MINUTES OF THE HEALTH POLICY COMMISSION

Meeting of November 18, 2020

MASSACHUSETTS HEALTH POLICY COMMISSION

Date of Meeting: November 18, 2020

Start Time: 12:00 PM

End Time: 2:03 PM

	Present?	**ITEM 1: Approval of Minutes**	**ITEM 2: Approval of C4SEN Launch**
Stuart Altman*	X	X	X
Don Berwick	X	X	X
Barbara Blakeney	X	M	X
Martin Cohen	X	X	X
David Cutler	X	X	X
Timothy Foley	X	2nd	M
Chris Kryder	X	X	2nd
Rick Lord	X	X	X
Ron Mastrogiovanni	X	X	X
Sec. Marylou Sudders	X	X	A
Sec. Michael Heffernan	X	X	X
Summary	**11 Members Attended**	**Approved with 11 votes in the affirmative**	**Approved with 10 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 November 18, 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 September 15, 2020, Board meeting. Ms. Blakeney made the motion to approve the minutes. Mr. Foley seconded it. The vote was taken by roll call. The motion was approved unanimously.

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 9.

ITEM 3: Notices of Material Change

Mr. Seltz turned the presentation over to Ms. Katherine Mills, Senior Director, Market Oversight and Transparency (MOAT), who updated the Board on material change notices (MCNs) received since the last meeting. For more information, see slides 11-13.

Regarding Lawrence General Hospital's (LGH's) separation from the Beth Israel Deaconess Care Organization (BIDCO), Dr. Berwick asked whether any of the stipulations in the Beth Israel Lahey Health (BILH) merger implicated its relationship with LGH. Ms. Mills said that that proposal was actively under review and that understanding the interplay between the current relationship and the assurances made by the organization when the merger was approved was a major focus of the review. She noted that many of the provisions included were intended to protect community providers but that they generally did not prevent community providers from taking specific actions. She said that there would be more to share on this transaction as the review proceeded. Mr. Lord asked whether LGH would have new partners in this arrangement. Ms. Mills said that LGH was expecting to contract on its own but said that, as HPC understood

the change, its clinical relationships would not necessarily be impacted. She added that this was also an area in which HPC staff expected to learn more as they continued their review.

ITEM 4: 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 15-33.

Regarding slide 15, Dr. Altman asked whether telemedicine visits were included in the data presented in the chart. Dr. Auerbach confirmed that they were.

Mr. Mastrogiovanni asked why smaller physician practices were less able to utilize telehealth than larger ones. Dr. Auerbach said that his hypothesis was that smaller practices did not have the same level of infrastructure required to expand telehealth services. He noted that slide 16 showed only primary care practices and that it was a useful comparison of like organizations.

Regarding slide 16, Dr. Berwick asked if there was any similar data on pediatric care. Dr. Auerbach said that previous iterations of the work showed that pediatric care had been way below care for adults. He noted that staff were looking into additional claims data from the Health Care Cost Institute (HCCI) to try and learn more about what was causing this lag.

Regarding Mr. Mastrogiovanni's question, Mr. Seltz noted that the HPC had survey results from physicians that contained some anecdotal information from physicians who were initially struggling to roll out telehealth services. He said that it may be that as smaller practices become more comfortable and established with telehealth, some of the gap shown on slide 16 may begin to close.

Mr. Foley asked if there was any data about the patient population that had been returning to seek care at pre-pandemic levels. Dr. Auerbach responded that he had not seen any data on this yet but hoped that this might be something the HCCI data might be able to shed light on. He noted that one might intuit that people of higher socioeconomic status may be more able to take advantage of telehealth and return to seeking care, but that more research would need to be done.

Regarding the data on slide 17, Mr. Seltz noted that while emergency department (ED) visits were down overall, staff had heard anecdotally from hospitals that they were struggling with ED volumes specific to behavioral health (BH) patients and were seeing a spike in ED boarding. He said that this is a trend that Sec. Sudders and the administration are very focused on. He asked if Undersecretary Peters had anything to add on this point. Undersecretary Peters said that this was a growing concern and that it was important not to lose sight of the spike in BH ED visits when looking at the overall reduction. She said that it would be helpful to fold the ED boarding and utilization numbers into the analysis to present a clear picture of what is happening in the health care system. Mr. Seltz said that the considerations raised by Undersecretary Peters, as well as the point made by Mr. Foley regarding patient population and how that relates to ED utilization, would be key to the analysis moving forward. Mr. Cohen asked whether there was any

information on why ED boarding for BH was on the rise. Mr. Seltz said that he was speculating somewhat but noted that finding appropriate inpatient BH care has always been a challenge and that the pandemic appears to be exacerbating this issue. He said that there may be increased demand for certain services and that the ED might be seen as the most accessible source of care for certain individuals. He said that there was much more that needed to be understood here and credited the administration for pursuing a number of different solutions to help ameliorate the issue. Undersecretary Peters echoed Mr. Seltz's point regarding the increased demand for BH services. She added that much of the inpatient capacity for BH had to be reduced in order to comply with infection mitigation protocols and that this was adding to the problem. She said that the interplay between the increased demand and decreased capacity may be exacerbating the issue.

Dr. Kryder asked if the HPC had access to year-over-year admissions and ED data. He noted that COVID-19 was generally more serious for patients with comorbidities and that it would be helpful to have the gross number of hospital admissions over the past five years or so. He said that this data would give a better understanding of the needs of hospitals and patients. Dr. Auerbach said yes and asked whether Dr. Kryder was referring to total aggregate numbers or detailed data including diagnosis codes. Dr. Kryder said that he was asking just about aggregate numbers. He said that the specific, overall numbers of not only COVID patients would be helpful because COVID exists largely as an exacerbator of chronic illnesses. He said that these numbers would help paint a picture of where the system was having issues and where it was otherwise stable. Dr. Auerbach said that this information was available and that some of it was included in the presentation. He noted that slide 17 showed year-over-year total inpatient admissions and total ED visits which painted a partial picture of the trend that Dr. Kryder was asking about. He noted that staff could go back farther in the data.

Dr. Berwick asked whether the data would be granular enough for staff to at some point distinguish between unnecessary care that ended up not being delivered due to the pandemic, and care that was not delivered that ended up having consequences for patients. Dr. Auerbach said that staff were thinking hard about this question and were hoping to pull out some of that data from COVID databases, focusing on types of low value care (LVC) to see if that was disproportionately impacted. He said that he believed that staff would have some of this data from the Center for Health Information and Analysis (CHIA) in the near future.

Regarding the uptick in MassHealth enrollment shown on slide 19, Ms. Blakeney asked if Dr. Auerbach had the total gross number of new enrollees that the six percent uptick represented. He said he could get the exact number but said that it was roughly 60,000 to 80,000 individuals. He said that this was similar to the gross number represented by the 1.5 percent drop in commercial enrollment. Ms. Blakeney asked if he had that exact number. Dr. Auerbach said that he could send the raw numbers from CHIA.

Regarding the data on slide 21, Mr. Mastrogiovanni asked if staff were anticipating a similar decline in discharges moving forward given the uptick in cases. Dr. Auerbach said that he did not think there would be a decline this stark again, but noted that the data did not capture what was happening in this most recent surge in COVID cases. He said that, while the number of cases is

similar to the number in the spring, hospitalizations remain down. He said that he expected discharges to dip somewhat but that it was unlikely to be as dramatic as what happened in the spring. Undersecretary Peters added that in the spring there had been an order suspending all elective procedures which dramatically impacted utilization.

Regarding the chart on slide 24, Mr. Mastrogiovanni asked whether the large positive margins in June and July had made up for the hospitals' losses in the spring. He asked how hospitals were doing on a year-over-year basis. Dr. Auerbach said that the answer likely varied by hospital and that he had not added it up for the overall system. He noted that the COVID relief funds played a large role in filling in the gap from the spring. Dr. Kryder said that he felt that having some more granular data about how individual hospitals are doing might be helpful, particularly when evaluating the disparate impacts on different populations in the state. He said the HPC should want to know if safety-net hospitals are being disproportionately impacted by lost revenues. Dr. Auerbach noted that the data presented came from a whole table showing the changes in margins by hospital. He said that he would forward that along to Dr. Kryder.

Dr. Cutler asked if there was any evidence to suggest that the underlying expenses for hospitals were now higher due to spending on personal protective equipment (PPE) and changes in services or staffing due to virus mitigation protocols. Dr. Auerbach said that intuitively it would make sense if costs were higher. He said that the more detailed tables from CHIA should give some insight on this question. Dr. Altman noted that the gray dots on slide 24 represented total expenses and that they appeared to be fairly flat over time. Dr. Cutler said that he was curious as to whether there was more money being spent on COVID-related changes at the expense of other services. He said that he was surprised that expenses had not fallen more in the spring. Dr. Altman agreed and said that he was also surprised. He noted that there had been some criticism of hospitals suggesting that they were making money during the pandemic, and that the numbers for June and July suggested substantial positive margins. Dr. Berwick noted that health care employment had fallen which should imply some savings in labor. Dr. Altman said that the drop in employment was less severe in hospitals than in other areas of the health care system. Mr. Foley said that there had been a large number of furloughs of hospital workers in the spring and that while some continued to receive pay many others did not. He noted that 37 hospitals had responded to the survey which meant the HPC was only seeing a sample of organizations that had chosen to self-report. He asked if there was a way to get more information from the entire industry to get a better picture of what was happening. He noted that some of the federal COVID relief funds had essentially been an advance of Medicare dollars. He asked if staff had a sense of how much of that money the hospitals might need to pay back if they had not spent it on Medicare patients. Dr. Auerbach said that he was unsure of how that money was included in the data presented on slide 24. He said that at the time of this report, CHIA did not have that information but he hoped to have more on this topic in the future. He said that the 37 hospitals that had reported were a fairly representative set of organizations for the state. Mr. Seltz added that the Board should be cautious about drawing firm conclusions before getting the full-year picture of this data. He noted that even in the large margins shown for June and July, federal and state relief funds made up a significant portion of the revenue and that service revenues were still below where they would be expected. He said that CHIA had administered some of these

voluntary reporting mechanisms throughout the summer recognizing the burden on providers and that many of these mechanisms would soon become mandatory for hospitals to report, meaning that the HPC would be getting more timely and complete data as the year progressed.

Dr. Kryder asked why the number of responses shown on slide 26 were so much lower in the second round of the survey as opposed to the first. Dr. Auerbach said that he would guess it was just a general fatigue with surveys on the part of providers. Dr. Kryder asked if the mix of responses was similar in the second round and therefore representative. Dr. Auerbach said that staff had not fully compared the relative makeups of the two survey rounds. He said that the analysis had been targeted at organizations that responded in the second round, as well as the subset of organizations that had responded in both rounds.

Regarding the quote on slide 28, Ms. Blakeney noted that it was anecdotal but said she was surprised that this particular BH practice found adolescents less likely to utilize telehealth services. She said that this meant that one should be cautious when making assumptions about which patients are most likely to utilize telemedicine. Dr. Auerbach said that he was also struck by this quote and that he would be looking to see if there was evidence of this trend in the data.

Mr. Mastrogiovanni asked if the trends shown on slide 32 were drastically different than in other years. Dr. Auerbach said that he would have to think about whether there was comparable data that could be pulled together from past years but that this would be very helpful to look at as one could not assume that these trends were entirely pandemic-driven if there were baseline trends that they could be compared to. Mr. Cohen noted that the total number of practices surveyed was small, but asked if there was significant geographic variation in the group and whether the responses themselves varied by geography as well. Dr. Auerbach said that he did not know since the data had been deidentified but that he could ask people who fielded the survey if they could shed any light on that question.

Dr. Kryder asked if there was any further information on what the access to telehealth response on slide 33 meant and if it might be a positive sign that providers were thinking seriously about expanding telehealth. Dr. Auerbach said that he believed the question was framed in a way that the response suggested a concern that patients might not have access to telehealth. Dr. Kryder noted that telehealth was a fairly general, umbrella term that encompassed many different kinds of remote services. Dr. Auerbach said that this was true and noted that it was difficult to get granular in a broad survey like this. He said that the qualitative responses shown in the quotes on slides 28 and 29 were helpful in that they provided some additional context. He said that he could share more of the quotes if Dr. Kryder was interested as there was a large number that were not included in the presentation. Mr. Cohen said that he wondered if the concerns about access to telehealth reflected a fear that the reimbursements might be reduced in the future.

Mr. Seltz thanked Dr. Auerbach for the presentation and thanked the commissioners for their input and questions.

Dr. Cutler noted that there was not much information on insurers in the presentation. He said that it would be helpful moving forward to more closely examine COVID's impact on payers. Mr. Seltz agreed and noted that there had been financial reporting filed with the Division of

Insurance (DoI) the previous week. He said that the HPC was also continuing to track what the merged market premium increases would be in future filings. He said that DoI was, like CHIA, continuing to accelerate their data collection on enrollment and on utilization from the health plan perspective. He said that commissioners could expect to see some of this data moving forward.

ITEM 5: Drug Pricing Review

Mr. Seltz turned the presentation over to Ms. Mills who presented on the HPC's drug pricing review process. For more information, see slides 35-44.

Regarding the process outlined on slide 37, Mr. Lord asked what the consequence would be for a manufacturer should the HPC determine that a drug is excessively priced. Ms. Mills said that the HPC's role was to provide a report to that effect. She explained that the report could be a resource to entities such as MassHealth, which could use the report in their negotiations, or the Attorney General's Office (AGO), which could choose to take action on items outlined in the report. She said that there was not a formal next step after the HPC issued a determination.

Regarding the final bullet on slide 41, Dr. Berwick asked how confident the HPC could be in the veracity of information being provided by manufacturers regarding their costs and spending. Ms. Mills responded that the HPC is requesting financial information, at a rolled up level, from manufacturers on the standard reporting form, but that it would compare that information to other available sources of information, including financial filings with the Securities Exchange Commission (SEC) as well as investor materials. She also noted that the HPC would be talking with financial experts as well as the manufacturer throughout the process to make sure that it accurately understands the information. Dr. Altman said that it was his impression from conversations with drug pricing experts that they did not take manufacturing or development costs into account in assessing cost-effectiveness, but instead focused on pricing and the value to the buyer. Ms. Mills clarified that, in addition to being directed by statute to collect certain financial information from any manufacturer under review, the HPC believes that information about the manufacturer's costs to develop and manufacture the drug are useful context. However, she agreed that health technology assessment bodies around the world generally do not consider manufacturer costs as part of the determination of the value of a drug, and she explained that determining the value of an individual drug would be based primarily on the benefits it provides to patients and society, and assessing the pricing of a drug is primarily about comparing the price of the drug to the benefits its providing.

In opening discussion, Dr. Altman noted that the HPC only evaluated a drug if it had been referred by MassHealth after they had already evaluated the clinical value and cost. He said that the HPC's responsibility in this case was to make a recommendation to MassHealth. Ms. Mills said that this was a good summation of the process, but clarified that any determination made by the HPC would be available to the public, and MassHealth could use it as well as other entities.

Dr. Berwick asked whether MassHealth patients had any out-of-pocket costs associated with drugs. If they did have out-of-pocket exposure, he said that that should be added to slide 44 as

one of the goals for patient input. He also asked, regarding Dr. Altman's earlier line of questioning, whether Dr. Altman felt that manufacturer costs should be considered in this process. Dr. Altman noted that from the perspective of the manufacturer, a drug that was expensive to produce would have a price that reflected the investment to manufacture the drug. The buyer, he said, is primarily concerned about the price they are being charged and the value it is providing to them or their members. He added that international agencies do not consider manufacturer costs as a consideration because they look primarily at costs to society and to the buyer. Ms. Mills said that this was correct. Regarding Dr. Berwick's first question, she said that in most cases MassHealth patients do not have out-of-pocket exposure for drugs. She said that in the cases that MassHealth patients do have out-of-pocket costs, they are capped at a very low level. Dr. Altman added that most manufacturers recognize that Medicaid programs should get a discount, but the question was how steep that discount should be.

Mr. Foley asked whether there was a sense of under what circumstances the HPC would hold a public hearing on this process. Ms. Mills said that it was likely to be discussed in the future. She noted that the statute permitted the HPC to hold a public hearing and she said that she expected the HPC would always accept written comments. She said that it would be helpful to hear from commissioners on the circumstances in which the HPC might want to hold a public hearing and that it was likely to be determined on a case-by-case basis.

Ms. Roeder asked if the email solicitation blast referred to in the presentation would be sent twice: once at the moment of referral and once when the HPC made an initial determination that the pricing of a drug was potentially unreasonable. Ms. Mills said that this was correct and that there would likely also be a mechanism on the HPC's website through which people could submit comments.

ITEM 6: Investment Program Launch: Cost-Effective, Coordinated Care for Caregivers and Substance Exposed Newborns (C4SEN)

Mr. Seltz introduced Ms. Kelly Hall, Senior Director, Health Care Transformation and Innovation (HCTI), who provided an introduction to the presentation the HPC's new investment program: Cost-Effective, Coordinated Care for Caregivers and Substance Exposed Newborns (C4SEN). For more information, see slides 46-49.

Ms. Hall turned the presentation over to Ms. Wendy Nicolas, Program Associate, HCTI. For more information, see slides 50-58.

Dr. Altman called for a motion to authorize the Executive Director to issue a request for proposals for the C4SEN investment program. Mr. Foley made a motion to approve the proposal. Dr. Kryder seconded the motion. The vote was taken by roll call. The minutes were approved unanimously.

Mr. Seltz thanked the commissioners and staff for their work on the new investment program. Dr. Altman thanked Mr. Seltz, Ms. Elstermeyer, and the HPC staff for their work during this challenging year. The meeting adjourned at 2:05 PM.