MINUTES OF THE HEALTH POLICY COMMISSION

Meeting of September 15, 2020

MASSACHUSETTS HEALTH POLICY COMMISSION

Date of Meeting: September 15, 2020

Start Time: 12:00 PM

End Time: 2:03 PM

	Present?	**ITEM 1: Approval of Minutes**
Stuart Altman*	X	X
Don Berwick	X	X
Barbara Blakeney	X	X
Martin Cohen	X	X
David Cutler	X	X
Timothy Foley	X	X
Chris Kryder	X	X
Rick Lord	X	M
Ron Mastrogiovanni	X	2nd
Sec. Marylou Sudders	X	X
Sec. Michael Heffernan	X	X
Summary	**11 Members Attended**	**Approved with 11 votes in the affirmative**

Presented below is a summary of the meeting, including time-keeping, attendance, and votes.

*Chairman

(M): Made motion; (2nd): Seconded motion; (ab): Abstained from Vote; (A): Absent from Meeting

Proceedings

A virtual meeting of the Health Policy Commission (HPC) was held on September 15, 2020, at 12:00 PM. A recording of the meeting is available here. Meeting materials are available on the Board meetings page here.

Participating commissioners included: Dr. Stuart Altman (Chair), Mr. Martin Cohen (Vice Chair); Dr. Donald Berwick; Ms. Barbara Blakeney; Dr. David Cutler; Mr. Timothy Foley; Dr. John Christian "Chris" Kryder; Mr. Richard Lord; Mr. Ron Mastrogiovanni; Undersecretary Lauren Peters, designee for Secretary Marylou Sudders, Executive Office of Health and Human Services; and Ms. Cassandra Roeder, designee for Secretary Michael Heffernan, Executive Office of Administration and Finance.

Mr. David Seltz, Executive Director, began the meeting at 12:00 PM and welcomed the commissioners, staff, and members of the public viewing the meeting live on the HPC's YouTube channel. He turned the presentation over to Dr. Altman.

Dr. Altman welcomed everyone and said that he looked forward to the day's discussion.

ITEM 1: Approval of Minutes

Dr. Altman called for a vote to approve the minutes from the July 22, 2020, Board meeting. Mr. Lord made the motion to approve the minutes. Mr. Mastrogiovanni seconded it. The vote was taken by roll call. The motion was approved unanimously.

Mr. Seltz provided an overview of the day's agenda.

ITEM 2: Executive Director's Report

Mr. Seltz and Ms. Coleen Elstermeyer, Deputy Director, gave a report on the HPC's recent activities. For more information, see slides 6 through 8.

Dr. Berwick thanked Mr. Seltz and Ms. Elstermeyer for the work being done on diversity, equity, and inclusion at the HPC. Mr. Seltz thanked Dr. Berwick and the other commissioners for their support of these efforts.

Dr. Altman said that the Centers for Medicare & Medicaid Services (CMS) had recently come out with a favorable report on the accountable care organization (ACO) program. He said that ACOs represented one of the most promising avenues for improving equity in the health care system and expanding the definition of health to include social determinants of health (SDH). He said that it would be useful to have a discussion at some point about the ACO program in Massachusetts and whether it is meeting of the goal of expanding the definition of health to include SDH and expanding access to care. Mr. Seltz said that this was a great idea. He noted that staff were currently working on the next iteration of the ACO certification program and that these considerations could be included in a future presentation on the program.

ITEM 3: Market Oversight and Transparency

ITEM 3a: Notices of Material Change

Mr. Seltz turned the presentation over to Ms. Katherine Mills, Senior Director, Market Oversight and Transparency who updated the Board on material change notices (MCNs) received since the last meeting. For more information, see slides 11-12.

ITEM 3b: Drug Pricing Review Process

Ms. Mills presented an update on the HPC's drug pricing review process. For more information, see slides 14-25.

Dr. Berwick asked Ms. Mills to expand on the concept of "value" in the drug pricing review process. He said that there could be drug, such as penicillin, that was cheap to produce but highly valuable, and he worried that it would not be wise to engage in process causing the price of such a drug to increase greatly because it was extremely valuable. Similarly, if there were a cure for COVID, the value would be very high. He asked if the law tells us how to assess value in these circumstances. Ms. Mills referred him to the upcoming slides that lay out the factors from the statute and regulation on how to assess value, and noted that the role of the HPC is to assess the value of a given drug and determine whether or not the pricing of the drug aligned with that value and that the assessment would be very fact-specific. She said that, in those types of circumstances, there would likely need to be extensive engagement with experts, including commissioners, to determine how to align value and pricing.

Mr. Mastrogiovanni asked if other states were engaged in similar processes and how those processes might compare to Massachusetts'. Ms. Mills said that there were other states engaged in similar processes. She said that New York has a Drug Utilization Review Board. She said that staff had had extensive conversations with their New York counterparts which had informed parts of the process and the development of the HPC's standard reporting form. She noted however that New York asked for more detailed financial information than what was included in the HPC's standard reporting form.

Dr. Berwick asked where the information on international pricing would be coming from. Ms. Mills said that the final version of the form asked for the equivalent of the wholesale acquisition cost for a set list of countries. She said that this provided a metric that was less competitively sensitive than a price post rebates. She said that the form then asks for an average rebate amount across those countries. She said this would allow staff to get the information needed for pricing across different countries without asking for the most confidential and sensitive country-specific pricing information. Dr. Berwick said that it sounded like the HPC would not then have individual price for a drug in a specific country. Ms. Mills said that this was correct and that the HPC would have an average across the set of countries. She said that this was done to protect confidentiality given that it was one of the main concerns raised by manufacturers. She said that the change was made in close consultation with experts who believed this information would be sufficient for conducting comparative assessments. Dr. Berwick asked if a country were to make

the price known of a given drug, whether that could then be taken into consideration. Ms. Mills referenced the inputs and outputs diagram on slide 17 and noted that, while the HPC would be requesting information from manufacturers, the process would still rely heavily on information available from other sources. She said that this would include comprehensive review of information already in the public domain on international pricing and coverage.

Mr. Cohen noted that in the public hearing, confidentiality had been a recurring theme of concern from the manufacturers. He said that the HPC already had fairly tight controls in place when it came to financial information from payers and providers. He asked if there were any further modifications that needed to be made to internal controls for information from manufacturers. Ms. Mills said that this process had been built off of existing processes in place at the HPC for other reviews. Ms. Lois Johnson, General Counsel, added that a specific process had been developed for this review and instructions had been incorporated into the form which encouraged manufacturers to reach out to the HPC about secure methods of data transmission. She added that the HPC would work with manufacturers to maintain the strictest level of confidentiality. She noted that the HPC's internal data security processes had been shared with manufacturers as well.

Regarding slide 20, Mr. Foley asked what information would be shared for the utilization topic. Ms. Mills said that the HPC would receive information from manufacturers about utilization in Massachusetts and the U.S. and would also use information from other sources such as MassHealth. Dr. Altman noted that utilization could vary by population and that information from MassHealth when a drug is referred might tell the HPC a lot about the populations likely to utilize it. Ms. Mills thanked Dr. Altman and said that this was correct. She said that the form asked for utilization information from the previous five years nationally and in Massachusetts in the following categories: commercial payers, Medicare, Medicaid, and all payers. She noted that MassHealth could potentially provide some more granularity to this data. Dr. Altman noted that this was a good place to apply an equity lens to the HPC's work. He said that it would be important to get more granular utilization data to understand if there is any differential impact of the drug and treatment on different groups of patients.

Dr. Cutler noted that there were many potential pitfalls when it came to ascribing value to drugs. He said that it would be important to consider the impact of factors such as the age and impairment status of a population likely to use a specific drug when thinking about value. He said that advocates for people who are impaired have concerns with quality adjusted life years and that it is something that the Commission will need to be aware of. Ms. Mills said that this was a great point and noted that staff had been keenly aware of these considerations in crafting the process. Dr. Altman added that there were some value models that were quite controversial because a drug might provide a very positive impact for a large group of people and is very valuable to society, but since it is used by a large group of patients and is highly valuable, it creates high expenditures and challenges to funding. He said that Dr. Berwick's earlier point about value was an important one. He asked Ms. Mills whether the value judgment was weighted more towards value to society overall, a specific subpopulation, or MassHealth specifically. Ms. Mills said that all of those factors, as outlined on slide 21, would be taken into consideration.

Regarding the top bullet on slide 23, Dr. Kryder said that the issue of alternative treatments was a challenging one. He said that he suspected that the HPC would be looking at some biological, injectable treatments that were a growing proportion of pharmaceutical spending. He said that these treatments were very expensive and that there would likely be many more of them on the market in the coming years. He asked how the HPC would avoid the pitfall of spending a lot of time and consideration on a single drug that might be leapfrogged by an alternative treatment in the same class in the near term which may be marginally more effective. He asked how staff and consultants would factor in considerations about new therapeutics that might be coming down the line. Ms. Mills said that there were many fact-specific circumstances to take into consideration with any individual drug review. She said that it certainly was possible that there would be a drug referred that would require the review to examine other treatments in the pipeline as well. She said the goal would be to include that type of information in an assessment when applicable but that there would be fact-specific inquiries with regard to any drug pricing review. She noted that the slides outlined core questions that would be considered in all cases.

Dr. Kryder said that, as regulators, it is difficult to look at a static question in an area as dynamic as that of therapeutics. Ms. Mills said that this was correct and that upcoming changes in the market would be considered to the extent that that information could be obtained. She emphasized that manufacturers could provide information on pricing, including market share and competition, to help inform the HPC's determination.

Mr. Cohen asked Undersecretary Peters what the status of MassHealth's negotiations with manufacturers was at this time. Undersecretary Peters said that negotiations were actively underway with a number of manufacturers. She said that MassHealth had been working in lockstep with the HPC to develop the processes in tandem and that there would be more updates forthcoming on the negotiations. She noted that some negotiations have been successful while others are still underway.

Dr. Berwick said that he saw HPC's considerations as two parts: first, determining value and second, determining what relationship the HPC would like to encourage between value and price. He said that the second was the more complicated of the two considerations. He said he was not entirely clear on what the statute prescribed in regard to the relationship between price and value. He asked whether there should be some consideration by HPC of fairness or fair profit. He said that the Board might need to set aside some time to discuss what the HPC's theory in this realm should be. Dr. Altman agreed and said that at some point in the future the HPC should reserve time for a discussion of this. Mr. Mastrogiovanni said that the topic of reasonable profit was a key point to consider but that defining it would be difficult. Dr. Altman agreed and said this would be important part of the discussion.

Mr. Seltz thanked the commissioners for their questions and comments. Due to time considerations, Mr. Seltz and Dr. Altman opted to table the presentation on serious illness and end of life care for a later date. For more information, see slides 27-41.

ITEM 4: Impact of the COVID-19 Pandemic in Massachusetts

ITEM 4a: Impact of COVID-19 Pandemic on Health Care Spending and Costs

Mr. Seltz turned the presentation over to Dr. David Auerbach, Director, Research and Cost Trends, who presented on the spending and cost impact of COVID-19 in Massachusetts. For more information, see slides 45-48.

Regarding the graph on slide 48, Mr. Foley asked whether it would be possible to see the employment impact on nursing homes and home health individually rather than aggregated. Mr. Auerbach said that staff could get him this data.

Undersecretary Peters asked how the survey defined home health services and whether it was inclusive of both agency and non-agency services. Dr. Auerbach said that this was based on Bureau of Labor Statistics (BLS) surveys of employers and that he was fairly sure the category was broadly defined to include both agency and non-agency. Dr. Cutler confirmed that this was the case.

ITEM 4b: Status of the Health Coverage Market from the Division of Insurance Perspective

Mr. Seltz introduced Mr. Kevin Beagan, Director of Health Care Access Bureau and Deputy Commissioner, Division of Insurance (DOI) who presented on the status of the health coverage market in the COVID-19 pandemic. For more information, see slides 50-66. Mr. Beagan's presentation can be viewed here.

ITEM 5: Schedule of Next Board Meeting

Mr. Seltz provided an update on recent agency activities and publications. For information on HPC program updates and new publications, see slides 39-47.

Dr. Altman asked that a more robust discussion of the drug pricing review standard reporting form be held at the next Board meeting. Mr. Seltz said that there would be a more detailed presentation on all the aspects of the drug pricing review at the September meeting.

Dr. Altman thanked the staff and Board.

The meeting concluded at 2:26 PM.