

MINUTES OF THE HEALTH POLICY COMMISSION

Meeting of October 22, 2014

MASSACHUSETTS HEALTH POLICY COMMISSION

THE HEALTH POLICY COMMISSION
Bayside Expo Center
150 Mount Vernon Street
Boston, MA

Docket: October 22, 2:00PM

1. Approval of Minutes from September 3, 2014 (VOTE)
2. Executive Director Report
3. Cost Trends and Market Performance Update
4. Quality Improvement and Patient Protection Update
5. Care Delivery and Payment System Transformation Update
6. Community Health Care Investment and Consumer Involvement Update
7. Schedule of Next Commission Meeting (December 17, 2014)

Health Policy Commission

Date of Meeting: Wednesday, October 22, 2014
Start Time: 2:10 PM
End Time: 4:08 PM

Board Member	Attended	ITEM 1	ITEM 6a	ITEM 6b	ITEM 6c
---------------------	-----------------	---------------	----------------	----------------	----------------

		Approval of Minutes from September 3, 2014	Approval of CHART Investment Program Phase 2 Grant Awards	CHART Investment Program Contract Authorization	HPC Community Hospital Study Contract Authorization
Carole Allen	A	A	A	A	A
Stuart Altman*	Yes	Yes	Yes	Yes	Yes
David Cutler	Yes	Yes	Yes	Yes	Yes
Wendy Everett	Yes	Yes (2 nd)	Yes	Yes (2 nd)	Yes (2 nd)
Paul Hattis	Yes	Yes	ab	Yes (M)	Yes (M)
Rick Lord	Yes	Yes	Yes (M)	Yes	Yes
John Polanowicz	Yes	Yes (M)	Yes	Yes	Yes
Glen Shor	Yes	Yes	Yes (2 nd)	Yes	Yes
Marylou Sudders	Yes	Yes	Yes	Yes	ab
Veronica Turner	A	A	A	A	A
Jean Yang	Yes	Yes	Yes	Yes	Yes
Summary	9 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 8 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 regular meeting of the Massachusetts Health Policy Commission was held on Wednesday, October 22, 2014 at 2:00 PM at the Bayside Expo Center, 150 Mount Vernon Street, Boston, MA.

Commissioners present included Dr. Stuart Altman (Chair); Dr. Wendy Everett (Vice Chair); Dr. David Cutler; Dr. Paul Hattis; Mr. Rick Lord; Ms. Marylou Sudders; Ms. Jean Yang; Mr. John Polanowicz, Secretary, Executive Office of Health and Human Services; and Ms. Kim Haddad, designee for Mr. Glen Shor, Secretary, Executive Office of Administration and Finance.

Dr. Carole Allen and Ms. Veronica Turner were absent.

Chair Altman called the meeting to order at 2:10 PM and reviewed the agenda.

ITEM 1: Approval of the Minutes from the September 3, 2014 Meeting

Chair Altman solicited comments on the minutes from September 3, 2014. Seeing none, he called for a motion to approve the minutes as presented. **Secretary Polanowicz** made a motion

to approve the minutes. After consideration upon motion made and duly seconded by **Dr. Everett**, the Board voted unanimously to approve the minutes from the September 3, 2014 meeting. Voting in the affirmative were the nine members present. There were no abstentions and no votes in opposition.

ITEM 2: Executive Director Report

Chair Altman introduced Mr. David Seltz, Executive Director, to provide an update on recent HPC activities.

Mr. Seltz reviewed the day's agenda. He stated that the majority of the meeting would be dedicated to the HPC's \$120 million CHART Investment Program. The Board would be asked to approve Phase 2 awards and authorize two CHART consultant contracts. Mr. Seltz noted that the meeting would also include a reflection on the 2014 Health Care Cost Trends Hearing.

Mr. Seltz reviewed the HPC's fall agenda. He stated that the next Board meeting is scheduled for December 17, 2014. He noted that the HPC's policy committees will meet in early December.

Seeing no comments or questions on the Executive Director's report, Chair Altman moved to the next agenda item.

ITEM 3: Cost Trends and Market Performance Update

Chair Altman provided a summary of the 2014 Health Care Cost Trends Hearing. He stated that he was impressed with the presentations from the HPC's expert speakers, Dr. Michael Chernew and Mr. Alan Weil. Chair Altman reflected that Dr. Chernew's comments on the need for system investment resonate with the HPC's CHART program. He also highlighted Dr. Chernew's discussion on the need for payer engagement to drive investment in the health care system.

Mr. Lord reflected on the need for payer involvement through the lens of other large industries in Massachusetts. He stated that 30% of Associated Industries of Massachusetts (AIM) members are part of the manufacturing industry, which had to adapt to a changing environment without large scale state funding. Mr. Lord highlighted the similarities between the manufacturing industry and the transformation of MA hospitals.

Dr. Hattis commented on Dr. Chernew's remarks on waste in the health care system. He stated that providers will be integral in leading care delivery reform to identify and reduce waste, but that the resulting savings would be shared by the whole health care industry. He emphasized the need for an understanding of what industry funding is beneficial.

Chair Altman affirmed that providers and payers must work collaboratively to achieve transformation. He stated that the transformation of the delivery system should be supported by targeted investments. He noted that the Commonwealth could encourage transformation through "up front" funding. This is a method employed by many states, including Maryland and Washington. He pointed to government investments in the manufacturing industry in the 1960's to assist growth.

Dr. Everett agreed that there should be some level of initial funding to help institutions without the resources to transform. She added that the industry should acknowledge areas of wasteful spending and ask for contributions from payers.

Ms. Yang stated that investments into transformation should include a financial or social return on investment. She stated that the concept of a return on investment should be a key consideration during the discussion of the CHART Investment Program.

Secretary Polanowicz agreed that investments through CHART and similar programs must produce tangible results in order to justify further investments. He noted that current investments should support transformation, rather than day-to-day operations.

Dr. Cutler reviewed four themes from the Cost Trends Hearing: transparency, delivery system transformation, payment reform, and data issues. He stated that the Commonwealth has taken many steps to ensure transparency, including reporting requirements for insurers that took effect on October 1, 2014. He stated that there has been progress on delivery system issues, but the Commonwealth still needs to develop best practices and progress timelines. Dr. Cutler noted that the significant movement towards alternative payment models (APMs) is encouraging for payment reform. He stated that the Commonwealth has to make the most progress with data and highlighted it as an area for collaboration.

Dr. Hattis stated that the hearings highlighted behavioral health and community health as areas of focus for the HPC. He stated that the HPC should continue to make progress on its statutory responsibility to support other initiatives in the Commonwealth, such as MassHealth's global payment reform initiative. Dr. Hattis added that Mr. Weil's comments on system-focus community health initiatives were reflective of the CHART program. Finally, he added that the HPC should perform an annual audit of material change notices (MCN) regardless of whether they are brought to a full cost and market impact review (CMIR).

Ms. Sudders emphasized two takeaways from the hearing: the need to reduce high-cost, long-term care and examine Medicare penalties for readmission rates. She added that, moving forward, the CMS waiver should shift care to community health centers. She stated that behavioral health integration and parity should also continue to be examined.

Dr. Everett stated that the expert witnesses were knowledgeable and honest about shortcomings in treatment for behavioral health, including the cost impacts of long-term acute behavioral health care. She stated that this year's hearing was extremely informative.

Chair Altman asked Mr. Seltz for staff perceptions of the hearing. Mr. Seltz stated that the hearing is an extremely unique and enriching event for the Commonwealth to achieve the goals of Chapter 224. He stated that the hearing informs the HPC's 2015 strategic plan and research agenda. He added that the staff spent large periods of time analyzing pre-filed testimony, which had a positive impact on overall engagement. He noted the strong theme of behavioral health throughout the hearing. Mr. Seltz stated that commissioners would receive copies of detailed staff notes from the hearing.

Chair Altman stated his encouragement of public comment and reflection on the hearing. Seeing no further discussion, Chair Altman moved to the next agenda item.

ITEM 4: Quality Improvement and Patient Protection (QIPP) Update

Ms. Sudders provided an update on QIPP's activities. She noted that QIPP would next meet on October 29 to discuss the Behavioral Health Task Force report and the HPC's behavioral health agenda. She added that the meeting will include an update on mandatory nurse overtime from the Department of Public Health (DPH). The Division of Insurance (DOI) will also present on emergency room staffing and parity issues. Finally, Ms. Sudders noted that the Committee will hold a listening session on October 29 on the HPC's requirements under recent nurse staffing legislation.

Seeing no further comment, Chair Altman moved to the next agenda item.

ITEM 5: Care Delivery and Payment System Transformation (CDPST) Update

Mr. Seltz provided an update on CDPST. He stated that the HPC is in Initial Registration: Part 1 of the Registration of Provider Organizations (RPO) program. The HPC has offered provider organizations guidance and support via trainings, webinars, and individual meetings. He added that the HPC is continuing to work with the Center for Health Information and Analysis (CHIA) to create a single IT platform for Initial Registration: Part 2. Finally, Mr. Seltz stated that the HPC is coordinating with DOI to avoid duplication with the risk-bearing provider organizations (RBPO) program.

Seeing no further comment, Chair Altman moved to the next agenda item.

ITEM 6: Community Health Care Investment and Consumer Involvement Update

Chair Altman provided a brief update on the ongoing process regarding the proposed consent agreement between the Office of the Attorney General (AGO) and Partners HealthCare System. He stated that the judge extended the public comment period on the proposed consent agreement to November 10. He noted that the HPC has provided the court with two cost and market impact review reports concerning the transactions in the proposed agreement. Chair Altman stated that he submitted a letter to the court to summarize and clarify certain points contained in the previous submissions.

Dr. Hattis noted his appreciation for and agreement with the letter submitted by Chair Altman. He thanked the HPC for its continued analytic and data-driven work on these issues.

Chair Altman requested that Ms. Lois Johnson, General Counsel, attend the upcoming hearing on the proposed consent agreement on behalf of the HPC.

Seeing no further comment on this topic, Chair Altman moved to the agenda item.

ITEM 6a: CHART Phase 2 Awards

Mr. Seltz introduced the CHART Investment Program, noting that it represents the opportunity to support hospitals, communities, and patients across the Commonwealth. He added that the CHART program is reflective of comments made by Representative Jeffrey Sanchez, who called upon the Commonwealth to “see the people beyond the numbers” at the 2014 Health Care Cost Trends Hearing.

Mr. Seltz introduced Mr. Iyah Romm, Policy Director for System Performance and Strategic Investment, to review awards for CHART Phase 2.

Mr. Romm stated that CHART Phase 2 recommendations represent a historic \$60 million investment that will address a variety of needs in community hospitals across the Commonwealth. He noted that these funds will have impact beyond the hospitals as many proposals include significant collaboration with community groups.

Mr. Romm stated that CHART Phase 2 is intended to accelerate the transformation of CHART hospitals through three outcome-oriented primary aims: (1) maximizing appropriate hospital use; (2) enhancing behavioral health care; and (3) improving hospital efficiency, quality, and safety. He stated that these aims were designed to maximize the impact of Phase 2 investments and incentivize transformation towards APMs and accountable care.

Mr. Romm stated that many proposals in Phase 2 address unmet community needs by collaborating with community partners to establish cross-setting coordination and appropriate use of care. He added that many Phase 2 proposals seek to address the challenges of socially and medically complex patients, particularly those with behavioral health conditions. He stated that nearly 50% of the recommended award focuses on enhancing behavioral health services and 40% focuses on reducing utilization through coordinated care of high-risk patients.

Mr. Romm stated that the HPC received 27 proposals from 31 eligible hospitals in Phase 2 for a total funding request of \$117 million. He stated that the HPC is recommending funding for 28 hospitals through 25 proposals for a total award of \$59,951,711. He noted these awards represent a commitment by the HPC to reduce the cost of health care in the Commonwealth while improving quality and patient outcomes.

Mr. Romm reviewed the application and review process for CHART Phase 2. He stated that the HPC issued a Request for Proposals (RFP) in June 2014 with a 12-week application cycle. The HPC assessed each proposal for completeness and compliance with RFP requirements before conducting a two-week analysis of proposals. The analysis culminated in a weeklong selection process conducted by a Review Committee that consisted of Dr. Paul Hattis (designee of Chair Altman), HPC staff, staff from five other government agencies, and external experts.

Mr. Romm noted that each application was scored according to pre-defined criteria. The proposal’s consensus scores varied from 20 to 86. He stated that the mean score was 53 and the median score was 50.

Mr. Romm stated that the Review Committee recommended awards for CHART Phase 2 to the Executive Director on October 14, 2014. The recommendation calls for the HPC to fully fund two proposals, provide conditional funding to 23 proposals, and decline to fund two proposals.

Mr. Romm stated that the average recommended award is \$2,220,434. He noted that the average request for funding was \$4,364,249.

Mr. Romm reviewed recommended funding caps for single and joint hospital proposals. He noted that the recommended funding cap does not preclude the HPC from reducing the award following implementation planning. Mr. Romm highlighted that two of five joint proposals engaged hospitals in different systems.

Mr. Romm stated that Hallmark Health System is eligible for funding under CHART Phase 2 hospitals. In light of the ongoing court proceedings regarding Partners HealthCare's acquisition of Hallmark Health, the Review Committee recommended that the HPC award funding to Hallmark, but retain the right to reassess the investment if Partners acquires Hallmark.

Chair Altman asked for clarification on the eligibility of community hospitals that are part of a larger teaching institution or system. Mr. Romm stated there are three eligibility criteria for CHART; the hospital must: (1) be non-profit, (2) be non-teaching, and (3) have relative price below the state median. He stated that there is no stipulation that precludes hospitals from being part of a major teaching system. He stated that, in Phase 2, systems are expected to make a contribution to supplement CHART funding for projects. He added that the HPC reserves the right to change the award for a hospital if certain market transactions occur.

Mr. Romm provided an overview of individual hospital proposals. The Review Committee recommends that the Board only grant capital funding to two of the nine proposals (Holyoke Medical Center and Harrington Hospital) that requested it. He stated that the two proposed capital investments address a significant community need that will help hospitals achieve relevant outcomes. He also noted the lack of capital investment from other sources for these two hospitals.

Ms. Sudders asked how much Holyoke Medical Center's award is budgeted for capital investments. Mr. Romm responded \$2 million. Ms. Sudders expressed concern over the recommended capital funding for Holyoke Medical Center and Harrington Hospital.

Dr. Hattis stated that the Review Committee gave special consideration to projects that built capacity around care for behavioral health and socioeconomic conditions, especially for Holyoke Hospital which he names as the poorest town in Massachusetts. He noted the need for funding in these areas.

Ms. Sudders stated that there is a lack of capital parity between psychiatric and medical beds in many hospitals. She reviewed the proposed capital funding to Harrington Hospital to build in-patient geriatric behavioral health beds at Hubbard Hospital. Ms. Sudders stated that Hubbard was previously an acute care hospital, but is now a satellite behavioral health facility operating under Harrington's licenses. She said she encourages the Board to consider the impacts of investing CHART dollars to rebuild a hospital. She expressed concern that Commonwealth funds are going into capital investments rather than system transformation.

Dr. Hattis stated that this discussion was one that the Review Committee grappled with as well. He added his belief that this funding reflected a justified investment into the needs of

communities overall. He noted that this investment also challenges the notion that CHART funding focuses just on the four walls of the hospital.

Mr. Romm reviewed a proposal from Berkshire Medical Center (BMC), which focuses on restoring necessary out-patient services for the former North Adams Regional Hospital (NARH) service area. He stated that BMC would provide a substantial contribution for the projects proposed to the HPC. He also reviewed the proposal from Signature Brockton, which would focus on efficiency factors to better manage care. He added that there are a number of hospitals working to manage high-risk patients, and the Review Committee recommends focused ~\$1 million awards for technical assistance and sharing of best practices.

Mr. Romm asked for any questions on proposals.

Ms. Sudders asked for clarification on the investment into the Lahey Health system. Mr. Romm responded that the system would receive \$4.8 million through a joint proposal as well as additional funding from individual hospital proposals. He noted that Lahey Health committed to making generous system contributions to supplement the CHART projects.

Ms. Sudders asked whether the proposed joint funding would be divided among hospitals in Lahey's system. Mr. Romm responded that it would.

Chair Altman stated that select initial capital investments are useful to spur transformation. He added that these CHART investments reflect an intention to add capacity in high-need areas.

At this point, Secretary Polanowicz left the meeting.

Mr. Romm reviewed the regional distribution of the proposed awards. He pointed to the CHART investment program as a forum for project-based collaboration for hospitals and community organizations, businesses, social service agencies, etc.

Dr. Cutler asked for clarification on next steps for CHART Phase 2. Mr. Romm reviewed the first portion of Phase 2 projects: implementation planning. He stated that the implementation planning period would occur between November 2014 and February 2015. He stated that the goal of this period is (1) to ensure successful implementation of all projects so that they achieve their aim, (2) to establish rigorous program oversight and management, and (3) to standardize vetting of program elements across all projects. He reviewed the key outputs of implementation planning, including the creation of a learning community, an emphasis on the importance of all-payer target populations, initiatives designed to meet local needs and include more impactful community partnerships, and an increase in the adoption of best practices.

Mr. Romm reviewed key features of the proposed evaluation process. He stated that the HPC would seek to encourage standard processes and outcome measures through regular reporting requirements. He encouraged continued feedback and evaluation to promote shared learning.

Mr. Romm reviewed opportunities for learning, improvement, and diffusion throughout Phase 2. He stated that these would include workshops and collaborative activities, direct technical assistance, leadership engagement, supportive data and analytics, and general training.

Before asking for a vote to approve the Review Committee's recommendations, Mr. Romm noted that the Community Health Care Investment and Consumer Involvement (CHICI) Committee had unanimously endorsed the recommended project funding.

Seeing no further discussion, Dr. Hattis called for a motion to approve the award recommendation for CHART Phase 2. Noting his participation in the Review Committee, Dr. Hattis abstained from the vote. **Mr. Lord** made the motion. After consideration upon motion made, **Ms. Haddad** seconded.

Ms. Sudders proposed the following amendment to the motion: "...provided, however, that with respect to the award for the Hallmark Health System hospitals (Lawrence Memorial and Melrose-Wakefield), given the status of Partners HealthCare System, Inc.'s proposed acquisition of Hallmark, the Commission directs the Executive Director to delay implementation planning and the initiation payment and provide the Commission with a further update and recommendation at its next Board meeting (December 17, 2014)."

Dr. Hattis asked for clarification on the amendment. He asked whether the amendment sought to preclude funding for Hallmark from the day's motion. If so, he noted that Hallmark would be prevented from receiving an initial payment for implementation planning. Ms. Sudders clarified that the motion preventing the HPC from releasing funding to Hallmark until after the Executive Director provides an update on the status of the consent agreement between the Commonwealth and Partners HealthCare System.

Chair Altman clarified that, if the Board elected to fund Hallmark's Phase 2 project and Partners HealthCare System acquired the hospital, Hallmark would receive funding, but Partners would be required to make a significant system contribution. Mr. Seltz affirmed this.

Dr. Hattis asked whether Hallmark would be able to receive the full recommended investment amount if Partners does not acquire it. Mr. Seltz confirmed that it would.

Dr. Everett stated that Hallmark would be penalized by a delay in funding and project completion if the Board postponed its decision on Hallmark's award until December 17.

Mr. Lord accepted Ms. Sudders' amendment to the motion.

Dr. Cutler stated his support for the motion. He noted his excitement for the joint projects. He added that the HPC should ensure that processes are in place to protect CHART funding should an institution close. He noted the utility of the HPC's community hospital study and behavioral health agenda. Dr. Cutler emphasized the need for learning systems that address barriers to transformation.

Mr. Seltz stated that hospitals are eligible to participate in CHART-related activities regardless of their funding status. He encouraged the participation and collaboration of all CHART hospitals in activities throughout the funding period.

Ms. Yang stated that CHART Phase 2 represents an unprecedented amount of funding and will require very strong oversight. She added that careful management will be the key to the success of the program.

Seeing no further discussion, Chair Altman brought the motion to a vote. Voting in the affirmative were the eight members present. Dr. Hattis abstained from voting. There were no votes in opposition.

ITEM 6b: CHART Investment Program Contract Authorization

Mr. Romm reviewed the Commission's contract with Collaborative Healthcare Strategies, a consultant that provides support to the CHART program. He noted CHICI endorsed this contract authorization.

Mr. Seltz clarified that he included all of the contract authorizations in calculations of the HPC's FY15 budget.

Dr. Hattis made the motion to authorize the extension of the HPC's contract with Collaborative Healthcare Strategies. Upon motion made and duly seconded by **Dr. Everett**, members voted unanimously to approve the motion.

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

ITEM 6c: Community Hospital Study Contract Authorization

Mr. Romm reviewed the high level scope of work for the community hospital study. He noted that the study will occur in three phases: (1) design, (2) data collection and analysis, and (3) report publication.

Mr. Romm reviewed the HPC's issuance of a Request for Responses (RFR) regarding the community hospital study. He stated that the HPC seeks a consultant to assist with strategy and analysis. Six firms responded to the RFR. The staff recommends awarding contracts to two firms: Public Consulting Group (PCG) and Navigant. Mr. Romm clarified that PCG demonstrated significant expertise on qualitative models while Navigant had strong quantitative expertise. Mr. Romm stated that the total award of up to \$450,000 would be split between the two consultants. Mr. Romm noted that the CHICI Committee endorsed these contracts.

Dr. Everett stated that this report could function as an evaluation measure for CHART Phase 2.

Dr. Cutler asked when the report would be complete. Mr. Romm stated that the report would be released in spring 2015.

Seeing no further discussion, **Dr. Hattis** made the motion. Upon consideration of motion made and duly seconded by **Dr. Everett**, members voted to approve the motion. Voting in the affirmative were the eight members present. Ms. Sudders abstained from the vote. There were no votes in opposition.

ITEM 7: 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 (December 17, 2014) and asked for any public comment.

Seeing no further comment, Chair Altman adjourned the meeting of the Health Policy Commission at 4:08 PM.