



General Reporting Requirements of Entities

Cost and Market Impact Reviews (CMIR)

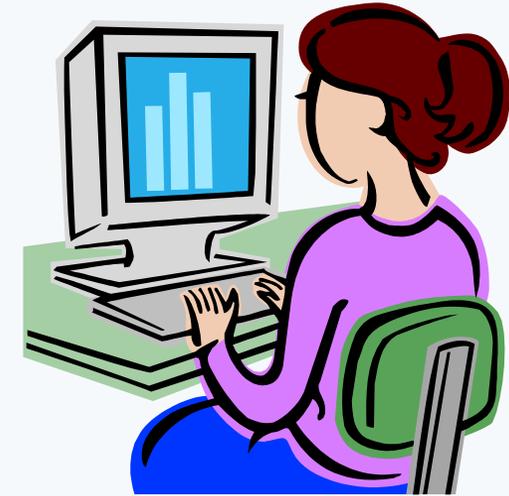
Facility Fees

April 10, 2018

OHCA Reporting Requirements and Notifications

Annual Filings:

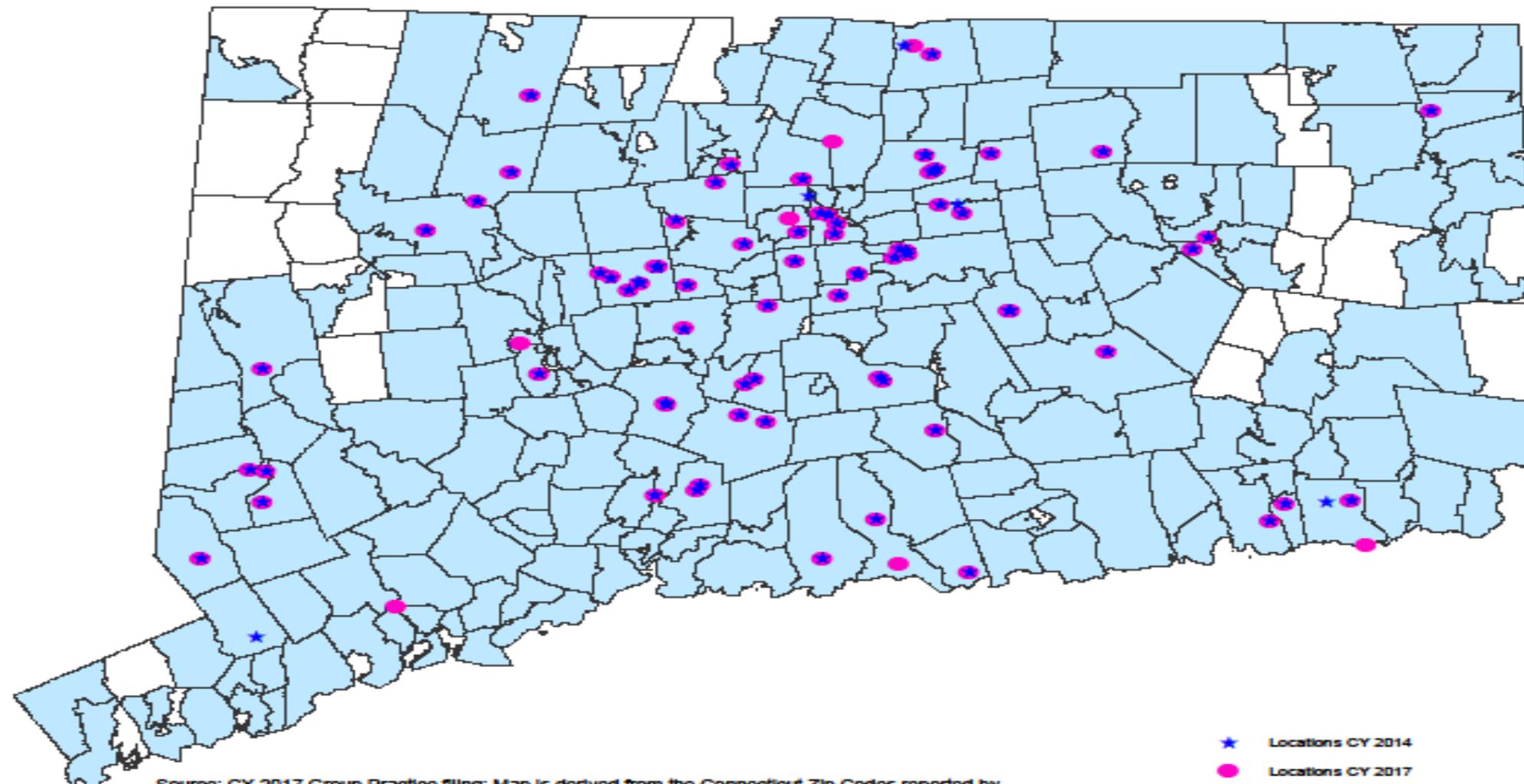
- Hospital Price/Charge masters
- Group Practices
- Hospital Affiliations
- Hospital/System Facility Fees
- Medical Foundations



Notifications:

- Hospital notice to patient of purchased facility
- Material Change of group practices

ProHealth Physicians, P.C. - Primary Service Area (PSA) CYs 2014 and 2017



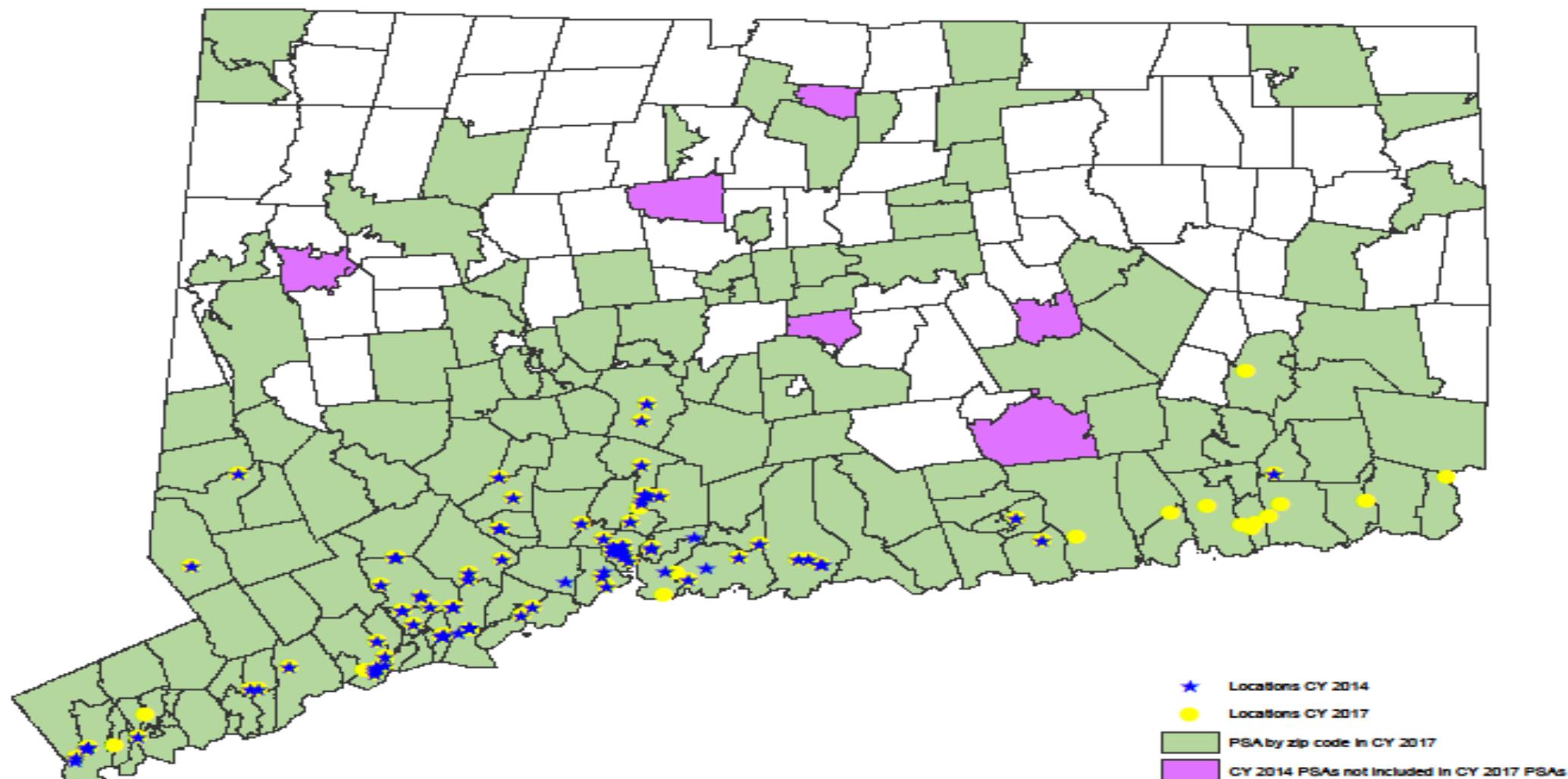
Source: CY 2017 Group Practice filing: Map is derived from the Connecticut Zip Codes reported by ProHealth Physicians, P.C. for the defined Primary Service Area which is defined in statute as the smallest number of zip codes from which the provider draws at least 75% of its patients.

Created by DPH, OHS, April, 2018

- ★ Locations CY 2014
- Locations CY 2017
- PSA by zip code CYs 2014 and 2017



Northeast Medical Group, Inc. - Primary Service Area (PSA) CYs 2014 and 2017 -



Source: CY 2017 Group Practice filings: Map is derived from the Connecticut Zip Codes reported by Northeast Medical Group, Inc. for the defined Primary Service Area which is defined in statute as the smallest number of zip codes from which the provider draws at least 75% of its patients. Yale acquired Lawrence + Memorial Hospital on September 8, 2016 and NEMG acquired L+M Physicians Association on March 31, 2017.

Created by DPH, OHS, April, 2018

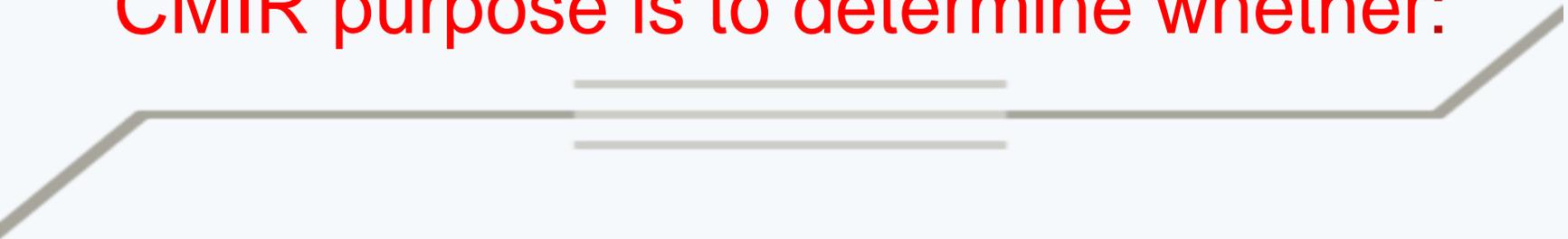
COST AND MARKET IMPACT REVIEW REQUIREMENTS



CMIR only applies to transfer of ownership of:

- For-profit entities; or
- Non-profit hospitals and hospital systems having net patient revenue greater than \$1.5B during FY 2013

CMIR purpose is to determine whether:

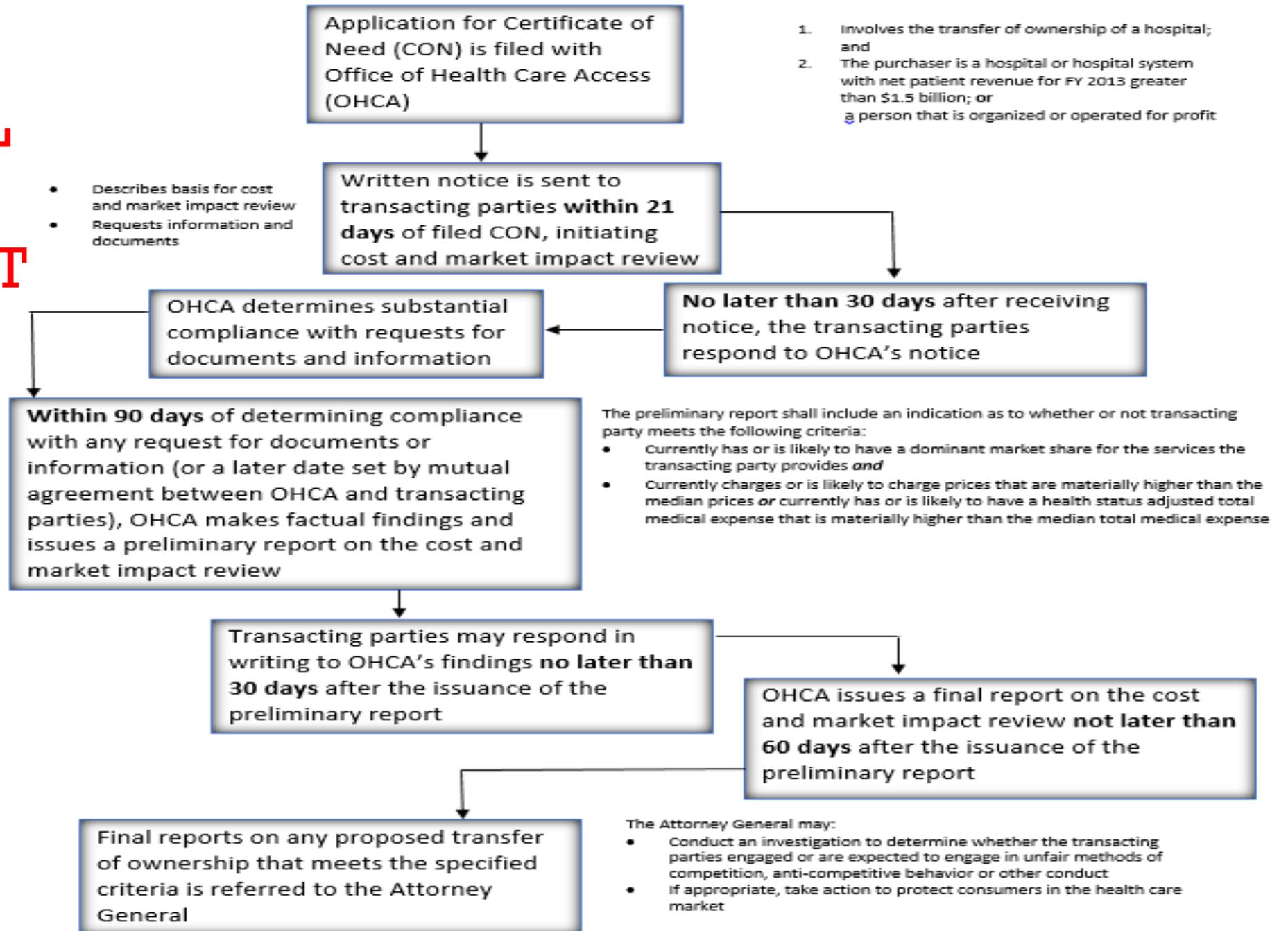


- ❖ The transaction will have a **dominant market share for the services** provided post-transfer; or
- ❖ The transacting parties charge or are likely to **charge prices** that are **materially higher** than median prices post transfer; *or* currently or is likely to have a **health status adjusted medical expense** that is **materially higher** than the median total medical expense.

CMIR Criteria

- 
- *Market share within the Primary Service Area (PSA)*
 - *Prices for services compared to other providers within market*
 - *Quality of services provided, including patient experience*
 - *Cost trends compared to statewide total healthcare expenses*
 - *Availability and accessibility of services*
 - *Impact of transaction on existing service providers in area*
 - *Methods of attracting volume and recruiting professionals*
 - *Role in serving at-risk and underserved populations in the PSA*
 - *Role in providing low or negative margin services in the PSA*
 - *Consumer concerns/complaints*
 - *Other factors within the public interest*

GENERAL PROCESS FOR COST AND MARKET IMPACT REVIEW



Note: This flow chart is intended to provide a general overview of the process set forth in Connecticut General Statutes §19a-639f, *et seq.* It does not modify or supplant any state statute, regulation or departmental policy.

Challenges in Conducting CMIR

- ❖ Undefined terms such as “health status adjusted total medical expense” and “dominant market share”
- ❖ Few accessible, robust data sources when initial report completed
- ❖ Small pool of experienced independent “CMIR” consultants



SUMMARY OF FINDINGS:

Charlotte Hungerford Hospital and Hartford Health Care Affiliation

No dominant market share:

- Affiliation would increase Hartford HealthCare's share of net patient service revenue by only one (1) percentage point; and
- Has very little effect on Hartford HealthCare's existing statewide market share.

Unlikely to charge prices that are materially higher than median prices post transfer:

- Affiliation would result in increase in negotiated prices for services. However, price increases would likely be minimal.

SUMMARY OF FINDINGS:

Yale New Haven Health System and Lawrence Memorial Hospital Affiliation

- ❖ Per CMIR/baseline cost structure report, the following cumulative fee caps were set forth for commercial contracts after 1/1/2018:

L+M's Inpatient Cap	16.5%
L+M's Outpatient Cap	11.6%
LMMG's Physician Cap	8.0%

Certificate of Need Required Conditions for Hospital Conversions/Acquisitions

Limit reduction/relocation of services that would reduce access to care

Submit plan for consolidation, reduction, elimination or expansion of services

Conduct Community Health Needs Assessments (CHNAs), develop implementation plans and adopt evidence-based interventions identified in CDC 6/18 initiative

Submit capital investment plans and reports on financial measures and cost savings

Incorporate generous charity care policy

Maintain community benefit programs and activities

Contract with Independent Monitor for condition compliance

POST AFFILIATION RESULTS/OUTCOMES

L+M Health System Investment of \$47.3 M

- ❑ In FY 2017, the Yale system committed to investments of over \$47 M for:
 - Primary and specialty care
 - Infrastructure, including IT
 - Population health
 - Community need/building activities

Improved Financial Performance

- ❑ L+M Hospital's Financial performance improved significantly in FY 2017
 - \$9.5 M in cost savings greatly surpassed the \$4.1M projected
 - Total margin increased from 0.14% to 3.42%
 - Income from operations improved from negative \$1.3 M to \$4.6 M
 - Days cash on hand increased from 141 to 153
 - Credit Rating improved from BBB+ to A+

POST AFFILIATION RESULTS/OUTCOMES cont.

More Physicians/Specialties

- ❑ Yale/L+M have enhanced specialties in FY 2017:
 - Added physicians in endocrinology, general surgery and obstetrics/midwifery
 - Recruited family practice and internal medicine physicians
 - Hired 24 providers in New London/Westerly
 - 9 additional providers expected in FY 2018

Improved Community Benefits

- ❑ L+M participating in Yale population health structure
- ❑ L+M provided new funds to support education, youth and neighborhood development programs
- ❑ L+M's new Health Implementation Strategy targets six "high burden" health conditions:
 - Tobacco Use
 - Infections
 - Unintended pregnancies
 - High blood pressure
 - Asthma
 - Diabetes

FACILITY FEES

Any fee charged or billed by a hospital or health system for outpatient hospital services provided in a hospital-based facility that:

- a) is intended to compensate the hospital or health system for operational expenses; and*
- b) is separate and distinct from a professional fee.*

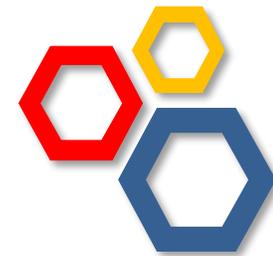
As of 1/1/2017, no hospital, health system or hospital-based facility is allowed to collect a facility fee for outpatient health care services that uses a current procedural terminology evaluation and management (E/M) code.



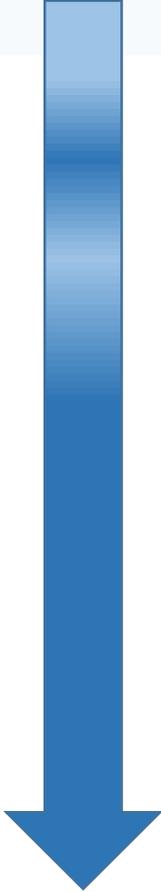
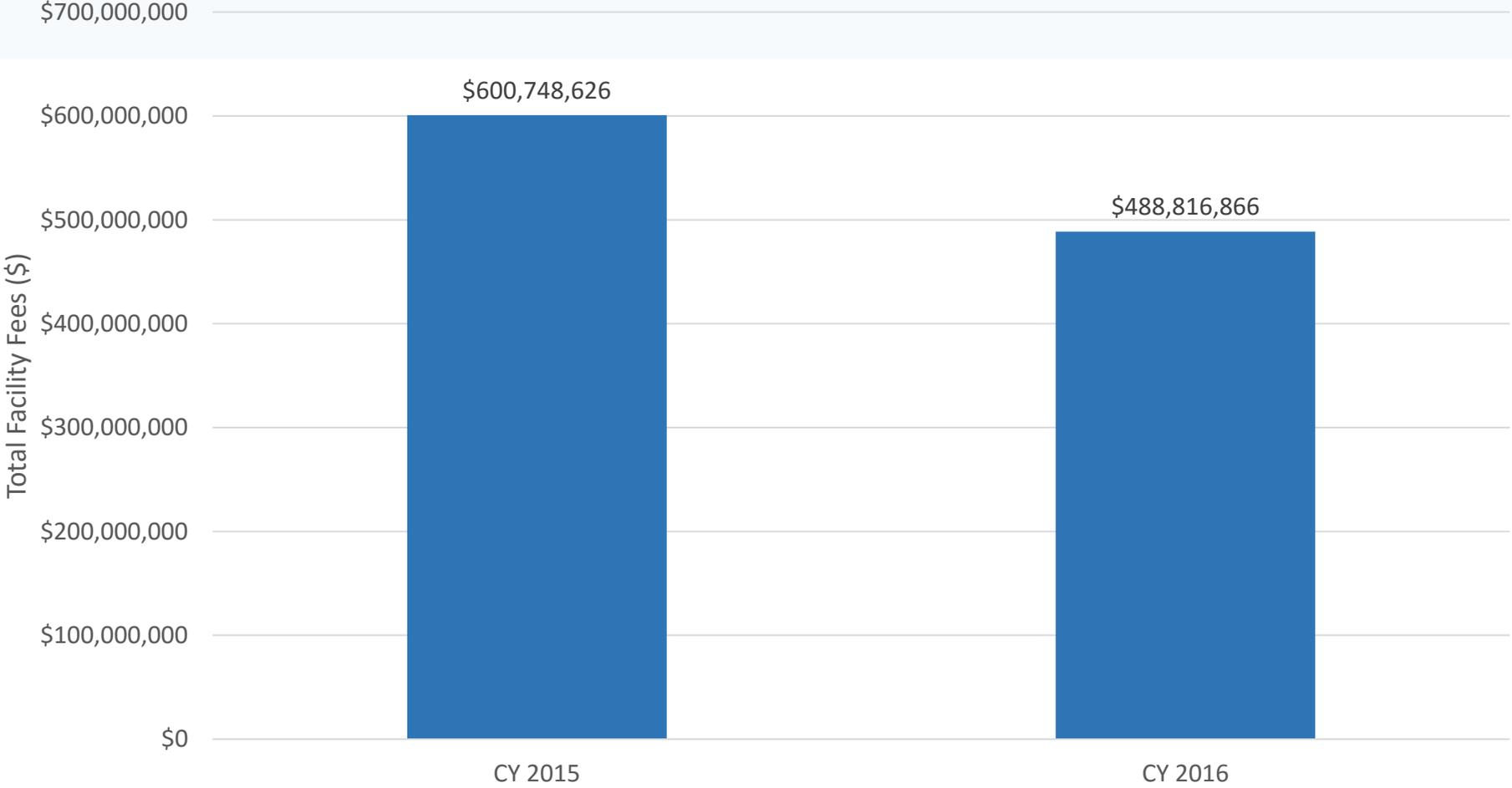
Newly Enacted Laws Regarding Facility Fees Provide Transparency

Facilities must:

- Give patient written notice that they may be charge a facility fee;
- Identify the fee as a facility fee in addition to, or separately from, any professional fee which may be an additional charge.
- Prominently display written notice that it may charge a facility fee.
- Clearly display signage, marketing, website, etc. that the facility is hospital-based.
- Provide a general notice to patients.



TOTAL FACILITY FEE REVENUE



CY 2016 FACILITY FEE REVENUE

