



MASSACHUSETTS
HEALTH POLICY COMMISSION

Health Policy Commission Advisory Council

February 26, 2020



AGENDA

- **Call to Order**
- Executive Director's Report
- 2019 Annual Cost Trends Report
- New Drug Pricing Review Authority
- Schedule of Next Meeting (June 24, 2020)



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- Call to Order
- Executive Director's Report
 - **New Advisory Council Members**
 - Public Hearing on the Potential Modification of the Health Care Cost Growth Benchmark
 - Upcoming HPC Publications
- 2019 Annual Cost Trends Report
- New Drug Pricing Review Authority
- Schedule of Next Meeting (June 24, 2020)

New Advisory Council Members



ROBERT COUGHLIN, President and CEO, Massachusetts Biotechnology Council (MassBio)

Robert Coughlin has led MassBio for 13 years, previously serving as Undersecretary of Economic Development in Governor Patrick's administration and for three terms as State Representative of the 11th Norfolk district.



COLIN KILLICK, Executive Director, Disability Policy Consortium (DPC)

Colin Killick was previously a community organizer and JOIN for Justice Fellow at DPC and is a 2018 graduate of the Harvard Kennedy School of Government, where he founded the Disability Justice Caucus and won the Robert F. Kennedy Award for Public Service.



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2020 Hearing on the Health Care Cost Growth Benchmark

Wednesday, March 11
12:00 PM

Massachusetts State House,
Gardner Auditorium

Chapter 224 prescribes the formula that the HPC must use to establish the benchmark each year

“For calendar years 2018 through 2022, the health care cost growth benchmark *shall be equal to* the growth rate of potential gross state product...minus 0.5 per cent”

Since 2018, the HPC has had limited authority to modify the benchmark if an adjustment is “reasonably warranted”

“For calendar years 2018 through 2022, if the commission determines that an adjustment in the health care cost growth benchmark is reasonably warranted...the board of the commission may modify the health care cost growth benchmark...” between -0.5 and PGSP

Please email Ben Thomas, HPC Government Affairs Manager, to sign up for public testimony:

Benjamin.A.Thomas@mass.gov





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Upcoming HPC Publications in 2020

Drug Coupon Study

Study on the utilization and impact of discount vouchers for prescription drugs in Massachusetts.



Telehealth in the Commonwealth

DataPoints issue utilizing APCD data to examine live videoconferencing telehealth visits between a patient and a provider.



CHART Playbook

Practical resource based on lessons learned from CHART program awardees for providers looking to address the needs of medically and socially complex patients.

Nurse Practitioner Policy Brief

Policy brief examining trends in the Nurse Practitioner workforce in Massachusetts.



Market Retrospective Study

Report on provider market trends over the past five years, including updated analyses from the HPC's *Community Hospitals at a Crossroads* report.



Performance Improvement Plans in Massachusetts: Reflections on Five Years of Evaluating Payer and Provider Spending Performance



Overview of successes and challenges in the process for monitoring and enforcing payer and provider performance relative to the health care cost growth benchmark.

SHIFT-Care Challenge Awardee Profiles

High-level summary of each SHIFT-Care awardee initiative within two design tracks.

Track 1: Addressing Health-Related Social Needs
Track 2: Increasing Access to Behavioral Health Care





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 - **Discussion of Recommendations and Policy Priorities for 2020**
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Policy Recommendations in the 2019 Cost Trends Report

The HPC has developed **15** policy recommendations for market participants, policymakers, and government agencies.

Throughout these recommendations, the term “**the Commonwealth**” is intended to be broadly inclusive of all relevant stakeholders, both public and private, that influence the delivery and payment of health care in Massachusetts and whose commitment to action is necessary for advancing the recommended policy changes.

- **New recommendations**
- **Revised and refreshed recommendations featured in past Cost Trends Reports**

2019 Cost Trends Report: Summary of Recommendations for Discussion

New Recommendations

- 1. Primary and Behavioral Health Care:** Payers and providers should increase spending devoted to primary care and behavioral health while adhering to the cost growth benchmark. Policymakers, payers, and providers should support advancements to develop and utilize technology, such as telehealth, that improves access to primary and behavioral health care. Lawmakers should amend scope of practice laws that are not evidence-based and should continue to strengthen the health care workforce with roles designed to meet the needs of the communities and patient populations they serve.
- 2. Ambulatory Care:** The Commonwealth should closely scrutinize how care is delivered and paid for in different ambulatory settings, including urgent care and hospital main campus and off-campus sites. Regulators, payers, and other stakeholders should also examine provider plans for outpatient service expansions and critically consider how new projects are likely to impact cost, quality, access, and competition in the provider market.
- 3. Coding Intensity:** The Commonwealth should take action to mitigate impacts of improved clinical documentation on spending and performance measurement. Specific areas of action include more frequent updates to software programs to better align payments with actual resource use, mechanisms to offset coding-related spending impacts, and continued development of alternative risk adjustment methods and performance metrics less sensitive to coding-based acuity.

2019 Cost Trends Report: Summary of Recommendations for Discussion

New Recommendations

- 4. Pharmaceutical Spending:** The Commonwealth should take action to reduce drug spending growth and implement policies to increase oversight and transparency for the full drug distribution train, such as by authorizing the expansion of the HPC's review to include drugs with a financial impact on the commercial market in Massachusetts and increasing state oversight of pharmacy benefit managers' (PBMs) pricing practices. Payers and providers should pursue strategies to maximize value and enhance access by using risk-based contracts and value-based benchmarks when negotiating prices, distributing clinical decision tools, monitoring prescribing patterns, and developing plan designs that minimize financial barriers to high-value drugs.
- 5. Accountability Under the Cost Growth Benchmark:** The Commonwealth should strengthen its ability to hold health care entities responsible for their spending growth. Policymakers should improve the annual performance improvement plan (PIP) process by allowing the Center for Health Information and Analysis (CHIA) to use metrics beyond health status adjusted total medical expenses when identifying entities and strengthen the HPC's ability to hold entities accountable for spending that impacts the health care cost growth benchmark by enhancing financial penalties for above-benchmark performance and non-compliance.
- 6. Employer Engagement and Consumer Choice:** The Massachusetts business community should increase its coordinated engagement to drive changes in health care. Employers should collaborate with payers, providers, and other stakeholders to influence changes in spending and affordability, care delivery, and the promotion of a value-based market. Specific levers include lowering premium contributions for plans favoring efficient providers, promoting the use of two-sided risk contracts, and offering coverage through Health Connector for Business if eligible. To further support these strategies, policymakers should take action to broaden employer access to a wide range of insurance products for their employees and to ensure that payers make affordable, high-value products available.

2019 Cost Trends Report: Summary of Recommendations for Discussion

Revised and Refreshed Recommendations

7. **Administrative Complexity:** The Commonwealth should take action to identify and address areas of administrative complexity that add cost to the health care system without improving the value of care. Specific areas of focus should include requiring greater standardization of common administrative tasks across payers and facilitating efforts between government, payers, providers, and patients to identify and reduce other drivers of valueless administrative complexity.
8. **Facility Fees:** Policymakers should take action to require site-neutral payment for common ambulatory services and limit the cases in which both newly licensed and existing sites can bill as hospital outpatient departments. Additionally, outpatient sites that charge facility fees should be required to conspicuously and clearly disclose this fact to patients, prior to delivering care.
9. **Out-of-Network Billing:** Policymakers should enact a comprehensive law to address out-of-network billing. Specific provisions should include requirements for advance patient notification when a provider may be out-of-network, protections for consumers from out-of-network bills in emergency and "surprise" billing scenarios, and the establishment of a reasonable and fair reimbursement rate for out-of-network services through a statutory or regulatory process. Any such process should avoid using provider charges or list prices as a benchmark in determining payment.

2019 Cost Trends Report: Summary of Recommendations for Discussion

Revised and Refreshed Recommendations

- 10. Alternative Payment Methods:** The Commonwealth should continue to promote the increased adoption and effectiveness of APMs, especially in the commercial market where expansion has stalled. Specific areas of focus should include increased use of APMs for preferred provider organization (PPO) populations, alignment across payers and improvement of APM features including shifting to two-sided risk models, and adoption of bundled payments for common and costly episodes of care by payers and providers.
- 11. Health Disparities:** The Commonwealth should seek to understand and address inequities in the opportunities and resources available to enable health and well-being for all citizens. Specific areas of focus should include policies to encourage downstream collaborations between health care providers and social service organizations to identify and address patients' health-related social needs (HRSN), and promotion of upstream cross-sector collaborations to understand the causes of health inequity in communities and leverage resources to address those inequities.
- 12. Investing in Innovation, Learning, and Dissemination:** The Commonwealth should continue to support targeted investments to promote innovation, learning, and dissemination of promising care models. Specific opportunities for investment include longitudinal care models to support individuals and families experiencing the effects of substance use disorder, alternatives to traditional hospital-based clinical care, telehealth as a strategy to increase access to high-need services such as behavioral health, care models that promote care coordination and integration, and maternal health—particularly among populations for which there are significant disparities in outcomes.

2019 Cost Trends Report: Summary of Recommendations for Discussion

Revised and Refreshed Recommendations

- 13. Low Value Care:** The Commonwealth should act to reduce the provision of health care that does not provide value to patients. Payers, providers, and purchasers should collaborate on strategies to reduce low value care through measurement, reporting, and appropriate financial incentives and support the incorporation of evidence-based guidelines into practice. The Commonwealth should encourage information campaigns like *Choosing Wisely*® that disseminate research findings about low-value care to engage patients in their care and ensure they are informed about clinical value before they seek services.
- 14. Provider Price Variation:** The Commonwealth should take action to reduce unwarranted variation in provider prices. Policymakers should advance specific, data-driven interventions to address the pressing issue of persistent provider price variation, particularly given new findings indicating that savings from shifts from inpatient to outpatient care may be lost due to hospital price differentials.
- 15. Affordability:** Health care affordability must remain a central focus of the Commonwealth's health care agenda. The Commonwealth should continue to examine and address the factors impacting premium and out-of-pocket cost growth and their disproportionate impact on lower-to-middle income residents and small businesses.



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- **New Drug Pricing Review Authority**
 - Overview of Regulatory Process
 - Next Steps
- Schedule of Next Meeting (June 24, 2020)



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Drug Pricing Review

Overview

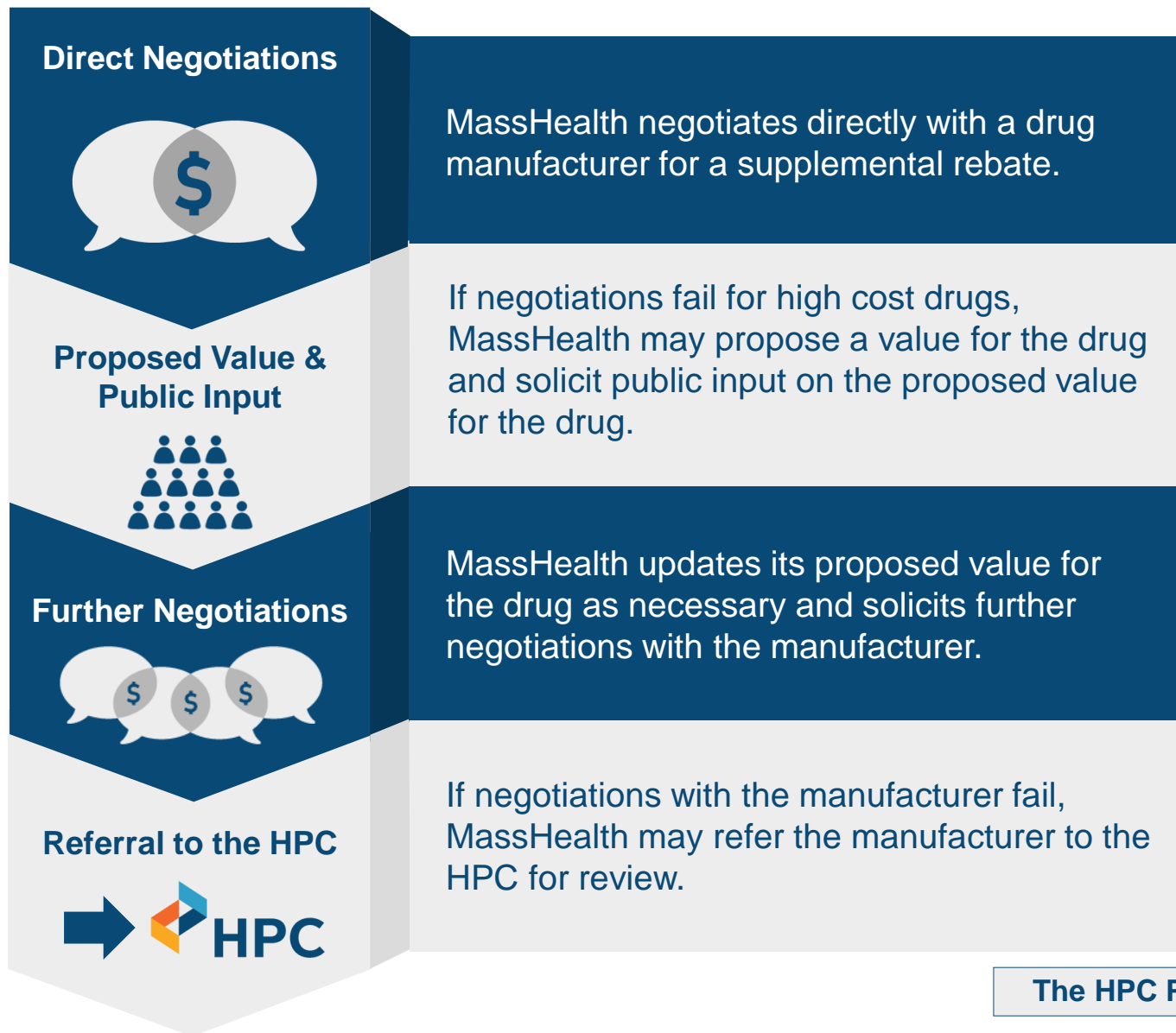
Chapter 41 of the Acts of 2019 (the “Budget”) was signed by Governor Baker on July 31, 2019.

Statutory Authority

(1) Section 46 gives the Executive Office of Health and Human Services (EOHHS) authority to negotiate a supplemental rebate agreement (SRA) directly with pharmaceutical drug manufacturers for MassHealth. If EOHHS is unable to successfully negotiate an SRA, they may refer the manufacturer to the Health Policy Commission (HPC).

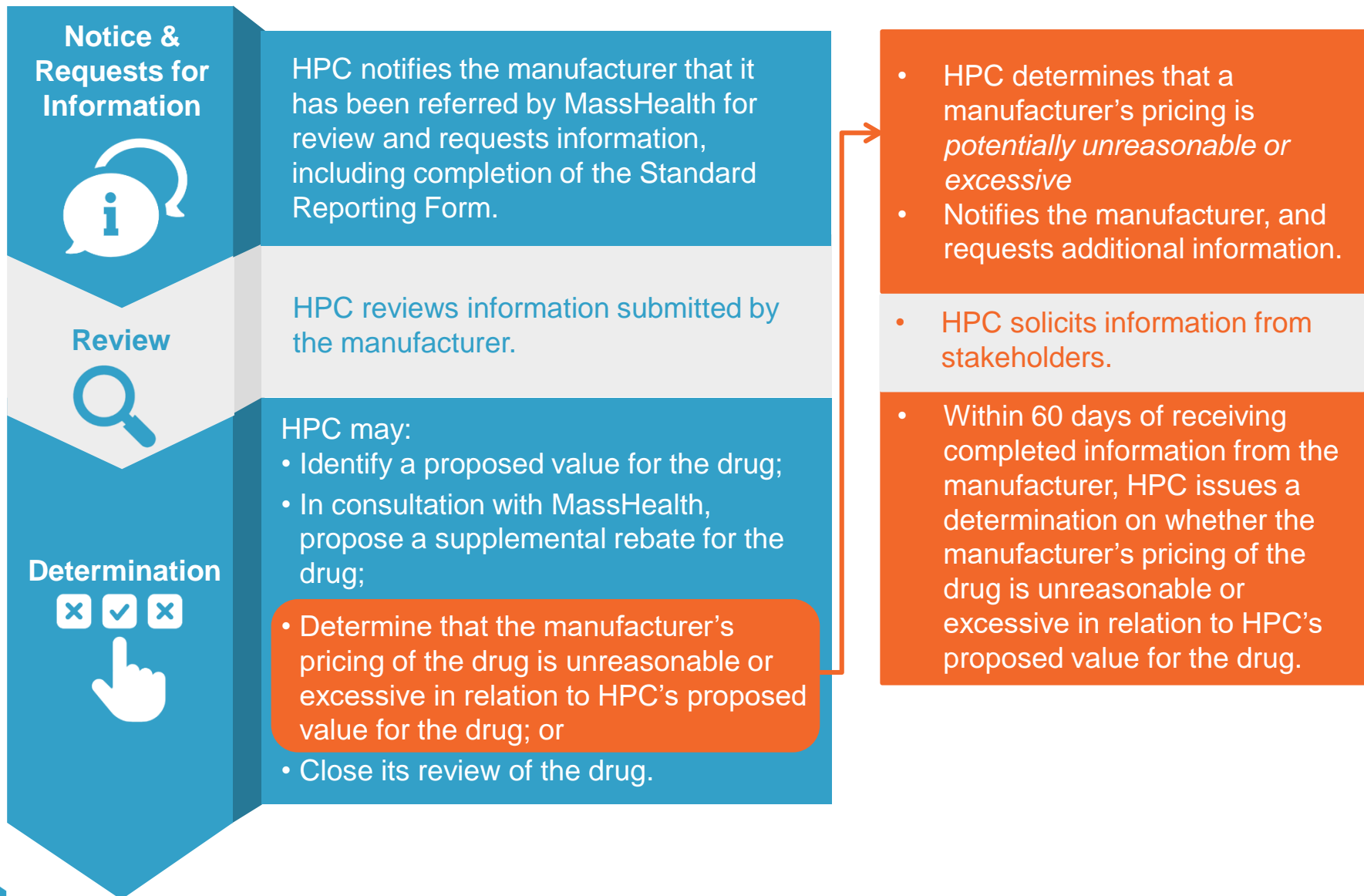
(2) Upon referral from EOHHS, Section 6 gives the HPC the authority to propose a *supplemental rebate... based on a proposed value of the drug*. The commission may request records from the manufacturer, with sanctions for non-compliance. Finally, the Commission will issue a determination on whether the manufacturer’s pricing of a drug is *unreasonable or excessive in relation to the commission’s proposed value of the drug*.

The MassHealth Process



The HPC Process

The HPC Process





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Drug Pricing Review: Next Steps

- The HPC Board approved the issuance of the final regulation 958 CMR 12.00, *Drug Pricing Review* on February 5, 2020.
- The final regulation was filed with the Secretary of State and is anticipated to become effective upon publication in the Massachusetts Register on March 6, 2020.
- HPC is working closely with stakeholders to finalize a Standard Reporting Form, which it expects to publish in the coming weeks and to develop a framework for conducting its reviews.

Drug Pricing Review: Regulation, Standard Reporting Form, and Framework

Regulation

Details the **process** for conducting our reviews

Broad descriptions of factors we consider and information we plan to collect reflect feedback from Commissioners and other experts as well as stakeholders

Requires a **Commission vote** to promulgate or change.

Regulation final. Effective March 6, 2020.

Standard Reporting Form

Details standardized **information we expect to collect** from all manufacturers

Content and format of form will be developed and refined based on ongoing feedback from manufacturers and other stakeholders

Form is expected to change and be refined over time. Released as **sub-regulatory guidance** on our website with advance notice of changes to manufacturers

In development, in consultation with stakeholders.

Framework

Describes **how we expect to evaluate** different data sources for assessing value and pricing

Data sources and methods will be developed in concert with experts, including Commissioners, and reflect feedback from stakeholders

Will be **discussed publicly** at Board and Committee meetings and expected to change over time as new issues arise and new data sources become available.



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Upcoming 2020 Meetings and Contact Information



Board Meetings

Wednesday, February 5 Wednesday, July 22
Wednesday, March 11 – Tuesday, September 15
Benchmark Hearing Wednesday, December 16
(Massachusetts State House,
Gardner Auditorium)
Wednesday, April 1
Wednesday, June 10



Special Events

Advisory Council
Wednesday, February 26
Wednesday, June 24
Wednesday, September 2

2020 Health Care Cost Trends Hearing
Day 1: Tuesday, October 20
Day 2: Wednesday, October 21



Committee Meetings

Tuesday, January 14
Wednesday, May 6
Wednesday, September 30
Wednesday, November 18



Contact Us

[Mass.Gov/HPC](https://www.mass.gov/HPC)
 [@Mass_HPC](https://twitter.com/Mass_HPC)
HPC-Info@mass.gov