MASSACHUSETTS
HEALTH POLICY COMMISSION

2017 Pre-Filed Testimony

Hospitals

Health Policy Commission
50 Milk Street, 8th Floor
Boston, MA 02109

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 inquires 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 provider price variation
   ii. **Priority 2**: Reduce unnecessary hospital utilization (e.g., avoidable emergency department use, admissions, readmissions)
   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?
   The top area of concern for meeting the Health Care Cost Growth Benchmark in Massachusetts is the widening gap in unwarranted price variation among hospitals and physician groups. Many governmental and non-governmental reports have consistently found that there is significant price variation among health care providers, both hospitals and physician groups. This unwarranted price variation is primarily due to market clout and size and the impact on the cost of healthcare delivery in Massachusetts is significant.
   ii. What barriers does your organization face in advancing this priority?
   Because of this unwarranted price variation, providers at the upper percentiles of the price scale continue to invest in marketing, growth and expansion, human resources, training, new technology, physical plant, information services, etc., while providers at the bottom struggle to maintain their staff and infrastructure. Many of the providers at the bottom of the price scale are smaller community hospitals and their affiliated physician groups; the very providers who are the most cost effective and can provide the vast majority of non-tertiary services. As these smaller providers fail, or are forced to affiliate with larger systems, the cost of providing these basic services is going to continue to accelerate.
   iii. What are the top changes in policy, payment, regulation, or statute you would recommend to advance this priority?
   The top changes we would propose are:
   - The issue of the unwarranted price variation in hospital payments was examined in depth by a special Commission which included representatives from all sectors of the industry. The Commission published a report in March of this year, clearly acknowledging the issue, especially for the smaller mostly community based hospitals. The Commission also made specific recommendations aimed at mitigating this problem. Our recommendation is to advance those recommendations without further delay to the legislative process and to pass into law those recommendations as soon as possible.

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?
Holyoke Medical Center (HMC) received funding through the Commonwealth's CHART program for a pilot project aimed at reducing recidivism for Emergency Room visits among patients who are high utilizers of emergency services. As part of the program, HMC has put in place dedicated staff (MD, Advanced Practice RNs, Behavioral Health Nurses, Navigators, Community Health Workers and Peer support personnel), specific screening and treatment protocols as well as dedicated space (high utilizer clinic, dedicated behavioral health space in the ED). In addition to the funds from the CHART program, HMC has expended additional funds in excess of $1M in support of this pilot project.

The results and lessons learned have been spectacular. Since December of 2015 the project has identified 18,526 eligible visits and has had 108,617 individual contacts with eligible patients. As a result the recidivism rate dropped from 33% at the beginning of the project to 24% at the end of the first year and to 19% in the latest data set. It is expected that it will drop further by the end of the project. The impact is significant as it has "saved" well over a thousand emergency room visits and subsequent high intensity care, directing patients successfully to more appropriate and less costly levels of care. It is also important to note that in addition to cost savings, the program has significantly improved the quality of life for those patients.

ii. What barriers is your organization facing in advancing this priority?
While the CHART program has funded the majority of the resources of this pilot project, HMC has expended significant additional funds. Also while the reduction of emergency room visits is a great success for the project and clearly demonstrated the effectiveness of the approach, it has resulted in a reduction of revenue for HMC. In other words, by design, HMC loses more revenue the more successful the program is without an opportunity to share the cost savings.
Even more critically, the funding for the program is ending and there is no clear replacement funding for this particular initiative. While HMC is looking for ways to continue the core elements and retain the staff, to-date no funding source has been identified. It can be argued that some of that funding can come from DSRIP funds flowing through the Masshealth ACO initiative, but it is unclear at this stage whether that funding will be sufficient to cover this project in addition to all the other needs of the new ACO initiative.

iii. What are the top changes in policy, payment, regulation, or statute you would recommend to advance this priority?
Rather than letting this project, and other similarly successful projects in the Commonwealth, sunset, consideration should be given to establishing a separate and distinct funding source for the resources required to administer the essential elements of the program on an ongoing basis.

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?
HMC has addressed the barriers during the last year with the following strategies:

Developed policies and proactively monitored referrals to limit leakage of patients out of the network to higher cost systems.

Expanded our geographic reach, successfully expanding patient access through innovative strategies and across multiple points of entry to be best positioned to reap the operational and financial benefits that come from keeping patients within the system, enhancing patient satisfaction and loyalty and differentiating ourselves from the more expensive academic hospitals.

Educated patients and community physicians on our expanded service lines for primary and specialty care.

Provided transparency to HMC quality score and patient outcomes.

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., % of collections)	95
Salary	
Panel size	
Performance metrics (e.g., quality, efficiency)	5
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)	15
Salary	80
Panel size	
Performance metrics (e.g., quality, efficiency)	5
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.

Beginning to weight performance metrics more heavily in new contracts for all physicians.

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**		8
	Q2		10
	Q3	1	12
	Q4		10
CY2016	**Q1**		10
	Q2	1	12
	Q3	1	15
	Q4		13
CY2017	**Q1**	1	12
	Q2		10
	TOTAL:	4	112

   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.
   It is our practice that all responses are completed within 48 hours of the patient's request, with the majority completed in the same day. If we expect the request will take longer than 48 hours, for whatever reason, the patient is contacted and notified to the delay. This has happened once in recent history.

   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?
   There are currently no barriers for retrieving information. We use two applications, Compass and Harvest, for retrieving data.

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.
   SEE ATTAHCED