HPC Board Meeting

September 13, 2023

Agenda

CALL TO ORDER

Approval of Minutes **(VOTE)**

Site Neutral Hospital Outpatient Payment Policies

2023 Health Care Cost Trends Report and Policy Recommendations **(VOTE)**

HPC Health Equity Lens in Action

Executive Director's Report

Adjourn

Agenda

Call to Order

APPROVAL OF MINUTES (VOTE)

Site Neutral Hospital Outpatient Payment Policies

2023 Health Care Cost Trends Report and Policy Recommendations **(VOTE)**

HPC Health Equity Lens in Action

Executive Director's Report

Adjourn

VOTE

Approval of Minutes from the June 7 Board Meeting

MOTION

That the Commission hereby approves the minutes of the Commission meeting held on July 12, 2023, as presented.

Agenda

Call to Order

Approval of Minutes **(VOTE)**

SITE NEUTRAL HOSPITAL OUTPATIENT PAYMENT POLICIES

- Payment Differences by Site of Service in Massachusetts
- Guest Presentation: Loren Adler, Associate Director at the Brookings Schaeffer Initiative on Health Policy

2023 Health Care Cost Trends Report and Policy Recommendations **(VOTE)**

HPC Health Equity Lens in Action

Executive Director's Report

Adjourn

Agenda

Call to Order

Approval of Minutes **(VOTE)**

Site Neutral Hospital Outpatient Payment Policies

PAYMENT DIFFERENCES BY SITE OF SERVICE IN MASSACHUSETTS

- Guest Presentation: Loren Adler, Associate Director at the Brookings Schaeffer Initiative on Health Policy

2023 Health Care Cost Trends Report and Policy Recommendations **(VOTE)**

HPC Health Equity Lens in Action

Executive Director's Report

Adjourn

Many common ambulatory care services are routinely provided across different settings of care.

Percentage of each service type provided in each setting, Massachusetts commercially-insured patients, 2021

IMAGING

Other, 10%
Office, 34%
HOPD, 56%

CLINICIAN-ADMINISTERED DRUGS

Office, 36%
HOPD, 64%

LAB SERVICES

Independent labs, 33%
Office, 16%
HOPD, 51%

Source: HPC analysis of Center for Health Information and Analysis All-Payer Claims Database, 2021, V2021.

Background on Payment Differentials by Site of Care

- Although these services are provided across many care settings, **payers typically pay more for the same services when provided in hospital outpatient departments** (and other facilities).
  - Payments typically include both a professional fee and a **"facility fee".**
- These price differences reflect market leverage and the payment practice of paying more to reflect higher hospital overhead regardless of resources use. While this makes sense in the case of an emergency department, many HOPDs are identical to physician office settings and services and resources used are the same across settings.
- **Medicare** currently pays site-neutrally for some services (e.g., **administered drugs,**[1] **labs**, **mammography** and **some evaluation and management visits)**, but payments for most other services vary by site.
  - MedPAC has recommended expanding site-neutral payments much more broadly to include services such as drug administration, imaging, skin and nerve procedures, tests and endoscopies.[2]
- **Commercial payers pay more for services in HOPDs** in most of these cases.

This statement refers to the cost of the drugs themselves, for which Medicare pays providers average sales price (ASP) + 6% of the price of the drug. Fees for administration of the drug differ by site of care.
MedPAC Report to the Congress, Chapter 8, June, 2023. https://www.medpac.gov/wp-content/uploads/2023/06/Jun23_Ch8_MedPAC_Report_To_Congress_SEC.pdf

Implications of Payment Differentials by Site of Care

- Due to the higher commercial prices in these settings, **consumers also typically pay more for the same services when provided in hospital outpatient departments** in the form higher out of pocket obligations at the point of service (e.g. deductibles, coinsurance) and in **higher overall premiums.**

- In addition to increasing spending by **paying more than necessary to efficiently deliver care** this practice **encourages consolidation of office-based practices into hospital-based health systems** (vertical integration), to capture the higher payments and profits.
  - This consolidation further increases prices and utilization of other services.[1-3]

- These dynamics are particularly relevant to Massachusetts, which has a **47% higher use of hospital outpatient visits,** on a per capita basis, compared to the U.S. average.
  - In addition to a high level of spending on hospital outpatient care, HPC analysis of Massachusetts spending trends from 2019 to 2021 found that among categories of medical spending in the commercial market, **the greatest increase was in hospital outpatient department (HOPD) spending,** for which per enrollee spending grew an average **5.5 percent per year**.

(1) Sinaiko, Anna D., et al. "Utilization, Steering, and Spending in Vertical Relationships Between Physicians and Health Systems." JAMA Health Forum. Vol. 4. No. 9. American Medical Association, 2023.
(2) Post, Brady, et al. "Hospital-Physician Integration Is Associated With Greater Use Of Cardiac Catheterization And Angioplasty: Study examines hospital-physician integration and use of cardiac catheterization and angioplasty." Health Affairs 42.5 (2023): 606-614.
(3) Laurence C. Baker, M. Kate Bundorf, and Daniel P. Kessler, “Vertical Integration: Hospital Ownership of Physician Practices Is Associated with Higher Prices and Spending,” Health Affairs, Vol. 33, No. 5, May 2014

The price of a basic lipid panel was twice as high when performed in a HOPD rather than an office or independent lab.

Price distribution of a lipid panel (a common test that measures the amount of cholesterol and other fats in the blood), by setting of care, 2021

Notes: Lipid panels were identified using CPT code 80061. Average cost-sharing was $7.82 in HOPD settings and $5.27 in office settings.
Sources: HPC analysis of the Center for Health Information and Analysis (CHIA) All-Payer Claims Database, V2021, 2021; HPC analysis of information from the Centers for Medicare and Medicaid Services, Clinical Laboratory Fee Schedule (2021)

Commercial prices and cost sharing for common lab tests were 4-7 times as high in some hospitals compared to prices received by independent labs and some office settings.

Cost of a 50-item lab market basket per 100 patients, including cost-sharing, by Massachusetts provider, 2021

Martha's Vineyard $24,397
Dana-Farber Cancer Institute $21,942
Boston Children's $20,997
Fairview $16,770
Berkshire MC $16,301
Nantucket Cottage $15,132
Massachusetts General $13,886
Sturdy Memorial $13,325
Brigham and Women's $13,082
South Shore $12,391
Harrington Memorial $12,157
Brigham and Women's Faulkner $11,219
North Shore MC $11,134
Newton-Wellesley $11,039
UMass Memorial MC $10,553
Tufts MC $10,453
Melrose Wakefield $10,381
Metrowest MC $9,573
Beth Israel Deaconess MC $9,543
Emerson $9,399
Lowell General $9,368
Cooley Dickinson $8,954
Beth Israel Deaconess - Needham $8,808
Lahey $8,622
Milford Regional MC $8,488
Mount Auburn $8,486
Boston MC $8,465
Southcoast Hospitals Group $8,300
Signature Healthcare Brockton $8,288
HealthAlliance $8,284
Cambridge Health Alliance $8,115
Heywood $7,854
Beth Israel Deaconess - Milton $7,702
Northeast $7,676
Anna Jaques $7,627
Winchester $7,504
Medical Diagnostic Labs $7,432
Lawrence General $7,273
BILH Reference Labs $6,925
Beth Israel Deaconess - Plymouth $6,196
Baystate MC $6,016
MGB $5,949
Holyoke MC $5,612
Steward $5,492
MGB Reference Labs $5,490
Wellforce $5,398
Reliant $5,338
Atrius $4,894
BMC $4,835
BILH $4,740
Quest $4,096
Life Labs $3,855
LabCorp $3,740
East Side Clinical Labs $3,704
Baystate Reference Labs $3,288
BioReference Labs $3,279

The Medicare cost to provide the lab market basket in 2021 was $3,559

HOPD
Office
Independent Lab
Cost sharing

Notes: For each provider, the same 50 procedure codes are evaluated using a fixed statewide volume (computed using 2019 data) and provider-specific mean service prices in 2021 for each procedure code. Providers with fewer than 20 service encounters for any individual procedure code have imputed values for that procedure code and are not included if more than 25 procedure codes would have to be imputed.
Sources: HPC analysis of Center for Health Information and Analysis All-Payer Claims Database, V2021, 2021.

The average commercial HOPD price of an abdominal CT scan was $1,335 while 5% were paid above $2,843. The average office price was $839.

Price distribution of abdominal CT, by setting of care, 2021

Average commercial cost-sharing for abdominal CT

- **Office:** $246
- **HOPD:** $320

Notes: Medicare HOPD price reflects the Medicare Physician Fee Schedule professional component and facility payment from the Outpatient Prospective Payment System (OPPS). Abdominal CT was identified using CPT code 74177,

Sources: HPC analysis of the Center for Health Information and Analysis (CHIA) All-Payer Claims Database, V2021, 2021; HPC analysis of information from the Centers for Medicare and Medicaid Services, Medicare Physician Fee Schedule (2021)

The average Massachusetts commercial price paid for Neulasta in HOPDs was $6,308 with 5% of prices exceeding $12,856, compared to an average of $3,204 in office settings.

Price distribution of Neulasta (which helps to reduce the chance of infection after receiving chemotherapy), by setting of care, 2021

Notes: Neulasta can be given as an injection or as a patch applied to the skin, branded as Neulasta Onpro. This exhibit shows prices for Neulasta OnPro (identified using CPT code J2505).
Sources: HPC analysis of Center for Health Information and Analysis Massachusetts All-Payer Claims Database, V2021, 2021. HPC analysis of information from the Centers for Medicare and Medicaid Services, ASP Drug Pricing Files (2020-2021).

Agenda

Call to Order

Approval of Minutes **(VOTE)**

Site Neutral Hospital Outpatient Payment Policies

- Payment Differences by Site of Service in Massachusetts
- **GUEST PRESENTATION: LOREN ADLER, ASSOCIATE DIRECTOR AT THE BROOKINGS SCHAEFFER INITIATIVE ON HEALTH POLICY**

2023 Health Care Cost Trends Report and Policy Recommendations **(VOTE)**

HPC Health Equity Lens in Action

Executive Director's Report

Adjourn

Economic Studies
at BROOKINGS

Site Neutral Hospital Outpatient Payment Policies

Loren Adler

Fellow and Associate Director

Schaeffer Initiative for Health Policy

Brookings Institution

September 13, 2023

What's the Issue?

- Medicare pays more $ for the same service in a hospital outpatient department (HOPD) vs. an ambulatory surgery center (ASC) or physician's office
  - On average, about 2x as much in a HOPD vs. physician's office as of 2016[1]

- Example: Level 2 nerve injection

	Medicare rate	Patient responsibility
Physician office	$256	$51
HOPD	$741	$148

1. Post, Brady, Edward C. Norton, Brent Hollenbeck, Thomas Buchmueller, and Andrew M. Ryan. "Hospital-Physician Integration and Medicare's Site-Based Outpatient Payments." Health Services Research (2019). https://doi.org/10.1111/1475-6773.13613.

What's the Issue?

- Paying more for the same service often makes little sense
- For the types of services delivered in physician offices (e.g., office visits, imaging, drug administration), hard to justify payment differentials
- Patients appear similar across HOPDs and physician offices. And within HOPDs, charges vary little with patient health status[2]

2. Zabinski, Dan. *"Aligning fee-for-service payment rates across ambulatory settings." MedPAC, Mar. 2023, https://www.medpac.gov/wp-content/uploads/2022/07/Site-neutral-March-2023-SEC.pdf*

What’s the Issue?

- Higher cost-sharing for patients
- Higher Medicare premiums & taxpayer spending
- Creates incentive for hospitals to acquire physician practices & for physicians to go work for hospital
  - Medicare reimburses >$150,000 more per doctor per year when a hospital owns the physician practice[1]
- Spillover increases in commercial market costs

Driving Hospital Acquisitions of Physician Practices

Paying more for the same service when a hospital does it

↓

Encourages physicians to work for hospitals or sell practices to hospital

(Dranove and Ody 2019; Post et al. 2021)

Share of doctors working for a hospital or a practice at least partially owned by a hospital, 2012-2020

45%
40%
35%
30%
25%
20%
15%
10%
5%
0%

2012	2014	2016	2018	2020
29%	33%	33%	35%	40%

Percent of physician practices that reported being owned by a hospital or health system, by specialty, 2007-2017

60%
50%
40%
30%
20%
10%
0%

2007 2009 2011 2013 2015 2017

Oncology
Multispecialty
Cardiology
Pulmonology
Neurology
Rheumatology
Gastroenterology
Dermatology

Source: Nikpay, Richards, and Penson (2018) analysis of SK&A data.

Shift in billing toward hospital outpatient departments in Medicare, 2012-21

Service	Share billed under outpatient prospective payment system 2012	Share billed under outpatient prospective payment system 2021
Office Visits	9.6%	12.8%
Chemotherapy Administration	35.2%	51.9%

Source: Zabinski, Dan. "Aligning fee-for-service payment rates across ambulatory settings." MedPAC, Mar. 2023, https://www.medpac.gov/wp-content/uploads/2022/07/Site-neutral-March-2023-SEC.pdf

Policy Options: Federal

4 broad categories:

1. Equalize Medicare payments for a set of lower-complexity services across HOPDs, ASCs, and physician offices (sometimes extended to other facility types too)

2. Align payments to physician fee schedule rates for services *only at off-campus* HOPDs (can apply to all services or a subset)

3. Require off-campus departments of a hospital to use a separate NPI and/or specific forms to bill commercial payers

4. Limit the combined facility + professional charge that can be billed to commercial payers by HOPDs for a set of services

Exhibit 3. Medicare spending, cost-sharing, and volume for services that MedPAC recommends alignment of OPPS and PFS payment rates, 2019

APC description	Program spending (in millions)	Beneficiary cost sharing (in millions)	Volume (in thousands)
Clinic visits	$ 3,029	$ 757	32,685
Imaging w/o contrast	$ 2,587	$ 647	22,694
Drug administration	$ 2,086	$ 521	24,094
Level 3 nuclear medicine	$ 685	$ 171	696
Skin procedures	$ 673	$ 168	2,418
Nerve injections	$ 663	$ 165	1,888
Diagnostic tests & related services	$ 583	$ 145	1,927
Urology and related services	$ 376	$ 94	518
Other	$ 946	$ 252	11,510
Total	**$ 11,628**	**$ 2,920**	**98,430**

Notes: OPPS stands for Outpatient Prospective Payment System. PFS stands for Physician Fee Schedule. Data is drawn from the MedPAC June 2022 report, Table 6-2, with Ambulatory Payment Classifications (APCs) categorized by the author.

Policy Options: State

3 broad categories:

1. Require off-campus departments of a hospital to use a separate NPI and/or specific forms to bill commercial payers

2. Prohibit or limit facility fees for certain HOPD services. Can apply to all HOPDs or only off-campus.

3. Limit the combined facility + professional charge that can be billed to commercial payers by HOPDs for a set of services

Agenda

Call to Order

Approval of Minutes **(VOTE)**

Site Neutral Hospital Outpatient Payment Policies

2023 HEALTH CARE COST TRENDS REPORT AND POLICY RECOMMENDATIONS (VOTE)

HPC Health Equity Lens in Action

Executive Director’s Report

Adjourn

What is the Health Care Cost Trends Report?

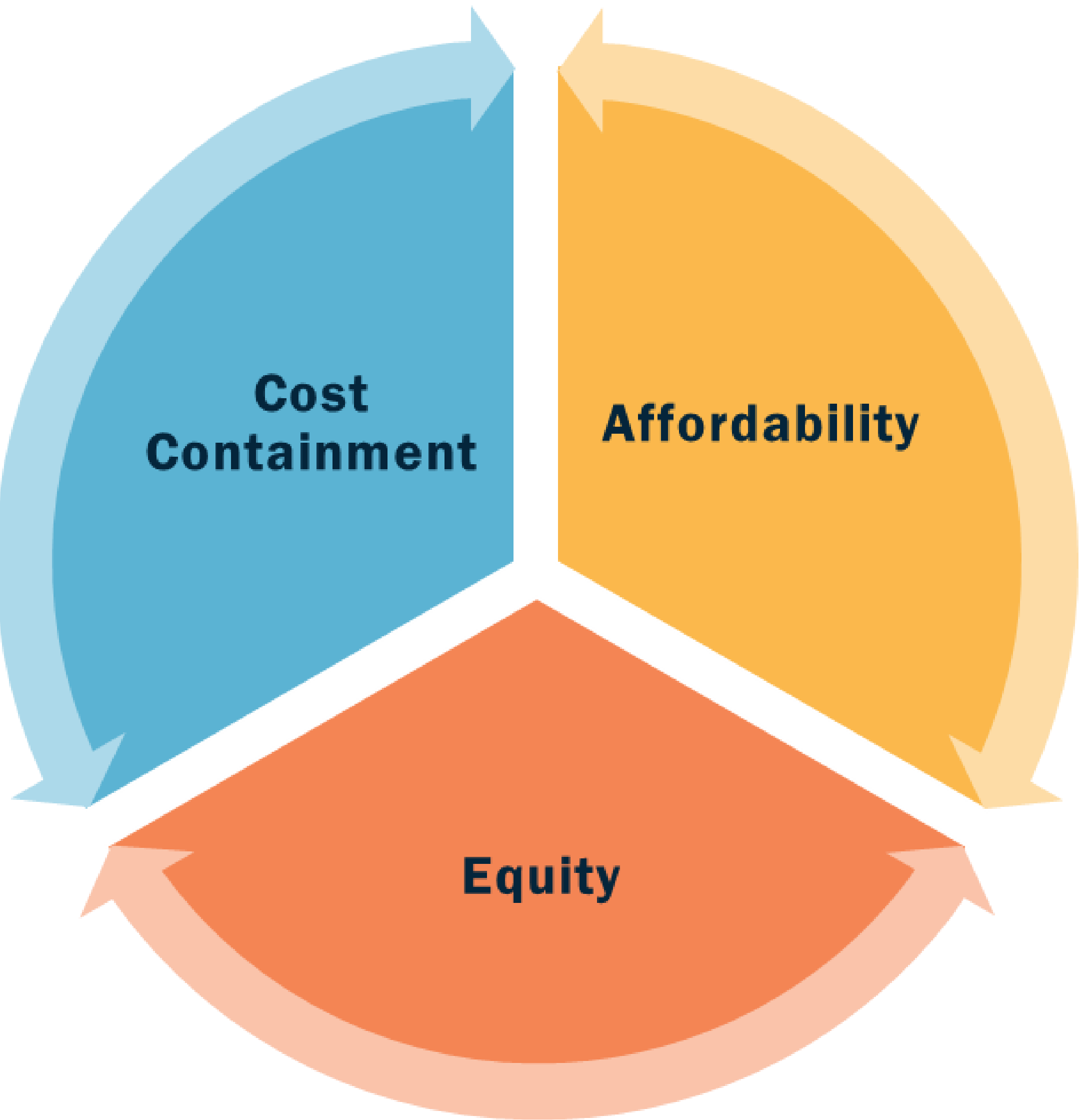
- As required by the Health Policy Commission's statutory authority, *Chapter 224 of the Acts of 2012*, the agency annually publishes a **report on cost drivers** in the Commonwealth and a slate of **policy recommendations**.
- The HPC issued the first Health Care Cost Trends Report in 2013.
- This year's report revisits the topic of **excess spending** first examined in 2013, while updating the research to quantify major categories of excess spending in the current health care market.
- The material is presented in a **narrative report** and an accompanying **graphic chartpack.** For the past few years, select material has also been made available in an **interactive Tableau** format on the HPC's website.

2023 Annual Cost Trends Report: Outline and Public Presentation Dates

- **Chapter #1: Massachusetts Spending Performance** – *initial findings presented at the HPC Benchmark Hearing March 2023; further findings presented at the HPC Board meeting on June 7, 2023*
- **Chapter #2: Excessive Spending in the Massachusetts Health Care System**
  - Excessive Prices – *presented at the May 10, 2023 MOAT meeting*
- **Chapter #3: Excessive Utilization in the Massachusetts Health Care System**
  - Excessive Utilization – *key findings presented at the HPC Board meeting on June 7, 2023*
    - *Provision of care that adds little to no value*
    - *Use of unnecessarily high-cost sites of care*
  - Excessive Administrative Costs (Payer and Provider)
- **Five Chartpacks** – *key findings presented at the HPC Board meeting on June 7, 2023*
  - Primary Care and Behavioral Health *(NEW)*
  - Price Trends and Variation
  - Hospital Utilization
  - Post-Acute Care
  - Provider Organization Performance Variation
- **Performance Dashboard** – *presented at the HPC Board meeting on July 12, 2023*
- **Policy Recommendations** – *discussed at the HPC Board meeting on July 12, 2023*

Tableau Demonstration

The 2023 Policy Recommendations reflect a comprehensive approach to reduce health care cost growth, promote affordability, and advance equity.



2023 Health Care Cost Trends Report Policy Recommendations (abridged)

1 Modernize the Commonwealth's Benchmark Framework to Prioritize Health Care Affordability and Equity For All.

As recommended in past years, the Commonwealth should strengthen the accountability mechanisms of the benchmark such as by updating the metrics and referral standards used in performance improvement plan (PIP) process and enhance transparency and PIP enforcement tools. The state should also modernize its health care policy framework to promote affordability and equity including through the establishment of affordability and equity benchmarks.

- **Strengthen the Health Care Cost Growth Benchmark**
- **Establish New Affordability Benchmark(s)**
- **Establish New Health Equity Benchmark(s)**

2 Constrain Excessive Provider Prices. As found in previous cost trends reports, prices continue to be the primary driver of health care spending growth in Massachusetts. To address the substantial impact of high and variable provider prices, the HPC recommends the Legislature enact limitations on excessively high commercial provider prices, establish site-neutral payments for routine ambulatory services, and adopt a default out-of-network payment rate for "surprise billing" situations.

- **Limit Excessive Provider Prices**
- **Require Site-Neutral Payment**
- **Adopt Default Out-of-Network Payment Rate**

2023 Health Care Cost Trends Report Policy Recommendations (abridged)

3 **Enhance Oversight of Pharmaceutical Spending.** The HPC continues to recommend that policymakers take steps to address the rapid increase in retail drug spending in Massachusetts with policy action to enhance oversight and transparency. Specific policy actions include adding pharmaceutical manufacturers and pharmacy benefit managers (PBMs) under the HPC's oversight, enabling the Center for Health Information and Analysis (CHIA) to collect comprehensive drug pricing data, requiring licensure of PBMs, expanding the HPC's drug pricing review authority, and establishing caps on monthly out-of-pocket costs for high-value prescription drugs.

- **Enhance Oversight/Transparency and Data Collection**
- **PBM Oversight**
- **Expand Drug Pricing Reviews**
- **Limit Out-of-Pocket Costs on High-Value Drugs**

4 **Make Health Plans Accountable For Affordability.** The Division of Insurance (DOI) should closely monitor premium growth factors and utilize affordability targets for evaluating health plan rate filings. Policymakers should promote enrollment through the Massachusetts Connector and the expansion of alternative payment methods (APMs). Lower-income employees should be supported by reducing premium contributions through tax credits or wage-adjusted contributions.

- **Enhance Scrutiny of Drivers of Health Plan Premium Growth**
- **Facilitate Small Business Enrollment in Massachusetts Connector Plans**
- **Improve Health Equity Through Premium Support for Employees with Lower Incomes**
- **Alternative Payment Methods (APMs)**

2023 Health Care Cost Trends Report Policy Recommendations (abridged)

5 **Advance Health Equity For All.** To address enduring health inequities in Massachusetts, the state must invest in affordable housing, improved food and transportation systems, and solutions to mitigate the impact of climate change. Payer-provider contracts should enforce health equity via performance data stratification and link payments to meeting equity targets. Payers should commit to the adoption of the data standards recommended by the Health Equity Data Standards Technical Advisory Group, and efforts should be made to ensure that the health care workforce reflects the diversity of the state's population.

- **Address Social Determinants of Health**
- **Use Payer-Provider Contracts to Advance Health Equity**
- **Improve Data Collection**
- **Support Investment in Innovative Strategies to Address Health Equity**
- **Reduce Inequities in Maternal Health**

6 **Reduce Administrative Complexity.** The Legislature should require standardization in payer claims administration and processing, build upon the momentum from recent federal initiatives, and require automation of prior authorization processes, and mandate the adoption of a standardized measure set to reduce reporting burdens and ensure consistency.

- **Require Greater Standardization in Payer Processes**
- **Automate Prior Authorization**
- **Mandate Adoption of the Aligned Quality Measure Set**

2023 Health Care Cost Trends Report Policy Recommendations (abridged)

7 Strengthen Tools to Monitor the Provider Market and Align the Supply and Distribution of Services With Community Need. The HPC recommends enhanced regulatory measures including focused, data-driven assessments of service supply and distribution based on identified needs and updates to the state's existing regulatory tools such as the Essential Services Closures process, the Determination of Need (DoN) program, and the HPC's material change notice (MCN) oversight authority.

- **Conduct Focused Assessments of Need, Supply, and Distribution**
- **Strengthen Tools to Monitor and Regulate Supply of Health Care Services**
- **Enhance the HPC's Market Oversight Authority of For-Profit Investment**

8 Support and Invest in the Commonwealth's Health Care Workforce. The state and health care organizations should build on recent state investments to stabilize and strengthen the health care workforce. The Commonwealth should offer initial financial assistance to ease the costs of education and training, minimize entry barriers, explore policy adjustments for improved wages in underserved sectors, and should adopt the Nurse Licensure Compact to simplify hiring from other states. Health care delivery organizations should invest in their workforces, improve working conditions, provide opportunities for advancement, improve compensation for non-clinical staff (e.g., community health workers, community navigators, and peer recovery coaches) and take collaborative steps to enhance workforce diversity.

- **Public Investments and Policy Change**
- **Health Care Delivery Organizations Should Invest in their Workforces**
- **Ensure Adequate Compensation for Non-Clinical Workforces**
- **Support Workforce Diversity**

2023 Health Care Cost Trends Report Policy Recommendations (abridged)

9 **Strengthen Primary and Behavioral Health Care.** Payers and providers should increase investment in primary care and behavioral health while adhering to cost growth benchmarks. Addressing the need for behavioral health services involves measures such as enhancing access to appropriate care, expanding inpatient beds, investing in community-based alternatives, aligning the behavioral health workforce to current needs, employing telehealth, and improving access to treatment for opioid use disorder particularly in places where existing inequities present barriers.

- **Focus Investment in Primary Care and Behavioral Health Care**
- **Increase Access to Behavioral Health Services**
- **Improve Access to Treatment for Opioid Use Disorder**

VOTE

Release 2023 Health Care Cost Trends Report and Policy Recommendations

MOTION

That, pursuant to section 8(g) of chapter 6D of the Massachusetts General Laws, the Commission hereby authorizes the Executive Director to issue the annual report on cost trends as presented.

Next Steps

2
0
2
3

OCTOBER 4

HPC Policy (MOAT and CDT) Committees will meet to further discuss how to advance the HPC's policy recommendations in the coming year and identify priorities for future HPC work.

NOVEMBER 8

The HPC convenes the **Annual Cost Trends Hearing** to engage industry leaders, experts, stakeholders, and policymakers, to discuss the HPC's findings and develop consensus on strategies to advance the HPC's policy recommendations.

DECEMBER 6

The HPC hosts the quarterly meeting of the **HPC's Advisory Council** to solicit additional feedback and input on policy priorities.

DECEMBER 13

The final **HPC Board meeting** of the calendar year will include an opportunity to reflect on progress and achievements in 2023 and set goals and for the HPC's work in 2024.

Agenda

Call to Order

Approval of Minutes **(VOTE)**

Site Neutral Hospital Outpatient Payment Policies

2023 Health Care Cost Trends Report and Policy Recommendations **(VOTE)**

HPC HEALTH EQUITY LENS IN ACTION

- Health Care Transformation and Innovation Workstreams
- Research and Publications
- Supply, Access, and Affordability: How Health System Factors Perpetuate Disparities

Executive Director's Report

Adjourn

The HPC's Commitment to Health Equity

Eliminating health inequities is integral to achieving the HPC's mission.

The HPC's mission is to advance a more transparent, accountable, and ***equitable*** *health care system through its independent policy leadership and innovative investment programs. The HPC's overall goal is better health and better care – at a lower cost –* ***for all residents*** *across the Commonwealth*

The HPC's statute states that the agency should seek to address health care disparities through its work:

The commission shall establish goals that are intended to ***reduce health care disparities*** *in racial, ethnic, and disabled communities and in doing so shall seek to incorporate the recommendations of the health disparities council and the office of health equity.*

As part of its commitment to advance health equity and promote social and economic justice throughout its work, the HPC recognizes the need to continually examine how this work is being done and where improvements can be made.

Progress Towards Embedding Health Equity into HPC Processes

HPC

Integrate health equity principles into operations and workstreams to ensure that an **"equity in everything"** approach is applied to all current and future projects.

Actively seek opportunities to **align, partner, and support** other state agencies, the health care system, and other organizations toward **common health equity goals**.

Monitor **trends in consumer issues** via the **Office of Patient Protection**, ensuring language access, and escalating any concerning trends to the Division of Insurance.

Professional development to stay up-to-date on equity themes and best practices and increase staff fluency of health equity concepts.

Continually review and update the **HPC Health Equity Practice and Style Guide** to promote intentional and consistent use of language and terminology across all agency work products.

Agenda

Call to Order

Approval of Minutes **(VOTE)**

Site Neutral Hospital Outpatient Payment Policies

2023 Health Care Cost Trends Report and Policy Recommendations **(VOTE)**

HPC Health Equity Lens in Action

HEALTH CARE TRANSFORMATION AND INNOVATION WORKSTREAMS

- Research and Publications
- Supply, Access, and Affordability: How Health System Factors Perpetuate Disparities

Executive Director's Report

Adjourn

Overall Approach to Addressing Health Equity in the HPC's Health Care Transformation and Innovation Work

CONTENT

- Embed health equity in the **content** of workstreams—i.e., build equity considerations into the design, implementation, and/or evaluation of major workstreams

PROCESS

- Embed equity considerations into core **processes** – e.g., stakeholder engagement, program management, learning and dissemination approaches, etc.

ACCOUNTABILITY

- Maintain a formal workstream with dedicated and accountable staff
- "Quarterly Health Equity Review" meetings for 360-degree reflection, accountability, and support

2022 - 2023 Highlights: Content

- Advanced a health equity focus within the content of **Accountable Care Organization (ACO) Learning, Equity, and Patient-Centeredness (LEAP) Certification standards** for 2024 by requiring ACOs to report on three key areas of opportunity: data collection and use, patient engagement, and strategy.

- Supported the Executive Office of Health and Human Services Quality Measure Alignment Taskforce and its **Health Equity Technical Advisory Groups** in the development and adoption of specific data standards for providers and plans to collect data on patients' RELD and SOGIS characteristics.

- Deepened a focus on **maternal health equity** through:
  - Participation in the Dept. of Public Health (DPH) Maternal Health Task Force
  - Continued implementation of Birth Equity and Support through the Inclusion of Doula Expertise (BESIDE) and Cost-Effective, Coordinated Care for Caregivers and Substance Exposed Newborns (C4SEN) Investment Programs
  - Collaboration with DPH and the Perinatal Neonatal Quality Improvement Network on State Opioid Response initiatives.

- Built new experience and capacity in equity-oriented investment program evaluation techniques for measuring **patient experience**.

2022 - 2023 Highlights: Process and Accountability

- Developing new approaches and practices for **stakeholder engagement** work—both *who* the HPC engages, and *how* we do so.

- **Building knowledge on** health equity issues through both internal and external professional development opportunities.

- Identified and are pursuing **specific health equity goals** for each workstream in 2023, with Quarterly Health Equity Review meetings to provide support and accountability.

Health Equity Work in the Coming Year

IDENTIFY WAYS TO SUPPORT ACOs

Hone-in on one or more specific ways to support ACOs to make progress on the three health equity certification domains

IMPLEMENT 2023 WORKSTREAM GOALS

Execute on each workstream's 2023 health equity goal

PLAN NEW INVESTMENT PROGRAMS

With all three existing programs slated to finish in the coming year, the HPC expects to design at least one new investment program, bringing opportunities to embed a health equity focus

Some Challenges and Opportunities for Growth

IDENTIFYING AND ACCESSING EXPERTISE

Working to find sources and resources (e.g., expert individuals and organizations, data, practical tools, curricula, etc.) that the HPC can offer certified providers and awardees to advance their work on health equity

FINDING THE HPC'S ROLE AND ADDED VALUE

With many stakeholders currently working on health equity in care delivery innovation, identifying the HPC's unique opportunity to add value in this area is a challenge and important opportunity

USING THE INVESTMENT LEVER EFFECTIVELY

Adapting investment program strategies to continue advancing health equity work at a time when staffing challenges, turnover, and related resource constraints for providers make it more difficult for some to meet their goals

Agenda

Call to Order

Approval of Minutes **(VOTE)**

Site Neutral Hospital Outpatient Payment Policies

2023 Health Care Cost Trends Report and Policy Recommendations **(VOTE)**

HPC Health Equity Lens in Action

- Health Care Transformation and Innovation Workstreams

RESEARCH AND PUBLICATIONS

- Supply, Access, and Affordability: How Health System Factors Perpetuate Disparities

Executive Director's Report

Adjourn

Research and Publications: Recent

Telehealth Use in the Commonwealth and Policy Recommendations (January 2023)

- Includes analyses of telehealth use by community income and broadband access

Health Care Workforce Trends and Challenges in the Era of COVID-19 (March 2023)

- Includes a focus on direct care providers, who are among the lowest-paid health care workers in the Commonwealth, and the inadequacy of direct care wages relative to the high cost of living in MA

Issue 24: Persistent Cost-sharing for Contraception in Massachusetts, 2017-2020 (May 2023)

- Includes a focus on out-of-pocket spending and affordability for contraceptives

2023 Annual Cost Trends Report (September 2023)

- Includes affordability section focused on small-firm employees
- The Primary Care and Behavioral Health Chartpack includes a focus on primary care spending and mental health therapy visits by community income, as well as behavioral health ED visits and hospitalizations by race/ethnicity
- Cost Trends Dashboard includes metrics on affordability and access, and health disparities by income and race/ethnicity

Research and Publications: Upcoming

Equity in birth outcomes

- Understanding disparities in serious maternal morbidity (SMM) and the spending and affordability implications of those disparities, with a focus on disparities by race/ethnicity

Health care workforce diversity

- The next area of focus on the Commonwealth's health care workforce will include an examination of primary care providers and settings as well as the physician workforce, including an exploration of the value of and barriers to workforce diversity

Opportunities for enhanced data use

- Exploring linking across data sources for more robust understanding of service use, spending, and affordability by patient race/ethnicity
- Exploring methods for identifying individuals with disabilities in claims data

Agenda

Call to Order

Approval of Minutes **(VOTE)**

Site Neutral Hospital Outpatient Payment Policies

2023 Health Care Cost Trends Report and Policy Recommendations **(VOTE)**

HPC Health Equity Lens in Action

- Health Care Transformation and Innovation Workstreams
- Research and Publications

SUPPLY, ACCESS, AND AFFORDABILITY: HOW HEALTH SYSTEM FACTORS PERPETUATE DISPARITIES

Executive Director's Report

Adjourn

The Massachusetts Legislature directed the HPC to evaluate the impact of COVID-19 on the health care system and assess the role of provider supply and distribution in MA health disparities.

Chapter 260 of the Acts of 2020 charged the HPC with issuing a report that includes:

DISPARITIES

- An **analysis of health care disparities** that exist in the Commonwealth due to economic, geographic, racial, or other factors

IMPACT OF COVID-19

- The **effects of the COVID-19 pandemic on the Commonwealth's health care delivery system** (published Apr. 2021)
- An analysis of the **impact of COVID-19 on the health care workforce** (published Mar. 2023)

SUPPLY AND DISTRIBUTION

- **Essential components of a robust health care system** and the distribution of services and resources necessary to deliver high-quality care
- An **inventory and description** of all health care services
- An examination of the **closures of services classified as essential**
  - The **impact** that the loss of such essential services has **on access to and the quality of health care services**

The HPC is focusing its investigation of provider supply and service closures on equitable access to care.

This important legislative charge raises common questions around **health disparities**, **provider supply**, and the **impact of closures**, and offers an important opportunity to examine these questions in a novel way.

The HPC is focusing its work on **equitable access to care** and the barriers that prevent such access in Massachusetts.

TOPICS ADDRESSED

- **Massachusetts health disparities and health needs**
  - Evidence on disparities nationally and in MA
  - Assessing population health needs and health barriers in MA
- **Factors contributing to disparities and inequity**
  - The role of social determinants of health
  - The role of health care supply and distribution (clinicians and facilities)
    - What is the current distribution of health care supply in MA?
    - How has provider supply distribution changed over time (including closures)?
    - What factors drive supply levels and provider location decisions?
    - How do differences in the distribution of supply contribute to health disparities?
  - Beyond physical supply: What other health care structures and policies impact equitable access to care?
- **Opportunities for Massachusetts to create an equitable health care system**

Examining Disparities in Massachusetts

The HPC is documenting **health access and health outcomes disparities** in the Commonwealth and examining how different factors contribute to inequities. Acknowledging the significant impact of social determinants, the report focuses on how provider supply and other health system factors affect access and equity.

EXAMPLE MEASURES OF HEALTH CARE ACCESS

- Insurance acceptance
- Cost burden
- Provider and appointment availability

EXAMPLE MEASURES OF HEALTH OUTCOMES

- Reported health
- Disease incidence
- Premature mortality

SOCIAL DETERMINANTS OF HEALTH

The circumstances in which people are born, grow, live, work, play, and age that influence access to resources and opportunities that promote health.

PROVIDER SUPPLY

The supply and distribution of health care clinicians and facilities.

OTHER DRIVERS OF ACCESS/EQUITY

Factors beyond physical supply/distribution (e.g., affordability, insurance coverage, financial incentives) that impact access.

Disparities in MA: Approach

- The HPC's work includes a review of existing reports of MA health disparities, such as from government agencies, academic organizations, and private foundations, as well as HPC analytic work.
- Many reports contain **race**, **ethnicity**, and **income** data; therefore, the HPC's findings on disparities are most comprehensive for these populations.
- Though more limited, the report includes data on **rural communities, people with disabilities, non-US citizens, LGBTQIA+ populations**, and those with **limited English proficiency** where possible. The report's analytic work also examines differences by **gender** and **age** as appropriate.
- The HPC recognizes that the measures and populations reviewed are not comprehensive and calls for continued efforts to **improve health equity data collection**.

Example Disparities for Black and Hispanic Residents of Massachusetts

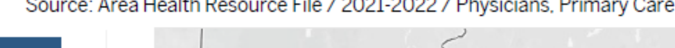
Health Care Access	**Use of ED for Non-Emergent Care**	Black and Hispanic people were more likely to report **receiving care in the ED i**n the past 12 months than White people, and Black people were more likely to report that their **last ED visit was for a non-emergency condition**.[1]
	Unmet Health Care Needs	Hispanic individuals were more likely to have unmet health care needs due to cost, such as **unmet prescription drug needs or not getting needed care from a doctor**, than White individuals.[1]
	Oral Health	Black and Hispanic individuals were 15% and 19% **less likely**, respectively, to report having a **dental visit** in the past 12 months compared to White individuals.[1]
Health Outcomes	**Current Health Status**	Black and Hispanic individuals were 9% and 18% **less likely**, respectively, to report **being healthy** compared to White individuals.[1]
	Birthing Outcomes	Black birthing people had rates of **severe maternal morbidity** 2.3 times higher than rates among White, non-Hispanic birthing people.[2]
	Chronic Conditions	Black and Hispanic individuals were more likely to report **certain chronic health conditions, such as diabetes and high blood pressure**.[3]

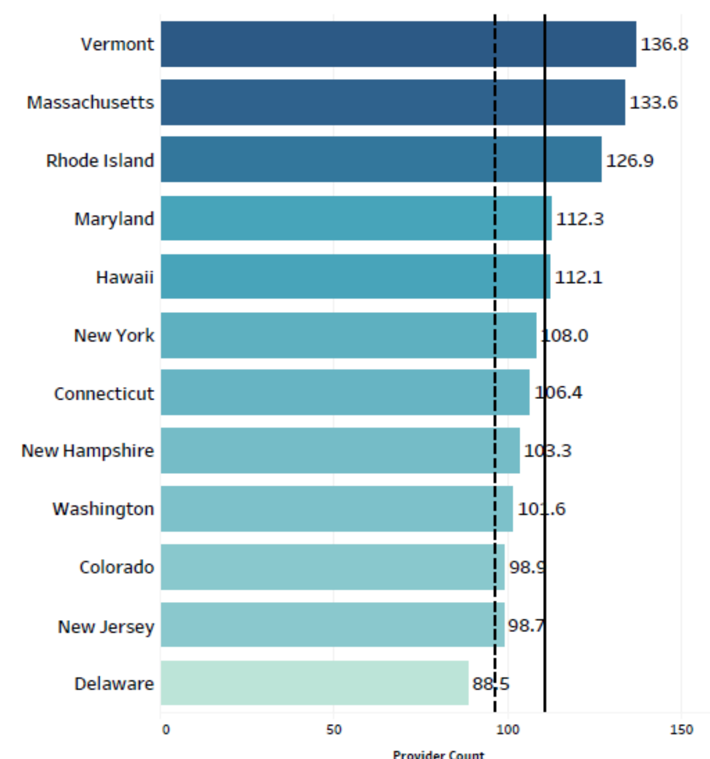
Sources: 1. HPC analysis of 2021 Massachusetts Health Insurance Survey data. 2. MA Department of Public Health. Data Brief: An Assessment of Severe Maternal Morbidity in Massachusetts: 2011-2020 (July 2023). Available at: https://www.mass.gov/doc/an-assessment-of-severe-maternal-morbidity-in-massachusetts-2011-2020/download 3. HPC analysis of 2021 Behavioral Risk Factor Surveillance System data.

- To date, the HPC has reviewed over 50 key publications from state and federal government sources, academic literature, and other key authors (e.g., non-profit foundations) on the presence of health disparities nationally and in Massachusetts.
- The HPC is also conducting its own analysis which includes over 80 measures with Massachusetts-specific data.
- There is evidence that many populations in MA, including people of color, low-income residents, rural communities, people with disabilities, non-US citizens, LGBTQIA+ populations, and those with limited English proficiency, experience disparities in health care access and outcomes. Examples of some disparities the HPC has documented are shown here.

Example Findings: Provider Supply and Distribution

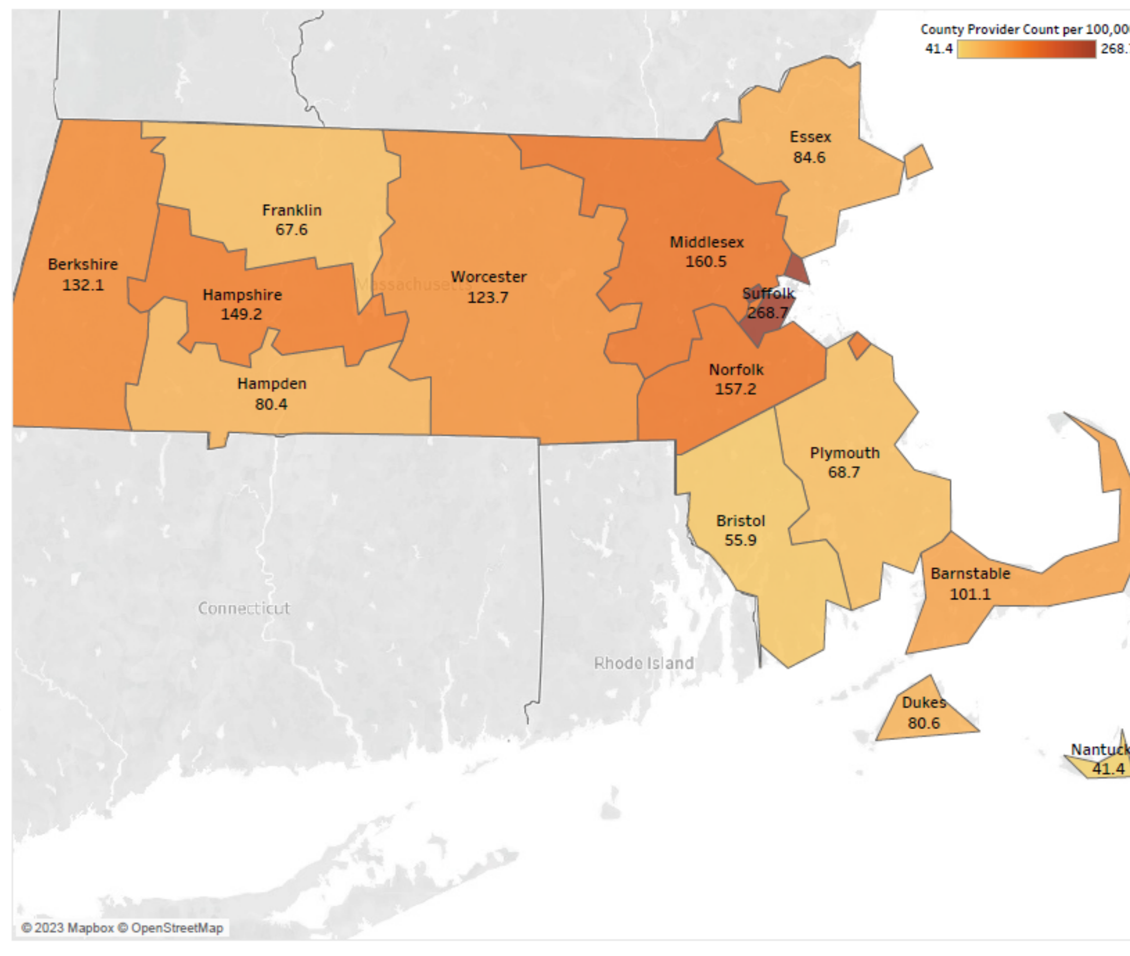
Primary Care Physicians per 100,000





Average (State and National) Provider Count per 100,000

Comparator State Average: 110.6
National Average: 96.2



- The HPC is examining supply and distribution patterns for 14 types of clinicians, 7 types of facilities, and hospital and SNF beds.
- MA's per capita supply levels are notably higher than the national average and the average of selected comparator states for primary care physicians (pictured here), adult and pediatric hospital beds, and many other clinicians.
- The HPC is investigating whether and to what extent groups experiencing disparities reside in areas with lower per capita supply levels. The HPC is also investigating how changing supply (e.g., closures and expansions) may impact equity.

Summary and Key Areas for Discussion

Initial HPC Research Results:

- **Many populations in MA**, including people of color, low-income residents, rural communities, people with disabilities, non-US citizens, LGBTQIA+ populations, and those with limited English proficiency, **experience a range of disparities in health care access and outcomes**.
- MA has some of the **highest provider supply levels** in the nation, though recent HPC work has shown that supply of some services (e.g., inpatient pediatric care) is becoming more concentrated in Greater Boston over time.

Additional Considerations:

- While there are opportunities to improve the Commonwealth's overall approach to aligning health care resources with community need, the report also considers **other factors that contribute to disparities in health care access and outcomes**, for instance:
  - The **social determinants of health,** which are known to be the major driver of many health inequities
  - **Financial barriers** (e.g., the cost of insurance, cost-sharing amounts, financial incentives in health plan design that discourage patients from using certain providers)
  - **Non-financial barriers** (e.g., access to transportation and childcare to attend medical appointments)
  - **Administrative complexity** resulting in delayed, foregone, or more expensive care (e.g., due to difficulty understanding health insurance benefits)

Agenda

Call to Order

Approval of Minutes **(VOTE)**

Site Neutral Hospital Outpatient Payment Policies

2023 Health Care Cost Trends Report and Policy Recommendations **(VOTE)**

HPC Health Equity Lens in Action

EXECUTIVE DIRECTOR'S REPORT

Adjourn

Since 2013, the HPC has reviewed 153 market changes.

TYPE OF TRANSACTION	NUMBER	FREQUENCY
Formation of a contracting entity	35	23%
Clinical affiliation	33	22%
Physician group merger, acquisition, or network affiliation	30	20%
Acute hospital merger, acquisition, or network affiliation	25	16%
Merger, acquisition, or network affiliation of other provider type (e.g., post-acute)	23	15%
Change in ownership or merger of corporately affiliated entities	6	4%
Affiliation between a provider and a carrier	1	1%

Material Change Notices Currently Under Review

- The proposed acquisition of the non-clinical assets of **Greater Boston Urology**, a Massachusetts-based urology practice with seven locations, by **US Urology Partners**, a management services organization that provides administrative and back-office services, including revenue cycle management, human resources support, and information technology support, to physician practices specializing in urology.

- The proposed acquisition of the outreach laboratory assets of **Tufts Medicine**, a Massachusetts nonprofit corporation which includes Tufts Medical Center, Lowell General Hospital, and MelroseWakefield Healthcare, by **the Laboratory Corporation of America Holdings (Labcorp)**, a publicly-traded multinational provider of laboratory services headquartered in North Carolina with several outreach laboratory locations in Eastern and Central Massachusetts.

Publications

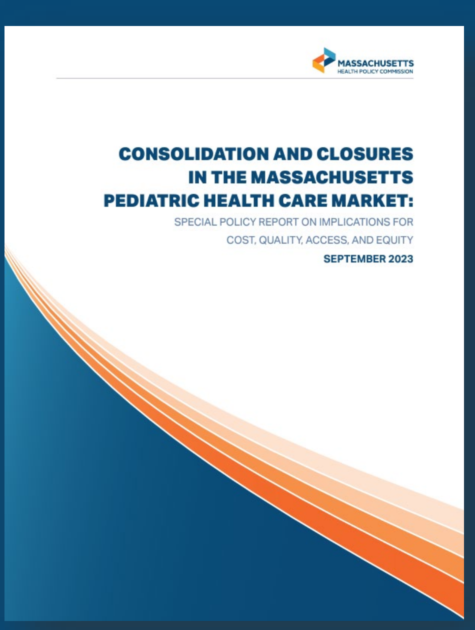
RECENTLY RELEASED

- **Report:** Trends in the Pediatric Market in Massachusetts (September 2023)
- **Health Care Innovation Spotlight:** Substance Exposed Newborns of Southeast MA Collaborative (August 2023)
- **Profiles:** BESIDE Investment Program (July 2023)
- **HPC Health Equity Practice and Style Guide** (July 2023)
- **DataPoints:** Persistent Cost-sharing for Contraception in Massachusetts, 2017-2020 (May 2023)
- **Chartpack and HPC Shorts:** Health Care Workforce Trends and Challenges (March 2023)
- **Chartpack**: Emergency Ground Ambulance Utilization and Payment Rates in Massachusetts (March 2023)

UPCOMING

- **Evaluation Report**: SHIFT-Care Challenge – Addressing Health Related Social Needs and Behavioral Health Access
- **Report:** Supply, Access, and Affordability – How Health System Factors Perpetuate Disparities
- **DataPoints**: Sites of Vaccine Administration
- **HPC Shorts**: 2023 Health Care Cost Trends Report Chapter 3: Opportunities to Reduce Excess Spending – Prices
- **DataPoints**: Landscape of Ambulatory Surgical Centers in Massachusetts
- **Chartpack**: Emergency Department Boarding

Consolidation and Closures in the Massachusetts Pediatric Health Care Market – Now Available!



KEY FINDINGS INCLUDE:

- **Decrease in Pediatric Hospital Volume:** Over the past decade, the total volume of inpatient pediatric care in Massachusetts has declined, especially for commercially insured patients. This trend is consistent with changes observed in other parts of the United States. As a result, many providers have reduced or eliminated pediatric capacity.
- **Concentration of Pediatric Care:** Pediatric hospital services in the Commonwealth are now primarily concentrated within two large AMC-anchored provider organizations – Mass General Brigham and the Children's Medical Center Corporation. Pediatric physician services are also provided mainly by a few large physician networks, including those affiliated with these organizations. This concentration is likely to continue and has the potential to intensify disparities in access to care.
- **Impact on Prices and Spending:** The hospitals with the largest volume of pediatric care in Massachusetts have the highest inpatient commercial prices, even after adjusting for patient acuity differences. This pattern extends to commercial outpatient hospital prices. Greater market consolidation at these provider organizations is likely to result in higher overall spending for pediatric care.

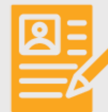
https://www.mass.gov/doc/consolidation-and-closures-in-the-massachusetts-pediatric-health-care-market/download

2023 ANNUAL HEALTH CARE COST TRENDS HEARING

When:
Wednesday, November 8, 2023
9:00 AM - 4:00 PM

Where:
Suffolk University Law School
120 Tremont Street, Boston

Livestream:
tinyurl.com/hpc-video



Register:
tinyurl.com/CTH23reg
The event will be open to a limited number of pre-registered members of the public.

What is the HPC's Annual Cost Trends Hearing?

- The Massachusetts Health Policy Commission (HPC) hosts the **Health Care Cost Trends Hearing** each year to examine the drivers of health care spending and discuss the challenges and opportunities facing the health care system.
- The annual public hearing features **live testimony** from top health care policymakers, industry leaders, and key stakeholders with **questions posed by the HPC's Board of Commissioners** about the state's performance under the Health Care Cost Growth Benchmark and the status of health care reform efforts.
- This year's hearing will include a focus on **modernizing and evolving the state's cost containment framework** and setting complementary goals for **promoting affordability and advancing health equity**.

Schedule of Upcoming Meetings

BOARD

December 13

COMMITTEE

October 4

ADVISORY COUNCIL

December 6

SPECIAL EVENTS

November 8
Cost Trends Hearing

Mass.gov/HPC

HPC-info@mass.gov

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tinyurl.com/hpc-linkedin

Agenda

Call to Order

Approval of Minutes **(VOTE)**

Site Neutral Hospital Outpatient Payment Policies

2023 Health Care Cost Trends Report and Policy Recommendations **(VOTE)**

HPC Health Equity Lens in Action

Executive Director's Report

ADJOURN