

2018 Pre-Filed Testimony Hospitals and Provider Organizations



**As part of the
*Annual Health Care
Cost Trends Hearing***

Notice of Public Hearing

Pursuant to M.G.L. c. 6D, § 8, the Massachusetts Health Policy Commission (HPC), 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:

Tuesday, October 16, 2018, 9:00 AM
Wednesday, October 17, 2018, 9:00 AM
Suffolk University Law School
First Floor Function Room
120 Tremont Street, Boston, MA 02108

The HPC will call for oral testimony from witnesses, including health care executives, industry leaders, and government officials. Time-permitting, the HPC will accept oral testimony from members of the public beginning at approximately 3:30 PM on Tuesday, October 16. Any person who wishes to testify may sign up on a first-come, first-served basis when the hearing commences on October 16.

Members of the public may also submit written testimony. Written comments will be accepted until October 19, 2018, and should be submitted electronically to HPC-Testimony@mass.gov, or, if comments cannot be submitted electronically, sent by mail, post-marked no later than October 19, 2018, 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 HPC staff at (617) 979-1400 or by email at HPC-Info@mass.gov 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 witnesses, testimony, and presentations, please check the [Annual Cost Trends Hearing section](#) of the HPC's website. Materials will be posted regularly as the hearing dates approach.

Instructions for Written Testimony

If you are receiving this, you are hereby required under M.G.L. c. 6D, § 8 to submit written pre-filed testimony for the 2018 Annual Cost Trends Hearing. On or before the close of business on **September 14, 2018**, please electronically submit written testimony to: HPC-Testimony@mass.gov. 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, 2016, and/or 2017 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 templates, 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@mass.gov or (617) 979-1400.

HPC Contact Information

For any inquiries regarding HPC questions, please contact HPC-Testimony@mass.gov or (617) 979-1400.

AGO Contact Information

For any inquiries regarding AGO questions, please contact Assistant Attorney General Sandra Wolitzky at Sandra.Wolitzky@mass.gov or (617) 963-2030.

HPC Pre-Filed Testimony Questions

1) STRATEGIES TO ADDRESS HEALTH CARE SPENDING GROWTH

To address excessive health care costs that crowd out spending on other needs of government, households, and businesses alike, the Massachusetts Health Policy Commission (HPC) annually sets a statewide target for sustainable growth of total health care spending. From 2013 to 2017, the benchmark rate was set at 3.6% growth. For the first time for 2018 and again for 2019, the HPC exercised its authority to lower this target to a more ambitious growth rate of 3.1%, the lowest level allowed by state law. Achieving this reduced growth rate in the future will require renewed efforts by all actors in the health care system, supported by necessary policy reforms, to achieve savings without compromising quality or access.

- a) What are your organization's top areas of concern for the state's ability to meet the 3.1% benchmark? Please limit your answer to no more than three areas of concern.

Question 1 on the November ballot is a top area of concern for Berkshire Health Systems. At a minimum, the estimated annual cost of the ballot question, if it becomes law, will be \$23 million for Berkshire Medical Center and \$1.5 million for Fairview Hospital, without meaningful benefit in either case. As is the case across the state, Berkshire County already experiences a serious shortage of registered nurses, notwithstanding Berkshire Health Systems' longstanding support of regional nurse training programs. If the ballot question were to pass and become law, that nursing challenge would be exacerbated considerably. The expenditures that the Berkshire entities make for contract labor to cover nursing vacancies and orientation time would dramatically increase both to fill additional, forced vacancies and the rising cost of competing statewide for registered nursing talent. Moreover, the Berkshire entities would find themselves having to draw nurses away from local nursing homes, home health, public schools and governmental agencies. Accordingly, the effect of Question 1 as law would be to disrupt the entire fabric of the Berkshire County healthcare system.

A second area of concern involves the consequences of having to compete for physician talent for Berkshire County (whether those physicians are private or employed by a Berkshire entity) on a national compensation market and then having to pay those physicians from the proceeds of a local market that dominated by Medicare and Medicaid payer mix. Those challenges are increasingly insurmountable for private practice, driving physicians and transferring the economic dilemma to the Health Systems in order to preserve physician access in the county. Trying to meet this extraordinary financial challenge within the Commonwealth's growth curve limits has been particularly daunting.

- b) What are the top changes in policy, market behavior, payment, regulation, or statute your organization would recommend to address these concerns?

Directly or indirectly, Berkshire Health Systems is the engine that drives the entire health system within Berkshire County and is dependent upon a variety of payment mechanisms to maintain that fragile, but essential balance. For example, the Health System depends upon the federal 340B drug pricing to partially fund the shortfalls in payments directly available for all of the services for which it is formally or informally responsible. Berkshire needs to make sure that regulators understand the critical connection between its service obligations and payment programs like 340B and not make adjustments without considering and allowing for the impact of those changes.

- c) What are your organization's top strategic priorities to reduce health care expenditures? Please limit your answer to no more than three strategic priorities.

Berkshire Medical Center and Berkshire Health Systems, working in collaboration with other providers, drawn together in a PHO, Partnership for Health in the Berkshires, Inc., are focused on reducing the cost of healthcare in the Berkshires by focusing on wellness visits for the Medicare population and community-based care teams for the Medicaid population. These initiatives will benefit all members of the community as Berkshire works to change the care delivery system. Both the wellness visits and the care teams are developing relationships with the patients to identify and resolve issues, both medical and social, that impact their overall health status and their ability to remain healthy in the community. Top strategies include community health workers meeting patients in the emergency department to help identify interventions that can be put in place to allow patients to return home instead of being admitted; encouraging and educating patients about the options available to meet urgent needs so as not to require an emergency department visit, including same day primary care visits, the use of urgent care facilities and telehealth options. Berkshire Medical Center and Berkshire Health Systems are involved in several initiatives to improve the care provided to individuals with behavioral health and substance use disorders. These initiatives include the use of telehealth tools to overcome provider shortage issues, to provide behavioral health consults in primary care offices and to facilitate establishment of primary care practices focused on managing the primary care needs of those with substance use issues.

2) INFORMATION ABOUT ALTERNATIVE CARE SITES

The HPC recently released a [new policy brief](#) examining the significant growth in hospital and non-hospital based urgent care centers as well as retail clinic sites in Massachusetts from 2010 to 2018. Such alternative, convenient points of access to health care have the potential to reduce avoidable and costlier emergency department (ED) visits.

Question Instructions: *If your organization does not own or operate any alternative care sites such as urgent care centers, please only answer questions (e) and (f) below. For purposes of this question, an urgent care center serves all adult patients (i.e., not just patients with a pre-existing clinical relationship with the center or its providers) on a walk-in (non-appointment) basis and has hours of service beyond normal weekday business hours. Information requested in question (a) below may be provided in the form of a link to an online directory or as an appended directory.*

- a) Using the most recent information, please list the names and locations of any alternative care sites your organization owns or operates in Massachusetts. Indicate whether the site is corporately owned and operated, owned and operating through a joint venture, or a non-owned affiliate clinical affiliate.

Berkshire Health Systems owns and operates an urgent care clinic located on East Street, Pittsfield under its controlled affiliate, Berkshire Faculty Services, Inc.

- b) Please provide the following aggregate information for calendar year 2017 about the alternative care sites your organization owns or operates in Massachusetts, including those operated through a joint venture with another organization (information from non-owned affiliates should not be included):

Number of unique patient visits	15,133
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Proportion of gross patient service revenue that was received from commercial payers, Medicare, MassHealth, Self-Pay, and Other	46%
Percentage of patient visits where the patient is referred to a more intensive setting of care	5%

- c) For the alternative care sites your organization owns or operates in Massachusetts, briefly describe the clinical staffing model, including the type of clinicians (e.g., physicians, nurse practitioners, physician assistants, paramedics, nurses). If different models are used, describe the predominant model.

The clinical staffing model is comprised of licensed physicians and advanced practice providers including nurse practitioners and physician assistants. Staffing also includes clinical support from licensed practical nurses and medical assistants

- d) For the alternative care sites your organization owns or operates in Massachusetts, briefly describe the method and timeliness of how the medical record of a patient's visit to an alternative care site is shared with that patient's primary care provider (e.g., interoperable electronic health record, secure email transfer, fax). What barriers has your organization faced in sharing real-time information about patient visits to your alternative care sites with primary care providers or other health care providers?

A faxed copy of the ED note is sent to the PCP when the note is signed.

A list of all patients seen is faxed to the PCP the morning of the following day and reports of the patient encounter are faxed when the record is signed by the provider.

The urgent care center uses a different EHR than the PCPs but has access to this EHR to view the patient's encounter.

A principal barrier to sharing information is the number of patients who do not have a PCP.

- e) Besides establishing alternative care sites, what other strategies is your organization pursuing to expand timely access to care with the goal of reducing unnecessary hospital utilization (e.g., after-hours primary care, on-demand telemedicine/virtual visits).

Berkshire Medical Center and Berkshire Health Systems are trialing and deploying several telehealth strategies. Teladoc® is available to patients enrolled in the Berkshire-Fallon ACO for the Medicaid program. Berkshire is trialing telehealth services in skilled nursing facilities to reduce emergency department visits and ambulance transfers.

- f) Please comment on the growth of alternative care sites in Massachusetts, including implications for your organization as well as impacts on health care costs, quality, and access in Massachusetts.

The alternative care sites improve access for the community and the population we serve on a daily basis. During times of physician and advanced provider shortages, they provide a lower cost alternative than emergency services. However, some independent urgent care centers (not affiliated with Berkshire) work in silos without integrating the clinical activity back to the primary care providers or engaging with the community care teams to reduce unnecessarily utilization at all locations.

3) STRATEGIES TO SUPPORT PROVIDERS TO ADDRESS HEALTH-RELATED SOCIAL NEEDS

Earlier this year, the HPC held a special event entitled, [*Partnering to Address Social Determinants of Health: What Works?*](#), where many policymakers, experts, and market participants all highlighted the need for health care systems to partner with community-based organizations to address patients' and

families' health-related social needs (e.g., housing stability, nutrition, transportation) in order to improve health outcomes and slow the growth in health care costs.

- a) What are the primary barriers your organization faces in creating partnerships with community-based organizations and public health agencies in the community/communities in which you provide care? [check all that apply]

- ☒ Legal barriers related to data-sharing (*as it relates to BH information*)
☒ Structural/technological barriers to data-sharing (*multiple electronic health records*)
☐ Lack of resources or capacity of your organization or community organizations
☐ Organizational/cultural barriers
☒ Other: *Shortage of behavioral health staff for partner agency*

Berkshire has strong, collaborative relationships with community partners but finds the above issues to be barriers to further enhancing clinical relationships.

- b) What policies and resources, including technical assistance or investments, would your organization recommend to the state to address these challenges?

Additional resources provided to our behavioral health partners could be used to ensure there are post hospitalization slots for intensive outpatient substance use treatments. Patients often have to wait up to 6 weeks before being placed into these programs due to limited slots creating a potentially higher rate of SUD recurrences that could otherwise be avoided with these programs.

AGO Pre-Filed Testimony Questions

1. For provider organizations: please submit a summary table showing for each year 2014 to 2017 your total revenue under pay for performance arrangements, risk contracts, and other fee for service arrangements according to the format and parameters reflected in the attached **AGO Provider Exhibit 1**, with all applicable fields completed. To the extent you are unable to provide complete answers for any category of revenue, please explain the reasons why. Include in your response any portion of your physicians for whom you were not able to report a category (or categories) of revenue.



2018-ago-provider-exhibit-1.xlsx

2. 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.

HEALTH CARE SERVICE PRICE INQUIRIES

CY2016-2018

YEAR	AGGREGATE NUMBER OF WRITTEN INQUIRIES BMC	AGGREGATE NUMBER OF INQUIRIES VIA TELEPHONE OR IN PERSON BMC	AGGREGATE NUMBER OF WRITTEN INQUIRIES FAIRVIEW	AGGREGATE NUMBER OF INQUIRIES VIA TELEPHONE OR IN PERSON FAIRVIEW
Cy2016 Q1	0	26	1	6
Q2	0	10	1	14
Q3	0	18	1	9

	Q4	0	13	0	3
Cy2017	Q1	0	35	0	5
	Q2	0	17	0	15
	Q3	0	17	0	7
	Q4	0	19	0	6
Cy2018	Q1	0	32	1	9
	Q2	0	27	0	22
TOTAL		0	214	4	96

3.

- a) 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.

Berkshire has a shared folder that contains a worksheet tracking patient information, date of request, date of response and any comments or barriers. The managers of Access Services and financial specialists are responsible to monitor the worksheets.

- b) 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?

Berkshire Health Systems is improving its systems to more readily supply pricing information on the same day (or before) the procedure to be a barrier. Additionally, there have been times when the staff was unable to contact patients after the information is gathered. The staff continues to be diligent and dedicated to gather the needed information and provide it within the timeline allotted.

4. For hospitals and provider organizations corporately affiliated with hospitals:

- a) For each year 2015 to present, please submit a summary table for your hospital or for the two largest hospitals (by Net Patient Service Revenue) corporately affiliated with your organization showing the hospital's operating margin for each of the following four categories, and the percentage each category represents of your total business: (a) commercial, (b) Medicare, (c) Medicaid, and (d) all other business. Include in your response a list of the carriers or programs included in each of these 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.



FINAL AGO Provider
Exhibit 1 3a FY15 -FY1



FINAL AGO Provider
Exhibit 1 3a FY15 -FY1

- b) For 2017 only, please submit a summary table for your hospital or for the two largest hospitals (by Net Patient Service Revenue) corporately affiliated with your organization showing for each line of business (commercial, Medicare, Medicaid, other, total) the hospital's inpatient and outpatient revenue and margin for each major service category according to the format and parameters provided and attached as **AGO Provider Exhibit 2** with all applicable fields completed. Please submit separate sheets for pediatric and adult populations, if necessary. If you are unable to provide complete answers, please provide the greatest level of detail possible and explain why your answers are not complete.



FINAL AGO Provider
Exhibit 2 FY17.xlsx



FINAL AGO Provider
Exhibit 2 FY17 FVH.xls:

Fairview Hospital
Operating Margin by Payor
For Fiscal Year Ending September 30, 2015

AGO Provider Exhibit 1: AGO Questions for Written Testimony

2015			Commercial	Medicare	Medicaid	All Other	Total
Payors	Fiscal Year	Operating Margin (\$)	Operating Margin (\$)	Operating Margin (\$)	Operating Margin (\$)	Operating Margin (\$)	Operating Margin (\$)
Grand Total	2015	3,171,378	66,489	-834,446	568,505	2,971,927	

Fairview Hospital
Operating Margin by Payor
For Fiscal Year Ending September 30, 2016

AGO Provider Exhibit 1: AGO Questions for Written Testimony

2016			Commercial	Medicare	Medicaid	All Other	Total
Payors	Fiscal Year	Operating Margin (\$)	Operating Margin (\$)	Operating Margin (\$)	Operating Margin (\$)	Operating Margin (\$)	Operating Margin (\$)
Grand Total	2016	3,501,187	-895,217	-500,790	-25,687	2,079,492	

Fairview Hospital
Operating Margin by Payor
For Fiscal Year Ending September 30, 2017

AGO Provider Exhibit 1: AGO Questions for Written Testimony

2017						
Payors		Commercial	Medicare	Medicaid	All Other	Total
	Fiscal Year	Operating Margin (\$)	Operating Margin (\$)	Operating Margin (\$)	Operating Margin (\$)	Operating Margin (\$)
	2017	3,141,146	501,579	-588,461	-720,778	2,333,486

Berkshire Medical Center
Operating Margin by Payor
For Fiscal Year Ending September 30, 2017

AGO Provider Exhibit 2: AGO Questions for Written Testimony

2017

Payors	Fiscal Year	Commercial	Medicare	Medicaid	All Other	Total
		Operating Margin (\$)	Operating Margin (\$)	Operating Margin (\$)	Operating Margin (\$)	Operating Margin (\$)
PEDIATRIC	2017	2,978,158	-10,860	-514,258	-505,440	1,947,600
Grand Total	2017	2,978,158	-10,860	-514,258	-505,440	1,947,600

Berkshire Medical Center
Operating Margin by Payor
For Fiscal Year Ending September 30, 2017

AGO Provider Exhibit 2: AGO Questions for Written Testimony

2017

Payors	Fiscal Year	Commercial	Medicare	Medicaid	All Other	Total
		Operating Margin (\$)	Operating Margin (\$)	Operating Margin (\$)	Operating Margin (\$)	Operating Margin (\$)
ADULT	2017	66,007,534	-34,581,211	-4,591,715	-1,781,621	25,052,987
Grand Total	2017	66,007,534	-34,581,211	-4,591,715	-1,781,621	25,052,987