



HPC Board Meeting

January 25, 2024



Agenda



CALL TO ORDER

Approval of Minutes (VOTE)

Executive Session (VOTE)

Market Oversight

Adjourn

Agenda



Call to Order



APPROVAL OF MINUTES (VOTE)

Executive Session (**VOTE**)

Market Oversight

Adjourn

VOTE

Approval of Minutes from the December 13, 2023 Board Meeting

MOTION

That the Commission hereby approves the minutes of the Commission meeting held on **December 13, 2023**, as presented.

Agenda



Call to Order

Approval of Minutes (**VOTE**)



EXECUTIVE SESSION (VOTE)

Market Oversight

Adjourn

VOTE

Enter Executive Session



MOTION

That, having first convened in open session at its January 25, 2024 Commission meeting and pursuant to M.G.L. c. 30A, § 21(a)(7), the Commission hereby approves going into executive session for the purpose of complying with M.G.L. c. 6D, § 10 and its associated regulation, 958 CMR 10.00, M.G.L. c. 6D, § 2A, and M.G.L. c. 12C, § 18, in discussions about whether to require performance improvement plans by entities confidentially identified to the Commission by the Center for Health Information and Analysis.

Call to Order

Approval of Minutes (**VOTE**)

Executive Session (**VOTE**)



MARKET OVERSIGHT

- Updated Material Change Notice (MCN) Guidance
- Notices of Material Change
- Review of Proposed Affiliation: Dana Farber Cancer Institute – Beth Israel Deaconess Medical Center – Harvard Medical Faculty Physicians (**VOTE**)

Adjourn

Agenda



Call to Order

Approval of Minutes (**VOTE**)

Executive Session (**VOTE**)

Market Oversight

➤ **UPDATED MATERIAL CHANGE NOTICE (MCN) GUIDANCE**

- Notices of Material Change
- Review of Proposed Affiliation: Dana Farber Cancer Institute – Beth Israel Deaconess Medical Center – Harvard Medical Faculty Physicians (**VOTE**)

Adjourn

New Guidance on the Material Change Notice Process: MSOs, Indirect Control, and Acquisition of Non-Clinical Assets

The HPC released new frequently asked questions (FAQ) guidance January 10, 2024. The FAQs provide clarification on filing requirements for entities considering transactions that may require MCN filings.

The first FAQ addresses questions regarding transactions that involve the sale of non-clinical assets, parties that provide management services (such as billing, administrative, or other services), or changes in indirect control of entities.



Provider organizations may include entities not directly providing health care services.

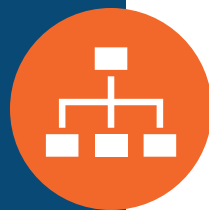
The definition of a Provider Organization includes entities that may not provide direct health care services, such as management service organizations, that represent providers in contracting with Carriers.



Affiliations involving indirect control, or the acquisition of non-clinical assets may qualify as Material Changes.

An affiliation may be considered a material change even when a clinical entity does not become a direct subsidiary of another, such as transactions involving indirect control or an acquisition of non-clinical assets.

New Guidance on the Material Change Notice Process: Calculating NPSR Thresholds



The second FAQ addresses questions regarding the calculation of net patient service revenue thresholds that require the filing of a Notice of Material Change.

Calculating Net Patient Service Revenue (NPSR)

Parties to a proposed Material Change must file an MCN if they have an NPSR of \$25 million or more in the prior fiscal year. A party should include the NPSR of its highest corporate parent in the business of health care and all affiliates, including both corporate and contracting entities.

NPSR calculations should include all revenue received by affiliates from Payers, regardless of the type of contract or whether the revenue was received through a contract established by the Provider Organization.

Agenda



Call to Order

Approval of Minutes (**VOTE**)

Executive Session (**VOTE**)

Market Oversight

- Updated Material Change Notice (MCN) Guidance

NOTICES OF MATERIAL CHANGE

- Review of Proposed Affiliation: Dana Farber Cancer Institute – Beth Israel Deaconess Medical Center – Harvard Medical Faculty Physicians (**VOTE**)

Adjourn

Since 2013, the HPC has reviewed 163 market changes.

| TYPE OF TRANSACTION | NUMBER | FREQUENCY |
|---|--------|-----------|
| Formation of a contracting entity | 38 | 23% |
| Clinical affiliation | 36 | 22% |
| Physician group merger, acquisition, or network affiliation | 32 | 20% |
| Acute hospital merger, acquisition, or network affiliation | 25 | 15% |
| Merger, acquisition, or network affiliation of other provider type (e.g., post-acute) | 25 | 15% |
| Change in ownership or merger of corporately affiliated entities | 6 | 4% |
| Affiliation between a provider and a carrier | 1 | 1% |

Elected Not to Proceed



- A proposal by **Beth Israel Lahey Health Performance Network**, the primary contracting entity for Beth Israel Lahey Health, to reorganize several of its legacy contracting entities: Northeast Health Systems Physician Hospital Organization, New England Community Medical Group, Winchester Physician Hospital Organization, and the Lower Merrimack Valley IPA.
- A proposed affiliation in which **Mount Auburn Cambridge Independent Practice Association (MACIPA)** would become a member of BIDCO Physician LLC, d/b/a **Physician Performance LLC**. MACIPA is a contracting organization for physicians affiliated with Mt. Auburn Hospital; Physician Performance LLC is a component of BILHPN that contracts on behalf of BILH-affiliated independent physician practices.

Material Change Notices Currently Under Review

- The proposed acquisition of **Amedisys**, a publicly-held, for-profit home health and hospice care company based in Louisiana that owns nineteen home health, hospice, or palliative care locations across Massachusetts, by **UnitedHealth Group**, a national diversified healthcare company.
- The proposed acquisition of certain outreach laboratory assets of **Baystate Medical Center** and establishment of a regional clinical laboratory by **Laboratory Corporation of America Holding (Labcorp)**.
- A proposed joint venture between **Greater Springfield Surgery Center, LLC**, which operates an ambulatory surgery center in Springfield, and **Mercy Medical Center**, a community hospital also located in Springfield, owned by Trinity Health of New England. Through the joint venture, Mercy would acquire a majority ownership stake in the existing surgery center.
- A proposed joint venture between **Atrius MSO, LLC**, the subsidiary of Optum Inc. that owns and provides management services to Atrius Health, and **Shields Imaging Services, LLC**, an affiliate of Shields HealthCare Group, to own and operate a new mobile PET/CT service in Dedham.

Material Change Notices Currently Under Review

RECEIVED SINCE 12/13

- A proposed joint venture between **Shields Health Care Group (Shields)** and **UMass Memorial Health – Harrington (Harrington)** that would clinically integrate and manage MRI services at Harrington via a new management services organization owned by Shields and Harrington.

Agenda



Call to Order

Approval of Minutes (**VOTE**)

Executive Session (**VOTE**)

Market Oversight

- Updated Material Change Notice (MCN) Guidance
- Notices of Material Change

➤ REVIEW OF PROPOSED AFFILIATION: DANA FARBER CANCER INSTITUTE – BETH ISRAEL DEACONESS MEDICAL CENTER – HARVARD MEDICAL FACULTY PHYSICIANS (VOTE)

Adjourn

Material Change Notice for which Further Action is Recommended:

Dana Farber-Beth Israel Deaconess- Harvard Medical Faculty Physicians



A proposed clinical affiliation between **Dana-Farber Cancer Institute (DFCI)**, an acute care cancer hospital and research institute, **Beth Israel Deaconess Medical Center (BIDMC)**, and **Harvard Medical Faculty Physicians at BIDMC (HMFP)**, the employed physician group of BIDMC. The parties propose to collaborate to provide adult cancer care services, anchored by the joint construction of a new freestanding cancer hospital.

- DFCI is an independent, nonprofit, acute care cancer hospital and research institute, the only National Cancer Institute-designated Comprehensive Cancer Center in the Commonwealth.
- DFCI provides outpatient care at its hospital main campus and licensed hospital satellites, with 97% of the hospital's care being provided on an outpatient basis.¹
- DFCI has provided inpatient care through a clinical affiliation with Brigham and Women's Hospital (BWH) since 1997. DFCI has 30 licensed beds that it leases from BWH, and its physicians provide medical oncology services to some BWH patients on BWH's campus.
- DFCI provides oncology services in community settings with multiple other provider systems, including Milford Regional Medical Center, South Shore Hospital, St. Elizabeth's Medical Center, Whittier Street Health Center. Through the Dana-Farber Cancer Care Collaborative, DFCI provides consulting services, educational services, and clinical support services (e.g., second opinion services, tumor board conferences, lectures) to multiple additional provider organizations, including Berkshire Health Center, UMass Memorial Health Care, and Cape Cod Healthcare.²
- DFCI has the largest number of oncologists of all Massachusetts provider organizations, while Mass General Brigham (MGB), its current clinical affiliate, has the second largest.³



Dana-Farber
Cancer Institute

1. Ctr. for Health Info. & Analysis, Dana Farber Cancer Institute HFY21 Hospital Profile, available at <https://www.chiamass.gov/assets/docs/r/hospital-profiles/2021/dana-far.pdf>.
2. Mass. Health Policy Comm'n., Massachusetts Registration of Provider Organizations 2023 Filing: Dana-Farber Cancer Institute.
3. HPC analysis of Massachusetts Registration of Provider Organizations 2022 physician rosters.

About Beth Israel Deaconess Medical Center and Harvard Medical Faculty Physicians



- BIDMC is an 809-bed nonprofit academic medical center (AMC), the third-largest hospital in Massachusetts.
- BIDMC is owned by Beth Israel Lahey Health (BILH), the second-largest hospital-based system in the Commonwealth with ten owned hospitals and one hospital contracting affiliate.
- Harvard Medical Faculty Physicians at BIDMC (HMFP) is a nonprofit BILH contracting affiliate physician group that employs physicians that staff BIDMC and other BILH facilities and community hospitals.
- BIDMC and HMFP currently provide adult cancer care services, with BILH having the third-largest number of oncologists in its physician network.¹



- The current clinical affiliation between DFCI and BWH will run until at least 2028. At its conclusion, DFCI, BIDMC, and HMFP have proposed an alternative clinical affiliation.
- In connection with the clinical affiliation, DFCI plans to construct and subsequently own and operate a new cancer hospital adjacent to BIDMC at 1 Joslin Place, Boston. The proposed cancer hospital would have 300 inpatient beds, 20 observation beds, and significant new imaging and therapy equipment. The new hospital project requires Determination of Need (DoN) approval.
- Each organization would remain corporately independent and the individual governing bodies of each of the parties would maintain ultimate oversight of their respective organizations, including all clinical operations.
- BIDMC and HMFP would continue to contract with payors independently from DFCI.

- The parties would collaborate to provide adult cancer services in the new facility and the greater Longwood medical area.
 - BIDMC and HMFP would serve as the preferred providers of surgical oncology services
 - DFCI would serve as the preferred provider of medical oncology and infusion services
 - HMFP would provide clinical cancer pathology, clinical cancer radiology, and certain other physician services to DFCI
 - Certain physician leaders would hold dual roles within the DFCI and BIDMC Departments of Pathology and Radiology
 - BIDMC and DFCI would jointly coordinate technical radiation therapy services on the Longwood medical campus through a joint venture
 - BIDMC, HMFP, and DFCI would jointly form a physician organization to provide professional radiation oncology services on the Longwood medical campus
 - BILH would provide DFCI access to its electronic health record system

CONSTRUCTION OF NEW CANCER HOSPITAL

- **\$1.67B** in construction cost
- **30 relocated** adult inpatient beds
- **270 new** adult inpatient beds
- **20 new** observation beds
- **2 new** MRI units (currently 2)
- **2 new** CT units (currently 3)
- **1 new** PET-CT unit (currently 2)
- **2 new** CT simulators (currently 0)
- **3 new** linear accelerators (LINACs) (currently 3)

CLINICAL AFFILIATIONS AND JOINT VENTURE

- Medical Oncology/Infusion provided by DFCI
- Surgical Oncology provided by BIDMC/HMFP
- Radiation Oncology (professional services) provided by new DFCI/BIDMC/HMFP joint physician org
- Radiation Therapy (technical services) provided by new DFCI/BIDMC joint venture

The parties claim that this transaction will have the following impacts on health care spending, quality, and access to care:

- The parties claim that the affiliation would not have a material impact on reimbursement rates as BIDMC and HMFP will continue to contract with payors independently from Dana-Farber. However, they expect that some cancer care would shift from higher-priced health systems and providers, particularly MGB, to relatively lower-priced providers.
- The parties also claim that the collaboration would increase the quality and efficiency of oncology services provided on the Longwood medical campus by combining the parties' respective cancer expertise in interconnected facilities, as well as through measures such as integrated clinical protocols and electronic health records, and required adherence to certain performance and quality standards.
- Finally, the parties claim that the collaboration would increase access to high-quality tertiary and quaternary adult oncology services for the highest acuity patients with the most complex diagnoses. DFCI anticipates a growing need for more sophisticated cancer care and claims that the proposed new facility would ensure it is able to meet that anticipated need.

The HPC may conduct a Cost and Market Impact Review (CMIR) for transactions anticipated to have “a significant impact on the commonwealth's ability to meet the health care cost growth benchmark, or on the competitive market.”

The proposed transaction could substantially impact the market for cancer services in Massachusetts, with implications for health care costs, quality, access, and equity, as the parties also acknowledge.

- DFCI is the only National Cancer Institute-designated Comprehensive Cancer Center in the Commonwealth, has the largest network of oncologists, has numerous affiliations with other providers in Massachusetts, and is proposing to unwind a relationship of more than 25 years with BWH, which itself is affiliated with the 2nd largest network of oncologists. This change in DFCI’s key AMC affiliation from BWH to BIDMC could have substantial impacts on the competitive market for cancer services.
- The affiliation incorporates a plan to significantly increase inpatient oncology capacity in Boston, adding 270 beds to DFCI’s current 30. This increase in capacity is also likely to result in significant impacts on the market for adult oncology services, including substantial changes in the mix of providers for inpatient oncology care.
- The proposed transaction is likely to impact health care spending: Patients are likely to shift among providers with different unit prices, the affiliation may impact provider bargaining leverage with commercial insurers, and the affiliation may impact the total utilization and service mix of cancer care services.
- The transaction may have impacts on equitable patient access to oncology services.

Overview of Cost and Market Impact Reviews (CMIRs)



A CMIR allows the HPC to objectively examine all aspects of a proposed transaction to better understand and publicly report on potential impacts on costs, market functioning, quality, care delivery, and access/health equity.

WHAT A CMIR IS

- Comprehensive, multi-factor review of the provider(s) and their proposed transaction
- A public transparency process, including a preliminary report, opportunity for the providers to respond, and a final public report
- An opportunity for accountability, encouraging market participants to address negative impacts and enhance positive outcomes of transactions
- An input to other oversight processes: Proposed changes cannot be completed until 30 days after the HPC issues its final report, which may be referred to the state Attorney General, Department of Public Health, or others for further investigation

WHAT IT IS NOT

- CMIRs are a separate, but complementary, process from Determination of Need reviews by Department of Public Health
- CMIRs are distinct from antitrust or other law enforcement review by state or federal agencies

Statutory Factors for Evaluating Cost and Market Impacts

MARKET FUNCTIONING



- Unit prices
- Health status adjusted total medical expenses
- Provider costs and cost trends
- Provider size and market share within primary service areas and dispersed service areas
- Quality of services provided, including patient experience
- Availability and accessibility of services within primary service areas and dispersed service areas
- Impact on competing options for health care delivery, including impact on existing providers
- Methods used to attract patient volume and to recruit or acquire health care professionals or facilities
- Role in serving at-risk, underserved, and government payer populations
- Role in providing low margin or negative margin services
- Consumer concerns, such as complaints that the provider has engaged in any unfair method of competition or any unfair or deceptive act
- Other factors in the public interest

INPUTS

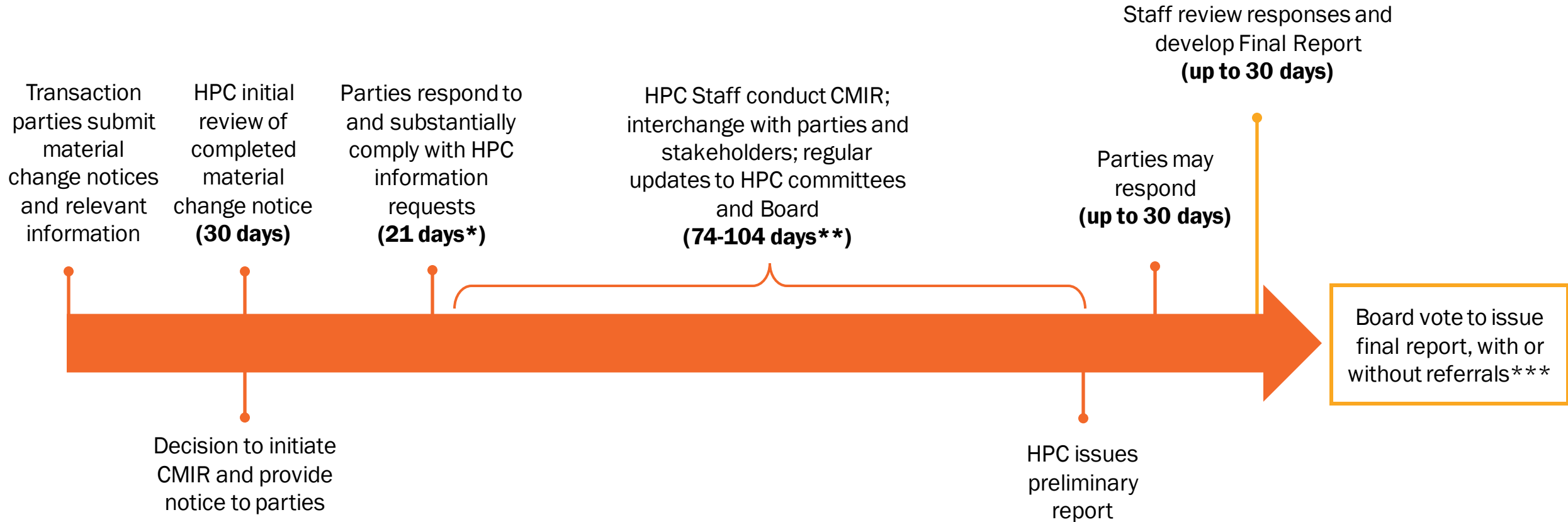
- Data and documents:
 - Party production
 - Publicly available information
 - Data from payers, providers, and other market participants
- Support from expert consultants
- Feedback from Commissioners
- Information gathered is exempt from public records law, but the HPC may engage in a balancing test and disclose necessary information in a CMIR report



OUTPUTS

- Issuance of a preliminary report with factual findings
- Feedback from parties and other market participants
- Final report issued 30 or more days after preliminary report
- Proposed material change may be completed 30 days after issuance of final report
- Potential referral to Massachusetts Attorney General's Office or other relevant agencies

Timelines for MCN/CMIR Review

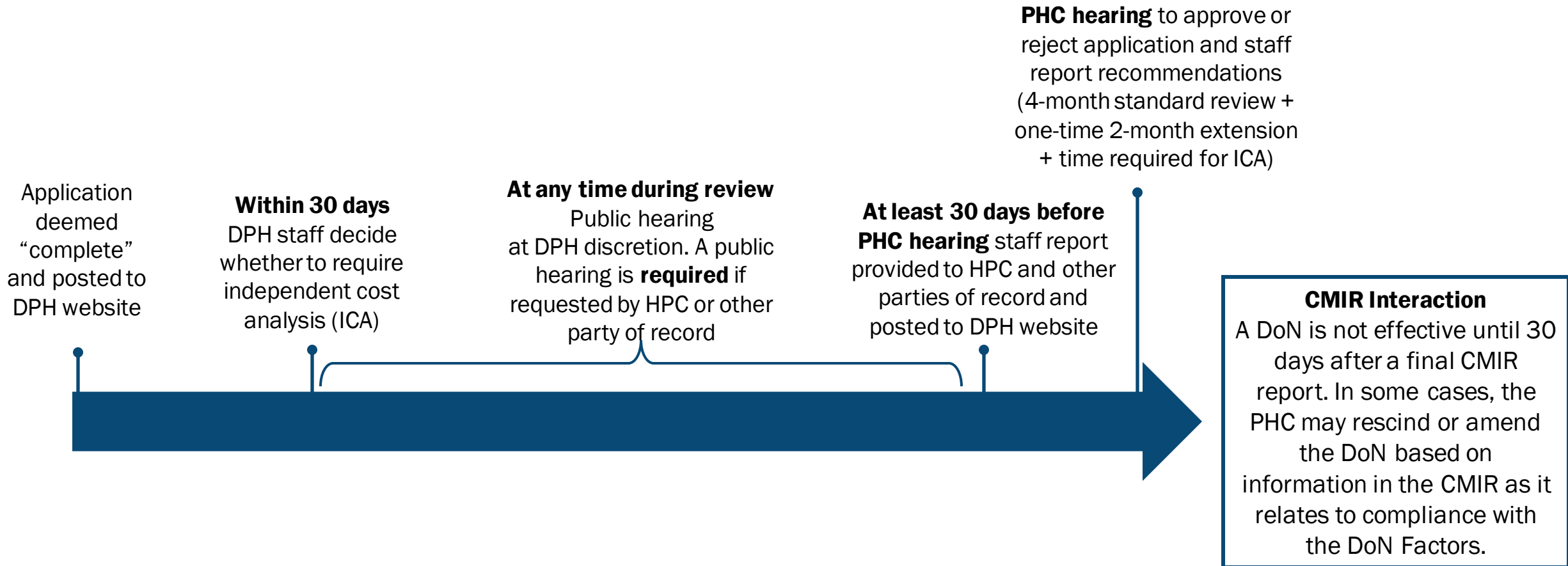


*The parties may request extensions to this timeline which may likewise affect the timing of the report

**Plus any time granted to parties for responses to information requests

***The parties must wait 30 days following the issuance of the final report to close the transaction

Timeline for DoN Process and Interaction with HPC



VOTE

Authorizing the Initiation of Cost and Market Impact Review

MOTION

That the Commission hereby authorizes the initiation of the cost and market impact review of the proposed affiliation of **Dana Farber Cancer Institute, Beth Israel Deaconess Medical Center, and Harvard Medical Faculty Physicians at Beth Israel Deaconess Medical Center**, pursuant to section 13 of chapter 6D of the Massachusetts General Laws and 958 CMR 7.00 et seq.

Agenda



Call to Order

Approval of Minutes (**VOTE**)

Executive Session (**VOTE**)

Market Oversight



ADJOURN

2024 Public Meeting Calendar



- JANUARY -

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- FEBRUARY -

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- MARCH -

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- APRIL -

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BOARD MEETINGS

- Thursday, January 25
- Thursday, April 11
- Thursday, June 13
- Thursday, July 18
- Thursday, September 19
- Thursday, December 12

- MAY -

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- JUNE -

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- JULY -

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- AUGUST -

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COMMITTEE MEETINGS

- Thursday, February 15
- Thursday, May 9
- Monday, July 15 (ANF)
- Thursday, October 10

- SEPTEMBER -

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- OCTOBER -

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- NOVEMBER -

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- DECEMBER -

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ADVISORY COUNCIL

- Thursday, February 29
- Thursday, June 27
- Thursday, September 26
- Thursday, December 5

SPECIAL EVENTS

- Thursday, March 14 – Benchmark Hearing
- Thursday, November 14 – Cost Trends Hearing

Schedule of Upcoming Meetings



BOARD

- April 11
- June 13
- July 18
- September 19
- December 12



Mass.gov/HPC

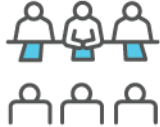


COMMITTEE

- February 15
- May 9
- July 15 (ANF)
- October 10



HPC-info@mass.gov



ADVISORY COUNCIL

- February 29
- June 27
- September 26
- December 5



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SPECIAL EVENTS

- March 14
Benchmark Hearing
- November 14
Cost Trends Hearing



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