



MASSACHUSETTS
HEALTH POLICY COMMISSION

Health Policy Commission

Board Meeting

January 3, 2018



AGENDA

- Call to Order
- Approval of Minutes from the December 12, 2017 Meeting
- Care Delivery Transformation
- Market Oversight and Transparency
- Schedule of Next Board Meeting (January 31, 2018)
- Executive Session: Performance Improvement Plans



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VOTE: Approving Minutes

MOTION: That the Commission hereby approves the minutes of the Commission meeting held on December 12, 2017 as presented.



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- Call to Order
- Approval of Minutes from the December 12, 2017 Meeting
- **Care Delivery Transformation**
 - New Care Delivery Investment Opportunity (VOTE)
- Market Oversight and Transparency
- Schedule of Next Board Meeting (January 31, 2018)
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 - **New Care Delivery Investment Opportunity (VOTE)**
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Proposal: Next round of funding to focus on innovative ways to reduce avoidable acute care use

THEME

Reducing avoidable acute care utilization by investing in innovative care delivery models that are community-based, collaborative, and sustainable.

FUNDING

Proposed total funding of up to **\$10 million**; up to \$750,000 per award. Applicants are responsible for 25% in-kind financial contribution.

OUTCOMES

- Improve the ability of the health care system, and their community-based partners to efficiently care for high-need populations
- Reduce hospital admissions/readmissions
- Reduce emergency department (ED) visits/revisits
- Increase engagement in opioid use disorder treatment
- Improve patient experience

COMPETITIVE FACTORS

- Care model design and impact
- Organizational leadership, strategy, and demonstrated need
- Evaluation
- Sustainability and scalability
- Preference provided to CHART-eligible hospitals and HPC-certified ACOs and ACO participants

DURATION

21 months (3 months of preparation and 18 months of implementation)

Proposal: Two funding tracks to reduce avoidable acute care use



FUNDING TRACK 1: Addressing health-related social needs

- Support for innovative models that **address health-related social needs** (i.e., social determinants of health) of complex patients in order to prevent a future acute care hospital visit or stay (e.g., respite care for patients experiencing housing instability at time of discharge)



FUNDING TRACK 2: Addressing behavioral health needs

- Support for innovative models that **address the behavioral health care needs** of complex patients in order to prevent a future acute care hospital visit or stay (e.g. expand access to timely behavioral health services using innovative strategies such as telemedicine and/or community paramedicine)



→ OUD FOCUS: Enhancing opioid use disorder (OUD) treatment

- Support for innovative models that enhance opioid use disorder treatment by **initiating pharmacologic treatment in the ED** and connecting patients to community based BH services (Section 178 of ch. 133 of the Acts of 2016 directed the HPC to invest not more than \$3 million in this focus area)

Enhancements to ensure HPC alignment with MassHealth DSRIP Program goals and operations

1 Ensuring non-duplication of funds disbursement

- MassHealth representatives will participate on the HPC Review and Selection Committee that evaluates and scores all applications. MassHealth staff will also collaborate with the HPC for ongoing monitoring throughout the grant cycle.
- HPC applicants must include a description of DSRIP plans, including a statement about internal controls to ensure non-duplication.
- Certain patient populations receiving enhanced services through MassHealth ACOs and DSRIP funding may not be included as target populations for HPC funds.
- The HPC standard Terms & Conditions contract expressly prohibits non-duplication, and requires attestations accompanying each request for reimbursement.

2 Program evaluation

- HPC applicants are required to describe their own evaluation plans and will be scored competitively on proposals, including a description of anticipated threats to evaluation reliability and validity due to complementary efforts (e.g., DSRIP), and a description of how the design mitigates these threats.

3 Timeline

- To better align with the launch of the MassHealth ACO program and provide additional time to applicants, deadline for applications is extended 5 weeks (new deadline is April 6, 2018).



VOTE: Approving release of the new investments RFP

MOTION: That the Commission hereby endorses the proposal for an investment program to foster innovation in health care delivery to reduce avoidable acute care utilization by addressing health-related social needs and/or increasing access to behavioral health services, and authorizes the Executive Director to issue a Request for Proposals (RFP) to solicit competitive proposals consistent with the framework described to the Board.



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- Call to Order
- Approval of Minutes from the December 12, 2017 Meeting
- Care Delivery Transformation
- **Market Oversight and Transparency**
 - Update on Notices of Material Change
 - Final Cost and Market Impact Review (CMIR) of proposed transaction between Partner's HealthCare System and the Foundation of the Massachusetts Eye and Ear Infirmary (VOTE)
- Schedule of Next Board Meeting (January 31, 2018)
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Types of Transactions Noticed

April 2013 to Present

Type of Transaction	Number of Transactions	Frequency
Clinical affiliation	20	23%
Physician group merger, acquisition, or network affiliation	19	22%
Acute hospital merger, acquisition, or network affiliation	19	22%
Formation of a contracting entity	15	17%
Merger, acquisition, or network affiliation of other provider type (e.g., post-acute)	9	10%
Change in ownership or merger of corporately affiliated entities	5	6%
Affiliation between a provider and a carrier	1	1%

Notices Currently Under Review

- Proposed acquisition of the non-hospital-based diagnostic laboratory business of **Cape Cod Healthcare** by **Quest Diagnostics Massachusetts**, a subsidiary of a national diagnostic testing provider.
- Acquisition of all 18 **IASIS Healthcare Corporation** hospitals by **Steward Health Care**.
- Proposed joint venture between **Shields Health Care Group** and **Baystate Health** that would own and operate an urgent care clinic for patients in Baystate's geographic region.

Elected Not to Proceed

- Proposed acquisition of the non-clinical assets of **Reliant Medical Group** by the **OptumCare business of Collaborative Care Holdings**, a subsidiary of UnitedHealth Group.
- Proposed clinical affiliation between **Harrington Memorial Hospital** and **UMass Memorial Health Care** under which several Harrington OB/GYN physicians would apply for staff membership and privileges at UMass Memorial Medical Center.
- Proposed acquisition of **AdCare Hospital of Worcester**, a for-profit provider of inpatient and outpatient substance use disorder treatment services in Massachusetts and Rhode Island, by the **AAC Healthcare Network**, a national for-profit provider of substance use disorder treatment services headquartered in Tennessee.

For each of these transactions, our analysis suggested limited scope for increases to health care spending, and we did not review evidence suggesting negative impacts on quality or access.

CMIRs In Progress

- CMIR initiated regarding the proposed merger of **CareGroup, Lahey Health System, and Seacoast Regional Health Systems**, the related acquisition of the **Beth Israel Deaconess Care Organization** by the merged entity, and the contracting affiliation between the merged entity and **Mount Auburn Cambridge Independent Practice Association**.
- Final CMIR Report to be issued, pending Commissioner vote, regarding the proposed acquisition of the Foundation of the Massachusetts Eye and Ear Infirmary and its subsidiaries, including the **Massachusetts Eye and Ear Infirmary** and **Massachusetts Eye and Ear Associates**, by **Partners HealthCare System**.



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Partners HealthCare-Mass. Eye and Ear Infirmary CMIR: Process Recap

Preliminary Report & Response

- Preliminary Report issued on November 1
- Joint written response from the parties received on November 30
- The written response included new information about projected hospital rate increases and MEEI's financial condition that had not previously been provided to the HPC
- HPC staff and other outside experts analyzed the parties' response, including the new information

Final Report

- Reflects consideration and analysis of the parties' response
- Parties' response and the HPC's analysis of the response are attached as Exhibits A and B of the Final Report, respectively
- Includes a mandatory referral to the Massachusetts Attorney General's Office; a copy will also be provided to the Department of Public Health Determination of Need program
- The proposed transaction may not be finalized until 30 days after issuance of the final report

Parties' Response and HPC Analysis: Rate Increases

- In their response to the Preliminary Report, the parties concede that they expect rate increases for MEE as a result of the proposed transaction, but assert that the scale would be somewhat smaller than the annual commercial spending impact of **\$20.8 million** to **\$61.2 million** modeled by the HPC.
 - The parties provide, for the first time, their estimate of hospital spending increases and state that it would be 33% lower than the HPC's lower-bound estimate, or approximately \$10 million.
 - The parties do not describe the basis for this estimate or provide any data to support this projection, thus preventing the HPC from fully evaluating it.
 - The parties do not dispute the HPC's estimate that physician spending would increase by approximately \$5.9 million per year as MEEA joins all PCPO contracts.
- The parties decline to offer an unequivocal and measurable commitment to limit increases in MEE prices. This is an important fact for consideration by other state agencies and the public in evaluating the potential impacts of the proposed transaction.

Parties' Response and HPC Analysis: Financial Condition of MEE

- In their response to the Preliminary Report, the parties assert that the HPC did not adequately take into account the Parties' position that the transaction is necessary to restore and sustain MEE's financial health.
 - They also provided a Standard and Poors (S&P) bond rating report for MEE from February 2017. The report affirms MEE's bond rating of "BBB", but revises the outlook to "negative."
- The Final Report adds information about this S&P assessment, but also puts this in the context of other financial information.
- Taking into account all available information, the Final Report notes that while MEE's financial position has weakened in recent years, some of MEE's financial metrics are favorable and there is no indication that MEE is in imminent danger of closure.
- The Final Report also notes that even while the parties claim that the transaction is necessary to ensure for MEE's long-term financial health, they concede that significant rate increases are not necessary. Achieving the parties' projected operating efficiencies would substantially improve MEE's financial performance.

Parties' Response and HPC Analysis: Access and Quality

- The parties commit in their written response to “having MEE continue to participate after the Transaction in MEE’s existing [Medicaid managed care organization] contracts.”
 - This commitment is responsive to HPC concerns, raised in the Preliminary Report, that changes in MEE’s contracting practices might limit access to MEE services for MassHealth patients covered by MMCO products.
 - The parties suggest that the proposed transaction will not impede access to MEE for patients in commercial tiered and limited network products, but make no commitments regarding MEE’s participation or price levels in such products.
- With regard to quality improvement, the parties reiterate that the transaction would allow Partners to share innovative quality measurement tools and improvement programs, but state that HIPAA prevents them from providing additional information for the HPC and other state agencies to assess the scope and likelihood of improvement on their set of proposed quality measures. This statement is reflected in the Final Report.

Final Report: Key Findings

- **Cost and Market Impact:** Over time, we estimate that total commercial health care spending would increase by **\$20.8 million** to **\$61.2 million** annually if Partners achieves parity between MEEI's rates and the rates of Partners' other acute care hospitals, depending on price levels obtained, and if MEEA physicians begin receiving Partners physician rates for all commercial payers. The parties declined to offer an unequivocal and measurable commitment to limit such increases even though the parties expect to achieve internal efficiencies that would reduce their own expenses.
- **Quality Impact:** The parties have stated that the proposed transaction will facilitate improved quality, primarily by better integrating MEE into Partners' technical infrastructure. However, it is unclear that the proposed transaction is necessary or sufficient to achieve improvements in clinical quality, and the parties propose to collect baseline data and set quality improvement targets only after the transaction is completed.
- **Access Impact:** The parties have suggested that patient need for MEE's services is increasing, but have not described specific plans for when or where MEE might expand its services to meet those needs, or why corporate integration would be necessary to do so. If MEE adopts Partners' contracting patterns, patients in tiered and limited network products may face barriers to accessing MEE's specialty services, although the parties have stated a commitment to continue MEE's participation in MMCO networks.

Referral to Other Agencies

- The Final Report meets the criteria for mandatory referral to the Massachusetts Attorney General's Office pursuant to Mass. Gen. Laws ch. 6D, § 13(f), as Partners has “dominant market share,” “materially higher prices” than other providers, and “materially higher TME” than other providers.
- Given that the proposed transaction is under concurrent review by the Department of Public Health’s Determination of Need (DoN) program, the HPC also plans to provide a copy of its Final Report to DoN program staff for consideration in the context of the factors for DoN approval.



VOTE: Final Cost and Market Impact Review

MOTION: That, pursuant to section 13 of chapter 6D of the Massachusetts General Laws, the Commission hereby authorizes the issuance of the attached final report on the cost and market impact review of Partners HealthCare System's proposed acquisition of the Foundation of the Massachusetts Eye and Ear Infirmary.



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Meetings and Contact Information



Upcoming Board Meetings

Wednesday, January 31, 2018

Wednesday, April 25, 2018

Wednesday, July 18, 2018

Wednesday, September 12, 2018

Tuesday, December 11, 2018



Contact Us

Mass.Gov/HPC



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- **Executive Session: Performance Improvement Plans (VOTE)**



VOTE: Executive Session

MOTION: That, having first convened in open session at its January 3, 2018 board meeting and pursuant to G.L. c. 30A, § 21(a)(7), the Commission hereby approves going into executive session for the purpose of complying with G.L. c. 6D, § 10 and its associated regulation, 958 CMR 10.00, G.L. c. 6D, § 2A, and G.L. c. 12C, § 18, in discussions about whether to require performance improvement plans by entities confidentially identified to the Commission by the Center for Health Information and Analysis.