

**MINUTES OF THE HEALTH POLICY COMMISSION**

**Meeting of November 20, 2013**

**MASSACHUSETTS HEALTH POLICY COMMISSION**

**THE HEALTH POLICY COMMISSION**  
**Boston Public Library**  
**Johnson Building, Rabb Lecture Hall**  
**700 Boylston Street**  
**Boston, MA 02116**

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**Docket: Wednesday, November 20, 2013, 9:00AM**

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1. Approval of Minutes from October 16, 2013 Meeting (APPROVED)
2. Executive Director Report
3. Care Delivery and Payment System Reform Update
  - a. Patient-Center Medical Homes Certification (PCMH) Program
  - b. Registered Provider Organizations (RPO) Program
4. Quality Improvement and Patient Protection Update
  - a. Approval of Office of Patient Protection Proposed Regulations (APPROVED)
5. Community Health Care Investment and Consumer Involvement Update
  - a. CHART Investment Program
6. Cost Trends and Market Performance Update
  - a. Annual cost trends report
  - b. Framework for reviewing notices of material change (MCN)
  - c. Material change notices
  - d. Pending cost and market impact review (CMIR)
  - e. Approval of Harbor Medical Associates CMIR (APPROVED)
7. Public Comment
8. Schedule of Next Commission Meeting (December 18, 2013)

**Health Policy Commission**

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

**Date of Meeting: Wednesday, November 20, 2013**

**Beginning Time: 9:09 AM**

**End Time: 11:23 AM**

<b>Board Member</b>	<b>Attended</b>	<b>ITEM 1</b>	<b>ITEM 4a</b>	<b>ITEM 6e</b>
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		<b>Approval of Minutes from October 16, 2013</b>	<b>Approval of Office of Patient Protection Proposed Regulations</b>	<b>Approval of Harbor Medical Associates cost and market impact review</b>
Carole Allen	Yes	Yes (2 <sup>nd</sup> )	Yes (M)	Yes
Stuart Altman*	Yes	Yes	Yes	Yes
David Cutler	Yes	Yes	Yes	Yes
Wendy Everett	Yes	Yes	Yes (2 <sup>nd</sup> )	Yes (2 <sup>nd</sup> )
Paul Hattis	No	A	A	A
Rick Lord	Yes	Yes	Yes	Yes (M)
John Polanowicz (Ann Hwang)	Yes	Yes	Yes	Yes
Glen Shor (Kim Haddad)	Yes	Yes	Yes	Yes
Marylou Sudders	Yes	Yes (M)	Yes	Yes
Veronica Turner	Yes	Yes	Yes	Yes
Jean Yang	Yes	Yes	Yes	Yes
<b>Summary</b>	<b>10 Members Attended</b>	<b>Approved with 10 votes</b>	<b>Approved with 10 votes</b>	<b>Approved with 10 votes</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, November 20, 2013, at the Boston Public Library, Johnson Building, Rabb Lecture Hall, 700 Boylston Street, Boston, MA 02116.

Commissioners present included Chair Stuart Altman; Dr. Carole Allen; Dr. David Cutler; Dr. Wendy Everett; Dr. Ann Hwang, designee for Mr. John Polanowicz, Secretary, Executive Office of Health and Human Services; Ms. Kim Haddad, designee for Mr. Glen Shor, Secretary, Executive Office of Administration and Finance; Ms. Marylou Sudders; Mr. Rick Lord; Ms. Veronica Turner; and Ms. Jean Yang.

Dr. Paul Hattis was absent from the meeting.

Chair Altman called the meeting to order at 9:09 AM and reviewed the agenda.

Chair Altman noted the important anniversary meeting of the Health Policy Commission. A year prior the Commission was created. Chair Altman acknowledged Executive Director David Seltz and his staff for the numerous accomplishments made thus far. He also thanked his fellow commissioners for their work over the past year.

## **ITEM 1: Approval of the Minutes from the October 16, 2013 Meeting**

Chair Altman solicited comments, additions, or corrections to the minutes from the October 16, 2013, Health Policy Commission meeting. Seeing none, he called for a motion to approve the minutes. **Ms. Sudders** made a motion to approve the minutes. After consideration, upon motion made and duly seconded by **Dr. Allen**, it was voted unanimously to approve the minutes from the October 16, 2013, board meeting.

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

Dr. Everett noted that there is a Commission meeting on January 8, 2014, three weeks after the December 18 meeting.

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

Mr. David Seltz, Executive Director for the Health Policy Commission, welcomed everyone to the tenth meeting of the Health Policy Commission. He presented a report regarding the status of the Commission.

Mr. Seltz thanked commissioners for their work during the first year of the Health Policy Commission. He then gave a brief overview of upcoming agenda items for the meeting, highlighting three votes that the Commission would be asked to make.

Mr. Seltz announced that the HPC Advisory Council Meeting is postponed until January 22, 2014. Additionally, he noted that the December 18 board meeting may be longer than typical meetings because it contains many agenda items. Mr. Seltz announced the HPC's 2014 schedule of public meetings.

Finally, Mr. Seltz announced that Commissioner Marylou Sudders had been reappointed to her position on the Commission. Ms. Sudders was initially appointed to a term of one-year. Her reappointment is for five years.

Mr. Seltz asked commissioners for questions. Seeing none, Chair Altman moved to the next agenda item.

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

Dr. Carole Allen, Chair of the Care Delivery and Payment System Reform (CDPSR) Committee, provided an overview of activities within the Committee.

Dr. Allen detailed that CDPSR met on November 13. At the meeting, Dr. Richard Antonelli from Boston Children's Hospital Integrated Care Unit, presented on designing high-valued delivery systems. Dr. Allen recalled Dr. Antonelli's assertion that a large part of the state's healthcare spending surrounds behavioral health, making it an area that the Commonwealth should address.

### **ITEM 3a: Patient-Centered Medical Homes Certification (PCMH) Program**

Dr. Allen introduced Dr. Patricia Boyce, HPS's Policy Director for Care Delivery and Quality Improvement, to provide an overview of the Patient-Centered Medical Homes (PCMH) Certification program.

Dr. Boyce reviewed Accountable Care Certification, noting that it is a combination of the certifications for patient-centered medical homes (PCMH) and accountable care organizations (ACO). Dr. Boyce then differentiated between the certification programs for PCMH and ACO. She noted that both would focus on patient-centered accountable care with a focus on reducing cost and increasing quality.

Dr. Boyce provided a summary of stakeholder engagement surrounding the certification programs and detailed the projected timeline for deliverables.

Dr. Everett asked Dr. Boyce to describe the PCMH pilot program, projected to launch in 2014. Dr. Boyce responded that staff would engage payers and providers to determine who will be the first to complete the voluntary certification program.

Dr. Cutler asked where staff envisioned the program in two years. He asked for further clarification on the goals of the program. Dr. Boyce responded that over the next few years, she envisioned more consensus and engagement of payers and providers on the program and a focus on key elements for cost, quality, and experience. Dr. Allen added that she hoped to define standards for ACO and PCMH while also engaging a large number of practices.

Dr. Cutler noted that prior evaluations of such programs had mixed results. Dr. Boyce stated that the HPC wants to do more of the validation to decrease the organization's administrative need.

Dr. Boyce commented on the program's focus on drivers that impact outcomes which link to practice delivery. Dr. Allen noted that there needs to be a clearer link between outcomes and cost distribution.

Dr. Cutler stressed that the certification must be impactful, ensuring that the patient standard yields improvements in quality and cost.

### **ITEM 3b: Registered Provider Organizations (RPO) Program**

Mr. Seltz stated that the creation of the Registration of Provider Organization (RPO) program is one of the HPC's requirements under Chapter 224. He recognized that the full board had not spent a lot of time on the program, but that it had received substantial debate at that Committee level. Additionally, he noted that staff had coordinated with many other state agencies to move forward with the regulations on RPO.

Mr. Iyah Romm, HPC's Director for Strategic Investment and System Performance, presented on the RPO program. Mr. Romm discussed the key aims of the program, explaining the three goals of enhancing transparency, mapping the delivery system, and creating a centralized resource for the Commonwealth.

Mr. Romm then reviewed the practical implementation of the program. He provided details about which organizations would need to register in the program and how they will be identified by the state. He noted that the staff would present on these topics in more detail at the next Commission meeting. Mr. Romm also detailed sources of data used for the RPO.

Finally, Mr. Romm spoke about the regulatory development to date. He noted coordination with other state agencies to create the regulations and reduce redundancy and duplication within the state. He reviewed the timeline for the draft RPO.

Dr. Altman asked commissioners for questions about the RPO program. Seeing none, he moved to the next agenda item.

#### **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 noted that the Commission would review data reports on mandatory nurse overtime at the January board meeting. She stated that she would be working with staff over the holidays to lay out an agenda about behavioral health following the report issued by the Behavioral Health Task Force.

Dr. Altman asked what implications the federal guidelines on parity would have for behavioral health in Massachusetts. Ms. Sudders responded that she would present on this at the January board meeting.

#### **ITEM 4a: Approval of Office of Patient Protection Proposed Regulations**

Ms. Sudders asked the board to vote to move proposed regulations for the Office of Patient Protection (OPP) on to a public hearing. She noted that the proposed regulations were available online with redlined changes. She encouraged commissioners to consider three things as they review the proposed regulations: (1) changes were required to comply with the federal Affordable Care Act (ACA); (2) changes were required to comply with the recently-enacted Chapter 35 of the Acts of 2013; and (3) changes were also made to increase consumer protection.

Ms. Sudders introduced Ms. Jenifer Bosco, HPC's Director of the Office of Patient Protection, to review the proposed regulations. Ms. Bosco noted that many of the proposed changes to the regulation stemmed from the ACA and Massachusetts' ACA implementation laws. The third major category of changes, those surrounding consumer protections, would formalize many practices that OPP has been conducting for years.

Ms. Bosco reviewed the proposed changes required by Massachusetts ACA compliance law (Chapter 35 of the Acts of 2013). Chair Altman asked whether the changes were Massachusetts specific. Ms. Bosco responded that many were being implemented across the country.

Dr. Altman asked whether the abbreviated timeline for expedited external reviews was feasible. Ms. Bosco responded in the affirmative. Ms. Sudders stated that the changes mandated by the ACA, such as those to the timeline for expedited reviews, would be included in new contracts with external review agencies.

Mr. Lord asked how many expedited external reviews OPP receives each year. Ms. Bosco estimated that OPP processed approximately 100 expedited cases last year or 25% of the total cases in 2012.

Ms. Bosco reviewed additional proposed changes. One of these changes was the incorporation of rights on access to utilization review and the medical necessity criteria. Dr. Altman asked for clarification on the medical necessity criteria. Ms. Bosco noted that the medical necessity criteria are used by insurance companies. She stated that carriers generally provide their medical necessity criteria to individuals undertaking external reviews. Dr. Altman asked whether the HPC comments on the appropriateness of the medical necessity criteria used by carriers. Ms. Bosco responded that the Division of Insurance reviews the criteria. Dr. Allen asked whether the HPC could recommend standardizing the criteria across carriers. Ms. Sudders commented that commissioners must be mindful of the jurisdiction of the HPC versus the Division of Insurance. Lois Johnson, HPC's General Counsel, stated that it is not necessarily in the HPC's authority to make the carriers' medical necessity criteria standard.

Chair Altman called for a motion to move the proposed OPP regulations to a public hearing and comment period. **Dr. Allen** made said motion. After consideration, upon motion made and duly seconded by **Dr. Everett**, it was voted unanimously to move the proposed regulations to a public hearing and period of public comment.

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

In the absence of Dr. Hattis, Chair of the Community Health Care Investment and Consumer Involvement (CHICI) Committee, Mr. Seltz provided a brief update on the Committee's activities. He noted that CHICI had not held a meeting since the previous board meeting.

### **ITEM 5a: CHART Investment Program**

Mr. Seltz discussed the CHART Investment Program. The Request for Proposals (RFP) for Phase 1 of the program was released on October 23, 2013. The deadline for proposals is December 11, 2013. The HPC held one in-person and one web-based information session about the application process. He noted that 26 of the 31 eligible hospitals were present at the in-person information session. He announced that a second web-based information session would be held that afternoon. More information and frequently asked questions can be found on the HPC's website.

Mr. Seltz outlined the timeline for returning to the Commission with the proposals from the RFP. He stated that staff would provide a high level review of the proposals received at the December 18 board meeting. The staff would then make recommendations for grant awards at the January 8, 2014 board meeting.

Mr. Lord asked whether there was a cap for funding proposals. Mr. Seltz responded that there is an overall \$10 million cap on Phase 1 funding and a \$500,000 cap for each individual application.

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

Dr. Cutler, Chair of the Cost Trends and Market Performance (CTMP) Committee, thanked the staff for their dedicated work. He then introduced the agenda items to be discussed by his Committee: the annual cost trends report, the framework for reviewing notices of material change (MCN), and an update on pending material change notices.

### **ITEM 6a: Annual cost trends report**

Mr. Seltz provided an update on the All-Payer Claims Database (APCD) analysis. He noted that this data will be used in the cost trends report. Mr. Seltz introduced Dr. Marian Wrobel, HPC's Director for Research and Analysis, to discuss the APCD.

Dr. Wrobel outlined the purpose of the APCD and the data included within it. She also discussed long-term analysis options offered by the APCD. Dr. Allen asked whether medical spending in the APCD included behavioral health. Dr. Wrobel responded in the affirmative.

Dr. Allen asked whether the data included Medicare Advantage Plans or supplemental plans. Dr. Wrobel responded that it does not include Medicare Advantage and that it is still unclear whether the HPC will be able to study supplemental plans.

Ms. Yang asked if the HPC was completing an episodic analysis. Dr. Wrobel responded that, to date, staff has only examined claims as a large group to understand how spending is distributed and growing. She stated that the analysis of the APCD will grow over time. Ms. Yang asked if staff were looking at the distribution of cost and not efficiency. Dr. Wrobel responded in the affirmative.

Ms. Yang asked what statements the HPC expected to make from the data given that it is preliminary and there are limitations to the analysis. Mr. Seltz commented that the APCD is one data source being used in the report. Dr. Wrobel stated that staff hoped to use the APCD to make descriptive and carefully qualified statements in a variety of areas. She noted that staff hoped to detail quantity, risk, and price components by percentage to identify costliest patients and examine their per episode cost. She noted that the strength of the APCD will be the person-level analysis of spending.

Ms. Yang noted that 2009-2011 period, the years of APCD data, is an interesting one. Looking forward, she emphasized the need to examine how carriers and providers work together to make a reduced spending trend sustainable.

Mr. Seltz noted that the 2013 cost trends hearing helped define the HPC's goals for 2014. He stated that an executive summary of the hearing was currently being drafted.

Mr. Seltz reviewed the topics of research for the 2013 cost trends report. He stated that the report would be divided into two sections: (1) a profile of Massachusetts health care spending and (2) deeper dives into cost trends. He noted that the data for the report is from 2012 or prior, which means that it examines a period before the creation of the Health Policy Commission or Chapter 224.

The HPC plans to release three publications over the next year: December 2013, Summer 2014, and December 2014. Dr. Cutler noted that the analysis in the reports has gotten stronger with the



feedback from the cost trends hearing. He commended staff on their successful efforts to turn data into actionable steps.

### **ITEM 6b: Framework for reviewing notices of material change (MCN)**

Ms. Karen Tseng, HPC's Policy Director for Market Performance, provided an update on the staff's work to define the framework for reviewing notices of material change. She detailed the statutory factors to which the HPC must comply. She also discussed the types of notices received by the HPC.

Ms. Tseng provided a summary of the statutory factors for review of material change. She then discussed the categories of impact review – cost, quality, and access – and the major questions that the staff asks for each. She provided an illustrative example of the quantitative analysis that the HPC uses to determine whether a cost and market impact review is likely from a MCN.

Ms. Tseng outlined next steps for the framework for reviewing notices of material change, highlighting that the staff anticipated proposed regulations in Quarter 1 of 2014.

Dr. Cutler stated that understanding the qualitative questions for the review is a good first step and noted that the next step would be to attach quantitative metrics where possible.

Dr. Everett asked about the HPC's scope of authority for review. Ms. Tseng responded that many of the areas of work already occurring at the HPC are interrelated and connect to the review process. She cited the staff's ability to tie work on transparency in to other HPC evaluations. Additionally, Ms. Tseng mentioned that many of the questions that are necessary for a review can be answered by examining data from the cost trends hearings and other public reports.

### **ITEM 6c: Material change notices**

Ms. Tseng briefly updated commissioners on the types of MCNs reviewed by the HPC during calendar year 2013 and provided a timeframe for the three new MCNs filed since the previous board meeting. She noted that staff has talked to parties in two of the three pending MCNs.

### **ITEM 6d: Pending cost and market impact review (CMIR)**

Ms. Tseng updated commissioners on the ongoing Partners/South Shore CMIR, providing details on the data and documents received and the engagement with the parties.

Dr. Cutler asked Ms. Tseng to review the timeframe for the CMIR. Ms. Tseng noted that the staff will follow the original timeframe for CMIRs laid out in Chapter 224. She stated that the CMIR was on track for a vote on the final report in January 2014, which is consistent with the timeframe in the regulation.

Dr. Cutler asked if staff would make the preliminary report available to parties in December to begin the 30 day comment period. Ms. Tseng responded in the affirmative.

### **ITEM 6e: Approval of Harbor Medical Associates CMIR (APPROVED)**

Ms. Tseng provided an overview of Partners HealthCare System's acquisition of Harbor Medical Associates and discussed the basis for the CMIR on the transaction. She then discussed the factors

that the HPC would consider when reviewing the CMIR. Ms. Tseng asked for the Commission's approval to continue the cost and market impact review of the proposed material change.

The Commission discussed incorporating this review into the current CMIR concerning Partners HealthCare System and South Shore Hospital. Dr. Cutler noting that incorporating CMIR on Harbor Medical Associates would be unlikely to cause any time delay to the pending Partners/South Shore CMIR. Dr. Everett asked if there was any downside or potential unintended consequences to incorporating the two. Ms. Tseng responded that she was not aware of any.

Chair Altman then called for a motion to continue the Partners/Harbor Medical Associates cost and market impact review. **Mr. Lord** made said motion. After consideration, upon motion made and duly seconded by **Dr. Everett**, it was voted unanimously to move forward with the CMIR.

Mr. Seltz noted that the staff would be moving forward with the joint CMIR under the assumption that data would be received timely.

## **ITEM 7: Public Comment**

Mr. Mike Caljouw, from Blue Cross Blue Shield of Massachusetts, commented on the data used in the cost trends report and the lack of MassHealth data. He noted that health plans spent much time preparing data for use by the government. He urged staff to take very effort to communicate their concerns over the lack of data from MassHealth.

Dr. Hwang responded to Mr. Caljouw, stating that MassHealth had provided data, but it was in the process of being verified to ensure a viable and consistent analysis.

Dr. Cutler stated that the data presented by HPC staff at the 2013 cost trends hearing included aggregate MassHealth data. He also commented that the HPC will be releasing a supplemental cost trends report during the summer of 2014 to provide additional data analysis. Finally, he thanked Mr. Caljouw, and all of the payers, for their dedicated work and data contributions.

Ms. Carole Trust, of the National Association of Social Workers, spoke to the Commission. She lauded the HPC's attention to issues of behavioral health. Ms. Trust expressed her frustration about the invisibility of the medical necessity criteria, calling it a disservice to clinicians. Ms. Sudders responded that the proposed OPP regulations are a first step.

Ms. Celia Wcislo from SEIU 1199 commented that the HPC could gather MassHealth information from applications for the RPO program. She also asked the commissioners if the APCD included fee-for-service or self-insured data from large institutions. Dr. Cutler responded that the APCD has all of the data for the three major health plans unless the insured asked to have their data withheld. He noted that a very small percentage asked to withhold data.

Seeing no further questions or comments, Chair Altman moved to the next agenda item.

## **ITEM 8: 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, December 18, and adjourned the meeting of the Health Policy Commission at 11:23 AM.

## **LIST OF DOCUMENTS PRESENTED AND POSTED AFTER THE MEETING**

1. Meeting Agenda, 11/20/2013
2. Minutes of the 10/16/2013 Health Policy Commission Meeting
3. Board Presentation, 11/20/2013