

VOTE 1: MEETING MINUTES

Date of Meeting: April 11, 2024
Start Time: 12:00 PM
End Time: 3:15 PM

	Present?	Vote 1: Approval of Minutes (January 25, 2024)	Vote 2: Vice Chair Reappointment	Vote 3: Executive Session	Vote 4: 2025 Health Care Cost Growth Benchmark
Deborah Devaux*	X	X	M	X	X
Barbara Blakeney	X	X	2 nd	X	X
Matilde Castiel	X	2 nd	X	X	2 nd
Martin Cohen	X	X	ab	M	M
David Cutler	X	X	X	X	X
Timothy Foley	X	X	X	X	X
Patty Houpt	A	A	A	A	A
Ron Mastrogiovanni	X	X	X	X	X
Alecia McGregor	X	X	X	X	X
Secretary Kate Walsh or (Designee)	X	A	A	A	A
Secretary Matthew Gorzkowicz or Martha Kwasnik (Designee)	X	M	X	2 nd	X
Summary	10 Members Attended	Approved with 9 votes in the affirmative	Approved with 8 votes in the affirmative	Approved with 9 votes in the affirmative	Approved with 9 votes in the affirmative

Presented below is a summary of the meeting, including time-keeping, attendance, and votes.

*Chairman

(M): Made motion; (2nd): Seconded motion; (ab): Abstained from Vote; (A): Absent from Meeting

Proceedings

A virtual meeting of the Health Policy Commission (HPC) was held on April, 11, 2024, at 12 PM. Commissioners attended the meeting via Zoom. A recording of the meeting is available on the HPC's YouTube Channel. Meeting materials are available on the HPC website.

Participating commissioners who attended virtually were Ms. Deborah Devaux (Chair), Mr. Martin Cohen (Vice Chair); Ms. Barbara Blakeney; Dr. Matilde Castiel; Dr. David Cutler; Mr. Timothy Foley; and Mr. Ron Mastrogiovanni; Secretary Kate Walsh, Executive Office of Health and Human Services; and Ms. Martha Kwasnik, designee for Sec. Matthew Gorzkowicz, Executive Office of Administration and Finance.

Ms. Devaux began the meeting at 12 PM and welcomed the commissioners, staff, and members of the public viewing the meeting live on the HPC's YouTube channel.

ITEM 1: Board Operations

Approval of Minutes

Ms. Devaux turned the meeting over to Ms. Coleen Elstermeyer, Deputy Executive Director, to call for a vote to approve the minutes from the January 25, 2024, Board meeting. Ms. Kwasnik made the motion to approve the minutes and Dr. Castiel seconded it. The vote was taken by roll call. The motion was approved with 9 votes in the affirmative.

Vice Chair Appointment

Ms. Devaux introduced the appointment of the Vice Chair. Ms. Devaux made the motion to reappoint Mr. Cohen as Vice Chair for another one-year term and Ms. Blakeney seconded it. Ms. Devaux turned the meeting over to Ms. Elstermeyer to handle the roll call vote. The motion was approved with 8 votes in the affirmative.

ITEM 2: Executive Session

The Board voted unanimously to enter into a confidential executive session at 12:06 PM.

The Board returned to the public session at 1:27 PM

ITEM 3: Market Oversight

Ms. Devaux turned to Mr. David Seltz, Executive Director, to provide an overview of the public meeting agenda and introduce the first item on the agenda.

2023 Performance Improvement Plan Process

Ms. Kara Vidal, Director, Health System Planning and Performance, provided an overview of the Performance Improvement Plan (PIP) process and the conclusion of the 2023 PIP review cycle. For more information, see slides 13-19.

Ms. Devaux commented on the process the Board employs when reviewing the entities referred to the HPC and considering whether to require a PIP. She said that the process is rigorous the discussion is constructive, even in the years where the Board does not vote to require a PIP. She thanked HPC staff and the Board for the time spent compiling and reviewing the data gathered on the referred entities.

Mass General Brigham Performance Improvement Plan

Ms. Vidal presented an update on the Mass General Brigham PIP, the implementation period of which concluded in March 2024, and described the upcoming evaluation process. For more information, see slides 21-22.

Notices of Material Change

Mr. Seltz introduced the standard update on the notice of material change process and provided an overview of discussion that would focus on the proposed transaction between Stewardship Health and OptumCare. Ms. Kate Scarborough Mills, Senior Director, Market Oversight and Transparency, provided the notice of material change update, including material change notices currently under review, and an overview of the Cost and Market Impact Review (CMIR) process. For more information, see slides 24-34.

Ms. Blakeney expressed concern with various elements of the proposed transaction between Stewardship Health and OptumCare including what happens to the hospitals where current Steward physicians practice. She stated that she is interested to know what would happen to both the physicians and patients at those hospitals and Steward's intent for where income from the sale of the physicians would go.

Dr. Cutler echoed Ms. Blakeney and noted that there are many different topics to take into consideration with the Stewardship Health and OptumCare proposed transaction, including antitrust issues, pricing issues, and health issues. He said that this transaction will be challenging because there will be implications for the hospitals and medical care providers in the community as well as implications for patients and health care spending. Dr. Cutler emphasized that this particular transaction will be much harder to process and analyze than many other transactions in the past due to the complexity of the situation.

Mr. Foley asked about the remaining materials still needed by the HPC before the 30-day material change notice review period can begin including if there is a timeline as to when the HPC anticipates receiving that information. Ms. Mills responded that some of the materials requested are confidential so she could not publicly disclose the items are still pending and said that the HPC has been working closely with the parties to conduct the review. Mr. Foley asked if the Board would receive notification as to when the 30-day review period would start. Ms. Mills stated that the Board can be so informed.

Mr. Cohen said that it could be helpful to look back at the Reliant Medical Group and Atrius Health sale from several years ago to better understand the potential impact of the Stewardship-Optum transactions.

Ms. Devaux underscored the points made by the other commissioners and said that when thinking about the history of Steward forming as a health care system, the vision was to create more value to patients and to the Commonwealth by bringing together and integrating physicians and hospitals in the best interest of patients. She said now that the proposal to sever that relationship, it is impossible to understand the impact of the proposed physician transaction without understanding what that means for the hospitals and the patients.

Dr. McGregor said that there is importance in understanding the implications of the proposed transaction on the workforce; not only for the physicians involved, but also for other health care professionals that are not physicians, such as nurse practitioners. She said it would be important to learn more about the impact of the transaction on the availability of those health care professionals in various service areas and also the impact on the distribution of specialists available, especially those in critical need such as OBGYNs.

Ms. Devaux said that the commissioners will be made aware of when the HPC has received the materials needed to begin the 30-day process for preliminary review of the transaction.

Ms. Mills then presented an overview of two recent Determination of Need (DoN) applications filed with the Massachusetts Department of Public Health (DPH) proposing to add inpatient beds at Massachusetts General Hospital and Cape Cod Hospital, respectively.

Mr. Seltz provided closing remarks on the market update and shared that when talking to different organizations, discussion focuses on capacity challenges especially in the emergency departments, the in-patient space, and the post-acute care space, noting that these issues are very complex. He said that the HPC would further discuss health care needs and supply at the upcoming policy committee meetings.

ITEM 4: Potential Policy Solutions Regarding Private Equity in Health Care

Mr. Seltz introduced the topic and highlighted the recent Joint Committee on Health Care Financing Hearing which discussed and examined the effects of private equity ownership in health care. Mr. Seltz turned to Ms. Yue Huang, Manager, Research and Cost Trends, to present findings identifying Massachusetts private equity transactions in health care and provide a brief overview of the recent Joint Committee on Health Care Financing hearing. For more information, see slides 36-47.

Ms. Blakeney said the data shared on private equity trends is worrisome and noted the extensive number of pediatric behavioral health practices, specifically those with autism services provided, being bought out by private equity firms. She asked that with the knowledge of private equity firms staying with an acquisition for a limited period of time, if there was any data available to understand what happens to companies or practices once private equity firms are done with them. Ms. Huang responded that there is not a quantitative answer to the question, and it may be too early to see an impact but national research on the topic found that approximately 85 percent of acquisitions of autism providers were done by private equity investors from 2017-2022, so we may be entering the beginning stages of the private equity firms selling off those providers. She said that generally speaking there are a number of ways for private equity firms to exit from a provider: they may sell to a for-profit entity, go public, or make a secondary sale to another private equity firm if the firm thinks there is more value to be extracted from a provider organization, but with private equity autism provider acquisitions it may be too early to see an impact. Ms. Blakeney said that given the information shared and the ongoing crisis in pediatric mental health it's concerning to think about a larger percentage of providers, especially autism providers being sold off to private equity firms. She said that there is a crucial need for Massachusetts to move quickly to develop legislation and oversight to prevent this from continuing to happen.

Mr. Seltz reviewed the HPC's potential policy solutions to private equity in healthcare. For more information, see slides 48-52.

Dr. Castiel said that she felt the same concerns addressed by Ms. Blakeney and that putting the outlined policies in place would be great for addressing some of the private equity problems.

Mr. Foley said in regard to private equity investment in home care, there are items he recommends including in the private equity policy solutions, noting that in Massachusetts there is not a common set of oversight and ownership structures for home care agencies. He said years ago there was a commission to make recommendations for action on home care licensure oversight and disclosure agreements to better understand who owns a home care organization. He said that these tools are important for the HPC and there are other actions that can be taken to better understand who owns home health care organizations, as well as nursing homes. He referenced a bill passed by the House pertaining to disclosure of ownership and suitability reviews for the state to understand who is being granted licenses to operate in Massachusetts. Mr. Foley also noted that even though it may not be germane to the HPC, federal and state leaders should be looking at rules of participation of Medicaid and possible federal changes around granting the ability to participate or receive Medicaid patients at certain health care facilities. He said that the policies and tools outlined as well as additional tools at the state and federal level are critically important for better managing entry into the health care market.

Dr. Cutler said that it could be beneficial to separate the possible actions that could be taken into two separate buckets, the first being information-based solutions and the second being non-information-based solutions that may not be HPC specific but are policies that other states may try for regulating private equity investments, including

management fees, borrowing money for investment in health care, or sale leasebacks. He said separating the types of policy solutions would be helpful to clearly see the information agenda and the regulatory agenda. Mr. Seltz said that establishing a framework for organizing the policy solutions could be helpful to distinguish HPC's role in policy solutions regarding market oversight and what other agencies could implement in terms of improving regulatory processes. He said the HPC would cast a wider net while continuing to work on the policy recommendations.

Mr. Cohen said he appreciated the policy solutions outlined and had a similar thought to Dr. Cutler regarding the distinction between a regulatory solution, statutory solution or informational solution. He said that given how much change is needed to the current system it would be nice to know which solutions require certain kinds of actions to move them forward. He also noted that lowering the financial threshold for filing market changes with the HPC would allow the agency to have better information around behavioral health since most of those providers are below the threshold now. Mr. Seltz acknowledged Mr. Cohen's comments and said that HPC would want to be thoughtful about where to set the financial threshold to prevent adding unnecessary administrative burden and gain insight into those organizations the HPC does not have insight on.

Dr. McGregor underscored the need for improved oversight of resource allocation and resource planning especially as the state is experiencing hospital closures and closures of maternity wards, inpatient pediatrics, and other vital health care sectors. She said that it is important to have a better understanding of the landscape of care in Massachusetts since these services are more likely to leave the most vulnerable communities. She noted that within the context of the market activity being discussed, the increased role of for-profits organizations in private equity sometimes can be a precipitating event to eventual closure. She highlighted the importance of knowing the distribution of OBGYNs as well as the distribution and availability of midwives, since they are critical providers in maternity care.

Ms. Blakeney said that she was pleased to hear the policy recommendations to update the regulatory and procedural processes and supports those proposals but there is an additional layer of those problems which is the predatory practices of private equity and continuing to allow this predatory process to engage in the state's health care system. She said that part of the discussion needs to address getting private equity out of health care and the HPC could try to further understand why private equity is involved in health care.

Mr. Mastrogiovanni said that with more regulations on private equity, the less valuable those businesses will become and there will be less interest from private equity which could present another issue. He noted that the Board has seen a lot of negatives related to private equity involvement in the health care sector, but if private equity firms start backing out of deals in the state, it would be important to know how that will impact the health care industry. He said that when looking at regulation you have to consider the impact on valuation and growth of the value of a business since that is why private equity investment is entering the health care space.

Mr. Seltz wrapped up the conversation and highlighted the next steps for the HPC on private equity in health care, including an upcoming research publication on private equity and potential policy solutions.

Item 5: 2025 Health Care Cost Growth Benchmark

Mr. Seltz provided an overview of the 2025 Health Care Cost Growth Benchmark Hearing held on March 14, 2024, and shared background on the vote to set the 2025 Health Care Cost Trends Growth Benchmark. For information, see slides 54-62.

Mr. Cohen made the motion to Chair Devaux for the Board to set the 2025 Health Care Cost Growth Benchmark at 3.6%. Dr. Castiel seconded the motion. Ms. Devaux provided commentary on the testimony and recommendations received at the Benchmark Hearing, noting that the Board did not hear any recommendations to raise the Benchmark and given the current environment in the health care sector she agreed with Mr. Cohen and Dr. Castiel to set the Benchmark at 3.6%.

Ms. Devaux turned the meeting over to Ms. Elstermeyer to handle the roll call vote. The motion was approved with 9 votes in the affirmative.

Item 6: Executive Director Report

Mr. Seltz presented the Executive Director's report, including a preview of the schedule and discussion topics for upcoming Market Oversight and Transparency (MOAT) and Care Delivery Transformation (CDT) Policy Committee meetings on Thursday, May 9.

The meeting adjourned at 3:15 PM.