

MEETING MINUTES:
MARKET OVERSIGHT AND TRANSPARENCY COMMITTEE

Meeting of February 14, 2018

MASSACHUSETTS HEALTH POLICY COMMISSION

Docket: Wednesday, February 14, 2018, 9:30 AM

PROCEEDINGS

The Massachusetts Health Policy Commission's (HPC) Market Oversight and Transparency (MOAT) Committee held a meeting on Wednesday, February 14, 2018, at the HPC's offices, 50 Milk Street, 8th Floor, Boston, MA.

Members present included Dr. David Cutler, Mr. Martin Cohen, Mr. Rick Lord, and Ms. Elizabeth Denniston, designee for Secretary Michael Heffernan, Executive Office of Health and Human Services.

The meeting notice and agenda can be found [here](#).

The presentation from the meeting can be found [here](#).

A recording of the meeting can be found [here](#).

Dr. Cutler called the meeting to order at 9:33 AM. He welcomed members of the public to the first meeting of the newly formed MOAT and offered a brief introduction.

ITEM 1: COMMITTEE CHAIR APPOINTMENT

Dr. Cutler noted that the first order of business for the Committee was to appoint a Chair. Mr. Lord motioned to approve Dr. Cutler as the Chair of the committee. Mr. Cohen seconded. Dr. Cutler was unanimously approved as the Chair of the MOAT Committee.

ITEM 2: APPROVAL OF MINUTES FROM THE DECEMBER 6, 2017 MEETING

Dr. Cutler asked for a motion to approve the minutes from a joint meeting of the Cost Trends and Market Performance (CTMP) and Community Health Care Investment and Consumer Involvement (CHICI) Committees held on December 6, 2017. Dr. Cutler motioned to approve the minutes. Mr. Lord seconded. Committee members voted unanimously to approve the minutes, as presented.

Dr. Cutler outlined the day's agenda. He noted that many of the presentations for the day were the culmination of months of staff work.

Dr. Cutler asked whether any of the day's agenda items required a vote. Ms. Kate Mills, Policy Director, Market Performance, responded that they did not.

ITEM 3: REVIEW OF PAST TRANSACTIONS

Ms. Mills noted that the HPC has been working to review past transactions before the HPC. She outlined previous meetings during which this information was introduced. She also reviewed the range of performance metrics for providers that have formed a new affiliation. For more information, see slides 10-11.

Dr. Cutler asked for clarification on whether the HPC would report data on inpatient net patient service revenue (NPSR) per case-mix-adjusted discharge for each payer separately. Ms. Mills responded that

this metric is reported across all payers. She noted that the HPC is also looking at relative and composite relative price percentile for each commercial payer.

Ms. Mills noted that the day's presentation would focus on those providers who affiliated with Beth Israel Deaconess Care Organization (BIDCO) or Lahey Health. For more information, see slide 12.

Ms. Mills introduced Ms. Amy Katzen, Project Manager for Market Performance, to provide an overview of the trends observed.

Ms. Katzen reviewed HPC's findings for statewide average case mix index as well as shares of community appropriate discharges. For more information, see slides 13-14.

Ms. Katzen reviewed findings relative to Lawrence General. For more information, see slides 15-20.

Referencing slide 15, Mr. Lord asked whether the data was statistically significant. Ms. Katzen responded that the HPC reviewed the data in a variety of ways, including a comparison of the individual hospital versus the state. She stated that the HPC also linearly projected the pre-transaction trends for each hospital to compare the actual outcome with an estimate of what might have happened had the pre-transaction trend continued. She stated that the HPC is working to collect additional data to achieve a more robust analysis.

Dr. Cutler clarified that the data for Lawrence General shows that there is no strong evidence that the hospital was bolstered by being in a contractual affiliation. Ms. Katzen responded that there is no evidence in either direction. She stated that the HPC will continue to collect data and report on metrics to generate robust analyses.

Ms. Katzen reviewed the findings relative to Cambridge Health Alliance following its 2014 affiliation with BIDCO. For more information, see slides 21-26.

Ms. Katzen reviewed the findings relative to Anna Jaques Hospital following its 2014 affiliation with BIDCO. For more information, see slides 27-32.

Dr. Cutler clarified that the data does not demonstrate a strong positive theme for these contracting affiliations. Ms. Mills responded that there is not strong evidence of positive directional changes. She noted that this data is for very recent transactions, meaning that there is limited data for the analysis.

Ms. Mills noted that the next group of data focused on corporate, rather than contracting, affiliations.

Ms. Katzen reviewed findings around the BID-Milton acquisition by BIDMC. For more information, see slides 33-38.

Referencing slide 37, Ms. Mills noted that a jump NPSR may suggest a price adjustment after the first year and then a more gradual increase thereafter, and that the HPC will be looking into this possibility more closely.

Ms. Katzen reviewed findings relative to BI-Plymouth's acquisition by BIDMC in 2014. For more information, see slides 39-44.

Dr. Cutler stated that the aforementioned analysis suggests more changes in the locations where patients are receiving their care for the owned community hospitals. He noted that the HPC should review these changes in patient volume. Ms. Katzen noted that the magnitudes of the shifts in the location of care are not large.

Dr. Cutler stated that, in a consolidating market, it is possible that patient volume could move from more expensive sites of care to less expensive ones. He noted that the HPC should assess the extent to which these shifts in volume are due to price changes. Ms. Mills noted that the HPC is working on such an analysis.

Ms. Katzen reviewed findings relative to Lahey's acquisition of Northeast Hospital in 2012. For more information, see slides 45-50.

Ms. Katzen reviewed findings relative to Lahey's acquisition of Winchester Hospital in 2014. For more information, see slides 51-56.

Mr. Cohen asked whether the HPC has assessed the qualitative changes within the organizations after the transactions. He stated that such changes could have a significant impact on the reported data. Ms. Mills responded that the day's presentation was the first step in the analysis. She stated that the HPC is now working to determine the drivers behind the trends to understand the variation in the numbers.

Dr. Cutler asked whether the HPC was able to review payer contracts for these organizations to gain additional insights on the drivers of price changes. Ms. Mills responded that the HPC can request such documents confidentially as part of the cost and market impact review (CMIR) process.

Dr. Cutler noted that, when considering the proposed BI-Lahey transaction, there is a potential for three outcomes that the HPC should evaluate: (1) consolidation will save money administratively, (2) consolidation could lead patients to move from higher cost sites of care to lower cost sites of care, and (3) consolidation could cause price increases. He asked that HPC quantify these three areas with respect to the past transactions to get a sense on what to do moving forward. Ms. Mills added that the shifts in care are from both more and less expensive systems.

Ms. Mills noted that this evolving research would be a topic of presentations at upcoming meetings.

ITEM 5: 2018 DATA SUBMISSION FOR THE REGISTRATION OF PROVIDER ORGANIZATIONS

Ms. Mills introduced the presentation on the Massachusetts Registration of Provider Organizations (MA-RPO) program. She introduced Ms. Liz Reidy, Program Manager, Market Performance, and Mr. Tom Hajj, Senior Policy Associate, Market Performance.

Ms. Reidy presented an overview of the MA-RPO program and provided examples of the uses of its dataset. For more information, see slides 62-63.

Ms. Reidy reviewed the public comments on the proposed updates for the 2018 MA-RPO filing. For more information, see slide 64-66.

A member of the audience asked whether mid-level providers were included in the data. Ms. Reidy responded that they are not currently included. The audience member recommended that these individuals be included moving forward given their role in organizations, especially in addition

medicine. Dr. Auerbach noted that the HPC made recommendations around scope of practice in a prior Cost Trends Report.

Ms. Reidy provided background information on the out-of-state reporting for the MA-RPO program. For more information, see slides 67-69.

Ms. Reidy provided an overview of the timeline for the 2018 MA-RPO filing. For more information, see slides 70-71.

Dr. Cutler asked for clarification on the staff interaction with organizations filing with the MA-RPO program. Ms. Reidy responded that the HPC makes it a priority to work with provider organizations on their filing. Ms. Mills added that the staff have received a great deal of positive feedback from provider organizations on the HPC's effort to assist them and minimize the administrative burden of the process.

ITEM 6: UPDATE ON REPORTING OUT OF STATE TRANSACTIONS

Ms. Megan Wulff, Deputy Director, Market Performance, summarized the HPC's review of out-of-state transactions. For more information, see slides 73-75.

Dr. Cutler clarified that the HPC does not review medical spending outside of the Commonwealth for border states. Ms. Mills responded that a cost and market impact review is only triggered when there is a significant impact on health care cost or functioning in Massachusetts. Dr. Cutler further clarified that the HPC would not examine the impact of an out-of-state transaction, for example in Rhode Island, on residents in Rhode Island. Ms. Mills stated that this was correct.

Mr. Cohen noted that there are situations in which national chains find themselves the subject of federal action or changes in their investment strategies that could impact Massachusetts hospitals. He asked whether the HPC is monitoring such changes. Ms. Mills responded that it would depend on the situation. She stated that there is a set number of situations that would trigger a material change notice (MCN) to the HPC.

Mr. Lord noted that the staff recommendation is based on the geographic location of the organizations. He asked how many Massachusetts residents receive care outside of the Commonwealth. Ms. Mills responded that the HPC has done some analysis in this area but is limited by available data. She noted that there is not a large migration of individuals seeking care outside of Massachusetts.

Dr. Cutler asked whether the Committee needed to vote on this information. Ms. Mills responded that the Committee did not need to vote. She stated that the staff would present this information at the next Board meeting and issue the information as sub-regulatory guidance.

ITEM 7: ADJOURNMENT

Dr. Cutler reviewed the meeting calendar for the coming months.

A member of the audience thanked the MA-RPO team for their work on the program.

Dr. Cutler adjourned the meeting at 10:48 AM.