

2017 Pre-Filed Testimony Hospitals



Exhibit A: Notice of Public Hearing

Pursuant to M.G.L. c. 6D, § 8, the Massachusetts Health Policy Commission, in collaboration with the Office of the Attorney General and the Center for Health Information and Analysis, will hold a public hearing on health care cost trends. The Hearing will examine health care provider, provider organization and private and public health care payer costs, prices and cost trends, with particular attention to factors that contribute to cost growth within the Commonwealth's health care system.

Scheduled Hearing dates and location:

Monday, October 2, 2017, 9:00 AM
Tuesday, October 3, 2017, 9:00 AM
Suffolk University Law School
First Floor Function Room
120 Tremont Street, Boston, MA 02108

Time-permitting, the HPC will accept oral testimony from members of the public beginning at 3:30 PM on Monday, October 2. Any person who wishes to testify may sign up on a first-come, first-served basis when the Hearing commences on October 2.

Members of the public may also submit written testimony. Written comments will be accepted until October 6, 2017, and should be submitted electronically to HPC-Testimony@state.ma.us, or, if comments cannot be submitted electronically, sent by mail, post-marked no later than October 6, 2017, to the Massachusetts Health Policy Commission, 50 Milk Street, 8th Floor, Boston, MA 02109, attention Lois H. Johnson, General Counsel.

Please note that all written and oral testimony provided by witnesses or the public may be posted on the HPC's website: www.mass.gov/hpc.

The HPC encourages all interested parties to attend the Hearing. For driving and public transportation directions, please visit: <http://www.suffolk.edu/law/explore/6629.php>. Suffolk University Law School is located diagonally across from the Park Street MBTA station (Red and Green lines). Parking is not available at Suffolk, but information about nearby garages is listed at the link provided. The event will also be livestreamed on the [HPC's homepage](#) and available on the [HPC's YouTube channel](#) following the Hearing.

If you require disability-related accommodations for this Hearing, please contact Andrew Carleen at (617) 757-1621 or by email Andrew.Carleen@state.ma.us a minimum of two (2) weeks prior to the Hearing so that we can accommodate your request.

For more information, including details about the agenda, expert and market participant panelists, testimony and presentations, please check the Annual Cost Trends Hearing section of the HPC's website, www.mass.gov/hpc. Materials will be posted regularly as the Hearing dates approach.

Exhibits B and C: Instructions for Written Testimony

On or before the close of business on **September 8, 2017**, please electronically submit written testimony signed under the pains and penalties of perjury to: HPC-Testimony@state.ma.us.

You may expect to receive the questions and exhibits as an attachment from HPC-Testimony@state.ma.us. Please complete relevant responses in the provided template. If necessary, you may include additional supporting testimony or documentation in an Appendix. Please submit any data tables included in your response in Microsoft Excel or Access format.

We encourage you to refer to and build upon your organization's 2013, 2014, 2015, and/or 2016 Pre-Filed Testimony responses, if applicable. Additionally, if there is a point that is relevant to more than one question, please state it only once and make an internal reference. **If a question is not applicable to your organization, please indicate so in your response.**

The testimony must contain a statement from a signatory that is legally authorized and empowered to represent the named organization for the purposes of this testimony. The statement must note that the testimony is signed under the pains and penalties of perjury. An electronic signature will be sufficient for this submission.

If you have any difficulty with the Microsoft Word template, did not receive the email, or have any other questions regarding the Pre-Filed Testimony process or the questions, please contact HPC staff at HPC-Testimony@state.ma.us or (617) 979-1400. For inquiries related to questions required by the Office of the Attorney General in Exhibit C, please contact Assistant Attorney General Sandra Wolitzky at Sandra.Wolitzky@state.ma.us or (617) 963-2030.

Exhibit B: HPC Questions

On or before the close of business on **September 8, 2017**, please electronically submit written testimony to: HPC-Testimony@state.ma.us. Please complete relevant responses in the provided template. If necessary, you may include additional supporting testimony or documentation in an Appendix. Please submit any data tables included in your response in Microsoft Excel or Access format. If there is a point that is relevant to more than one question, please state it only once and make an internal reference.

If a question is not applicable to your organization, please indicate so in your response.

1. Strategies to Address Health Care Spending Growth

Chapter 224 of the Acts of 2012 (Chapter 224) sets a health care cost growth benchmark for the Commonwealth based on the long-term growth in the state's economy. For 2013-2016, the benchmark was set at 3.6%. Following a public hearing, the Health Policy Commission set the benchmark at 3.1% for 2018. To illustrate how the benchmark could be achieved, the HPC [presented](#) at the public hearing several exemplar opportunities for improving care and reducing costs, with savings estimates of between \$279 to \$794 million annually.

- a. From the drop down menus below, please select your organization's top two priorities to reduce health care expenditures.
 - i. **Priority 1:** Reduce unnecessary hospital utilization (e.g., avoidable emergency department use, admissions, readmissions)
 - ii. **Priority 2:** Reduce over-utilization of institutional post-acute care
 - iii. If you selected "other," please specify: [Click here to enter text](#).
- b. Please complete the following questions for **Priority 1** (listed above).
 - i. What is your organization doing to advance this priority and how have you been successful?
Navigators for behavioral health to reduce ED utilization ; social workers in the ED to reduce unnecessary admissions
 - ii. What barriers does your organization face in advancing this priority?
Sustainable funding for no reimbursable services and different/conflicting utilization programs from third parties
 - iii. What are the top changes in policy, payment, regulation, or statute you would recommend to advance this priority?
Standardized utilization programs and payment policies from third parties
- c. Please complete the following questions for **Priority 2** (listed above).
 - i. What is your organization doing to advance this priority and how have you been successful?
Establishing a local network of post acute providers based upon quality and cost metrix
 - ii. What barriers is your organization facing in advancing this priority?
Patients have choice and may select out of network or non cooperative provider
 - iii. What are the top changes in policy, payment, regulation, or statute you would recommend to advance this priority?
Standardized utilization programs and payment policies from third parties

2. STRATEGIES TO REDIRECT CARE TO COMMUNITY SETTINGS

The HPC has identified significant opportunities for savings if more patients were treated in the community for community-appropriate conditions, rather than higher-priced academic medical centers.

- a. What are the top barriers that you face in directing your patients to efficient settings for community-appropriate care rather than to more-expensive settings, such as academic medical centers? (select all that apply)

- ☐ Patient perception of quality
- ☐ Physician perception of quality
- ☒ Patient preference
- ☒ Physician preference
- ☐ Insufficient cost-sharing incentives
- ☐ Limitations of EMR system
- ☐ Geographic proximity of more-expensive setting
- ☐ Capacity constraints of efficient setting(s)
- ☐ Referral policies or other policies to limit “leakage” of risk patients
- ☐ Other (please specify): [Click here to enter text.](#)

- b. How has your organization addressed these barriers during the last year?
Branding and improving strategy for Total Local Care! Recruiting specialist with strong reputation and expanding key services to the wider community

3. INFORMATION ON PHYSICIAN COMPENSATION MODELS

Please answer the following questions regarding the current compensation models for your *employed* physicians. Indicate N/A if your organization does not employ physicians. ☒ N/A

- a. For **primary care physicians**, list the approximate percentage of total compensation that is based on the following:

	%
Productivity (e.g., RVUs)	
Salary	
Panel size	
Performance metrics (e.g., quality, efficiency)	
Administrative/citizenship	
Other	

- b. For **specialty care physicians**, list the approximate percentage of total compensation that is based on the following:

	%
Productivity (e.g., RVUs)	
Salary	
Panel size	
Performance metrics (e.g., quality, efficiency)	
Administrative/citizenship	
Other	

- c. Describe any plans to change your organization’s compensation models for primary care and/or specialty care physicians that you employ.

Required Answer: [Click here to enter text.](#)

Exhibit C: AGO Questions for Written Testimony

The following questions were included by the Office of the Attorney General. For any inquiries regarding these questions, please contact Assistant Attorney General Sandra Wolitzky at Sandra.Wolitzky@state.ma.us or (617) 963-2030. **If a question is not applicable to your organization, please indicate so in your response.**

1. Chapter 224 requires providers to make price information on admissions, procedures, and services available to patients and prospective patients upon request.
 - a. Please use the following table to provide available information on the number of individuals that seek this information. **Required Question.**

Health Care Service Price Inquiries CY2015-2017			
Year		Aggregate Number of Written Inquiries	Aggregate Number of Inquiries via Telephone or In Person
CY2015	Q1		
	Q2		
	Q3		
	Q4		
CY2016	Q1		3
	Q2		9
	Q3		4
	Q4		12
CY2017	Q1		14
	Q2		15
TOTAL:			57

- b. Please describe any monitoring or analysis you conduct concerning the accuracy and/or timeliness of your responses to consumer requests for price information, and the results of any such monitoring or analysis. Most estimates are requested via telephone, turnaround time depends on complexity of estimate but most within 72 hours. Estimate copies are scanned in patient's account if one exists. PDF copies of estimates created in Change Healthcare are available on their site. Estimates are manually logged in an Excel spreadsheet for monitoring of estimate accuracy on those where the patient comes in for estimated services. Current estimates versus actual charges variance is 0.74%.
 - c. What barriers do you encounter in accurately/timely responding to consumer inquiries for price information? How have you sought to address each of these barriers?
Barriers encountered have to deal with no pricing on drugs available in charge master and looking up surgical/complex procedures which are made up of numerous charges. Drug pricing availability is a result of pricing changes during time of purchase. Surgical/complex procedures require manual estimation as these are not maintained in estimator tool.
2. For each year 2014 to present, please submit a summary table showing your operating margin for each of the following three categories, and the percentage each category represents of your total business: (a) commercial

business, (b) government business, and (c) all other business. Include in your response a list of the carriers or programs included in each of these three margins, and explain whether and how your revenue and margins may be different for your HMO business, PPO business, and/or your business reimbursed through contracts that incorporate a per member per month budget against which claims costs are settled.

Harrington Hospital will not file this information at this time. We file a document within the next 10 business days.

Harrington Hospital 2017 Pre-Filed Testimony

Supplemental Information

September 22, 2017

Exhibit C Q 2

For each year 2014 to present please submit a summary table showing your operating margins for each of the following three categories of your total business: a) commercial, b) governmental and c) all other....

Summary Operating Margins FY'14 through FY'16 by Payer Group

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
Commercial	(1,565,350)	(2,629,609)	4,340,908
Government	(8,933,192)	(2,110,771)	95,754
All Other	247,889	659,888	1,250,806
Total	<u>(10,250,653)</u>	<u>(4,080,492)</u>	<u>5,687,468</u>

Percent of Gross Business FY'10 through FY'16 by Payer Group

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
Commercial	32.08%	31.35%	30.67%
Government	65.58%	66.44%	66.93%
All Other	2.34%	2.21%	2.40%
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Governmental Payors : Medicare, Managed Medicare, Medicaid, Managed Medicaid, Commonwealth Care and HSN

Commercial Payors: Blue Cross HMO, PPO and Indemnity; Tufts Health Plan; Harvard Pilgrim; Fallon; GIGNA; Aetna and others

All Other : Workers' Compensation, Self Pay and other Governmental

***These are estimated based on cost report information. The hospital does not have a cost accounting system, which is expensive to acquire and maintain. The Hospital's current system does not track operating margins by payor or payor group. These figures are based on a rough model specifically pulled together to answer the question posed. It relies on cost reporting step down statistics many of which have become somewhat obsolete over time. It is likely that cost allocations using this method are very different from what would be seen in a well maintained cost accounting system.**

Harrington Hospital
Supplemental Information

The below information is based upon the physician employed in Harrington Physician Service's Inc.

INFORMATION ON PHYSICIAN COMPENSATION MODELS

Please answer the following questions regarding the current compensation models for your *employed* physicians. Indicate N/A if your organization does not employ physicians. ☒ N/A

- a. For **primary care physicians**, list the approximate percentage of total compensation that is based on the following:

	%
Productivity (e.g., RVUs)	10
Salary	90
Panel size	
Performance metrics (e.g., quality, efficiency)	
Administrative/citizenship	
Other	

- b. For **specialty care physicians**, list the approximate percentage of total compensation that is based on the following:

	%
Productivity (e.g., RVUs)	10
Salary	90
Panel size	
Performance metrics (e.g., quality, efficiency)	
Administrative/citizenship	
Other	

- c. Describe any plans to change your organization's compensation models for primary care and/or specialty care physicians that you employ.

Harrington Physician Services, Inc is beginning a process to evaluate new compensation models. Variables in the models will include more productivity incentives, may include citizenship, quality and panel size