

**MINUTES OF THE HEALTH POLICY COMMISSION**

**Meeting of February 19, 2014**

**MASSACHUSETTS HEALTH POLICY COMMISSION**

**THE HEALTH POLICY COMMISSION**  
**Rabb Lecture Hall, Boston Public Library**  
**700 Boylston Street**  
**Boston, MA**

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**Docket: Wednesday, February 19, 2014, 2:00PM**

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1. Approval of Minutes from January 8, 2014 Meeting (VOTE)
2. Executive Director Report
3. Care Delivery and Payment System Reform Update
4. Quality Improvement and Patient Protection Update
  - a. Approval of Office of Patient Protection (OPP) Final Regulation, 958 CMR 3.00 (VOTE)
5. Community Health Care Investment and Consumer Involvement Update
6. Cost Trends and Market Performance Update
  - a. Approval of Final Report on Partners Healthcare System/South Shore Hospital/Harbor Medical Associates Cost and Market Impact Review (VOTE)
7. Schedule of Next Commission Meeting (March 5, 2014)

## Health Policy Commission

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

**Date of Meeting: Wednesday, February 19, 2014**

**Beginning Time: 2:03 PM**

**End Time: 3:22 PM**

<b>Board Member</b>	<b>Attended</b>	<b>ITEM 1</b>	<b>ITEM 4a</b>	<b>ITEM 6a</b>
		<b>Approval of Minutes from December 18</b>	<b>Approval of final regulations for the Office of Patient Protection</b>	<b>Issuance of final report on PHS/SSH/HMA CMIR</b>
Carole Allen	No	(A)	(A)	(A)
Stuart Altman*	Yes	Yes	Yes	Yes (M)
David Cutler	Yes	Yes	Yes	Yes (2 <sup>nd</sup> )
Wendy Everett	Yes	Yes (2 <sup>nd</sup> )	Yes	Yes
Paul Hattis	Yes	Yes	Yes	Yes
Rick Lord	Yes	Yes	Yes (M)	Yes
John Polanowicz	Yes	Yes (M)	Yes (2 <sup>nd</sup> )	Yes
Glen Shor (Kim Haddad)	Yes	Yes	Yes	Yes
Marylou Sudders	Yes	Yes	Yes	Yes
Veronica Turner	No	(A)	(A)	(A)
Jean Yang	Yes	Yes	Yes	Yes
<b>Summary</b>	<b>9 Members Attended</b>	<b>Approved with 9 votes in the affirmative</b>	<b>Approved with 9 votes in the affirmative</b>	<b>Approved with 9 votes in the affirmative</b>

\*Chairman

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

## PROCEEDINGS

A regular meeting of the Massachusetts Health Policy Commission was held on Wednesday, February 19, 2014, at the Rabb Lecture Hall of the Boston Public Library, 700 Boylston Street, Boston, MA.

Commissioners present included Chair Stuart Altman; Dr. David Cutler; Dr. Wendy Everett; Dr. Paul Hattis; Ms. Marylou Sudders; Mr. Rick Lord; Ms. Kimberly Haddad, representative for Mr. Glen Shor, Secretary, Health and Human Services; Ms. Jean Yang; and Mr. John Polanowicz, Secretary, Executive Office of Health and Human Services.

Dr. Carole Allen and Ms. Veronica Turner were not present at the meeting.

Chair Altman called the meeting to order at 2:03 PM and reviewed the agenda.

### **ITEM 1: Approval of the Minutes from the January 8, 2014 Meeting**

Chair Altman solicited comments, additions, or corrections to the minutes from the January 8, 2014, board meeting.

Chair Altman called for a motion to approve the minutes as amended. **Mr. Polanowicz** made a motion to approve the minutes. After consideration, upon motion made and duly seconded by **Dr. Everett**, it was voted unanimously to approve the minutes from the January 8, 2014, board meeting.

Voting in the affirmative were the nine present Commission members. There were no abstentions and no votes in opposition.

### **ITEM 2: Executive Director Report**

Mr. Seltz welcomed everyone to the thirteenth meeting of the Health Policy Commission. He presented a report regarding the status of the Commission.

Mr. Seltz reviewed the agenda for the day's meeting, highlighting votes on (1) Office of Patient Protection regulations and (2) the final report on the cost and market impact review (CMIR) for the Partners HealthCare System/South Shore Hospital/Harbor Medical Associates transaction. Mr. Seltz commented that the CMIR process had been objective, data driven, and evidence based.

Mr. Seltz next reviewed the upcoming HPC meetings. He noted that the Cost Trends and Market Performance and Community Health Care Investment and Consumer Involvement Committees would be meeting on February 24, 2014 to make up for meetings that were rescheduled because of the winter storms in early February. He also stated that the board would meet again on Wednesday, March 5 at 12:00PM at 1 Ashburton Place.

### **ITEM 3: Care Delivery and Payment System Reform Update**

In the absence of the Committee Chair, Mr. Seltz provided a brief update on the Care Delivery and Payment System Reform (CDPSR) Committee. He noted that the Committee had a very fruitful discussion on the patient-centered medical home (PCMH) certification program during the February 12 meeting. He stated that the PCMH program would be a topic of discussion at the March 5 board meeting.

### **ITEM 4: Quality Improvement and Patient Protection Update**

Ms. Marylou Sudders, Chair of the Quality Improvement and Patient Protection (QIPP) Committee, updated the Commission regarding the status and activities of the Committee. She stated that committee members discussed a joint agenda for PCMH and the integration of behavioral health. Ms. Sudders noted that there would be a joint QIPP/CDPSR meeting on April 9, 2014.

#### **ITEM 4a: Approval of Office of Patient Protection (OPP) Final Regulation, 958 CMR 3.00**

Ms. Sudders introduced Ms. Lois Johnson, HPC General Counsel, to review 958 CMR 3.00, the final regulation for the Office of Patient Protection. Ms. Johnson reviewed the major areas in which changes were being made to the standing regulation. She stated that these changes were being made to bring the Office of Patient Protection into compliance with the federal Affordable Care Act (ACA) as well as relevant state law. She noted that the changes would also ensure more consumer protection.

Ms. Johnson reviewed the timeline for the drafting of the final regulation. The process began in November 2013 when the QIPP committee endorsed the proposed regulations. In December 2013, the Health Policy Commission received public comment on the draft regulation. After revisions in response to public and commissioner comments, the final draft was endorsed by the QIPP committee on February 12, 2014.

Ms. Johnson next provided details of the proposed amendments to 958 CMR 3.00. These changes occurred in the areas of voluntary extensions and reconsideration, medical necessity criteria, language access, transparency, and reporting requirements. More information on these amendments can be found on the HPC's website.

After detailing the changes, Ms. Johnson reviewed the next steps for the regulation. She stated that, if approved by the board, the regulations would be filed by February 28, 2014 and become effective on March 14, 2014, when they will be published by the Secretary of State.

Ms. Sudders stated that the regulations will continue to be revised over the coming years, especially in the area of language access. Dr. Hattis agreed that, down the line, the Office of Patient Protection should require information to be available to patients in more languages.

Seeing no other comments, Ms. Sudders asked for a vote to approve 958 CMR 3.00, the final Office of Patient Protection regulation. **Mr. Lord** made a motion. After consideration, upon motion made and duly seconded by **Mr. Polanowicz**, it was voted unanimously to approve 958 CMR 3.00.

Voting in the affirmative were the nine present Commission members. There were no abstentions and no votes in opposition.

#### **ITEM 5: Community Health Investment and Consumer Involvement**

Dr. Paul Hattis, Chair of the Community Health Care and Consumer Involvement (CHICI) Committee, updated the Commission regarding the status and activities of the Committee. Dr.

Hattis stated that the Committee would be holding a meeting on February 24, 2014 to discuss evaluation and Phase II framework for the CHART Investment Program.

## **ITEM 6: Cost Trends and Market Performance Update**

Dr. David Cutler, Chair of the Cost Trends and Market Performance (CTMP) Committee, updated the Commission regarding the status and activities of the Committee. He stated that the day's update would surround the final report on the Partners HealthCare System/South Shore Hospital/Harbor Medical Associates cost and market impact review.

Dr. Cutler stated that the board voted to issue the preliminary report during the January 8, 2014 board meeting. He noted that, since that vote, the parties have had time to respond in writing. He commented that he was impressed by the seriousness of both the parties and the HPC staff throughout this process.

Dr. Cutler stated that he was pleased with the final report and the data contained within it. He opened the floor for comments from other commissioners.

Dr. Altman stated that he was appreciative of the work completed in the report. He noted that Chapter 224 gives the HPC many responsibilities, but the major goal is to bring down total medical expenditures (TME) so that it is in line with state spending. He noted that one way to bring down TME was to encourage population based medical efficiency. To do this, however, the HPC must ask "how big is big." Dr. Altman stated that the HPC must balance projected long-term savings with the acknowledgment that consolidation can lead to immediate cost increases.

Dr. Altman stated that an increase in efficiency does not always lead to a decrease in TME. He noted that many times the cost savings stay within the delivery system.

### **ITEM 6a: Approval of Final Report on Partners Healthcare System/South Shore Hospital/Harbor Medical Associates Cost and Market Impact Review**

Dr. Cutler introduced Ms. Karen Tseng, Policy Director for Market Performance, to present on the final report.

Ms. Tseng reviewed the preliminary report, parties' responses, and how these informed the final report. She stated that the HPC continues to recommend referral of the CMIR review to the Massachusetts' Attorney General's Office. She noted that the proposed transactions between Partners HealthCare System, South Shore Hospital, and Harbor Medical Associates cannot be finalized until 30 days after the HPC's final report is issued.

Ms. Tseng provided a summary of the transaction impacts discussed in the final report. She stated that the transactions are anticipated to increase total medical spending by \$23-\$26 million each year for the three major payers. She next reviewed the care delivery impact of the transactions, noting that Partners' experience in accountable care initiatives demonstrates a potential for improving the cost and quality of care. She stated, however, that the parties had not provided evidence of additional efficiencies that that transactions would drive. Ms. Tseng next

reviewed the access impact of the transactions. She stated that the HPC did not receive sufficient evidence to make a finding either way regarding specific changes in access at South Shore Hospital as a result of the transaction.

Ms. Tseng commented on the HPC's referral of the transaction to the Attorney General. She stated that the system that would result from the transaction between Partners and South Shore Hospital is anticipated to have a 50% commercial market share in South Shore Hospital's primary service area. Additionally, the transaction would mean that the resulting system would receive up to 30% of statewide physician revenue. Ms. Tseng noted that both Partners and South Shore Hospital are paid hospital prices well above the median in each market in which they operate. She noted that the system resulting from this transaction is anticipated to have an increased ability to leverage higher prices. She also stated that the proposed transaction is anticipated to increase health care spending, reduce market competition, and result in increased premiums for employers and consumers.

Dr. Cutler commented that the report states that the increases in costs resulting from the transaction are greater than the potential savings. He stated that it is the HPC's job to foster every step that leads to a decrease in spending, but he noted that the HPC must benchmark its progress along such a path.

Dr. Everett stated that the HPC must take the best path to achieve efficiency and decrease total medical expenditures.

Dr. Hattis stated that the board's charge with respect to cost and market impact reviews is to create an evidence-based response that weighs the burden and benefits of the transactions. He noted that the process must be data driven.

Ms. Sudders stated that the HPC is not necessarily opposed to backing mergers and acquisitions, but in this case, the parties did not provide adequate evidence. She stated that this is a lesson to the parties in a future CMIR.

Dr. Cutler noted that, unlike in other sectors such as environmental pollution, there are no incentives for hospitals to decrease costs. Dr. Altman confirmed this, noting that there were not incentives in this transaction for a decrease in TME. Dr. Cutler stated that the conclusion in the final report is correct because the market will not incentivize a decrease in prices. He stated that the 2013 Cost Trends Report provides areas where the state could provide such incentives.

Ms. Yang stated that it is a good thing to "put a break" on market consolidation. She stated that the day's conversation also raises the notion of the future of community providers.

Seeing no other comments, **Dr. Altman** made a motion to issue the final report on the Partners HealthCare System/South Shore Hospital/Harbor Medical Associates cost and market impact review. After consideration, upon motion made and duly seconded by **Dr. Cutler**, it was voted unanimously to issue the report.

## **ITEM 7: Schedule of Next Commission Meeting**

Following the conclusion of discussion of the final agenda item, Chair Altman announced the date of the next board meeting (March 5, 2014) and adjourned the meeting of the Health Policy Commission at 3:22 PM.