

MINUTES OF THE HEALTH POLICY COMMISSION

Meeting of January 20, 2016

MASSACHUSETTS HEALTH POLICY COMMISSION

Date of Meeting: Wednesday, January 20, 2016
Start Time: 12:02 PM
End Time: 2:27 PM

	Present?	ITEM 1: Minutes from December 16, 2015	ITEM 2: Committee Assignments	ITEM 3: 2015 Cost Trends Report	ITEM 4: Program Design for HCII	ITEM 5: Approval of Program Design for Telemed Pilot
Carole Allen	NO	A	A	A	A	A
Stuart Altman*	Yes	Yes	Yes	Yes	Yes	Yes
Don Berwick	Yes	Yes	Yes	Yes	Yes	Yes
Martin Cohen	Yes	Yes	Yes	Yes	M	Yes
David Cutler	Yes	Yes	Yes	Yes	Yes	Yes
Wendy Everett	Yes	Yes	2nd	M	2nd	Yes
Rick Lord	Yes	M	Yes	Yes	Yes	M
Ron Mastrogiovanni	Yes	Yes	Yes	Yes	Yes	Yes
Marylou Sudders	Yes	A	Yes	Yes	Yes	Yes
Kristen Lepore	Designee Lauren Peters	Yes	Yes	Yes	Yes	Yes
Veronica Turner	Yes	2nd	M	2nd	Yes	2nd
Summary	10 Members Attended	Approved with 9 votes in the affirmative	Approved with 10 votes in the affirmative	Approved with 10 votes in the affirmative	Approved with 10 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 regular meeting of the Massachusetts Health Policy Commission was held on Wednesday,

January 20, 2016 at 12:00 PM.

Commissioners present included Dr. Stuart Altman (Chair); Dr. Wendy Everett (Vice Chair); Dr. Donald Berwick, Dr. David Cutler; Mr. Martin Cohen; Mr. Rick Lord; Mr. Ron Mastrogiovanni; Ms. Veronica Turner; Ms. Lauren Peters, Designee for Secretary Kristen Lepore, Executive Office of Administration and Finance; and Secretary Marylou Sudders, Executive Office of Health and Human Services.

Chair Altman called the meeting to order at 12:02 PM and reviewed the agenda.

ITEM 1: Approval of Minutes from December 16, 2015

Dr. Altman welcomed Dr. Berwick to the Health Policy Commission.

Dr. Altman solicited comments on the minutes from December 16, 2015. Seeing none, he called for a motion to approve the minutes, as presented. **Mr. Lord** made a motion to approve the minutes. **Ms. Turner** seconded. Voting in the affirmative were the nine members present. There were no abstentions and no votes in opposition.

ITEM 2: Executive Director's Report

Mr. David Seltz, HPC Executive Director, welcomed Dr. Berwick to the HPC. He reviewed the day's agenda, noting that the bulk of the meeting would focus on the 2015 Cost Trends Report.

Mr. Seltz provided an update on the CHART Investment Program. He stated that two multisite CHART Phase 2 initiatives launched on January 1, 2016. He said both awards are focused on reducing hospital readmissions. Mr. Seltz provided a brief overview of technical support provided to CHART hospitals.

Mr. Seltz provided an update on the HPC's patient-centered medical home (PCMH) PRIME Certification Program, which began accepting applications on January 1, 2016. Mr. Seltz noted PRIME's focus on behavioral health integration within the primary care setting. He noted that the HPC will continue to partner with NCQA. on this endeavor.

Mr. Seltz reminded the Board that the public comment period on the proposed certification criteria for accountable care organizations (ACOs) is open through January 29, 2016.

Mr. Seltz provided a brief summary of the day's votes.

ITEM 3: Update on HPC Committee Assignments

Dr. Altman noted that each Board member sits on two of the HPC's policy committees. He stated that, with the addition of Dr. Berwick, the Board had to vote on the updated committee assignments.

Dr. Altman proposed that Dr. Berwick sit on the Care Delivery and Payment System Transformation and Community Health Care Investment and Consumer Involvement Committees. He added that Mr. Mastrogiovanni will sit on the Cost Trends and Market Performance and Community Health Care Investment and Consumer Involvement committees.

Dr. Altman asked for a motion to confirm the committee assignments. **Ms. Turner** made a motion to accept the committee assignments. **Dr. Everett** seconded. The motion passed unanimously.

ITEM 4: Cost Trends and Market Performance

Dr. Cutler, Chair of CTMP, provided an update on committee activities since the last board meeting. He noted that the Board would hear presentations on two reports: the 2015 Cost Trends Report and the Special Report on Provider Price Variation. He added that preliminary findings from the Cost Trends Report had been discussed at the December 16, 2015 Board meeting.

ITEM 4a: Update on Material Change Notices

Ms. Kate Scarborough Mills, Policy Director for Market Performance, provided an update on notices of material change (MCNs) since April 2013. She summarized new MCNs received by the HPC since the last board meeting.

Dr. Altman inquired about a proposed transaction between MetroWest Medical Center (MWMC) and Beth Israel Deaconess Medical Center (BIDMC). Ms. Mills responded that the HPC received the MCN on January 14, 2016.

Mr. Seltz reiterated that the HPC is currently conducting a cost and market impact review (CMIR) on a proposed transaction between MWMC and Beth Israel Deaconess Care Organization (BIDCO) of which BIDMC is a member. He noted that, through the MCN process, the HPC would examine how the MWMC/BIDMC transaction relates to the MWMC/BIDCO CMIR.

ITEM 4b: Discussion of 2015 Cost Trends Report: Provider Price Variation

Dr. Cutler provided a brief summary of provider price variation (PPV) in Massachusetts and the Health Policy Commission's role in addressing it. He stated that the HPC would release a Special Report on PPV at the day's meeting with the intention of starting a conversation to gather further data and information from stakeholders over the following months. Dr. Cutler asked the Board for their feedback on the next steps in this process.

Mr. Seltz introduced Dr. Tasneem Chipty, Managing Partner of Analysis Group, who worked with the HPC on the econometric modeling around inpatient hospital pricing. He also introduced Ms. Amy Katzen, HPC's Senior Policy Associate for Market Performance.

Mr. Seltz said PPV was a theme at the 2015 Cost Trends Hearing, noting discussion on the degree of variation and its impact on resources and spending.

Mr. Seltz stated that the Special Report on PPV does not conclude with policy recommendations, but rather notes that future work is needed. He stated that the HPC will support a policy discussion about how best to address unwarranted variation in our healthcare marketplace.

Mr. Seltz provided a summary of the key findings from the Special Report on PPV. The report can be found [here](#).

Dr. Altman emphasized that some variation in price is appropriate if it generates value for the Commonwealth. He added that the HPC must define such value, noting the outstanding question as to whether the variation is excessive and unwarranted. He stated the Board must decide how much variation is appropriate and make policy recommendations to move the Commonwealth in that direction.

Mr. Mastrogiovanni noted that data shows that many individuals in the Commonwealth receive their care at higher priced academic medical centers.

Mr. Seltz reviewed data from other state agency's that fed into the Special Report on PPV. He stated that the Center for Health Information and Analysis's 2015 Hospital Relative Price Databook provided information on acute hospital composite relative price percentile by hospital cohorts. He noted that this data showed variation across and within cohorts.

Mr. Seltz discussed data from the 2014 and 2015 HPC Cost Trends Reports. He noted analyses in these publications on variation in price for common episodes of care. The HPC found that price is the driver of the variation since services are not being utilized in vastly different ways. Mr. Seltz stated that the Cost Trends Report also found that the highest priced hospitals consistently received 2x to 3.5x the price for common episodes as the lowest priced hospitals. Mr. Seltz summarized that institutions are being paid differently for providing the same or substantially similar services.

Dr. Cutler said that he noticed more consistent pricing since the passage of Chapter 224 in 2012.

Mr. Mastrogiovanni added the pricing adjustments are consistent with the recession. He said previous recession periods have had a similar impact. Mr. Seltz responded that prices did not necessarily stay the same, but that the price relative to the median remained constant.

Dr. Berwick asked how the HPC defines price. He added that it could include anything a hospital does during a procedure or just a subset of actions. Ms. Mills responded that the HPC examines all aspects of a procedure. She stated that this data could be adjusted by case. She added that variation is examined as a whole, noting that looking at it by service is a large undertaking. Mr. Seltz said that in 2011, the Division of Health Care Finance and Policy found significant variation among DRGs.

Mr. Seltz said that PPV impacts total health care spending since the providers receiving higher payments tend to have higher patient volume. He described the distribution of inpatient volume and revenue at higher and lower priced providers.

Ms. Mills described factors associated with higher and lower commercial prices. She said the HPC found that a substantial portion of hospital price variation is associated with market structure, and not quality.

Mr. Cohen asked whether the HPC examined hospital corporate affiliations as a factor leading to price variation. Ms. Mills responded that the HPC did not examine that factor independently.

Mr. Mastrogiovanni asked whether the HPC received market feedback on the quality measurement employed in the report. Ms. Mills responded that the HPC did not preview findings from the Special Report on PPV with the market. She stated that the quality measurement used in the report is a robust, nationally recognized measure.

Dr. Everett asked why public plans are associated with lower commercial prices, and encouraged the HPC to mirror this trend with commercial plans. Dr. Chipty responded that there has not yet been a definitive answer to that question.

Dr. Berwick asked whether the HPC found instances in which a hospital charged a higher price for a service that should have been lower priced. Dr. Chipty replied that this has appeared in some metrics. Dr. Berwick added that Massachusetts is a small enough state that the HPC should be able to isolate cases of price variation that do not match the pattern.

Mr. Lord asked whether the presence of corporate affiliations in the Berkshires and Cape Cod played as significant a role in any price variation relative to a lack of competition in those areas. Ms. Mills replied that the analysis held constant variables such as the presence of competition.

Ms. Mills reviewed a comparison between Massachusetts and Maryland. She noted that, when restricted to value-based factors, price variation is lower in Maryland than in Massachusetts.

Dr. Everett noted that Maryland has a rate setting system. She asked whether other states, without a rate setting system, had price variation data that could be compared to Massachusetts. Ms. Mills responded that the report contains information on variation in a select number of states. She noted that none of the states have the level of robust data on variation that Maryland has.

Dr. Altman reiterated Dr. Everett's point on rate setting, noting that Maryland has been working for 20-25 years on price variation.

Mr. Mastrogiovanni asked whether price increases in Massachusetts are consistent with what is occurring nationally. Mr. Seltz responded that Massachusetts' price increases are consistent with the U.S.

Mr. Seltz cited data that demonstrates that unwarranted price variation is unlikely to diminish over time absent policy action.

Dr. Cutler stated that he anticipated that the transparency requirements in Chapter 224 would reduce variation. He noted that the reduction has not occurred as rapidly as hoped. He added that the Commonwealth should be asking how it can move that process along. Mr. Seltz responded that price transparency tools have been launched, but are not being utilized.

Mr. Seltz summarized conclusions from the Special Report on Provider Price Variation. He noted that the HPC hoped to convene stakeholders to discuss specific policy options. Dr. Cutler asked when policy options would be finalized. Mr. Seltz responded that the goal was to promptly continue this work over the next few months.

Mr. Lord asked for additional information on the stakeholder convenings. Mr. Seltz responded that these meetings would include commissioners and the stakeholders named in Chapter 224 to serve as part of a special commission on price variation. Mr. Seltz noted that the HPC would not convene the special commission. Instead, the staff proposed convening special meetings of the HPC's Advisory Council, which has a similar membership.

Dr. Altman asked staff to summarize discussions from the Advisory Council for consideration by the Board. Dr. Everett reiterated that these convenings should include both the Advisory Council and the Board. Commissioners discussed the formation of the stakeholder convenings and their relation to requirements under Chapter 224.

Dr. Berwick asked whether Massachusetts could implement regulations similar to those of Maryland. Dr. Altman and Dr. Cutler stated that the HPC has the authority to make recommendations to the legislature.

ITEM 4c: Discussion of Recommendations from the 2015 Cost Trends Report

Dr. Cutler noted that staff presented preliminary findings from the 2015 Cost Trends Report in December 2015. He stated that the staff would present recommendations from the report at the day's meeting. He asked commissioners to discuss these proposed recommendations and indicate whether they are appropriate and how they could be implemented.

Mr. Seltz summarized the report topics and provided a brief summary of the key findings from the report.

Mr. Seltz categorized conclusions into four areas of opportunity: (1) fostering a value-based market, (2) promoting an efficient, high-quality health care delivery system, (3) advancing alternative payment methods, and (4) enhancing transparency and data availability.

Mr. Seltz summarized the 12 proposed conclusions from the 2015 Cost Trends Report. These conclusions can be found on slides 36-39 of the meeting's [presentation](#).

Dr. Berwick stated that the primary recommendation from the report should be more general: better care at a lower cost. Secretary Sudders stated the conversation should first focus on improving patient experience and then address cost. Dr. Berwick agreed.

Commissioners discussed the first recommendation, noting that price transparency has not been effective thus far because many consumers have difficulty finding and understanding this data. Dr. Altman stated that the Commonwealth must require more than making the prices available, since consumers may assume that higher prices are associated with better care. Mr. Lord added that a public awareness campaign on health care pricing could be a useful strategy. Dr. Cutler stated that the HPC should engage the delivery system to work as rapidly as possibly toward improvement.

Commissioners discussed the third recommendation, which addresses out-of-network billing. Secretary Sudders stated that this is an area where the HPC can help consumers. Dr. Altman agreed with Secretary Sudders. Dr. Cutler stated that the HPC should conduct an inventory of

other state's policies for comparison. Mr. Seltz responded that the HPC has done that inventory and will present it at a future meeting.

Commissioners expressed desire for the out-of-network billing recommendation to be stronger. Dr. Cutler asked whether the Board should make a legislative recommendation on this topic. Dr. Dr. Altman stated that the HPC should carefully articulate its recommendation in this area for the legislature to review. Dr. Berwick stated that the Board should review a list of potential next steps in this area before taking action.

Commissioners discussed the seventh recommendation, which pertains to scope of practice for Advanced Practice Registered Nurses. Mr. Mastrogiovanni asked whether the bill relating to nurse anesthetists currently before the Legislature could impact pricing. Dr. David Auerbach, Deputy Director of Research and Cost Trends, responded that nurse anesthetists are in fact Advanced Practice Registered Nurses (APRNs).

Dr. Cutler expressed concern that the HPC may be expecting results too quickly on some recommendations. Mr. Seltz responded that all of the HPC's programs fall within the goal of improving the health care system. He noted that each of these recommendations will be further discussed by the HPC policy committees.

Dr. Everett noted that these recommendations fall into two categories: those which call for legislative action and non-legislative statements on upcoming HPC work. She noted that the Board must continue to define the non-legislative actions.

Commissioners reviewed the ninth recommendation which discusses the adoption of alternative payment methods. Dr. Altman asked the HPC to add the word "unwarranted" into the statement "reduce (unwarranted) disparities in payment levels". Dr. Cutler noted that these recommendations are very clear and outline an area where the HPC has seen positive results. He noted his appreciation for continued focus in this area.

Mr. Seltz concluded the presentation of the 2015 CTR recommendations. He added that he hopes to work with the Board, legislature, and stakeholders to make these recommendations actionable over the next year.

Mr. Lord asked why the HPC did not include more recommendations specifically on the appropriate use of the emergency departments and post-acute care. Mr. Seltz responded that the HPC is continuing to determine appropriate targets in those areas.

Secretary Sudders reiterated Mr. Lord's comment, noting that the HPC's main responsibility is to address health care cost and its impact on quality and access. She stated that the HPC should continue to convene stakeholders to obtain an in-depth understanding of the market with the goal of building greater consensus.

Dr. Altman stated that the Board should approve the issuance of the 2015 Cost Trends Report, but reserve the right to make changes to the recommendations. . He asked committee chairs to discuss these recommendations at their next meeting.

Dr. Altman asked for a motion to issue the 2015 Cost Trends Report. **Dr. Everett** made the motion. **Ms. Turner** seconded. The motion passed unanimously.

Secretary Sudders left the meeting. Undersecretary Alice Moore joined as her designee.

ITEM 5: Community Health Care Investment and Consumer Involvement

Mr. Seltz previewed the agenda for the next section of the Board meeting. Noting the shortage of time, he stated that details of the HPC's upcoming innovation programs can be found in the meeting's presentation and on the HPC's website.

ITEM 5a: Approval of Program Design for Health Care Innovation Investment Program

Mr. Seltz briefly reviewed background on the HPC's Health Care Innovation Investment (HCII) Program, reviewing the statutory mandate to foster innovation and improve quality.

Mr. Seltz stated that the goal of HCII is have the market propose collaborative ways to address a specific challenge. He noted the emphasis on sustainability of projects and partnership within the market. He stated that all proposed innovations must demonstrate a cost savings impact.

Mr. Seltz reviewed primary cost drivers in Massachusetts and stated that the HPC is using these areas as places for investment and innovation. He noted that the HPC generated eight challenge areas for investments under HCII that engage the whole system. He noted that each of these areas have a solid evidence base.

Mr. Seltz reviewed the various types of partnership encouraged through HCII. He provided details on the proposed size and duration of awards.

Dr. Berwick asked whether the HPC would ensure that shared learning occurs across the pilot sites and with the market as a whole. Mr. Seltz responded in the affirmative.

Mr. Seltz reviewed the timeline for HCII, noting the goal of releasing a request for proposals (RFP) in February 2016.

Mr. Mastrogiovanni asked whether the HPC would draft the RFP. Mr. Seltz responded in the affirmative. He stated that the Board would receive the RFP for review prior to its release.

Mr. Lord asked whether the HPC will provide feedback to interested parties based on their letter of intent. Mr. Seltz responded that there are some legal restrictions around providing such feedback.

Mr. Cohen suggested that the HPC host listening sessions for all interested parties to ask questions about the process.

Dr. Altman asked for a vote to approve the proposed program design for HCII and authorize the issuance of an RFP.

Mr. Turner stated that the CHICI Committee endorsed this program design at its January 6, 2016 meeting.

Mr. Cohen made the motion to approve and issue the RFP for HCII. **Dr. Everett** seconded. The motion passed unanimously.

ITEM 5b: Approval of Program Design for Telemedicine Pilot Program

Noting the time constraint, Mr. Seltz provided an overview of proposed program design for the HPC's telemedicine pilot. He stated that the design was endorsed by the CHICI Committee on January 6, 2016.

Dr. Altman suggested adding the general aging population as a target population for this pilot program.

Dr. Altman asked for a vote to approve program design and authorize the issuance of an RFP for the HPC's telemedicine pilot program. **Mr. Lord** made the motion. **Ms. Turner** seconded. The motion passed unanimously.

ITEM 6: Schedule of Next Meeting (March 2, 2016)

Dr. Altman concluded the formal agenda. He stated that the next board meeting will take place on March 2, 2016 at the Health Policy Commission's office.

ITEM 7: Public Comment

Dr. Altman asked for public comment. Seeing none, he adjourned the meeting at 2:29PM.