Payment Reform
Going Out on a Limb

Massachusetts Health Policy Student Forum

centered care

Dolores L. Mitchell
Executive Director, Group Insurance Commission

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Out on a Limb – That’s Where the Fruit Is
Watch Out! The GIC is Going Out on a Limb
The Triple Aim

• Better health care
• Better population health
• Lower per capita cost

Don Berwick, Former Administrator, Centers for Medicare & Medicaid Services
Now for the How
What Were We Trying to Achieve?

Market Change

• Five year contracts – Reducing cost growth and then actually reversing it

• Align GIC’s strategy with federal and state payment reform

• Reimburse providers based on *value* rather than *volume*
  – Health Plans move from Fee for Service (FFS) contracts with providers, to global budgets for the management of care

• Impose penalties on Plans for missing spending targets, or share savings for beating targets
  – Gains and losses to be shared with providers
Control Costs Over Multiple Years: Fiscal Implications

Cumulative savings of $1.29B due to provider payment reform

If costs come in 2% worse than target goals, including penalties paid to the GIC

Status quo costs

If costs come in 2% better than financial goals, including bonus paid to plans

FY13 FY14 FY15 FY16 FY17 FY18

$1.5B

$2.01B (6.0% avg. trend)

$1.61B (1.4% avg. trend)

$1.49B (-0.1% avg. trend)

$1.39B (-1.6% avg. trend)

Reflects achievable costs under provider payment reform

Commonwealth of Massachusetts Group Insurance Commission
What Are We Trying to Achieve?

**Improved Care Delivery**

- Drive system transformation

- Encourage Primary Care Provider (PCP) assignment, to increase care coordination and quality
  - Health plan communications to members confirming PCP elections
  - “Know your numbers” (biometrics) and “know your doctor” marketing campaigns
What We Learned Through the RFP Process

• All plans already measure quality and consumer satisfaction to some degree --- BUT
• They are not currently organized in a way that enables them to change care delivery
• Health care providers must redesign care coordination models
• Purchaser Initiatives have helped but can’t do the job alone - Patient Centered Medical Homes, Clinical Performance Improvement (CPI) Initiative, Leapfrog, Catalyst for Payment Reform, Pay for Performance, Bridges to Excellence
• All plans need to re-negotiate contracts with providers to meet the GIC’s strategy goals
• Members have to be brought into the solution by taking care of their health and working with their Primary Care Providers
What Does This Mean in Practice to the Patients?  - 10 Key Elements

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<td>PCP designation</td>
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<td>PCP engagement</td>
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<td>Low cost providers encouraged</td>
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<td>Expanded hours and urgent care access</td>
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