



MASSACHUSETTS
HEALTH POLICY COMMISSION

Annual Health Care
Cost Trends Hearing

CTH
2016



2016 ANNUAL HEALTH CARE COST TRENDS HEARING

An annual public examination of health care cost trends and drivers, featuring witness testimony and discussion with national experts on the challenges and opportunities in the Commonwealth's health care system. The 2016 Hearing will examine cost trends for public and commercial payers as well as hospitals and other providers.

Suffolk University Law School October 17 & 18

WIFI Network: SU_Guest

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FROM THE CHAIR AND EXECUTIVE DIRECTOR

Welcome to the 2016 Health Care Cost Trends Hearing. This is the Health Policy Commission's (HPC) fourth year hosting the Hearing in collaboration with the Office of the Attorney General (AGO) and Center for Health Information and Analysis (CHIA). Thank you for participating in this public examination of the Commonwealth's health care system and spending.

The 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 mission is to advance a more transparent, accountable, and innovative health care system through its independent policy leadership and investment programs.

The Cost Trends Hearing provides a unique opportunity for the Commonwealth to engage key stakeholders on the drivers of health care cost growth. This year, the conversation will focus on four key areas identified by the HPC's Board. These include:

1. Meeting the Health Care Cost Growth Benchmark

This panel will address health care cost growth in the Commonwealth, including a discussion of findings from CHIA's *Annual Report on the Performance of the Massachusetts Health Care System*. This panel will also discuss advancing and aligning value-based payment models.

2. The Evolving Provider Market

This panel will discuss how changes in the provider market are impacting care delivery as well as cost, quality, and access.

3. Strategies to Address Social and Behavioral Health Needs

This panel will highlight innovative, effective models of care that help to meet the social and behavioral health needs of patients.

4. Strategies to Address Pharmaceutical Spending Growth

This panel will examine the impact of increasing pharmaceutical spending and will discuss strategies providers, payers, and manufacturers are putting in place to address this growth.

This year's Hearing will also include panels that focus on the employer and consumer perspective on health care issues facing the Commonwealth. We are pleased to bring these voices into the conversation.

Along with the in-person testimony you will hear during the next two days, over 50 health care organizations submitted written testimony on key issues. This information may be found on our website at www.mass.gov/hpc.

Your engagement and collaboration are critical to our efforts. We encourage you to send us your questions and comments on Twitter via #CTH16.

Thank you for your participation.

Stuart Altman
Chair

David Seltz
Executive Director

AGENDA

MONDAY, OCTOBER 17

OPENING REMARKS 9:00AM

Dr. Stuart Altman, Chair, Health Policy Commission
Ms. Renée Landers, Director of the Health Law Concentration, Suffolk University Law School
The Honorable Suzanne Bump, State Auditor
The Honorable Jeffrey Sánchez, House Chair, Joint Committee on Health Care Financing

KEYNOTE REMARKS 9:30AM

Governor Charlie Baker

PRESENTATION 9:50AM

Mr. Ray Campbell, Executive Director, Center for Health Information and Analysis
Dr. David Auerbach, Director, Research and Cost Trends, Health Policy Commission

EXPERT SPEAKER 10:15AM

Dr. Robert Berenson, Institute Fellow, The Urban Institute

WITNESS PANEL 11:00AM

Meeting the Health Care Cost Growth Benchmark
Atrius Health, Baystate Health, Blue Cross Blue Shield of Massachusetts,
Community Care Cooperative, Harvard Pilgrim Health Care

REACTOR PANEL 12:30PM

Employer Perspective
Northeast Business Group on Health, Onyx Specialty Papers

LUNCH BREAK 1:15PM

PRESENTATION 2:00PM

Assistant Attorneys General Emily Gabrault and Sandra Wolitzky, Office of the Attorney General

WITNESS PANEL 2:15PM

The Evolving Provider Market
Central Massachusetts IPA, Lahey Health, NEQCA, South Shore Health System, Tufts Health Plan

PUBLIC TESTIMONY 3:30PM

OPENING REMARKS **9:00AM**
Dr. Stuart Altman, Chair, Health Policy Commission
The Honorable Stanley Rosenberg, Senate President

KEYNOTE REMARKS **9:30AM**
Attorney General Maura Healey

PRESENTATION **9:50AM**
Assistant Attorneys General Eric Gold, Stephen Vogel, & David Brill, Office of the Attorney General

EXPERT SPEAKER **10:20AM**
Ms. Lauren Taylor, Harvard Business School, Health Policy and Management

WITNESS PANEL **11:00AM**
Strategies to Address Social and Behavioral Health Needs
Boston Medical Center, Commonwealth Care Alliance, Holyoke Medical Center,
Massachusetts General Hospital, Whittier Street Health Center

REACTOR PANEL **12:30PM**
Consumer Perspective
Community Catalyst, Health Care For All, Patient Family Advisor

LUNCH BREAK **1:15PM**

WITNESS PANEL **2:00PM**
Strategies to Address Pharmaceutical Spending Growth
Dana-Farber Cancer Institute, Harvard Pilgrim Health Care, Partners HealthCare System,
PhRMA

PUBLIC TESTIMONY **3:30PM**

EXPERT SPEAKERS



ROBERT BERENSON, M.D., is an Institute Fellow at the Urban Institute. He is an expert in health care policy, particularly Medicare, with experience practicing medicine, serving in senior positions in two Administrations, and helping organize and manage a successful preferred provider organization. His primary research and policy interests currently are in the areas of payment and delivery system reform, provider and health plan pricing power, and performance measurement.

Dr. Berenson recently served a three year term on the Medicare Payment Advisory Commission (MedPAC), the last two as Vice-Chair. From 1998-2000, he was in charge of Medicare payment policy and private health plan contracting in the Centers for Medicare and Medicaid Services. Previously, he served as an Assistant Director of the Carter White House Domestic Policy Staff.

Dr. Berenson is a board-certified internist who practiced for twenty years, the last twelve in a Washington, D.C. group practice. While practicing, he helped organize and manage a successful PPO serving the Washington, D.C. metropolitan area.

He was co-author, with Walter Zelman, of *The Managed Care Blues & How to Cure Them*, and, with Rick Mayes, *Medicare Prospective Payment and the Shaping of U.S. Health Care*. He publishes frequently in numerous publications, including the *New England Journal of Medicine*, the *Journal of the American Medical Association*, and *Health Affairs*. Dr. Berenson received his B.S. from Brandeis University and his M.D. from the Mount Sinai School of Medicine. He is a Fellow of the American College of Physicians and is on the adjunct faculty of the George Washington University School of Public Health.



LAUREN A. TAYLOR is a doctoral student in the management track of the Health Policy program at Harvard Business School. In 2013, Lauren and Elizabeth H. Bradley, Ph.D., jointly authored *The American Health Care Paradox*, which has been reviewed and featured in media outlets such as CSPAN and *The New York Times* and has become required reading at a variety of medical, public health, and nursing schools across the country. Lauren has also published articles on the evidence base associated with various social determinants of health, the scale up of public health innovations, and the relationship between health and social service spending in the United States.

Previously, Lauren received a B.A. in the History of Science/History of Medicine (2008) and Masters of Public Health (2009) from Yale University. Prior to joining HBS, she graduated as a Presidential Scholar from Harvard's Divinity School.

WITNESS PANELS

MEETING THE HEALTH CARE COST GROWTH BENCHMARK WITNESS PANEL

Atrius Health
Baystate Health
Blue Cross Blue Shield of Massachusetts
Community Care Cooperative
Harvard Pilgrim Health Care

Dr. Steven Strongwater, President and CEO
Dr. Mark Keroack, President and CEO
Mr. Andrew Dreyfus, President and CEO
Ms. Christina Severin, President and CEO
Mr. Eric Schultz, President and CEO

EMPLOYER PERSPECTIVE REACTOR PANEL

Northeast Business Group on Health
Onyx Specialty Papers

Ms. Laurel Pickering, President and CEO
Ms. Patricia Begrowicz, Owner

THE EVOLVING PROVIDER MARKET WITNESS PANEL

Central Massachusetts IPA
Lahey Health
New England Quality Care Alliance
South Shore Health System
Tufts Health Plan

Ms. Gail Sillman, CEO
Dr. Howard Grant, President and CEO
Dr. Joseph Frolkis, President and CEO
Dr. Gene Green, President and CEO
Mr. Thomas Crowell, President and CEO

STRATEGIES TO ADDRESS SOCIAL AND BEHAVIORAL HEALTH NEEDS WITNESS PANEL

Boston Medical Center
Commonwealth Care Alliance
Holyoke Medical Center
Massachusetts General Hospital
Whittier Street Health Center

Ms. Kate Walsh, President and CEO
Dr. Toyin Ajayi, Chief Medical Officer
Mr. Spiros Hatiras, President and CEO
Dr. Elsie Taveras, Chief, Division of General Pediatrics
Ms. Frederica Williams, President and CEO

CONSUMER PERSPECTIVE REACTOR PANEL

Community Catalyst
Health Care For All
Patient Family Advisor

Ms. Alice Dembner, Director, Substance Use Disorders Project
Mr. Brian Rosman, Research Director
Ms. Alexis Snyder

STRATEGIES TO ADDRESS PHARMACEUTICAL SPENDING GROWTH WITNESS PANEL

Dana-Farber Cancer Institute
Harvard Pilgrim Health Care
Partners HealthCare System
PhRMA

Dr. Deborah Schrag, Surgical Oncology Chief, Dept. of Medical Oncology
Dr. Rick Weisblatt, Chief of Innovation and Strategy
Dr. Gregg Meyer, Chief Clinical Officer
Ms. Lisa Joldersma, VP, Policy and Research

BENCHMARK

Chapter 224 of the Acts of 2012 established the Commonwealth's health care cost growth benchmark, a statewide target for the rate of growth in total health care expenditures (THCE). THCE includes spending by both public and private payers and is calculated on a per capita basis to control for increases in health care spending due to population growth. For more information, see CHIA's *Annual Report on the Performance of the Massachusetts Health Care System*.

Each year, the Health Policy Commission sets the benchmark for the Commonwealth's THCE growth. For 2013-2016, the benchmark was set at 3.6%, the equivalent of the gross domestic state product.

For 2013, the first year in which the Commonwealth was measured against the benchmark, health care costs grew at 2.4%, 1.2 percentage points less than the benchmark. In 2014, the Commonwealth's THCE exceeded the benchmark with 4.2% growth.

This year, CHIA reports that the Commonwealth's THCE in 2015 grew by 4.1%, exceeding the benchmark. CHIA found that one third of the 2015 growth in THCE could be attributed to pharmaceutical spending.

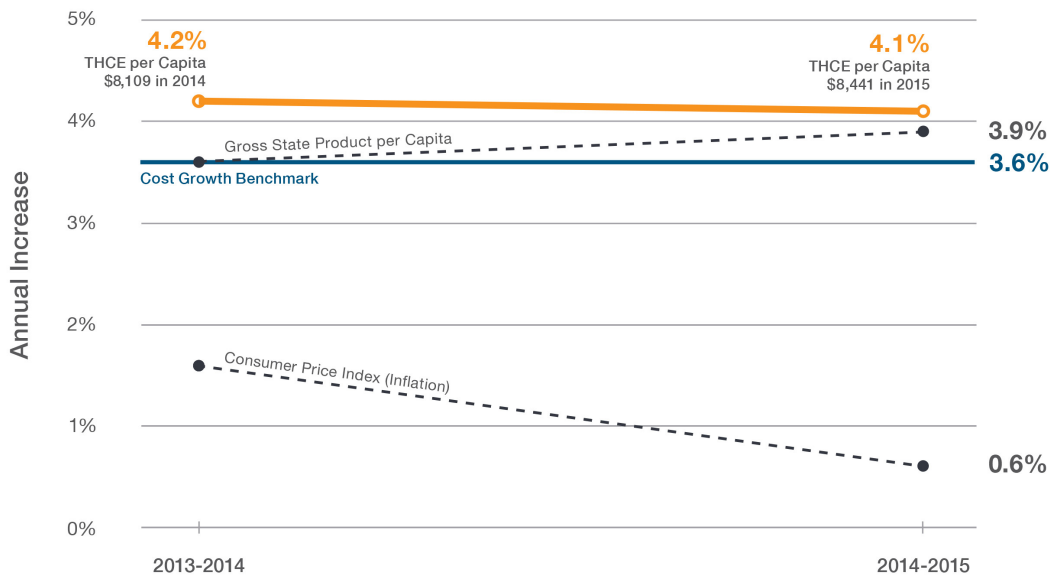
BY THE NUMBERS
(Key Findings from CHIA's 2016 Report)

\$57.4 Billion
Total Health Care Expenditures
(\$8,441 per capita)

2.0 Percentage Point
Decline in commercial APM coverage in 2015

1 in 5
MA commercial members were enrolled in a high deductible health plan

Total Health Care Expenditures Growth in Context, 2013-2015



PRE-FILED TESTIMONY

PFT BY THE NUMBERS : The HPC identifies a representative sample of approximately 50 health care providers, payers, and hospitals as witnesses required to submit written testimony. The information in the Pre-Filed Testimony (PFT) helps inform the Cost Trends Hearing, the Annual Cost Trends Report, and the HPC's ongoing policy development. Below, find a summary of 2016 PFT pertaining to the Hearing. All testimony can be found on our website.

PANEL 1: HEALTH CARE COST GROWTH BENCHMARK

Top Area of Concern for Meeting the Benchmark: Pharmaceutical Spending
100% of payers noted this as their primary concern.

#1 Change in Policy, Payment, or Regulation to Support Meeting the Benchmark:

Payers: Increased transparency requirements for pharmaceutical spending

Providers: Availability of more accurate and timely data for care management

Hospitals: Address price variation

#1 Strategy to Increase the Adoption of APMs: ACOs

55% of health care providers listed forming ACOs as their top strategy for adopting APMs. The second most noted strategy was moving towards bundled payment models.

#1 Barrier to Increased Use of APMs: Membership Size and Infrastructure Needs

45% of payers listed this as the top barrier they are facing.

PANEL 2: THE EVOLVING PROVIDER MARKET

#1 Barrier to Ensuring High-Value Referrals: Lacking Electronic Health Records

100% of providers and hospitals responded that their EHR system does not provide cost and quality data at the point of referral.

#1 Strategy to Support Telehealth: Reimbursement

91% of payers currently offer reimbursements for telemedicine, 81% for telepsychiatry.

PANEL 4: ADDRESSING PHARMACEUTICAL GROWTH

For 2015-2016 commercial book of business, plans projected their PMPY rate of growth for drug spending:

- Generic Drugs: -37% to +6.9%
- Brand Drugs: 4% to 21%
- Specialty Drugs: 7.3% to 35%

Top Strategies to Address Pharmaceutical Spending

84% of health care providers are employing the following strategies:

- Providing education and information to prescribers on drug choices and treatment alternatives
- Implementing programs to improve medication adherence and compliance

100% of payers are strengthening utilization management or prior authorization protocols.

PANEL 3: ADDRESSING SOCIAL AND BEHAVIORAL HEALTH NEEDS

Top Strategies to Recognize and Address Social Determinants of Health: Partnerships

58% of health care providers note that their top strategy to address social determinants of health is partnering with community agencies.

#1 Barrier to Behavioral Health Integration: Reimbursement

71% of health care providers identified poor reimbursement as the primary barrier to behavioral health integration.

#1 Barrier to Increasing Access to Pharmacological Treatment for Substance Use Disorder

73% of payers noted the lack of providers with appropriate prescribing privileges as a barrier to expanding access to pharmacological treatment for substance use disorder.

HPC BOARD MEMBERS

Stuart Altman, Ph.D., Chair

Stuart Altman, Ph.D., is the Sol C. Chaikin Professor of National Health Policy at The Heller School for Social Policy and Management at Brandeis University. He is an economist with five decades of experience working closely with issues of federal and state health policy within government, the private sector, and academia.

Wendy Everett, Sc.D., Vice Chair

Wendy Everett, Sc.D., is Special Advisor to NEHI, a national health policy research institute, where she leads initiatives for the Global Lab for Health and Nick Littlefield Fellowship.

Carole Allen, M.D.

Carole Allen, M.D., is a retired pediatrician with 37 years of experience in general pediatrics. She is a member of the Board of the American Academy of Pediatrics.

Don Berwick, M.D.

Donald M. Berwick, M.D., was President and CEO of the Institute for Healthcare Improvement (IHI) for nearly 20 years. In July 2010, President Obama appointed Dr. Berwick to the position of Administrator of the Centers for Medicare & Medicaid Services, a position he held until December 2011.

Martin Cohen

Martin D. Cohen is the President and CEO of the MetroWest Health Foundation. He has more than 30 years of experience working to plan and implement comprehensive strategies to improve public mental health services.

David Cutler, Ph.D.

David Cutler, Ph.D., is the Otto Eckstein Professor of Applied Economics at Harvard University and holds secondary appointments at Harvard Kennedy School and Harvard School of Public Health.

Tim Foley

Appointed to the Board in October 2016 because of his demonstrated experience in representing the health care workforce, Tim Foley is the Vice President of 1199SEIU Healthcare Workers East.

Secretary Kristen Lepore

Executive Office of Administration and Finance

Kristen Lepore serves as Secretary of the Executive Office for Administration and Finance. She is responsible for managing state finances and oversees state agencies that provide core administrative services.

Richard C. Lord

Richard C. Lord is President and Chief Executive Officer of Associated Industries of Massachusetts (AIM), a state-wide employer advocacy and service organization of more than 5,000 member companies.

Renato (Ron) Mastrogiovanni

Ron Mastrogiovanni is the President and Chief Executive Officer of Health-View Services and has more than 25 years of experience in management consulting, financial services, and health care software design.

Secretary Marylou Sudders

Executive Office of Health and Human Services

Marylou Sudders serves as the Secretary of the Executive Office of Health and Human Services. In this role, Secretary Sudders leads the largest executive agency in state government, and oversees critical services that touch almost one in six residents of the Commonwealth.



PUBLIC MEETINGS

Please join us at one of our upcoming public meetings at the HPC's offices, 50 Milk Street, 8th Floor, Boston.

BOARD MEETINGS

Wednesday, November 9 at 12:00PM

Wednesday, December 14 at 12:00PM

COMMITTEE MEETINGS

Cost Trends and Market Performance

Wednesday, October 26 at 9:30AM

Community Health Care Investment and Consumer Involvement

Wednesday, October 26 at 11:00AM

Care Delivery and Payment System Transformation

Wednesday, November 2 at 9:30AM

Quality Improvement and Patient Protection

Wednesday, November 2 at 11:00AM

Care Delivery and Payment System Transformation

Wednesday, November 30 at 9:30AM

Quality Improvement and Patient Protection

Wednesday, December 7 at 9:30AM

Cost Trends and Market Performance

Wednesday, December 7 at 10:30AM

Community Health Care Investment and Consumer Involvement

Wednesday, December 7 at 11:30AM

ADVISORY COUNCIL MEETINGS

Tuesday, November 15 at 12:00PM

Wednesday, January 18 at 12:00PM

For more information on the Health Policy Commission, please visit our website at www.mass.gov/hpc.

To contact us, email HPC-Info@state.ma.us or tweet us @Mass_HPC

NOTES

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NOTES

Tweet us @Mass_HPC

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