Health Policy Commission

Implementation Strategies of Chapter 224 and Opportunities for CHCs

Massachusetts League of Community Health Centers
Fall Membership Retreat

October 21, 2013

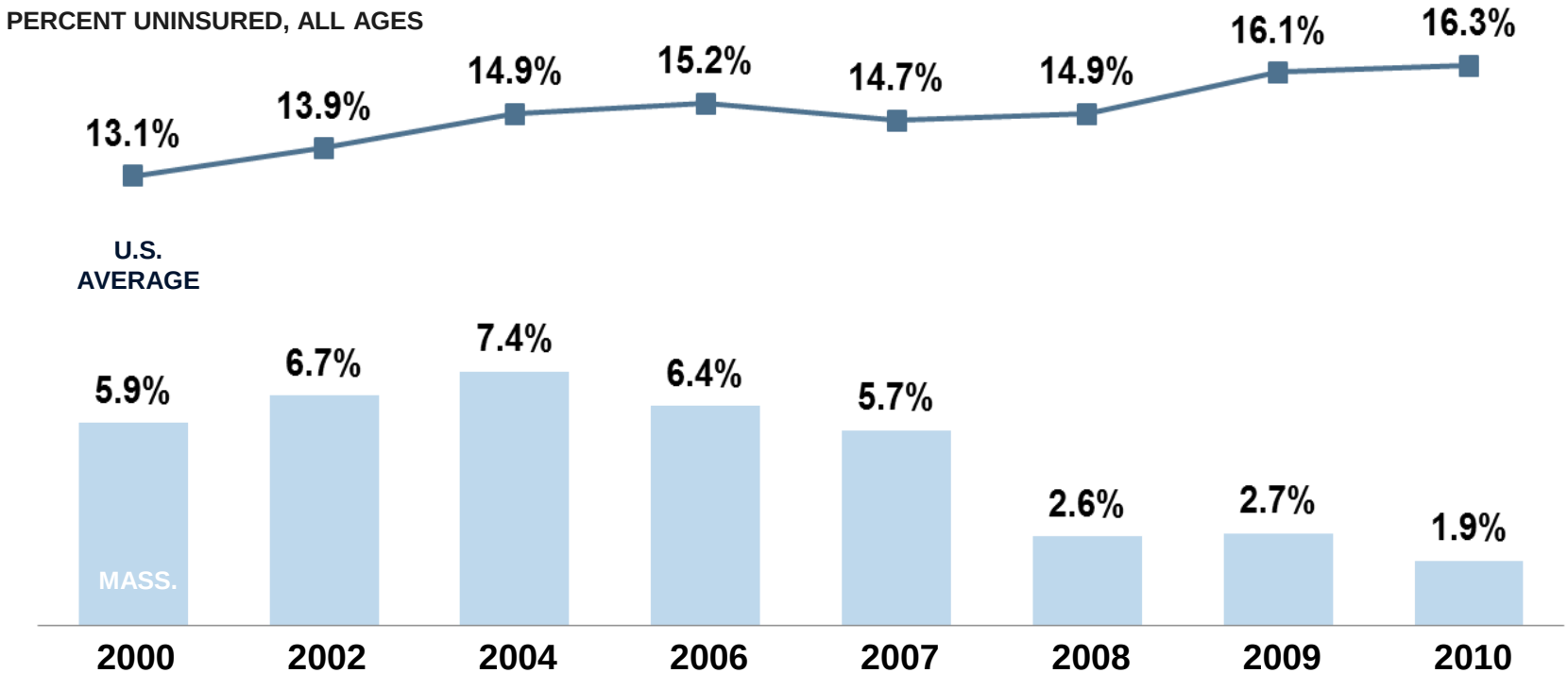
How we got here

HEALTH CARE REFORM PART I

Chapter 58 Bill Signing, Faneuil Hall, Boston, April 2006

How we got here

MASSACHUSETTS NOW HAS THE LOWEST RATE OF UNINSURANCE IN THE COUNTRY



NOTE: The Massachusetts specific results are from a state-funded survey — the Massachusetts Health Insurance Survey (MHIS). Using a different methodology, researchers at the Urban Institute estimated that 507,000 Massachusetts residents were uninsured in 2005, or approximately 8.1 percent of the total population. Starting in 2008, the MHIS sampling methodology and survey questionnaire were enhanced. These changes may affect comparability of the 2008 and later results to prior years. The national comparison presented here utilizes a different survey methodology, the Current Population Survey, which is known to undercount Medicaid enrollment in some states.

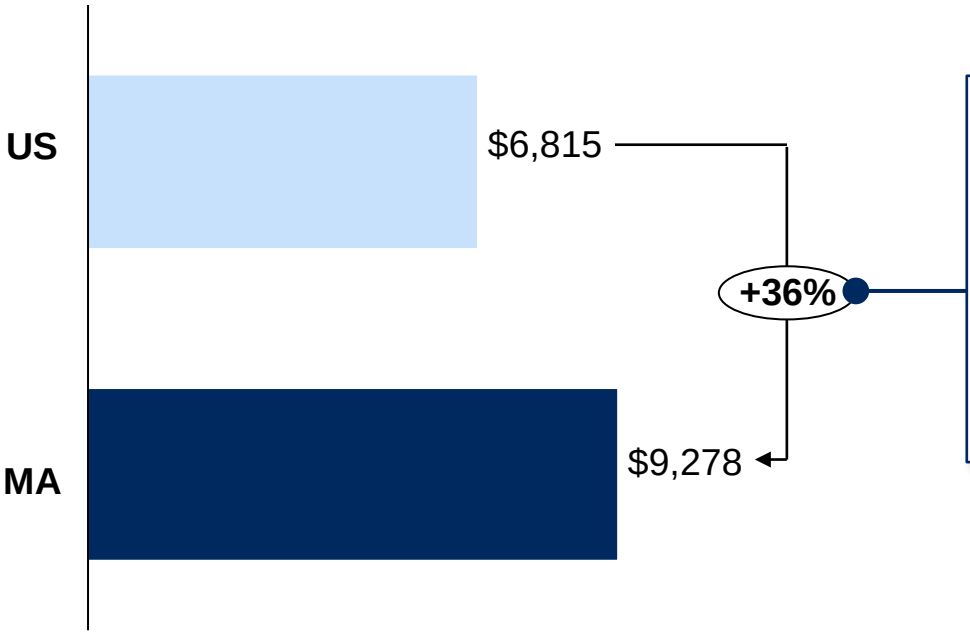
SOURCES: Urban Institute, *Health Insurance Coverage and the Uninsured in Massachusetts: An Update Based on 2005 Current Population Survey Data In Massachusetts*, 2007; Massachusetts Division of Health Care Finance and Policy, *Massachusetts Health Insurance Survey* 2000, 2002, 2004, 2006, 2007, 2008, 2009, 2010; U.S. Census Bureau, Current Population Survey 2010.

How we got here

MASSACHUSETTS SPENT 36% MORE THAN THE US ON A PER CAPITA BASIS IN 2009

Personal health care expenditures[1]

Dollars per capita, 2009



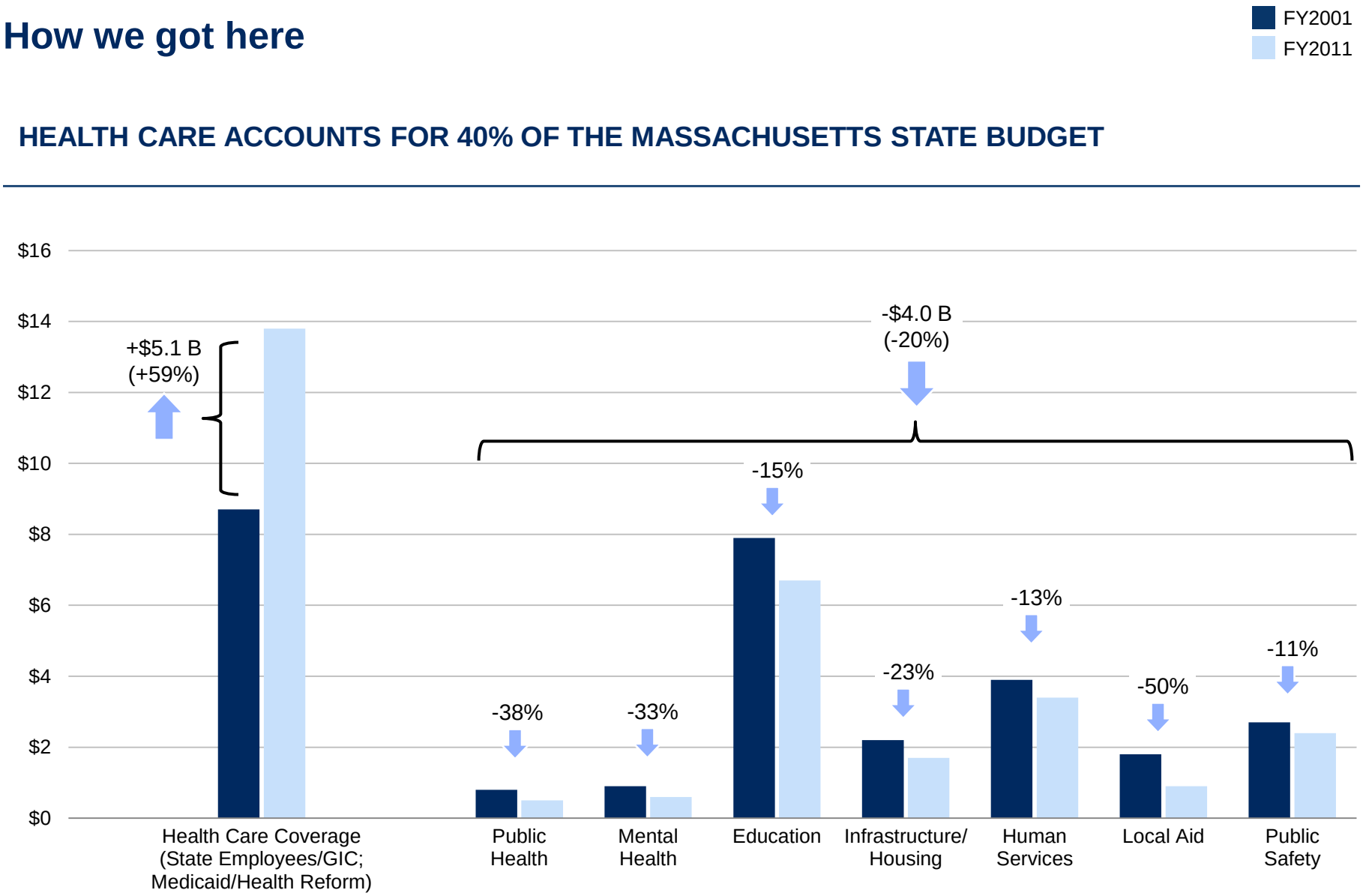
- Massachusetts spent the most per capita in 2009 (excluding D.C.)
- Difference for public payers was smaller
  - 8% more for Medicare per beneficiary
  - 21% more for Medicaid per beneficiary

1 Personal health care expenditures (PHC) are a subset of national health expenditures. PHC excludes administration and the net cost of private insurance, public health activity, and investment in research, structures and equipment.

Source: Centers for Medicare and Medicaid Services; HPC analysis

How we got here

HEALTH CARE ACCOUNTS FOR 40% OF THE MASSACHUSETTS STATE BUDGET



Massachusetts State Budget Comparison, FY2001 and FY2011
$ billion

SOURCE: Massachusetts Budget and Policy Center

How we got here

HEALTH CARE REFORM PART II

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.

Chapter 224 Bill Signing, State House, Boston, August 2012

Key strategies of chapter 224

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 target

Chapter 224 sets a target for controlling the growth of total health care expenditures:

- Annual increase in total health care spending not to exceed economic growth through 2017, PGSP minus 0.5% for next 5 years, then back to PGSP
- Growth rate of PGSP in 2013 and 2014 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

CALENDAR YEARS	COST GROWTH BENCHMARK
2013-2017	Equal to the Economic Growth Rate
2018-2022	Equal to the Economic Growth Rate minus 0.5% (may be modified by the HPC)
2023 and beyond	Equal to the Economic Growth Rate (may be modified by the HPC)

New implementing state agencies

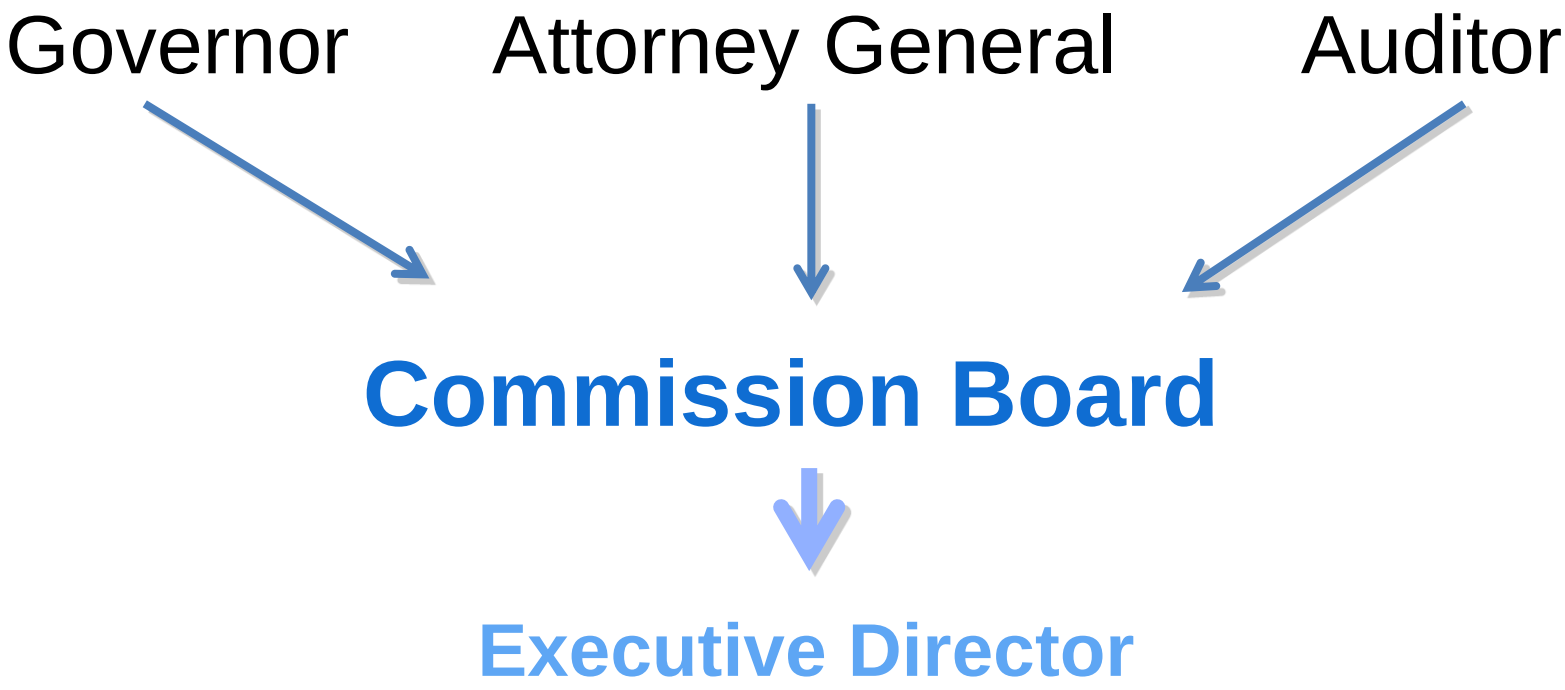
Center for Health Information and Analysis (CHIA)

- Data and analytics hub
- Independent state agency led by an Executive Director appointed by Governor, Auditor, and the Attorney General
- Duties include:
  - 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, market concentration, and spending and retention
  - Manages the All Payer Claims Database
  - Maintains consumer-facing cost transparency website, MyHealthCareOptions

Health Policy Commission (HPC)

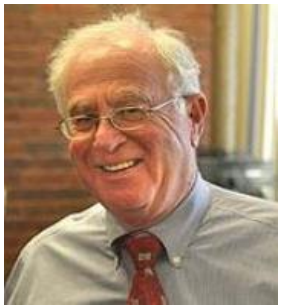
- Policy development hub
- Independent state agency governed by an 11-member board with diverse experience in health care
- Duties include:
  - Sets statewide health care cost growth benchmark
  - Enforces performance against the benchmark
  - Certifies accountable care organizations and patient-centered medical homes
  - Registers provider organizations
  - Conducts cost and market impact reviews
  - Holds annual cost trend hearings
  - Produces annual cost trends report
  - Support investments in community hospitals

Health Policy Commission: Who we are



MISSION: To monitor the reform of the health care delivery and payment systems in Massachusetts and develop health policy to reduce overall cost growth while improving the quality of patient care.

Health Policy Commission: Who we are



Chairman: Stuart Altman, PH.D., is the Sol C. Chaikin Professor of National Health Policy at The Heller School of 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.

- Other commissioners:
  - Ms. Jean Yang, Executive Director, Massachusetts Health Connector Authority
  - Dr. Carole Allen, former Director of Pediatrics, Harvard Vanguard Medical Associates
  - Dr. David Cutler, Professor of Applied Economics, Harvard University
  - Dr. Paul Hattis, Senior Associate Director, Tufts University Medical School MPH Program
  - Ms. Marylou Sudders, Associate Professor of Macro Practice and Chair of the Health and Mental Health Program, Boston College's Graduate School of Social Work
  - Dr. Wendy Everett, **Vice Chair**, President, New England Healthcare Institute
  - Mr. Rick Lord, President and Chief Executive Officer, Associated Industries of Massachusetts
  - Ms. Veronica Turner, Executive Vice President, 1199SEIU
  - Mr. John Polanowicz, Secretary, Health and Human Services
  - Mr. Glen Shor, Secretary, Administration and Finance

Key activities and opportunities

- **Promote the adoption of new delivery system models through a certification program for patient centered medical homes and accountable care organizations**
- Align investments across a number of state agencies to establish the foundation necessary for sustainable system transformation
- Examine significant changes in the health care marketplace and their potential impact on cost, quality, and access
- Monitor health care cost growth in the Commonwealth and drivers therein

Statutory obligations for PCMHs

Section 14 of Chapter 6D

The commission, in consultation with the office of Medicaid, shall develop[1] and implement standards of certification for PCMHs... Based on the following criteria: enhancing access… enabling utilization of… dedicated care coordinators… encouraging shared decision-making… [and] ensuring that PCMHs develop[2] and maintain appropriate comprehensive care plans for patients with complex or chronic conditions… Certification as a PCMH is voluntary. Primary care providers, behavioral health providers,[3] and specialty care providers certified by the commission as a PCMH shall renew their certification every 2 years… A primary care provider or specialty care provider certified as a PCMH shall have the ability to assess and provide or arrange for, and coordinate care with, mental health and substance abuse services. A behavioral health provider or specialty care provider certified as a PCMH shall have the ability to assess and provide or arrange for, and coordinate care with, primary care services,[4] to the extent determined by the commission… The commission, in consultation with the office of Medicaid, shall establish[5] a PCMH training for PCMHs to learn the core competencies of the PCMH model… The commission shall develop[6] a model payment system for PCMHs… The commission shall develop and distribute a directory of key existing referral systems and resources that can assist patients in obtaining housing, food, transportation, child care, elder services, long-term care services, peer services, and other community-based services.

2013 Amendment [7]

Amended chapter 224 to include priority for model PCMH practices

HPC Requirements

1. Develop and implement standards
2. Create a voluntary certification process that requires renewal every 2 years
3. Include behavioral health and specialty care providers
4. Establish training
5. Develop a model payment system
6. Develop and distribute a directory connecting patients to community-based services
7. Create a designation process for Model PCMHs

Statutory alignment of PCMH and ACO

Section 15(c)(5) of Chapter 6D

In developing additional standards for ACO certification, the commission shall consider the following goals for ACOs… to improve access to certain primary care services, including, but not limited to, by having **a demonstrated primary care and care coordination capacity and a minimum number of practices engaged in becoming patient-centered medical homes including certified patient-centered medical homes**.

HPC role

Monitor	Monitor certification and impact of PCMH and ACO programs and payment models on quality, cost & access
Engage	Engage providers and payers to support adoption of functional capabilities at the practice level
Transform	Evaluate capabilities to define gaps, identify best practices, stimulate innovation, and measure impact

Considerations for approach: value vs. burden

- Participation by providers/payers
  - Perceived value of selected standards/accreditation body
  - Potential cost to providers (financial, administrative)
- Focus on behavioral health (minimal inclusion in national standards)
- Not all standards/elements considered “high-value”
- Measures, reporting, and analysis
- Opportunity for HPC to define focus areas to meet statutory requirements and focus on high-value elements for quality/cost

Evidence on high value elements of accountable care

PCMH

- Care coordination
- Enhanced access
- Behavioral health integration
- Accessible, real-time data to manage performance and track patients
- Resource stewardship
- Integration & collaboration

ACO

High value: demonstrated impact on quality, cost and patient experience

Key deliverables for HPC care model programs

Q3 2013	Q4 2013	Q1 2014	Q2 2014
HPC certification framework	Payer engagement	Practice engagement	ACO standards & measures
PCMH focus areas & criteria	Payment model design	Training & technical assistance resources	ACO program design
PCMH measures	Reporting and monitoring methods	PCMH Phase I launch	Implement PCMH pilot
Stakeholders/ technical advisor engagement	PCMH pilot & evaluation design		

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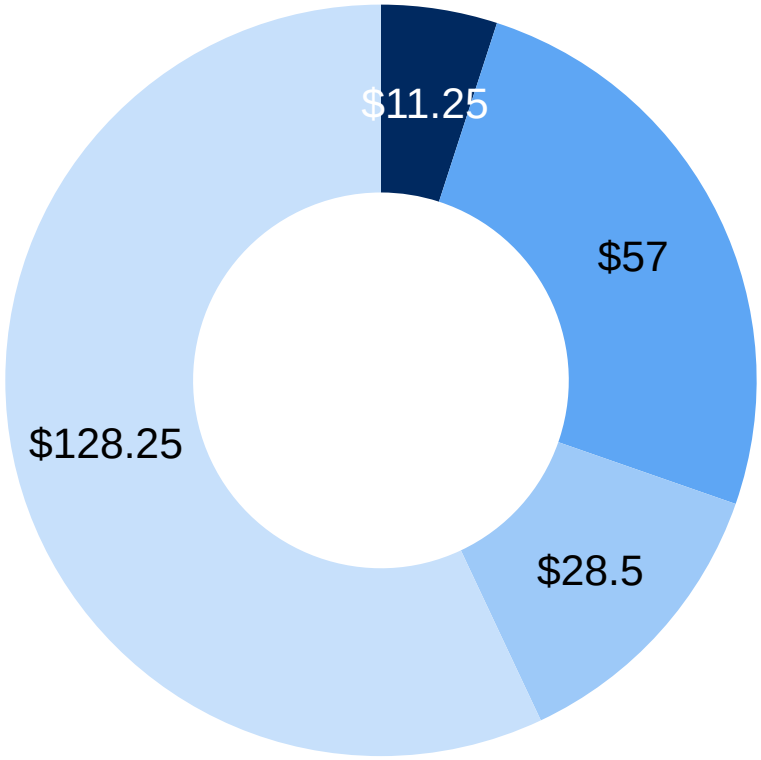
Foundational investments in chapter 224

Assessment Distribution
100% = $225 million over four years



- **Distressed Hospital Fund:** Supports investments in community hospitals
- **e-Health Institute Fund:** Supports providers in adopting interoperable health information technology
- **Prevention and Wellness Trust Fund:** Supports community-based public health and health promotion activities
- **Health Care Payment Reform Fund:** Supports the operations of the Health Policy Commission

SOURCE: Section 241 of Chapter 224

Alignment with investments across agencies and programs

Key activities and opportunities

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Overview of cost and market impact reviews

Cost and market impact reviews (CMIRs) can be initiated when…

1. …a material change "…is likely to result in a significant impact on the commonwealth's ability to meet the health care cost growth benchmark, established in section 9, or on the competitive market."
2. …a provider is identified by CHIA as having excessive growth relative to the benchmark

What it is

- Comprehensive and multi-factor review of the provider organization and its proposed change
- Following a preliminary report and opportunity for the provider to respond, HPC issues a final public report summarizing its findings
- Potential referral to the Attorney General's Office
- Proposed change cannot be completed until 30 days after the Commission issues its final report

What it is not

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

Key activities and opportunities

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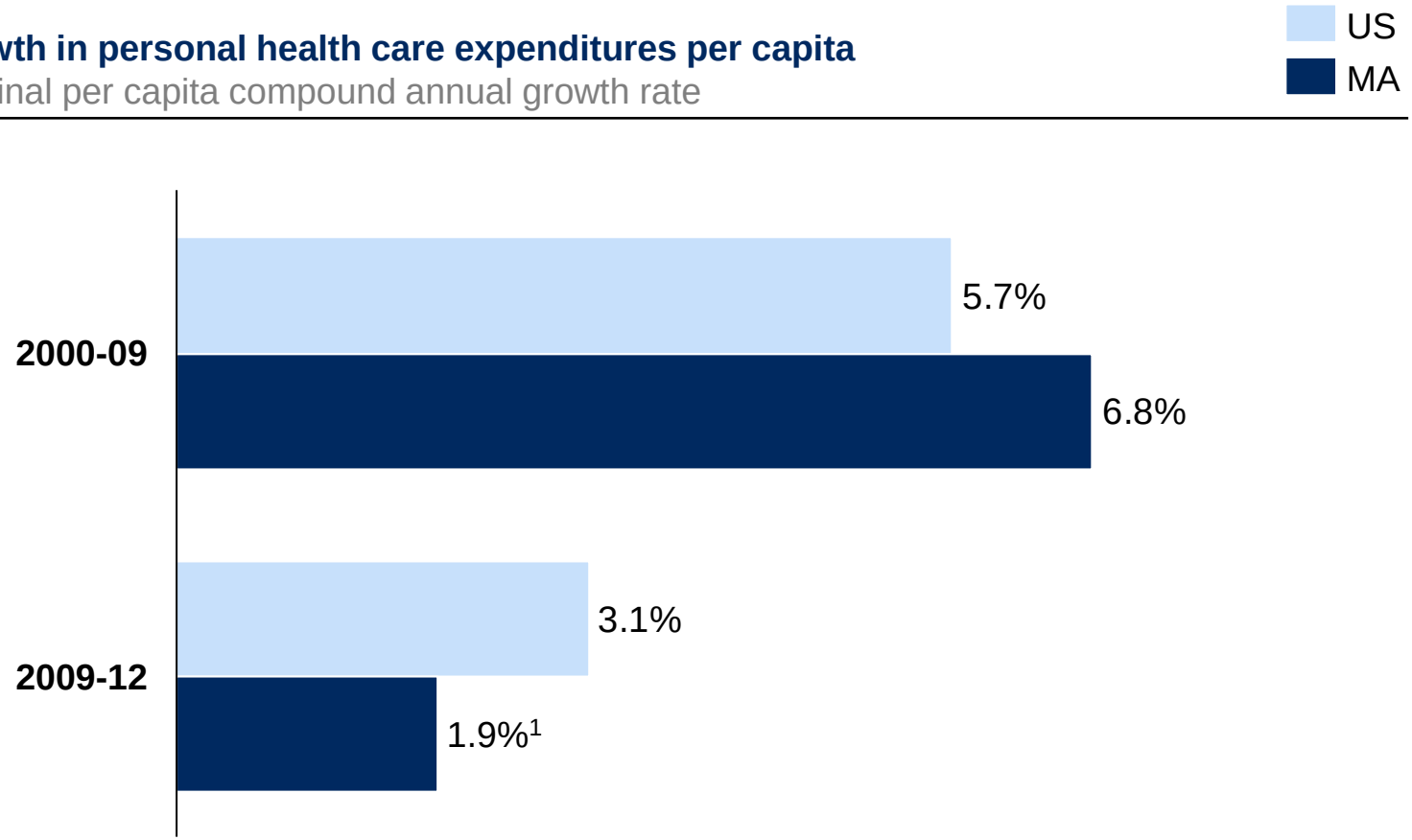
2013 Health care cost trends hearing

Recent trends: Growth in Massachusetts has been slower than the US as a whole, but…

Growth in personal health care expenditures per capita

Nominal per capita compound annual growth rate



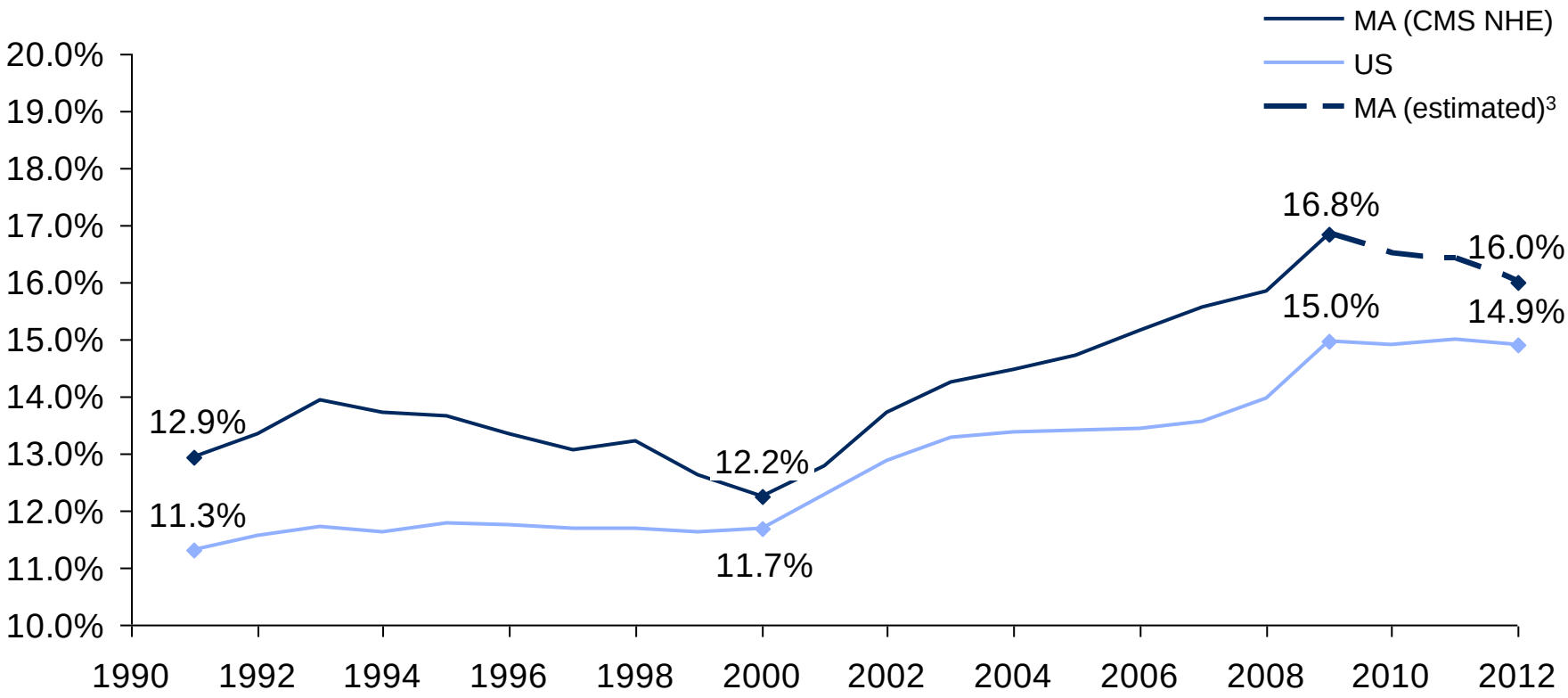
1 CMS state-level personal health care expenditure data have only been published through 2009. 2009-2012 MA figures were estimated based on 2009-2012 growth rates provided by CMS for Medicare, ANF budget information statements for MassHealth, CHIA TME reports, and pre-filed testimony from commercial payers.

Source: Centers for Medicare and Medicaid Services; ANF; CHIA; pre-filed testimony from commercial payers for 2013 annual cost trends hearing; HPC analysis

… Massachusetts still spends more on health care as a proportion of its economy than the US

Personal health care expenditures[1] relative to size of economy

Percent of respective economy[2]



1 Personal health care expenditures (PHC) are a subset of national health expenditures. PHC excludes administration and the net cost of private insurance, public health activity, and investment in research, structures and equipment.

2 Measured as gross domestic product (GDP) for the US and gross state product (GSP) for Massachusetts

3 CMS state-level personal health care expenditure data have only been published through 2009. 2010-2012 MA figures were estimated based on 2009-2012 growth rates provided by CMS for Medicare, ANF budget information statements for MassHealth, CHIA, and pre-filed testimony from commercial payers.

Source: Centers for Medicare and Medicaid Services; ANF; CHIA; pre-filed testimony from commercial payers for 2013 annual cost trends hearing; HPC analysis

Key upcoming activities

- Release annual cost trends report for 2013
- Issue cost and market impact review report on a pending hospital acquisition
- Finalize program design and evaluation plan for phased implementation of patient-centered medical home certification
- Develop program for certification of accountable care organizations
- Develop innovation investment program
- Partner with the Massachusetts Department of Public Health in statewide health resource planning efforts
- Distribute the first round of community hospital grants

Key challenges

- Access to timely, reliable data and information
- Moving past pilots to scalable solutions
- Dynamic provider marketplace
- Defining and measuring “value”
- Product purchasing trends and incentives
- Communicating success

Contact Us

For more information about the Health Policy Commission:

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