



**MASSACHUSETTS**  
HEALTH POLICY COMMISSION

# **Introduction to the Health Policy Commission**

June 28, 2017

## How We Got Here: Massachusetts Health Care Reform (Part 2)

---



Chapter 224 of the Acts of 2012, “An Act Improving the Quality of Health Care and Reducing Costs Through Increased Transparency, Efficiency and Innovation,” was signed into law on August 6, 2012 by Governor Patrick and became effective on November 5, 2012. *Bill signing at the Massachusetts State House, Boston.*

# Vision for Massachusetts cost containment reform law: Chapter 224 of the Acts of 2012

---

1 Transforming the way we deliver care

2 Reforming the way we pay for care

3 Developing a value-based health care market

4 Engaging purchasers through information and incentives

A more transparent, accountable health care system that ensures quality, affordable health care for Massachusetts residents

# Health Care Cost Growth Benchmark

---

- Sets a target for controlling the growth of total health care expenditures across all payers (public and private), and is set to the state's long-term economic growth rate:
  - Health care cost growth benchmark for 2013 - 2017 equals **3.6%**
- If target is not met, the Health Policy Commission can require health care entities to implement Performance Improvement Plans and submit to strict monitoring

## TOTAL HEALTH CARE EXPENDITURES

- **Definition:** Annual per capita sum of all health care expenditures in the Commonwealth from public and private sources
- **Includes:**
  - All categories of medical expenses and all non-claims related payments to providers
  - All patient cost-sharing amounts, such as deductibles and copayments
  - Net cost of private health insurance

# What is Potential Gross State Product?

---

## Potential Gross State Product (PGSP)

Long-run average growth rate of the Commonwealth's economy, excluding fluctuations due to the business cycle

### Process

- Section 7H 1/2 of Chapter 29 requires the Secretary of Administration and Finance and the House and Senate Ways and Means Committees to set a benchmark for potential gross state product (PGSP) growth
- The PGSP estimate is established as part of the state's existing consensus tax revenue forecast process and is included in a joint resolution due by January 15th of each year
- The Commonwealth's estimate of PGSP is developed with input from outside economists
- The PGSP estimate is used by the Health Policy Commission to establish the Commonwealth's health care cost growth benchmark

# Implementing State Agencies

---

## CHIA HPC

### Center for Health Information and Analysis (CHIA)

- **Data hub**
- Duties include:
  - Manages the All Payer Claims Database
  - Collects and reports a wide variety of provider and health plan data
  - Examines trends in the commercial health care market, including changes in premiums and benefit levels
  - Charged with developing a consumer-facing cost transparency website

### Health Policy Commission (HPC)

- **Policy hub**
- Duties include:
  - Sets statewide health care cost growth benchmark
  - Holds annual cost trend hearings and produces an annual cost trends report
  - Enforces performance against the benchmark
  - Conducts cost and market impact reviews
  - Certifies ACOs and PCMHs
  - Supports investments in community hospitals and new innovative health care models such as telemedicine

## The HPC: At a Glance

---

# Who we are

The Massachusetts Health Policy Commission (HPC) is an independent state agency that develops policy to reduce health care cost growth and improve the quality of patient care. The HPC's main responsibilities include monitoring the performance of the health care system; analyzing the impact of health care market transactions on cost, quality, and access; setting the health care cost growth benchmark; and investing in community health care delivery and innovations.

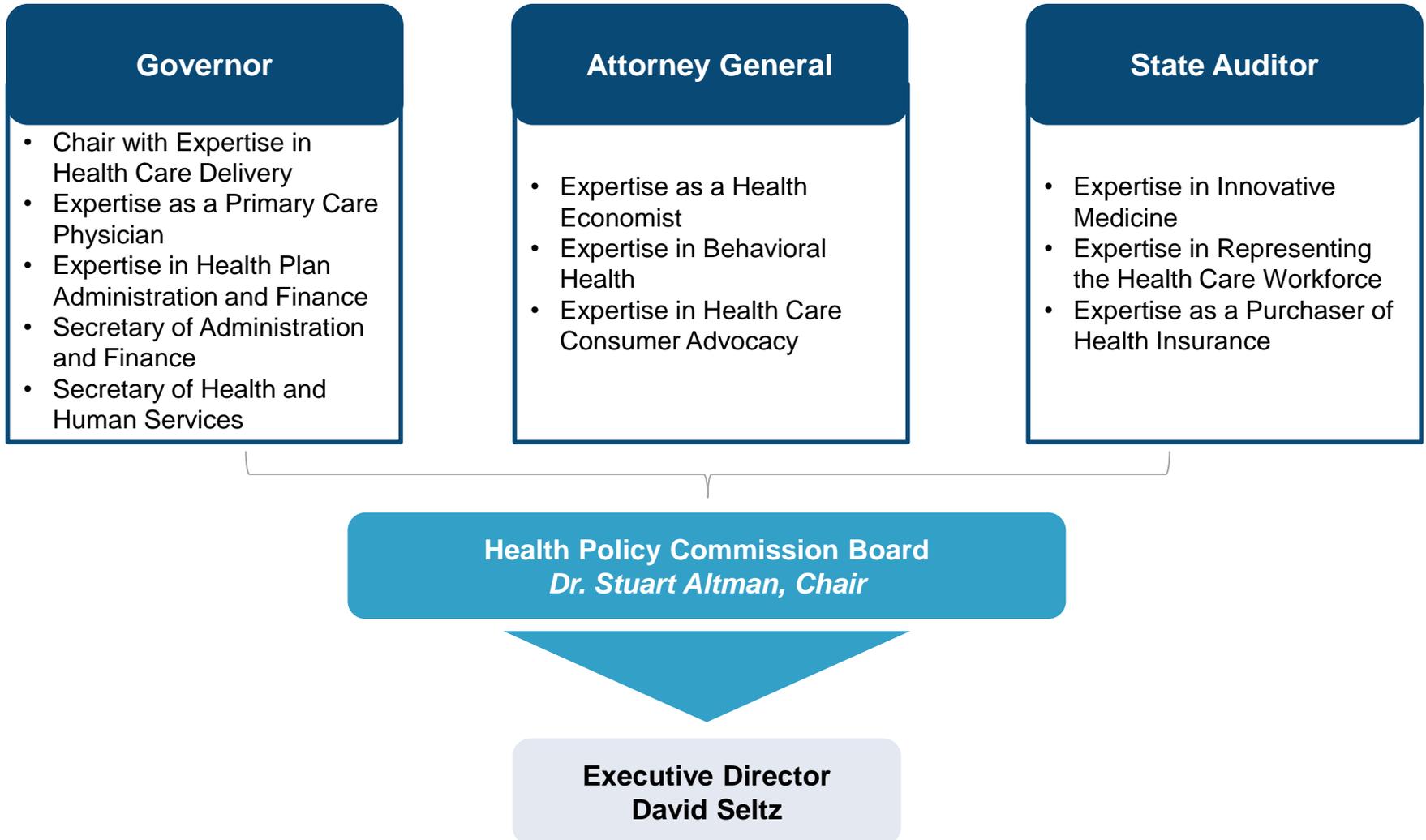
# Mission

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

# Vision

Our vision is a transparent, accountable health care system that ensures quality, affordable, and accessible health care for the Commonwealth's residents.

# The HPC: Governance Structure



# The HPC employs four core strategies to advance its mission

**RESEARCH AND REPORT**  
INVESTIGATE, ANALYZE, AND REPORT  
TRENDS AND INSIGHTS



**CONVENE**

BRING TOGETHER STAKEHOLDER  
COMMUNITY TO INFLUENCE THEIR  
ACTIONS ON A TOPIC OR PROBLEM



**WATCHDOG**

MONITOR AND INTERVENE WHEN  
NECESSARY TO ASSURE MARKET  
PERFORMANCE



**PARTNER**

ENGAGE WITH INDIVIDUALS, GROUPS,  
AND ORGANIZATIONS TO ACHIEVE  
MUTUAL GOALS



# The HPC: Organizational Structure

The HPC has spent the past four years in a period of rapid staff growth. We anticipate reaching full agency staffing in 2017.

## Executive Teams

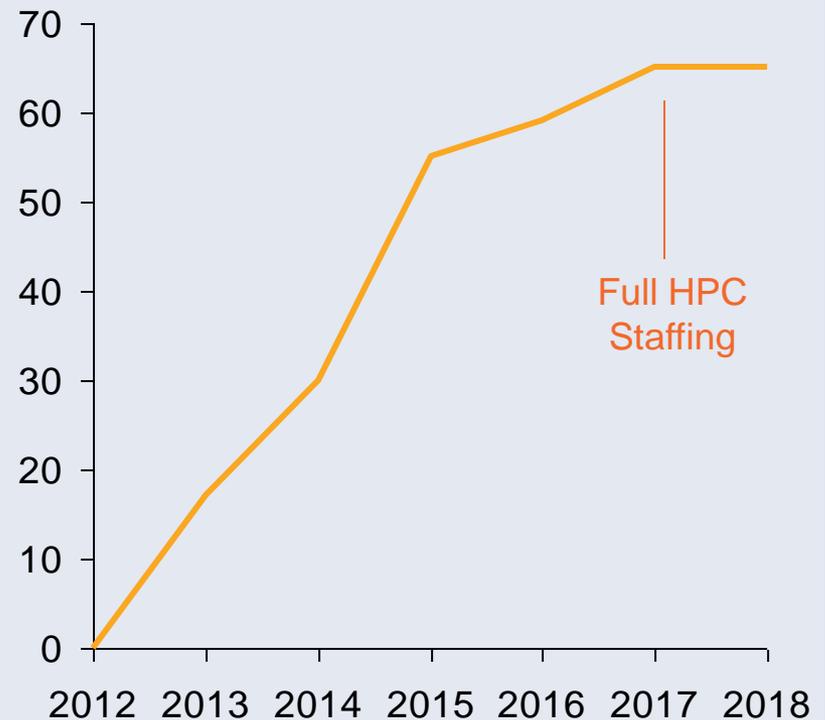
- Office of the Chief of Staff
- Office of the General Counsel

## Policy and Program Teams

- Accountable Care
- Strategic Investment
- Market Performance
- Research and Cost Trends

The annual operating budget is approximately **\$8.5 million**. Costs are annually assessed to hospitals, surgery centers, and health plans.

### HPC Staff Growth, 2012 - 2018



## The HPC: Main Responsibilities

---

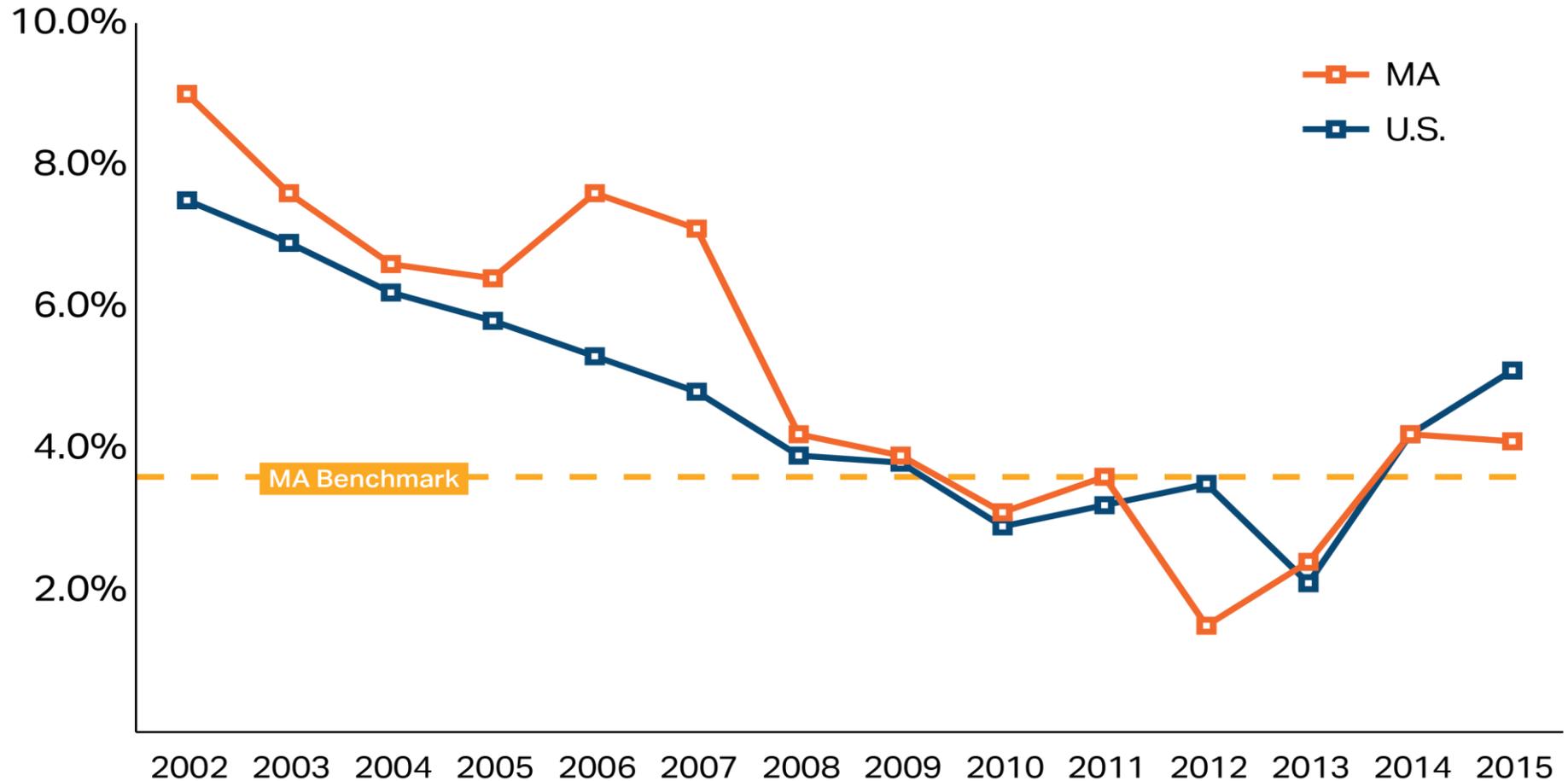
- Monitor system transformation in the Commonwealth and cost drivers therein
- Make investments in the Commonwealth's community hospitals to establish the foundation necessary for sustainable system transformation
- Promote an efficient, high-quality health care delivery system in which providers efficiently deliver coordinated, patient-centered, high-quality health care that integrates behavioral and physical health and produces better outcomes and improved health status
- Examine significant changes in the health care marketplace and their potential impact on cost, quality, access, and market competitiveness

## **Main Responsibilities**

- Monitor system transformation in the Commonwealth and cost drivers therein
- Make investments in the Commonwealth's community hospitals to establish the foundation necessary for sustainable system transformation
- Promote an efficient, high-quality health care delivery system in which providers efficiently deliver coordinated, patient-centered, high-quality health care that integrates behavioral and physical health and produces better outcomes and improved health status
- Examine significant changes in the health care marketplace and their potential impact on cost, quality, access, and market competitiveness

# Since 2009, total healthcare spending growth in Massachusetts has been near or below national growth

Annual growth in per capita healthcare spending, MA and the U.S., 2002-2015

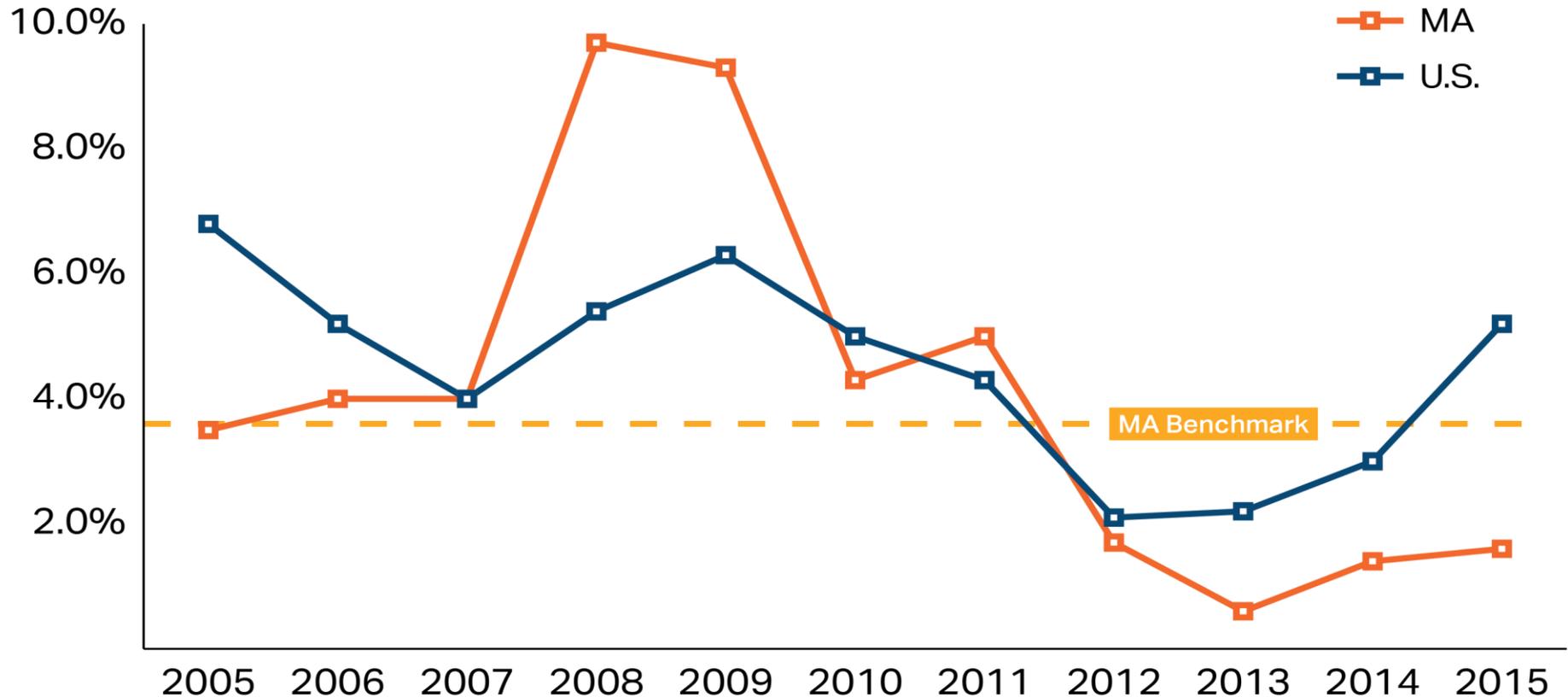


Note: U.S. data includes Massachusetts.

Sources: Centers for Medicare and Medicaid Services National Healthcare Expenditure Accounts, Personal Health Care Expenditures Data, and State Healthcare Expenditure Accounts (U.S. 2002-2015 and MA 2002-2009); Center for Health Information and Analysis Annual Report THCE Databook (MA 2009-2015)

# In recent years, commercial spending growth in Massachusetts has been consistently lower than national growth

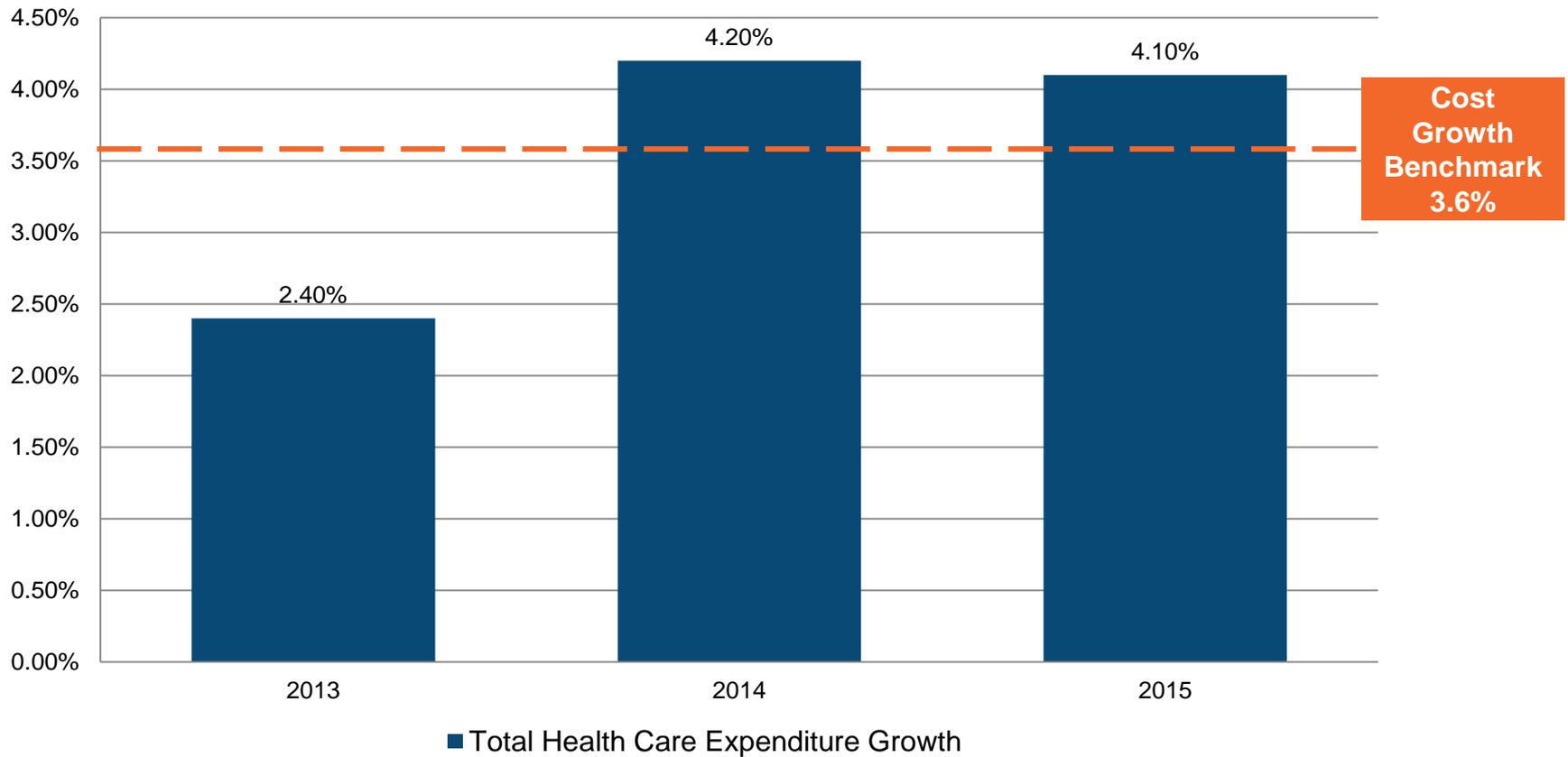
Annual growth in commercial health insurance premium spending from previous year, per enrollee



Notes: U.S. data includes Massachusetts. Center for Health Information and Analysis data are for the fully-insured market only.

Sources: Centers for Medicare and Medicaid Services, State and National Healthcare Expenditure Accounts, Private Health Insurance Expenditures and Enrollment (U.S. and MA 2005-2009); Center for Health Information and Analysis Annual Reports (MA 2009-2015)

## Performance Against the Benchmark to Date

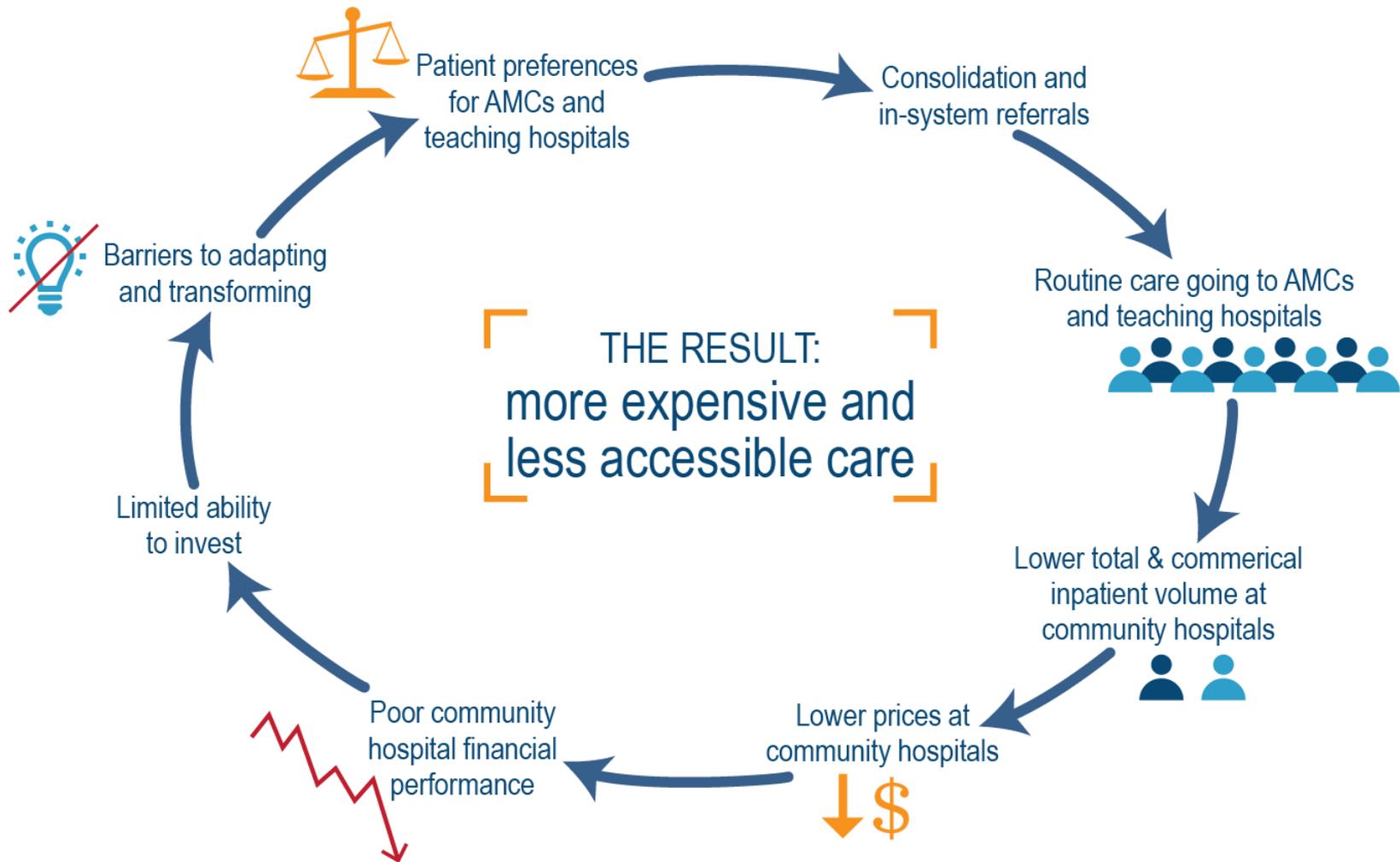


**2013-2015  
Average Growth Rate: 3.57%**

## **Main Responsibilities**

- Monitor system transformation in the Commonwealth and cost drivers therein
- Make investments in the Commonwealth's community hospitals to establish the foundation necessary for sustainable system transformation
- Promote an efficient, high-quality health care delivery system in which providers efficiently deliver coordinated, patient-centered, high-quality health care that integrates behavioral and physical health and produces better outcomes and improved health status
- Examine significant changes in the health care marketplace and their potential impact on cost, quality, access, and market competitiveness

# Massachusetts community hospitals provide tremendous value, but face self-reinforcing challenges that lead to more expensive and less accessible care



## **Main Responsibilities**

- Monitor system transformation in the Commonwealth and cost drivers therein
- Make investments in the Commonwealth's community hospitals to establish the foundation necessary for sustainable system transformation
- Promote an efficient, high-quality health care delivery system in which providers efficiently deliver coordinated, patient-centered, high-quality health care that integrates behavioral and physical health and produces better outcomes and improved health status
- Examine significant changes in the health care marketplace and their potential impact on cost, quality, access, and market competitiveness

# HPC is charged with developing ACO and PCMH certification programs to promote high-quality, coordinated, patient-centered accountable care

---

## Vision of Accountable Care

A health care system that efficiently delivers well coordinated, patient-centered, high-quality health care, integrates behavioral and physical health, and produces optimal health outcomes and health status through the support of reformed (non-FFS) payment.

- 1 Create a **roadmap** for providers to work toward **care delivery transformation** – **balancing** the establishment of **standards** with room and assistance for **innovation**
- 2 Establish a **common framework** for data collection, information gathering, evaluation and dissemination of best practices to promote transparency for future learning
- 3 Develop standards that **align with payers’ own principles** for **accountable care** to further link accountability and enhance administrative simplification
- 4 Assure **patient engagement and protection** in their care, especially for vulnerable populations

## **Main Responsibilities**

- Monitor system transformation in the Commonwealth and cost drivers therein
- Make investments in the Commonwealth's community hospitals to establish the foundation necessary for sustainable system transformation
- Promote an efficient, high-quality health care delivery system in which providers efficiently deliver coordinated, patient-centered, high-quality health care that integrates behavioral and physical health and produces better outcomes and improved health status
- Examine significant changes in the health care marketplace and their potential impact on cost, quality, access, and market competitiveness

## Overview of cost and market impact reviews (CMIRs)

---

- 1 Market structure and new provider changes, including consolidations and alignments, have been shown to impact health care system performance and total medical spending
- 2 Chapter 224 directs the HPC to track “material change[s] to [the] operations or governance structure” of provider organizations and to engage in a more comprehensive review of transactions anticipated to have a significant impact on health care costs or market functioning
- 3 CMIRs promote transparency and accountability in engaging in market changes, and encourage market participants to minimize negative impacts and enhance positive outcomes of any given material change

# Overview of cost and market impact reviews

---

**The HPC tracks proposed “material changes” to the structure or operations of provider organizations and conducts “cost and market impact reviews” (CMIRs) of transactions anticipated to have a significant impact on health care costs or market functioning.**

## WHAT IT IS

---

- Comprehensive, multi-factor review of the provider(s) and their proposed transaction
- Following a preliminary report and opportunity for the providers to respond, the HPC issues a final report
- CMIRs promote transparency and accountability, encouraging market participants to address negative impacts and enhance positive outcomes of transactions
- Proposed changes cannot be completed until 30 days after the HPC issues its final report, which may be referred to the state Attorney General for further investigation

## WHAT IT IS NOT

---

- Differs from Determination of Need reviews by Department of Public Health
- Distinct from antitrust or other law enforcement review by state or federal agencies

## Contact Information

---

For more information about the Health Policy Commission

### **Visit us**

<http://www.mass.gov/hpc>

### **Follow us**

@Mass\_HPC

### **David Seltz**

Executive Director

[David.Seltz@state.ma.us](mailto:David.Seltz@state.ma.us)