MASSACHUSETTS

Payment and Delivery System Reform – Lessons from Massachusetts

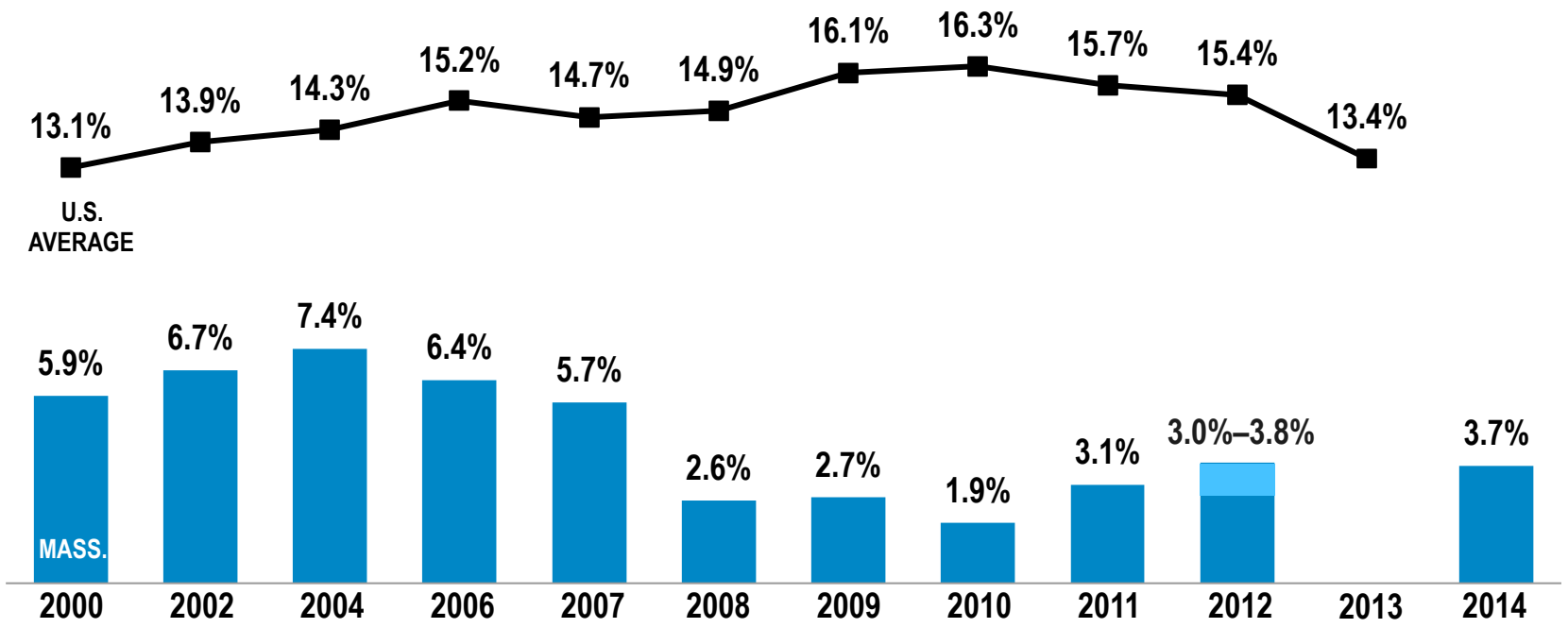
NIHCM Capitol Hill Briefing

Andrew Dreyfus
Blue Cross Blue Shield of Massachusetts
November 6, 2015

MASSACHUSETTS HAS THE LOWEST UNINSURANCE RATE IN THE NATION

MASSACHUSETTS

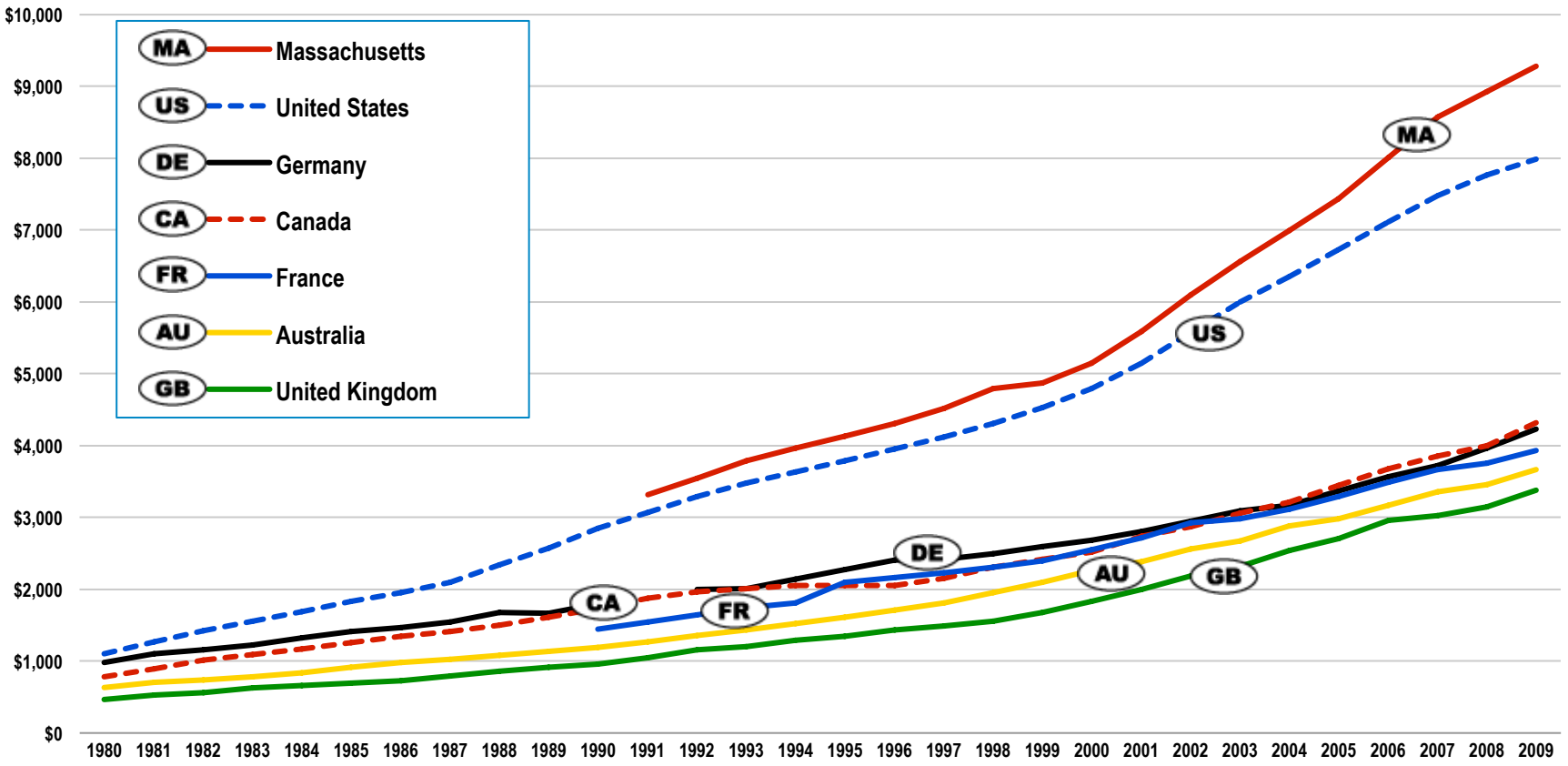
PERCENT UNINSURED, ALL AGES



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 Center for Health Information and Analysis (formerly the Division of Health Care Finance and Policy) *Massachusetts Health Insurance Survey* data for years 2000, 2002, 2004, 2006, 2007, 2008, 2009, 2010, 2011, 2014; *Massachusetts Health Insurance Coverage 2012 Estimate*, Massachusetts Center for Health Information and Analysis, December 2, 2013; no survey data or estimate was produced for 2013. U.S. Census Bureau, Current Population Survey, Health Insurance Historical Tables (HIB Series).

COSTS IN MASSACHUSETTS HIGH AND RISING



NOTE: U.S. dollars are current-year values. Other currencies are converted based on purchasing power parity.

SOURCE: OECD Health Data; *National Health Expenditures by State of Residence*, CMS Office of the Actuary, 2011.

MEANWHILE AT BCBSMA…..

MASSACHUSETTS

The Alternative Quality Contract (2009)

Global Budget

- Covers all medical services
- Health status adjusted
- Based on historical claims
- Shared risk
- Declining trend

Quality Incentives

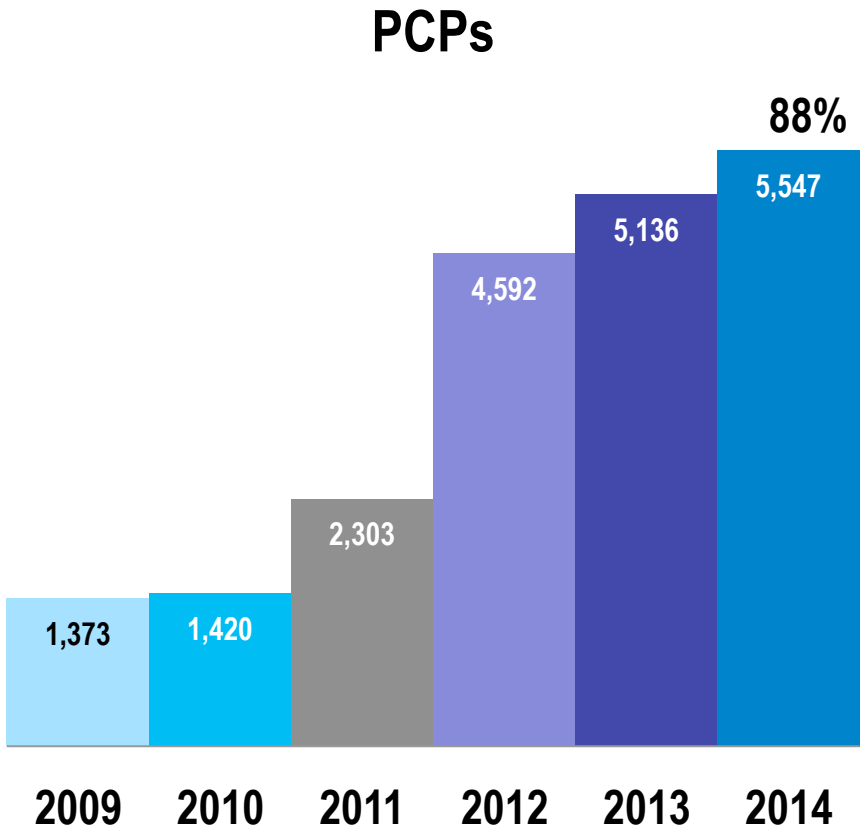
- Ambulatory and hospital
- Significant earning potential
- Nationally accepted measures

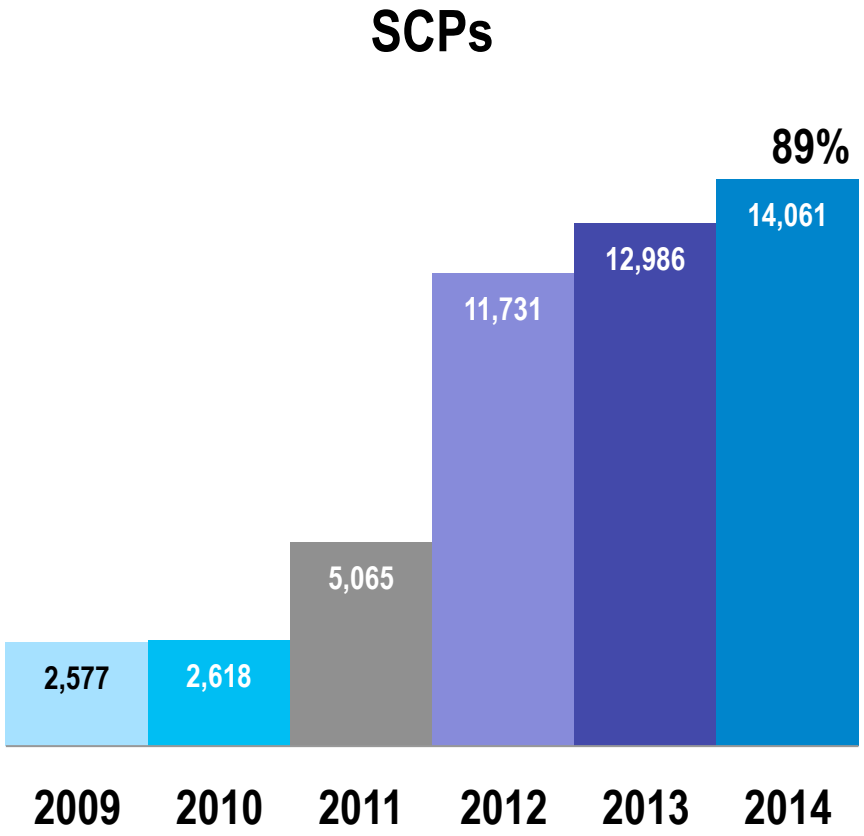
Long-Term Contract

- 5-year agreement
- Sustained partnership
- Supports ongoing investment

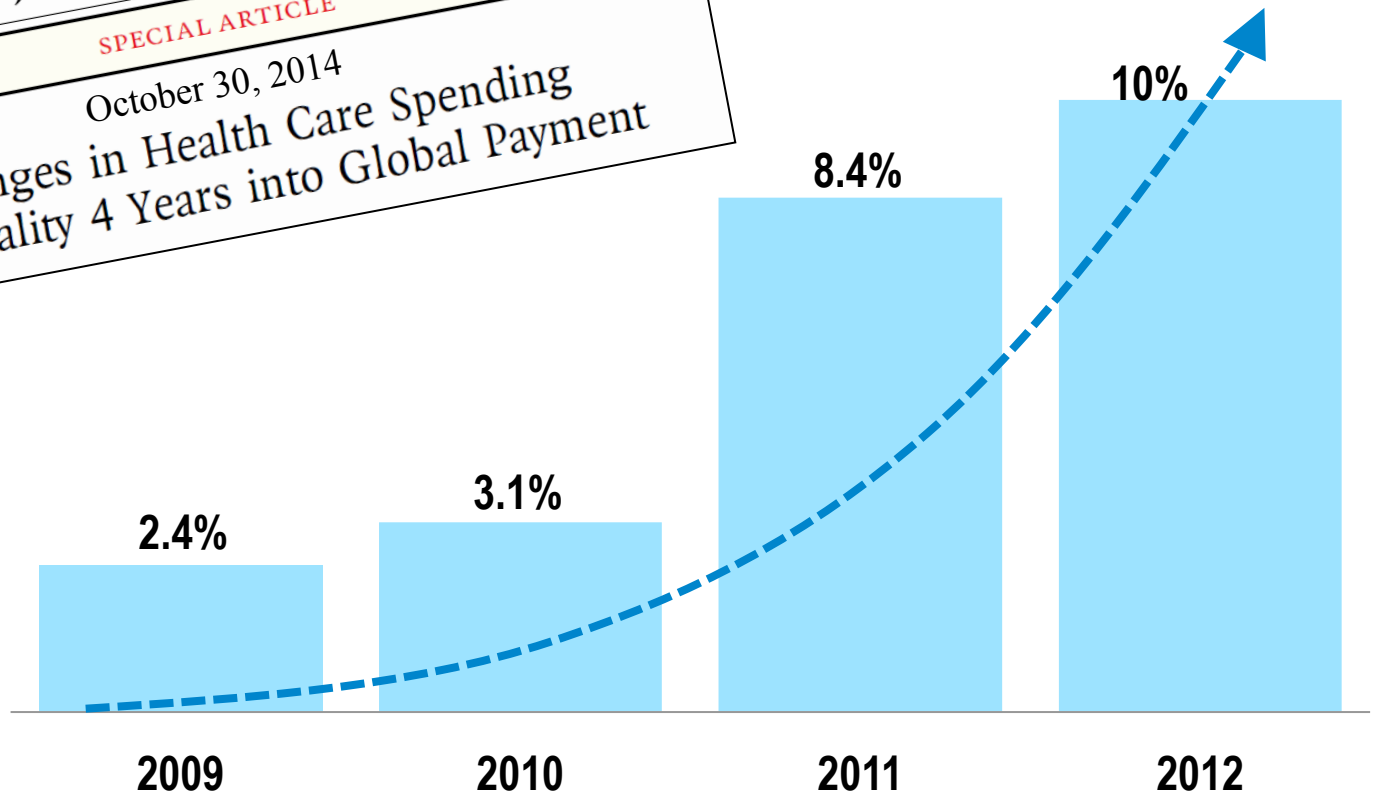
AQC PHYSICIAN PARTICIPATION

MASSACHUSETTS



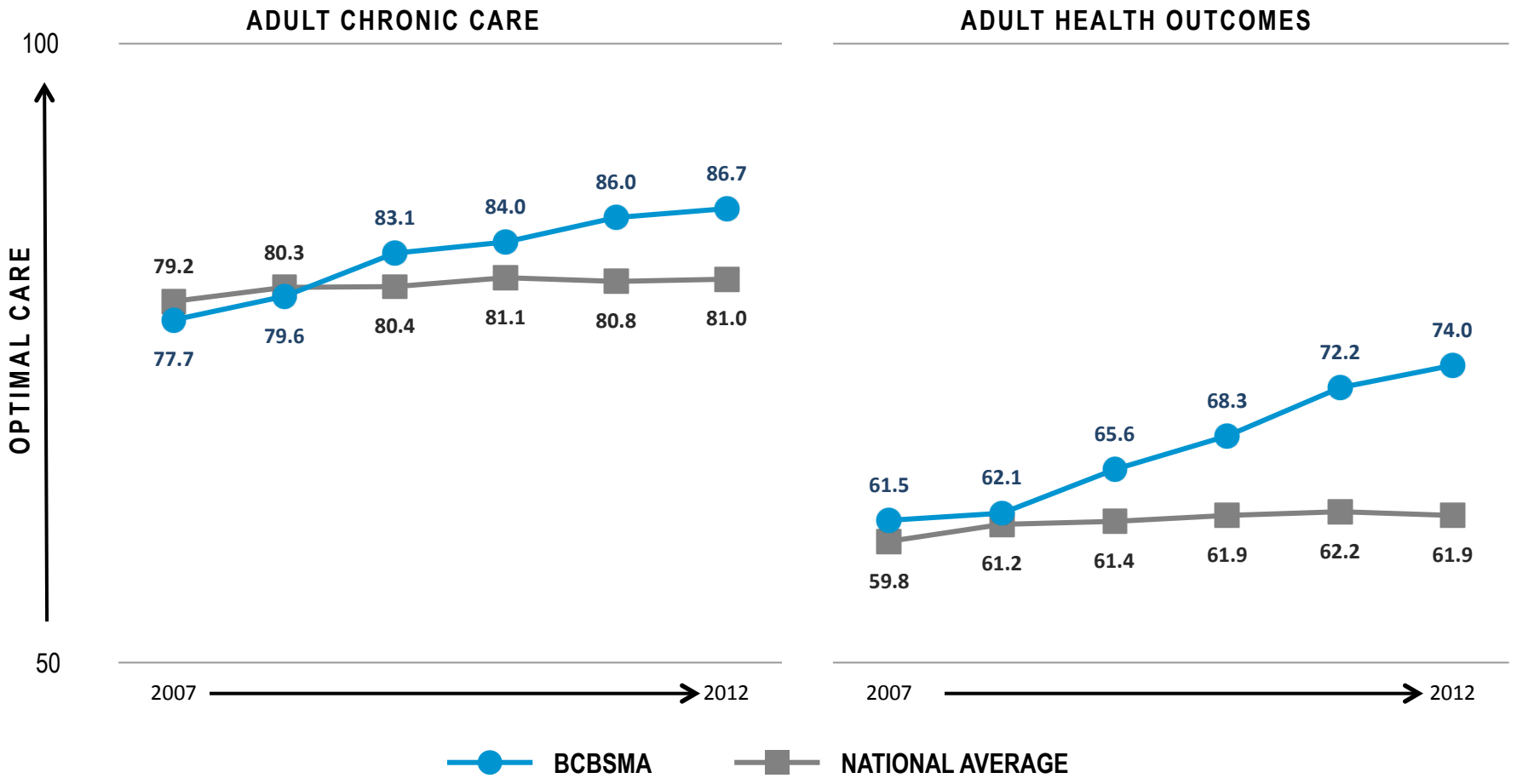


AQC RESULTS: ACCELERATING MEDICAL COST SAVINGS



Source: Song Z, et al. Changes in Health Care Spending and Quality 4 Years into Global Payment. *The New England Journal of Medicine*. 2014.

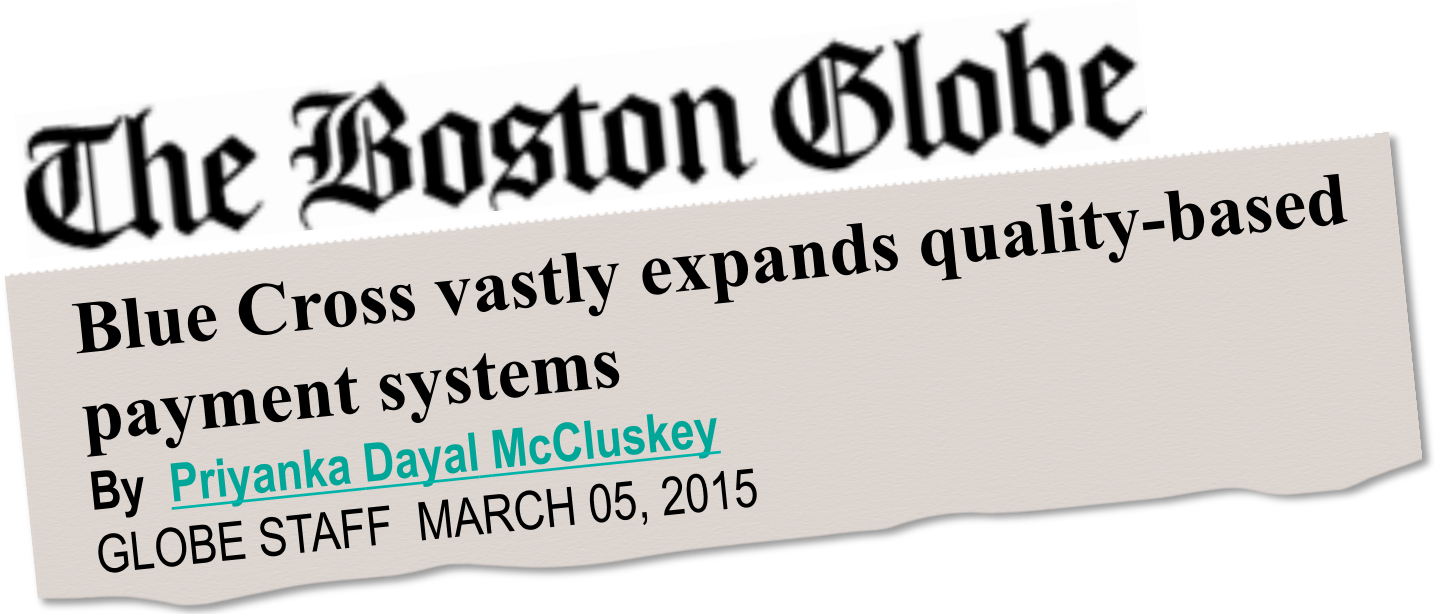
AQC RESULTS: DRAMATIC INCREASES IN QUALITY



These graphs show that the AQC has accelerated progress toward optimal care since it began in 2009. The first scores are based on the delivery of evidence-based care to adults with chronic illness, including appropriate tests, services, and preventive care. The second score reflects the extent to which providers helped adults with serious chronic illness achieve optimal clinical outcomes. Linking provider payment to outcome measures has been one of the AQC's pioneering achievements.

AND NOW…EXPANDING TO PPO

MASSACHUSETTS



The Boston Globe

Blue Cross vastly expands quality-based payment systems

By Priyanka Dayal McCluskey
GLOBE STAFF MARCH 05, 2015

WHAT WE'VE LEARNED…

MASSACHUSETTS

- Support is key
- Be prepared for changing payer/provider roles
- Attribution is hard but can be done well
- Models require continuous evaluation and updates

AQC SUPPORT – DATA, THE SECRET WEAPON

MASSACHUSETTS

Sample Group Performance Indicators

1. Trend - Past 5 qtrs

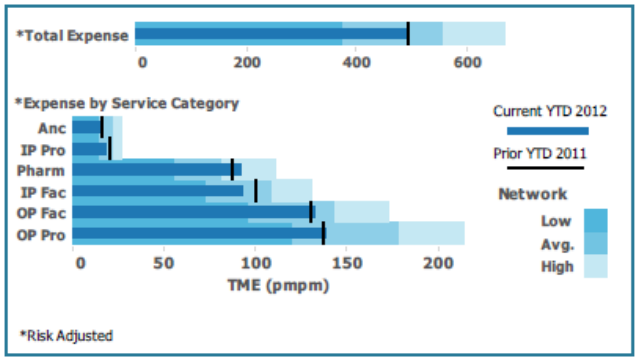
Qtr 3 2013	
DxCG	1.807
Membership	39,895
TME Spend	491.95
Budget	516.78

2. YTD 2012 % Potentially Avoidable ED Visits

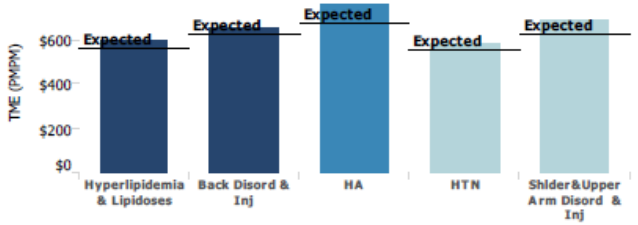
asthma	8.0%
backpain	2.8%
bronchitis	1.1%
contusion	2.7%
fever	1.4%

* Red font indicates rate higher than network

3. Expense Category

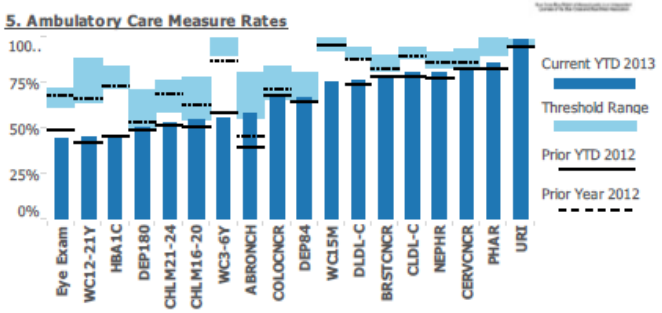


4. Condition Category Opportunities - YTD 2012

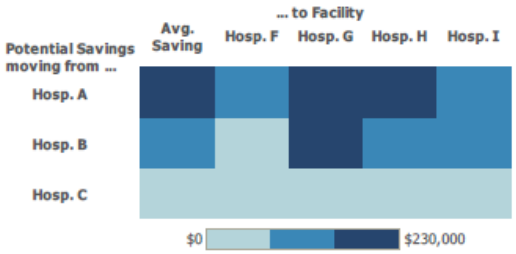


Top Serv. Cat.	Op Fac. / IP F..	OP Fac .	OP Fac. / Anc.	Op Fac. / IP F..	OP Fac. / Anc.
# Mbrs	4,055	3,315	1,005	2,740	975
Potential Savings	$700,000				$1,700,000

5. Ambulatory Care Measure Rates



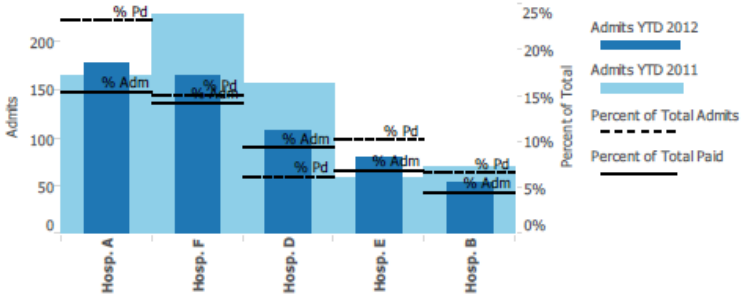
6. IP Med/Surg low wt DRG - YTD2012



Improvement Opportunities:

- Outpatient Facility
- Depression Screening
- Move admissions to Hospital F

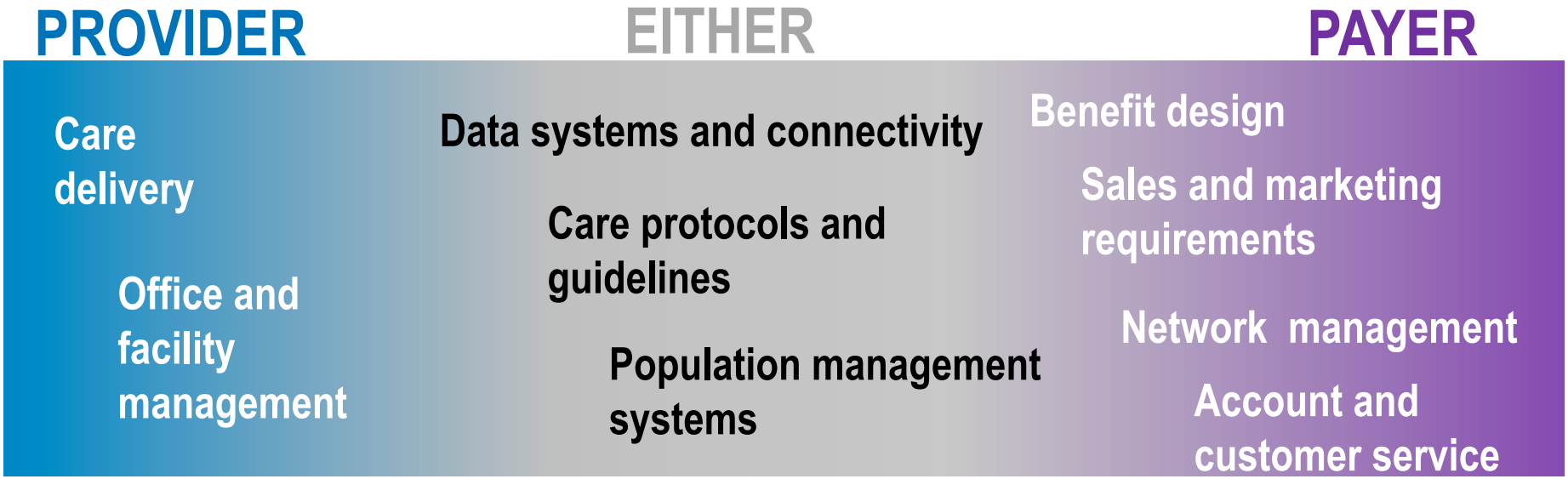
7. Med/Surg Retention



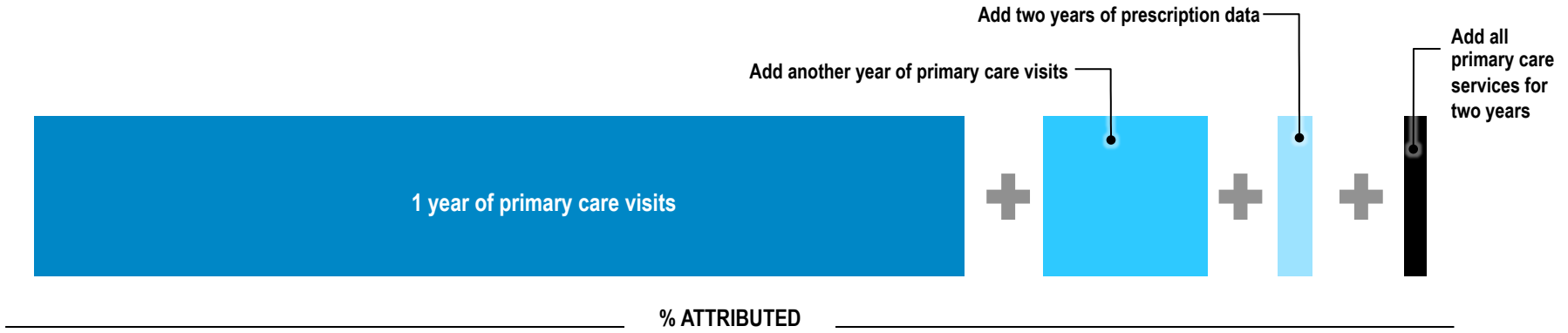
January 22, 2014

SUPPORT BEYOND THE NUMBERS

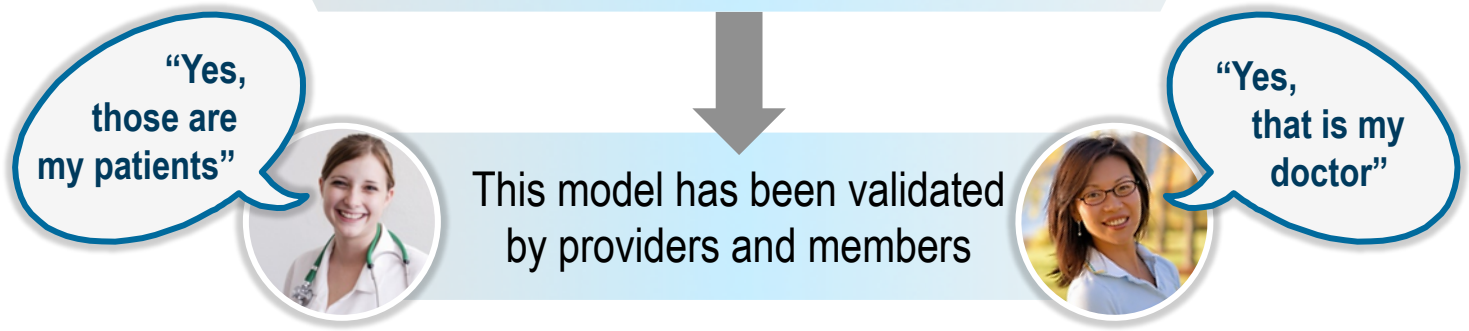
THE DELIVERY SYSTEM IS CHANGING AND BLURRING LINES BETWEEN PAYER AND PROVIDER ROLES



TAKING THE TIME TO GET ATTRIBUTION RIGHT



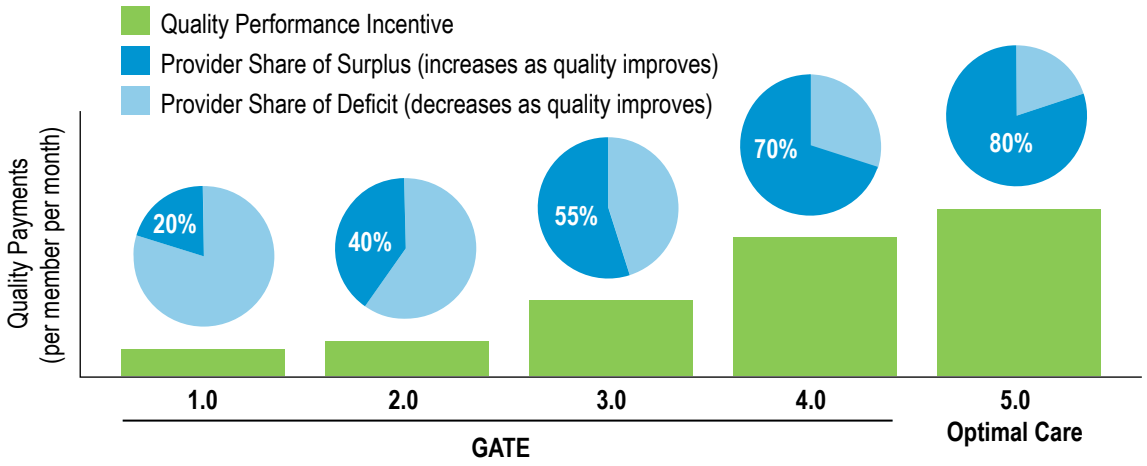
A multi-stakeholder workgroup met and refined the claims-based attribution methodology



MODEL UPDATES ARE VITAL TO SUSTAINTED PERFORMANCE IMPROVEMENT

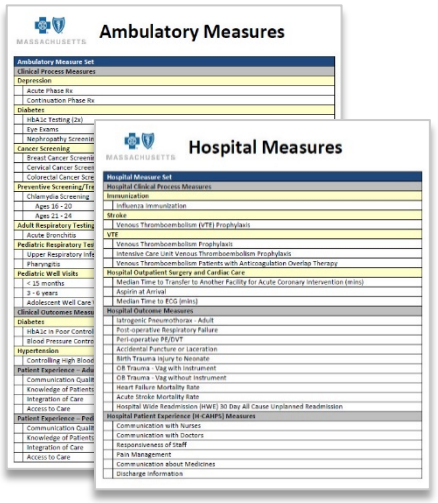
MASSACHUSETTS

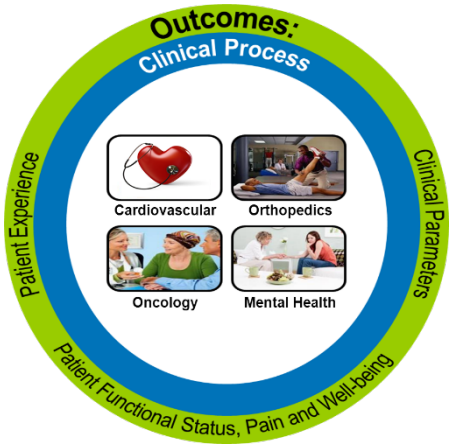
As quality improves, provider share of surplus increases or share of deficit decreases



Incorporating quality performance into risk sharing model

Evolving the quality measure set





KEEP ON LEARNING