

**MINUTES OF THE COMMUNITY HEALTH CARE INVESTMENT AND  
CONSUMER INVOLVEMENT COMMITTEE**

**Meeting of October 9, 2013**

**MASSACHUSETTS HEALTH POLICY COMMISSION**

**THE COMMUNITY HEALTH CARE INVESTMENT AND CONSUMER INVOLVEMENT  
COMMITTEE OF THE MASSACHUSETTS HEALTH POLICY COMMISSION**  
Center for Health Information and Analysis  
Daley Room, Two Boylston Street, 5<sup>th</sup> Floor  
Boston, MA 02116

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**Docket: Wednesday, October 9, 2013, 9:30 AM – 11:00 AM**

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**PROCEEDINGS**

The Massachusetts Health Policy Commission's Community Health Care Investment and Consumer Involvement (CHICI) Committee held a meeting on Wednesday, October 9, 2013 in the Daley Room at the Center for Health Information and Analysis located at Two Boylston Street, 5<sup>th</sup> Floor, Boston, MA 02116.

Committee members present were Dr. Paul Hattis (Chair), Mr. Rick Lord, and Ms. Candace Reddy, designee for Mr. Glen Shor, Secretary of Administration and Finance.

Dr. Stuart Altman, Commission Chair, attended via phone.

Ms. Jean Yang arrived to the meeting late. Ms. Veronica Turner was not present.

Chair Hattis called the meeting to order at 9:34 AM.

**ITEM 1: Approval of minutes**

Chair Hattis made no changes to the minutes. Mr. Lord moved to accept the Committee minutes from September 4, 2013 and Ms. Reddy seconded. The Committee unanimously accepted the minutes.

Chair Hattis framed the day's meeting. He noted that commissioners would not be asked to take any votes. Instead, the purpose of the meeting would be to reflect on the CHART Investment Program RFP before it is presented to the full board at the October 16 meeting.

**ITEM 2: Discussion of annual cost trends hearing**

Mr. David Seltz, Executive Director of the Health Policy Commission, noted that staff spent time framing the investment program so that it would fulfill the HPC's charge under Chapter 224. He stated that the legislature saw the CHART Investment Program as an opportunity to partner strategically with community hospitals to enhance the efficiency and affordability of the entire health care system. He stated that today's meeting marks another significant step in the process of releasing funding.

Mr. Seltz introduced Mr. Iyah Romm, Director of System Performance and Strategic Investment, to review the CHART Investment Program. Mr. Romm walked through the arc of progress on the phase one Request for Proposals (RFP) for the CHART Investment Program. He stated that the full board would vote on the RFP at the October 16 meeting.

Mr. Romm began by discussing reflections from the cost trends hearing. He reviewed the key themes from the hearing and their implications for the CHART Investment Program. Mr. Romm highlighted the importance of behavioral health as a core area of focus. He stated that, when dealing with behavioral health, the staff must accomplish both a balanced, broad approach and tangible, sustainable change.

Chair Hattis reflected that doctors must live in two worlds: the fee for service world and the global budgeting world. He stated that this can cause a tension between doing the right thing and doing what is best financially.

Dr. Altman stated that his main take away from the 2013 cost trends hearing was that the state is doing many interesting things but it needs to be more in sync with consistent incentives.

At this point, Commissioner Jean Yang arrived at the meeting.

Chair Hattis asked for any other comments on the cost trends hearings. Seeing none, he moved onto the next agenda item.

### **ITEM 3: Update on CHART Investment Program framework and RFP development**

Mr. Romm introduced the CHART Investment Program. He reviewed the regulatory goals for the program, noting that the ultimate goal was sustainable, scalable interventions with a return on investment. He stated that the goals reflect extensive staff dialogue with commissioners, stakeholders, and other government agencies. Mr. Romm stated that the goals are extremely broad to allow for investment awards on a variety of applications.

Mr. Romm then discussed the necessary factors for phase one of the program. He stated that phase one focuses on an executive commitment to change and meaningful infrastructure investments. The goal of the first phase is to ready eligible hospitals for system transformation during phase two. Mr. Romm stated that system transformation requires the alignment of many factors. He stated that staff is researching these factors in order to drive change in the system.

Mr. Seltz stated that the staff is working to align the CHART program within the activities of the HPC as well as within the larger realm of government programs. For example, he noted that workforce training is already funded in by other government agencies pursuant to Chapter 224. Thus, the CHART program will not provide redundant funding to this endeavor.

Mr. Romm next described the relationship between the phase one and phase two investment programs. He stated that phase one would occur during the fall of 2013 and focus on foundational activities to prime system transformation. Then, during the spring of 2014, phase two would launch with the purpose of driving system transformation.

Mr. Romm described phase one as identifying high need areas to invest in by working with institutions to address unique challenges. Phase two will be comprised of deeper investments in a more limited set of hospitals. He stated that the phase two investments provide an opportunity for "all-play" engagements.

Mr. Lord asked for clarification on "all-play" engagements. Mr. Romm responded that there are two sets of initiatives in phase two. The first type is deeper investments into problems that are still emerging. The second is investments into larger problems with generally understood solutions. In "all-play" engagements, staff will consider both of these investments and think creatively and comprehensively about setting incentives to ensure that grantees meet benchmarks.

Mr. Seltz stated that part of the phase two grant program will be thinking of creative ways to do grant making. He stated that the HPC wants to leverage the funds to maximize the impact of the program.

Mr. Seltz noted that participation in phase one of the program does not necessarily imply funding during phase two. Rather, he stated that phase one is an opportunity for hospitals to enhance their practices and, in turn, make a more robust proposal in phase two. He encouraged all eligible hospitals to apply for funding.

Chair Hattis stated that it is okay for hospitals not to need funding during phase one, but that a lack of engagement may give the commissioners pause.

Ms. Reddy stated that hospitals will need to get the backing of their employees to make any transformation successful.

Ms. Yang stated that there is a lot of pressure on the accelerated timeline. She noted that, with the way the first phase is set up, twenty or more institutions could all apply and likely receive some level of funding so long as their applications were well done. She stated that phase two will be a lot more competitive and, thus, require more thought. She asked Mr. Romm about the staff's conversations on providing the right incentive to hospitals to submit thoughtful applications.

Mr. Romm responded that this type of question will be answered through the work in phase one, when staff will have the opportunity to make deeper engagements with the eligible hospitals. He noted that the applications will be judged on how well they fit the vision of the institution and how the vision of the institutions fits with that of the Commonwealth.

Chair Hattis stated that all of the hospitals that are eligible are currently functioning and have varied needs. Thus, it is unlikely that the lack of funding from the HPC will result in their failure.

Ms. Yang stated that, since phase two is competitive, the HPC needs to make sure that the market is informed on the process. With the information at hand, the eligible entities will be able to use phase one funding to make a more competitive application during phase two.

Mr. Romm stated that phase one primes an institution for success by preparing them for phase two CHART investments as well as other funding opportunities.

Mr. Romm next reviewed the elements of phase one investments, including the \$500,000 cap on investments for each applicant. He then mapped the ways in which phase one investments could lead to system transformation.

Mr. Yang asked for a timeline of phase one investments. Mr. Romm responded that he hoped they would be dispersed within three to six months.

Mr. Romm reviewed the three pathways available for phase one investment. These pathways include (A) simple pilots in higher performing systems, (B) capability and capacity development, and (C) planning investments.

Mr. Seltz took a moment to reflect on the pathways. He stated that their creation stemmed from conversations with the eligible hospitals as well as other grant programs. He noted that the pathways allow for meaningful investment based on the level of need within each hospital.

Chair Hattis asked whether hospitals would be able to assess themselves well enough to identify the proper pathway for investment. For example, he envisioned a hospital applying to Pathway A, when in reality then need more fundamental funding, such as that provided in Pathway C. Mr. Romm stated that staff wanted candid self-reflection from the hospitals as they select a pathway.

Mr. Lord questioned whether the \$500,000 investment cap was per applicant or by pathway. Mr. Romm confirmed that it was per applicant.

Ms. Yang commended staff on their work, noting that the pathways are very thoughtful and creative. She highlighted the pathway approach as a means to ensure more engagement by challenging hospitals to verifying the pathway that is best for them.

Mr. Romm discussed the scope of phase one investments. He stated that staff planned for institutions to receive 50% of the funding upon execution of the contract and the remaining 50% upon the completion of the project. He also highlighted the development of improvement-focused training with the executive leadership of the hospitals awarded grants.

Mr. Lord asked about the data supporting the eligibility list. Mr. Romm responded that the Center for Health Information and Analysis (CHIA) is working on the data and that it will be available before the October 16 board meeting. Mr. Seltz stated that the HPC will complete a calculation on relative price prior to the issuance of each RFP to formulate the most up-to-date eligibility list.

Mr. Romm reviewed the forms of engagement and technical assistance for the eligible hospitals. He also reviewed the selection factors and framework that will be used by the HPC when reviewing investment applications.

Dr. Hattis asked whether staff would still engage with applicants after the submission of the RFP. Mr. Romm responded that staff was still discussing the process for engagement.

Mr. Lord asked about the timeline for the disbursement of funds. Mr. Seltz responded that funds would not be disbursed by the end of the calendar year because the staff wanted to ensure that hospitals had sufficient time to complete their applications. He stated that the timeline balances a speedy process with a thoughtful one.

Ms. Yang asked how much technical assistance would be provided by the HPC staff. Mr. Romm stated that staff finalizing plans

Ms. Yang stated that while the CHART Investment Program is a funding opportunity for community hospitals, it is also a wonderful learning opportunity for the HPC. Mr. Seltz echoed this sentiment stating that the phase two investments will be a capability and capacity building exercise both for the community hospitals and the HPC.

Chair Hattis asked for any other comments on the framework of phase one of the CHART Investment Program. Seeing none, he moved onto the next agenda item.

#### **ITEM 4: Overview of CHART Investment Program evaluation approach**

Mr. Romm introduced the general evaluation framework for the CHART Investment Program. He stated that staff is thinking about data early and often, noting that the end goal is to understand how many people the HPC's funding touched and to what end.

Mr. Romm introduced Dr. Marian Wrobel, Director of Research and Analysis, to discuss the evaluation framework. Dr. Wrobel stated that evaluation is another word for accountability and, thus, includes setting both measurements and goals. She then walked Commissioners through a sample project evaluation.

Dr. Wrobel stated that the staff's goal is to use phase one as an opportunity to learn about what transformation is required in the health care system. She noted that the staff is working to create a metric to gauge how the HPC is learning throughout the process. Dr. Wrobel reviewed the selection of metrics. Dr. Altman commended staff on their work and left the meeting (via phone).

Dr. Hattis stated that the evaluation is a great way to learn something about the way that the HPC crafted its investment program. He noted that this information will be useful as the Commission works on other funding programs.

Dr. Wrobel asked Dr. Hattis if he envisioned the HPC reflecting on its own process or if he saw an evaluation in which hospitals would reflect on the HPC's process. He responded that it would be valuable to do both.

Mr. Seltz stressed the importance of accountability for the HPC because the funding for the CHART Investment Program stems from the one-time assessment on the health care industry.

Mr. Romm reviewed the timeline for the CHART Investment Program, highlighting the vote on the phase one RFP on October 16 and the release of the RFP on October 23.

Mr. Lord commended the staff on their ambitious timeline. Ms. Yang asked whether the staff had run the timeline past market participants. Mr. Romm responded that the staff had done so and determined that the roughly two month process was appropriate.

Chair Hattis asked for any other comments on the evaluation of the CHART Investment Program. Seeing none, he moved onto the next agenda item.

#### **ITEM 5: Adjournment**

Chair Hattis asked for any comments from members of the public. Seeing none, Mr. Seltz encouraged those in attendance to submit written comments and feedback to the HPC.

Chair Hattis announced the date of the next Committee meeting and adjourned the meeting at 11:05 AM.