

**MINUTES OF THE HEALTH POLICY COMMISSION**

**Meeting of March 5, 2014**

**MASSACHUSETTS HEALTH POLICY COMMISSION**

## **THE HEALTH POLICY COMMISSION**

1 Ashburton Place, 21st Floor  
Boston, MA

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**Docket: Wednesday, February 19, 2014, 2:00PM**

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1. Approval of Minutes from February 19, 2014 Meeting (VOTE)
2. Overview on the State Conflict of Interest Law by David Giannotti, Public Education and Communications Division Chief, State Ethics Commission
3. Executive Director Report
4. Care Delivery and Payment System Reform Update
5. Quality Improvement and Patient Protection Update
6. Cost Trends and Market Performance Update
7. Community Health Care Investment and Consumer Involvement Update
8. Schedule of Next Commission Meeting

## Health Policy Commission

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

**Date of Meeting: Wednesday, March 5, 2014**

**Beginning Time: 12:08 PM**

**End Time: 3:09 PM**

<b>Board Member</b>	<b>Attended</b>	<b>ITEM 1</b>	<b>ITEM 2</b>
		<b>Approval of Minutes from February 19</b>	<b>Establishing the 2015 Cost Growth Benchmark</b>
Carole Allen	Yes	Yes (2nd)	Yes
Stuart Altman*	Yes	Yes	Yes
David Cutler	Yes	Yes	Yes
Wendy Everett	No	(A)	(A)
Paul Hattis	Yes	Yes	Yes
Rick Lord	Yes	Yes	Yes
John Polanowicz	Yes	(A)	Yes
Glen Shor (Kim Haddad)	Yes	(A)	Yes
Marylou Sudders	Yes	Yes (M)	Yes (M)
Veronica Turner	Yes	Yes	Yes (2nd)
Jean Yang	No	(A)	(A)
<b>Summary</b>	<b>9 Members Attended</b>	<b>Approved with 6 votes in the affirmative</b>	<b>Approved with 9 votes in the affirmative</b>

\*Chairman

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

## PROCEEDINGS

A regular meeting of the Massachusetts Health Policy Commission was held on Wednesday, March 5, 2014, on the 21<sup>st</sup> Floor of 1 Ashburton Place, Boston, MA.

Commissioners present included Chair Stuart Altman; Dr. David Cutler; Dr. Carole Allen; Dr. Paul Hattis; Ms. Marylou Sudders; and Mr. Rick Lord.

Mr. John Polanowicz, Secretary, Executive Office of Health and Human Services; Ms. Veronica Turner; and Ms. Kimberly Haddad, representative for Mr. Glen Shor, Secretary, Executive Office of Administration and Finance, arrived late to the meeting.

Ms. Jean Yang and Dr. Wendy Everett were not present at the meeting.

Chair Altman called the meeting to order at 12:08 PM and reviewed the agenda.

### **ITEM 1: Approval of the Minutes from the February 19, 2014 Meeting**

Chair Altman solicited comments, additions, or corrections to the minutes from the February 19, 2014, board meeting.

Chair Altman called for a motion to approve the minutes as amended. **Ms. Sudders** made a motion to approve the minutes. After consideration, upon motion made and duly seconded by **Dr. Allen**, it was voted unanimously to approve the minutes from the February 19, 2014, board meeting.

Voting in the affirmative were the six present commission members. There were no abstentions and no votes in opposition.

### **ITEM 2: Presentation by the State Ethics Commission**

Mr. Seltz introduced Mr. David Giannotti, Public Education and Communications Division Chief at the State Ethics Commission to provide an overview on the state Conflict of Interest Law. Mr. Seltz noted that the presentation was a matter of policy and would include a refresher on the obligations and responsibilities of the Commissioners as state employees.

Mr. Giannotti reviewed the state's Conflict of Interest Law and answered questions from commissioners.

Ms. Turner, Ms. Haddad, and Secretary Polanowicz arrived at the meeting during the presentation.

### **ITEM 3: Executive Director Report**

Mr. Seltz welcomed everyone to the fourteenth meeting of the Health Policy Commission. He presented a report regarding the status of the Commission.

Mr. Seltz reviewed the agenda for the day, noting that the meeting would be an opportunity for commissioners to discuss the HPC's 2014 priorities. He noted that each committee would present on their specific priorities and activities for the remainder of the year.

Mr. Seltz next discussed the HPC's visit to two Southcoast hospitals, recipients of funding from the CHART Investment Program. He reviewed the objectives of the CHART Program and the efforts underway for the two hospitals, Charlton Memorial Hospital (Fall River) and St. Luke's

Hospital (New Bedford). Dr. Hattis noted that the CHART Investment Program translates big picture policy efforts into actionable steps with measurable results.

Mr. Seltz noted that Southcoast was one example of CHART funding. He stated that the HPC funded 28 community hospital projects in Massachusetts during Phase 1 of CHART. Mr. Seltz thanked state and local officials for their continued support with this program.

Mr. Seltz reviewed activities that the HPC expected to complete in 2014. He noted that the HPC has many major milestones ahead, such as the PCMH Demonstration Project. He noted that the agency is still very much in implementation mode. Mr. Seltz reiterated the importance of the day's meeting in setting the priorities for the Commission and setting goals for upcoming deliverables.

#### **ITEM 4: Care Delivery and Payment System Reform Update**

Dr. Carole Allen, Chair of the Care Delivery and Payment System Reform (CDPSR) Committee, updated the Commission regarding the status and activities of the Committee.

Dr. Altman stated that Dr. Allen had proposed to change the name of the committee from Care Delivery and Payment System Performance to Care Delivery and Payment System Transformation (CDPST). Dr. Allen noted that this change would represent the nuanced goals of the committee, which include practice and payment transformation. Commissions showed support for the change in committee name.

Dr. Allen stated that CDPST had been busy meeting with stakeholders and national experts about the patient-centered medical home (PCMH) certification program. She noted that the committee met on February 12 to discuss the PCMH certification pathway and criteria. She also stated that CDPST would be holding a joint meeting with the QIPP Committee on April 9 to discuss the integration of behavioral health.

Dr. Allen stated that the goal of the certification process for PCMH is to achieve better care while also decreasing costs and increasing overall health. She noted that the PCMH program will be a building block for the certification of Accountable Care Organizations (ACO). She announced a public hearing on March 18 to discuss the certification criteria for PCMH.

#### **ITEM 4a: Update on the PCMH Certification Program**

Dr. Allen reviewed the definition and purpose of a patient-centered medical home. She noted that the goal of the program was better health, not just more health care. Mr. Seltz emphasized that the PCMH was a developing process. He stated that the PCMH model was one example of how to increase quality while decreasing health care cost growth.

Mr. Seltz introduced Dr. Patricia Boyce, Policy Director for Care Delivery and Quality Improvement, to provide an update on the PCMH program.

Dr. Boyce reviewed that the goal of the PCMH and ACO programs is to create a unified framework on patient-centered, accountable care. She reviewed the three-pronged approach that the HPC will use in creating the PCMH Certification Program, noting that the result of the approach is expected to be a transformation in care.

Dr. Boyce next summarized the HPC's general approach to implementing the PCMH program. She noted that implementation is projected to begin with a demonstration project in summer 2014.

Dr. Boyce discussed the PCMH certification model. She noted that it contains three components: (1) sponsors, which represent a commitment to the program and support the nomination of practices; (2) payers, which are central to the program as they select practices and adopt/honor the criteria; and (3) the Health Policy Commission, which has the role of defining criteria, evaluating and monitoring primary care transformation efforts, and disseminating best practices and information.

Dr. Boyce next reviewed local and national alignment efforts within HPC accountable care standards. She noted that staff had many conversations with stakeholders and other agencies to ensure alignment. She also stated that the proposed HPC criteria are not a one-sized fit all program. Rather, it contains specific standards for certain categories of practice. Dr. Boyce highlighted a pathway for behavioral health integration. She noted that this would be discussed further at the joint committee meeting on April 9.

Dr. Boyce introduced the proposed PCMH certification standards. She stated that they are aligned with national standards. She stated that practices could opt for one of three pathways to certification: basic, advanced, or optimal. Each pathway has 15 criteria.

Dr. Boyce reviewed the value of the PCMH certification for participating payers, practices, and the Health Policy Commission. She highlighted that the program would bring individuals together to define and validate the efforts of practices. She also noted that the program would not be an administrative or financial burden for practices. Finally, she noted that the HPC's approach would streamline the national certification process.

Dr. Boyce discussed the envisioned phased approach to PCMH certification as well as next steps for the program. She stated that the proposed certification criteria would be available on the HPC's website after the day's meeting.

Dr. Cutler asked whether staff had a sense of whether payers were currently trying to harmonize their payment standards for behavioral health. Dr. Boyce responded that this information was not readily available, but could be investigated through the demonstration project.

Dr. Altman noted that the HPC is required by statute to create the PCMH program as well as to help align health care spending with overall economic growth. He asked how the Commission can assure that the program will lead to a lower total medical expenditure and/or increased care. He noted that the PCMH certification is not the end; rather it is the start of the process.

Dr. Boyce stated that payers are interested in learning through the program to help define quality and payment.

Ms. Sudders asked whether the board needed to move the certification forward to public comment. Mr. Seltz responded that it did not.

Secretary Polanowicz asked what the threshold of participants would be in Phase 1 of the certification program. Dr. Boyce responded that it would include 50 participants over 12-18 months. Secretary Polanowicz discussed the various certification programs available and emphasized the need for harmonization.

Dr. Altman asked for any additional comments on the program. Seeing none, he moved to the next agenda item.

## **ITEM 5: Quality Improvement and Patient Protection Update**

Ms. Marylou Sudders, Chair of the Quality Improvement and Patient Protection (QIPP) Committee, updated the Commission regarding the status and activities of the Committee.

Ms. Sudders stated that the revised regulations for the Office of Patient Protection, approved at the February 19 meeting, would go into effect on March 12, 2014.

### **ITEM 5a: Behavioral Health Agenda**

Ms. Sudders outlined the day's conversation on behavioral health. She then reviewed the work completed by the Behavioral Health Task Force.

Mr. Seltz noted that Chapter 224 frequently discusses behavioral health, ensuring that it was addressed throughout the system. He stated that staff worked with Ms. Sudders to determine behavioral health activities for each of the HPC's policy committees.

Mr. Seltz reviewed some of the barriers identified by the Behavioral Health Task Force. He noted areas in which the HPC could address some of these barriers. Dr. Altman identified capacity as a specific barrier that needs to be addressed.

Ms. Sudders stated that Massachusetts has a slightly higher rate of behavioral health admissions but a lack of capacity. She also noted that there are significant gaps in what is available in different communities. Dr. Hattis seconded this notion, stating that he receives calls from individuals who are unable to find a provider that accepts their insurance.

Secretary Polanowicz stated that behavioral health is a nexus around which the committees and MassHealth can focus. He noted efforts to map the behavioral health system in Massachusetts.

Mr. Seltz next reviewed the behavioral health activities that the HPC has planned for the remainder of 2014. He noted that the HPC is working to expand the knowledge base on behavioral health in the state. He highlighted behavioral health work in the PCMH Program, the

CHART Investment Program, and the HPC's research and evaluation efforts. He also discussed the role of the HPC as a public forum on behavioral health.

Mr. Seltz and Ms. Sudders reviewed the QIPP Committee's next steps on the behavioral health agenda.

Dr. Altman asked for any additional comments. Seeing none, he moved to the next agenda item.

## **ITEM 6: Cost Trends and Market Performance Update**

Dr. David Cutler, Chair of the Cost Trends and Market Performance (CTMP) Committee, updated the Commission regarding the status and activities of the Committee. He stated that the day's update would include a vote to establish the 2015 health care cost growth benchmark as well as a discussion of the cost trends research agenda and an overview of regulation development for notices of material change.

### **ITEM 6a: Health Care Cost Growth Benchmark for 2015**

Dr. Cutler stated that the HPC establishes a benchmark for health care cost growth. He reviewed the process that the state used to develop the benchmark, noting that it was extremely thorough.

Ms. Turner asked whether the HPC was ratifying or establishing the 2015 benchmark. Dr. Cutler responded that, under law, the 2015 benchmark is set at the growth rate of potential gross state product, as established by the legislature. Dr. Hattis stated that the HPC will be empowered to set the state's health care cost growth benchmark beginning in 2018.

Dr. Cutler stated that he was involved in the process of setting the benchmark and has no reservation about the process or resolution. He noted that the result of the process was setting the benchmark at 3.6% for 2015. Dr. Altman stated that other states had similar numbers for growth rates.

Dr. Altman asked for a motion to establish the health care cost growth benchmark at 3.6% for 2015. **Ms. Sudders** made the motion. After consideration, upon motion made and duly seconded by **Secretary Polanowicz**, it was voted unanimously to establish the benchmark.

### **ITEM 6b: Cost Trends and Research Agenda for 2014**

Dr. Cutler stated that the day's discussion on the 2014 Cost Trends and Research agenda would define how the agency addresses the work and findings from the 2013 cost trends hearing and report.

Mr. Nikhil Sahni, Policy Director for Cost Trends and Special Projects, reviewed the findings, conclusions, and next steps from the 2013 cost trends report. He next reviewed the areas of opportunity identified in the 2013 report.

Mr. Sahni stated that there were four areas of opportunity: (1) fostering a value-based market; (2) promoting an efficient, high-quality health care delivery system; (3) advancing alternative payment methods; and (4) enhancing transparency and data availability. Dr. Cutler asked whether the HPC was missing any major areas.

Mr. Seltz noted that this list was a first cut to see what was going on across the state to address the Massachusetts health care system. He noted that these are areas where the HPC can coordinate with other agencies to provide support and resources.

Dr. Allen stated that the four opportunity areas were all included in the map of the PCMH Certification Program.

Dr. Cutler noted that advancing alternative payment methods and enhancing transparency and data availability were the most difficult because of advanced technical aspects and discussed opportunities for gathering more information from payers. Secretary Polanowicz reiterated the need to focus on advancing alternative payment methods.

Dr. Altman stated that listing the opportunities is a good first step. He noted the need to measure whether the state is improving on each. Mr. Seltz agreed that the opportunities identified are recommendations for the entire health care system. He stated that, to be successful, the industry must work in coordination with government.

Dr. Hattis suggested using the 2014 cost trends report to take a deeper look at the four areas of opportunity.

Mr. Sahni reviewed the HPC's preliminary research agenda for 2014. Dr. Cutler suggested orienting Commission meetings around issue areas, rather than committees, to allow for a more thorough examination.

#### **ITEM 6c: Material Change Notices (MCN)**

Dr. Cutler stated that staff would provide a brief update on notices of material change. Ms. Karen Tseng, Policy Director for Market Performance, updated the staff on the types of transactions noticed from 2013 to present.

Dr. Cutler asked whether any types of transactions were more difficult to evaluate than others. Ms. Tseng responded that different types raise different questions.

#### **ITEM 6d: MCN Regulation Development**

Ms. Tseng stated that the staff was still operating under interim guidance issued on March 12, 2014. She noted that the HPC is obligated, under regulation, to define a number of terms related to notices of material change. Ms. Tseng reviewed the process for developing the MCN regulations. She noted that the proposed regulations were a combination of the HPC's experience over the past year, engagement with stakeholders, feedback from commissioners, and technical

consultation with leading authorities. She stated that the proposed regulation would be subject to a public comment period.

Ms. Tseng reviewed the definitions for primary services areas and dispersed service areas. She noted that the creation of these definitions required specialized expertise from HPC consultants.

Ms. Tseng discussed next steps for the MCN regulations. She noted that staff would be modeling definitions for other statutory terms and proposing regulations near the end of Q2 2014.

Dr. Hattis asked when dispersed service areas are used in cost and market impact reviews. Ms. Tseng responded that the use of the service areas is driven by the quality of analytics and consensus among parties.

Dr. Cutler noted that the staff reviewed various models of services areas during the Cost Trends and Market Performance Meeting.

Dr. Allen asked whether there could be overlapping primary service areas. Ms. Tseng responded that they could be.

Ms. Sudders asked how the service area would be created if a hospital does not have a specific service line. Ms. Tseng responded that this is one of the realities of data limitations. She noted that the data is 98% complete, but that there is limited information on in-patient behavioral health. Ms. Sudders emphasized the need to consider behavioral health services in cost and market impact reviews. Secretary Polanowicz stated that the work of the Health Planning Council could provide information.

Dr. Altman asked for any additional comments. Seeing none, he moved to the next agenda item.

## **ITEM 7: Community Health Investment and Consumer Involvement**

Dr. Paul Hattis, Chair of the Community Health Care and Consumer Involvement (CHICI) Committee, updated the Commission regarding the status and activities of the Committee.

Dr. Hattis introduced Mr. Iyah Romm, Director of System Performance and Strategic Investment, to provide an update on CHART Phase 1. Mr. Romm stated that the contracts for the first phase of the program were fully executed and operational. He noted that staff had conducted kickoff calls with 70% of the CHART hospitals.

### **ITEM 7a: CHART Evaluation and Phase 2 Framework**

Dr. Marian Wrobel, Director for Research and Analysis, presented on the evaluation framework for Phase 1 of the CHART program. She reviewed the HPC's evaluation objectives and provided a broad overview of the evaluation program.

Dr. Wrobel then presented on the HPC's approach to evaluating Phase 1 of the CHART Investment Program. She reviewed the narrow aims of the evaluation program: (1) assessing the

progress and output of each investment; (2) establishing a baseline understanding of participating hospitals; (3) identifying best practices; (4) strengthening the HPC's grant stewardship practices; and (5) informing the development of future HPC grant programs.

Dr. Wrobel next reviewed the data sources for the evaluation which will include HPC and applicant driven metrics.

Mr. Romm presented on the second phase of the CHART Investment Program. He noted that commissioners would not be asked for vote on the framework during the day's meeting. Instead, it would be an opportunity for discussion about the CHART Investment Program.

Mr. Romm reviewed the goals and structure of Phase 1 and the proposed Phase 2 program. He noted that Phase 2 would contain multi-year, system or service line transformations in areas of focus identified by the HPC.

Mr. Romm briefly summarized the key decision points for the second phase of the program. Secretary Polanowicz commented that staff should consider requiring participation in the Massachusetts Health Information Highway (HIway) for all CHART hospitals. Dr. Hattis asked whether it was possible for hospitals to connect to the HIway within the terms of the grants. Secretary Polanowicz responded that the system is live and EOHHS is working with a number of participants. Mr. Romm noted that a number of Phase 1 grants incentivized connecting to the HIway. Secretary Polanowicz stated that the funding being dispersed through the program was very large in comparison to the cost to join the HIway.

Mr. Romm reviewed the findings of the 2013 cost trends report and how they intersect with Phase 2 of the CHART Investment Program. He detailed the ways in which CHART Phase 2 Investments could address hospital operating expenses, wasteful spending, and high-cost patients.

Mr. Romm then reviewed the goals of Phase 2 of the program. He noted that the overall goal was to support efforts to meet and sustain the health care cost growth benchmark. He noted ways in which the CHART program could meet this aim.

Mr. Romm discussed the scope of Phase 2 grants. He noted that staff proposed approximately \$50 million in funding in either large scale transformation awards or focused intervention awards. Dr. Hattis stated that CHART is not an entitlement program. Thus, not all eligible hospitals will receive Phase 2 funding.

Mr. Romm reviewed the next steps for Phase 2 of the program, including the release of the Phase 2 RFP in Q2 2014.

Dr. Altman asked for any questions on the CHART Investment Program. Seeing none, he moved to the next agenda item.

## **ITEM 8: Public Comment**

Dr. Altman asked for comments from members of the public. Commissioners engaged in discussion.

## **ITEM 9: Schedule of Next Commission Meeting**

Following the conclusion of discussion of the final agenda item, Chair Altman announced the date of the next board meeting (April 16, 2014) and adjourned the meeting of the Health Policy Commission at 3:09 PM.

## **LIST OF DOCUMENTS PRESENTED AND POSTED AFTER THE MEETING**

1. Meeting Agenda, 3/5/2014
2. Minutes of the 2/19/2014 Health Policy Commission Meeting
3. Board Presentation, 3/5/2014
4. Proposed PCMH Certification Criteria