funds and the new annual line-item are meant to collectively support HPC operations, policy programs, professional services, investment programs, market monitoring, and provider supports necessary to promote a more affordable, effective, and accountable health care system in Massachusetts.

## FY17 Operating Budget Recommendation

### *State Budget Operating Expenses*

Consistent with the HPC’s new appropriation, the FY17 recommended general operating budget is **\$8,479,800**. This amount represents level-funding to the HPC’s FY16 Board-approved operating budget, less certain fringe and indirect costs that are now supported on a statewide basis for on-budget accounts.

### *Payment Reform Trust Fund Operating Expenses*

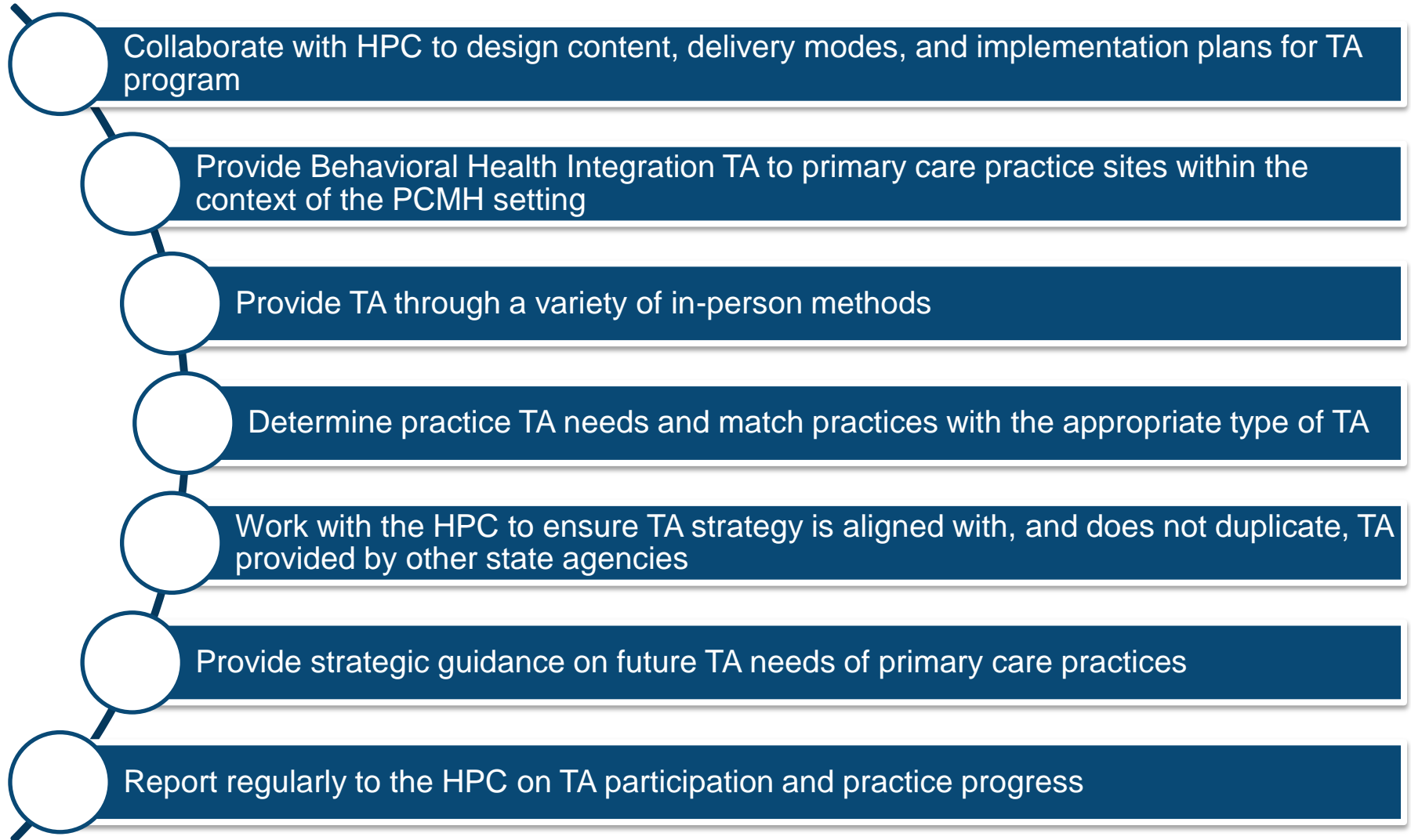
The PRTF is now dedicated to support spending for direct technical assistance and investments of health care innovation and transformation. The FY17 recommended PRTF operating budget is **\$1,000,000** for contracted provider supports related to the HPC’s PCMH/ACO/HCII programs. No other payroll or operating expenses are included.

### *Distressed Hospital Trust Fund*

The DHTF continues to support the CHART program, including both direct grants and administrative costs. The FY17 recommended DHTF operating budget is **\$3,795,764** for general operating costs, including contracted provider supports and evaluation services.

## PCMH PRIME TA contractor scope of services

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- Collaborate with HPC to design content, delivery modes, and implementation plans for TA program
  - Provide Behavioral Health Integration TA to primary care practice sites within the context of the PCMH setting
  - Provide TA through a variety of in-person methods
  - Determine practice TA needs and match practices with the appropriate type of TA
  - Work with the HPC to ensure TA strategy is aligned with, and does not duplicate, TA provided by other state agencies
  - Provide strategic guidance on future TA needs of primary care practices
  - Report regularly to the HPC on TA participation and practice progress

# PCMH PRIME TA contractor selection process

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## Selection Process

- Post RFR- *May 2*
- Receive RFR responses- *May 31*
- Procurement team reviews RFR response content- *June 1-14*
- 1st procurement team meeting: discuss and score proposals- *June 15*
- Conduct interviews and reference checks for top-scoring bidders- *June 23- 30*
- Final procurement team meeting: finalize scoring and determine contractor recommendation- *June 30*

## Scoring Criteria

- Demonstration of expertise in PCMHs, BHI, TA provision to primary care practices and the MA healthcare landscape
- Ability to provide in-person TA through a variety of delivery modes
- Ability to match practices to specific TA and adapt content to practice needs
- Ability to accommodate practices on different timelines
- Demonstration of best value to practices and HPC
- Supplier Diversity Program Plan