



HPC Board Meeting

September 27, 2022



Agenda



Call to Order

Approval of Minutes (VOTE)

Executive Session (VOTE)

Market Oversight and Transparency

➤ MASS GENERAL BRIGHAM'S PERFORMANCE IMPROVEMENT PLAN (PIP) PROPOSAL (VOTE)

- 2022 Health Care Cost Trends Report (VOTE)
- Market Changes

Care Delivery Transformation

Executive Director's Report

Schedule of Upcoming Meetings

Accountability for the Health Care Cost Growth Benchmark



Step 1: Benchmark

Each year, the process starts by setting the annual health care cost growth benchmark



Step 2: Data Collection

CHIA then collects data from payers on unadjusted and **health status adjusted total medical expense (HSA TME)** for their members, both network-wide and by primary care group.



Step 3: CHIA Referral

CHIA analyzes those data and as required by statute, confidentially refers to the HPC **payers** and **primary care providers** whose **increase** in **HSA TME** is above bright line thresholds (e.g., greater than the benchmark)

Step 4: HPC Analysis

HPC conducts a confidential, but robust, review of each referred provider and payer's performance across **multiple factors**



Step 5: Decision to Require a PIP

After reviewing all available information, including confidential information from payers and providers under review, the **HPC Board votes** to require a PIP if it identifies significant concerns and finds that a PIP could result in meaningful, cost-saving reforms. The entity's identity is public once a PIP is required.



Step 6: PIP Implementation

The payer or provider must propose the PIP and is subject to **ongoing monitoring** by the HPC during the **18-month implementation**. A fine of up to \$500,000 can be assessed as a last resort in certain circumstances.

The HPC may require any entity referred to it by CHIA to complete a Performance Improvement Plan if, after a review of regulatory factors, it identifies **significant concerns** about the Entity's costs and determines that a Performance Improvement Plan could result in **meaningful, cost-saving reforms**.

[958 CMR 10.04\(1\)](#)

REGULATORY FACTORS	
a	Baseline spending and spending trends over time, including by service category;
b	Pricing patterns and trends over time;
c	Utilization patterns and trends over time;
d	Population(s) served, payer mix, product lines, and services provided;
e	Size and market share;
f	Financial condition, including administrative spending and cost structure;
g	Ongoing strategies or investments to improve efficiency or reduce spending growth over time;
h	Factors leading to increased costs that are outside the CHIA-identified Entity's control; and
i	Any other factors the Commission considers relevant.

Basis for MGB PIP



- On January 25, 2022, the Board voted to **require a PIP from Mass General Brigham**.
- The basis for the Board's determination is summarized as follows:
 - MGB's high baseline spending levels for its primary care population, both on a health status adjusted and unadjusted basis, combined with that fact that its TME has been growing apace or even faster than the payer network average, has resulted **in greater cumulative commercial spending growth in excess of the benchmark from 2014-2019 than any other provider, totaling \$293 million**. MGB acknowledged that this spending growth was not driven by a worsening of the health status of its primary care population;
 - **Even in alternative payment method contracts**, spending for MGB's primary care patients is growing at rates above the benchmark across multiple years and multiple payers;
 - MGB's **hospital and physician prices** are higher than nearly all other providers in the Commonwealth and price and mix were bigger drivers of spending growth for MGB's primary care patients than utilization; and
 - MGB stated that its **primary strategy for controlling spending growth would be to continue its current efforts** around clinical and care management programs, shifting patients to lower cost settings, and taking on more risk in its payer contracts, strategies which have not been sufficient to restrain spending to date.
- The HPC determined that a Performance Improvement Plan could result in **meaningful, cost-saving reforms**.

Initial PIP Proposal



- MGB submitted its initial [proposal](#) to the HPC on **May 16, 2022**. The plan proposed an **annual savings target of \$70 million** (\$105 million over the 18-month implementation timeframe).
- The proposal included three categories of strategies with quantified savings (see table), with the largest portion of savings coming through **commercial pricing actions**.
- The **HPC analyzed the proposed PIP** and solicited substantiating data and information to determine whether it was likely to meet the regulatory standard for approval.
- After close review of the proposal and discussion and consultation with MGB, the HPC encouraged MGB to submit a revised proposal that:
 1. Increased the savings target
 2. Included new strategies
 3. Demonstrated evidence of sustainability

MGB PIP Proposal: Initial Submission		
Category	Strategies	Annual Savings Estimate (M)
Price Reductions	Outpatient AMC Rates	\$24.4
	MG West	\$14.5
	ConnectorCare	\$11.9
	Other Insurance Product	\$3
Reducing Utilization	Integrated Care Management Program	\$10.8
Shifting Care to Lower Cost Sites	Hospital at Home	\$1.3
	Virtual Care	\$4.1
Accountability Through Value-Based Care	MGB health plan product innovations (Commercial, Medicare and MassHealth)	Not quantified
	Total	\$70.0

Revised PIP Proposal



- MGB filed a **revised PIP proposal** on September 20, 2022.
- MGB updated some of its proposed strategies and added new strategies to the plan, including new activities not undertaken previously.
 - Among these revisions were the inclusion of **pricing actions** for additional commercial payers.
- As a result of these changes, MGB estimates that its proposal will save **\$127.8M annually**, an increase of nearly \$60M from the original plan.
- Based on data and assumptions provided by MGB, annual savings estimates include:
 - \$90M in savings **via commercial pricing actions**.

MGB PIP Proposal: Revised Submission			
Category	Strategies	Original Savings Estimate (M)	Revised Savings Estimate (M)
Price Reductions	Outpatient AMC Rates	\$24.4	\$59.8
	MG West	\$14.5	\$15.3
	ConnectorCare	\$11.9	\$11.9
	Other Insurance Product	\$3	\$3
Reducing Utilization Management	Integrated Care Management Program	\$10.8	\$15.3
	Utilization Management	N/A	\$17.1
Shifting Care to Lower Cost Sites	Hospital at Home	\$1.3	\$1.3
	Virtual Care	\$4.1	\$4.1
Accountability Through Value-Based Care	MGB health plan product innovations (Commercial, Medicare and MassHealth)	Not quantified	Not quantified
	Total	\$70.0	\$127.8

Price Reductions

Outpatient Rates

MG West

ConnectorCare

Other Insurance Product

- MGB's plan includes savings from pricing actions related to its current contracts with Blue Cross Blue Shield of MA, Point32Health, and Mass General Brigham Health Plan (previously AllWays Health Partners). These actions impact **AMC Outpatient Rates**. MGB estimates the value of these actions at \$59.8M annually.
- Part of its Outpatient Rates strategy also includes converting pricing at **MG West**, an outpatient facility in Waltham licensed under MGH, to its community hospital rate schedule with the payers identified above. MGB estimates the value of this strategy at \$15.3M annually.
- MGB providers have reduced the rates they charge to MGB Health Plan for subsidized **ConnectorCare** members to 100% of Medicaid as of Q1 2021. MGB estimates the value of this strategy at \$11.9M annually.
- MGB providers also propose to offer an improvement on the incremental **discount to the state** that MGB provides through Mass General Brigham Health Plan.

Reducing Utilization

Integrated Care Management Program

Utilization Management

- The **Integrated Care Management Program (iCMP)** is a high-risk care management program. MGB cites evidence that the iCMP reduces ED visits, hospitalizations, and health care expenses.
- MGB proposes to increase enrollment in the iCMP by approximately 4,000 patients, with a focus on commercial and Medicaid populations.
- MGB states that it will track enrollment metrics for the iCMP as well as quarterly metrics on inpatient utilization and TME reduction compared to previous quarters. MGB estimates the value of this strategy at \$15.3M annually.
- MGB also proposes to reduce spending through a set of three new **Utilization Management** efforts:
 - MGB states that it will reduce SNF admissions and LOS through a variety of programs, with an estimated value of \$10.7M annually in Medicare spending.
 - MGB states that new utilization management requirements at MGB Health Plan for members with MGB Primary Care Physicians, with an estimated value of \$1.2M annually.
 - MGB states that new interventions to reduce inappropriate imaging, with an estimated value of \$5.2M annually.

Shifting Care to Lower Cost Settings

Hospital at Home

Virtual Care

- MGB proposes to expand its **Hospital at Home** program, which treats patients who otherwise would have been admitted for inpatient care in their own home. MGB estimates the value of this strategy at \$1.3M annually.
- MGB has negotiated Hospital at Home rates with commercial payers that are lower than its in-hospital rates.
- Under its **Virtual Care** strategy, MGB proposes to work with commercial payers to amend its current telehealth specialty rates so that the updated rates are below its in-person rates (i.e., lower than parity rates). MGB estimates the value of this strategy at \$4.1M.

- If approved, MGB will **implement the PIP** from approximately October 1, 2022 – March 31, 2024.
- MGB would be required to **report periodically to the HPC** throughout the implementation period, and for a reasonable period of time thereafter, to allow the HPC to evaluate MGB's progress toward its stated goals.
- **MGB may propose amendments** to the PIP during implementation.
 - Significant proposed amendments must be approved by the Board.
- At the conclusion of the PIP, the HPC must **determine whether the PIP was successful** by a vote of the Board (see criteria to the right). If the Board determines the PIP was not successful, it may:
 - Extend the implementation timetable and request amendments;
 - Require MGB to submit a new PIP; or
 - Waive or delay the requirement to file any additional PIP.

CRITERIA TO DETERMINE SUCCESS OF PIP

1. Whether and to what extent the Entity has addressed significant concerns about its costs.
2. Whether the Entity has fully implemented, in good faith, the strategies, adjustments and action steps of the PIP.
3. The sustainability of the efficiencies and cost savings.
4. The impact of events outside of the Entity's control on implementation or cost growth.
5. Other factors the Commission determines to be relevant.

Determining Success: Sustainability



- At the conclusion of the PIP Implementation Period, when the Board votes on whether the PIP was successful, it may consider “the **sustainability of the efficiencies and cost savings** of the PIP.”
- MGB’s September 20 proposal included statements that:
 - MGB “commits to continuing the comprehensive market solution proposed in the PIP to address the role of pricing in cost growth in the Commonwealth”;
 - MGB’s “goals for future contract negotiations with local commercial payers will include continuing to decrease price variation between Mass General Brigham and the marketplace and ensuring that the value of pricing actions included in the PIP are not recouped through rate increases (as evaluated in the context of underlying market rates);” and
 - MGB “will provide the HPC data and evidence of this commitment, which may include rate increase tables and other contract figures.”

Determining Success: Measurement



- The HPC will need **data sufficient for the Board to determine if the PIP was successful**, including:
 - Whether interventions and strategies were implemented as proposed;
 - Whether estimated savings targets were achieved; and
 - The impact of the PIP on overall spending performance.
- **MGB's proposal states several data sources and metrics that it will use** to measure progress on achieving the goals of the PIP, the expectation that it will report to the HPC every six months, and that it “will supply the HPC with other information as needed.”
- The **HPC may specify additional reporting requirements as necessary**, for example:
 - Requiring regular meetings between MGB and HPC staff;
 - Requiring MGB to report to the HPC periodically during the 18-month implementation period and for a reasonable period thereafter; and
 - Specifying needed data or documents (e.g., evidence of pricing adjustments; payer-generated cost and use reports).

STANDARD FOR APPROVAL

- The Board shall approve a proposed PIP if it determines that the PIP:
 - Is reasonably likely to **successfully address the underlying causes** of the entity's cost growth; and
 - That the entity will be **capable of successfully implementing** the plan.

[958 CMR 10.10\(1\)](#)

- The HPC's review of MGB's spending performance found that MGB's hospital and physician prices are higher than nearly all other providers in the Commonwealth and **price and mix were bigger drivers of spending growth** for MGB's primary care patients than utilization. MGB estimates that it will save \$90M (70% of total) annually via commercial pricing strategies.
- MGB's savings target and strategies are based on a consideration of the total amount of **savings that are likely to accrue to its commercial primary care population** (i.e., the population on which its \$293M in above benchmark spending growth from 2014 to 2019 was based).
- The **HPC will receive data and documentation** throughout the PIP demonstrating that the PIP has been successfully implemented.

NEXT STEPS:

- If the **Board votes to approve** the PIP proposal, the HPC will notify MGB, and MGB will begin implementing its plan. MGB will be subject to compliance monitoring and will be required to regularly provide both public and confidential reports as specified by the HPC.
- If the **Board votes not to approve** the PIP proposal, MGB will have up to 30 days to revise and resubmit their plan.