

Study of State Cost Containment Models and Recommendations for Connecticut

Project Overview

Michael Bailit, Megan Burns and Marge Houy

January 12, 2016

bailit
health

The Healthcare Cabinet Cost Containment Study is a Partnership



Connecticut Health
FOUNDATION
Changing Systems, Improving Lives.

Funded by a grant from the Connecticut Health Foundation



Funded by a grant from the
Universal Health Care Foundation of Connecticut

UNIVERSAL HEALTH CARE
FOUNDATION OF CONNECTICUT



The Donaghue
Foundation

Funded by The Patrick and Catherine Weldon Donaghue
Medical Research Foundation

Funding for this project was provided in part by the Foundation for community Health, Inc. The Foundation for Community Health invests in people, programs and strategies that work to improve the health of the residents of the northern Litchfield Hills and the greater Harlem Valley.”



FOUNDATION
for
COMMUNITY
HEALTH

Prevention, Access, Collaboration

Agenda

1. Introduction of Bailit Health
2. Legislative Mandate: P.A. 15-146
3. Study Approach and Timeline
4. Review of State Cost Containment Models
5. Discussion of Principles
6. Next Steps

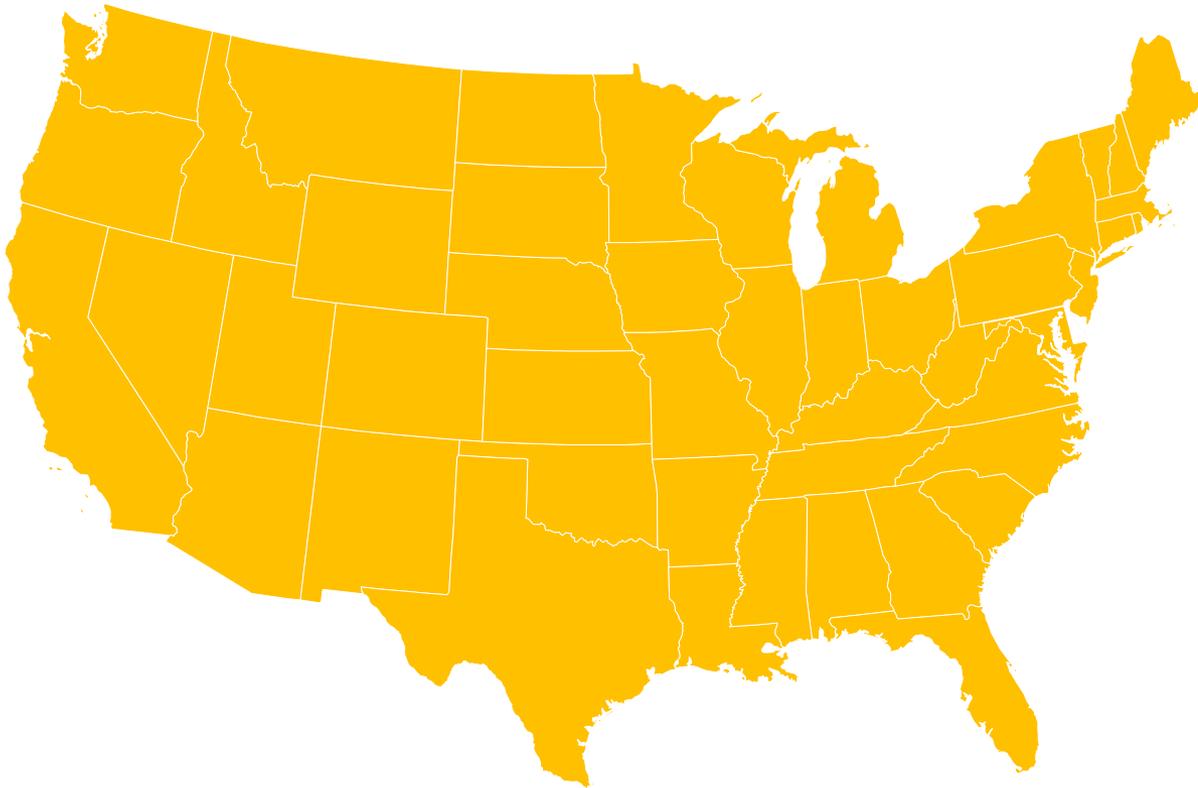
Bailit Health: Our Mission and Philosophy

- Our Mission: To support achievement of measureable improvements in health system quality and cost management
- We work on behalf of public agencies, coalitions and private purchasers to facilitate change and to ensure insurer and provider performance accountability for value.
- We believe that delivery system transformation and payment reform are inextricably linked and form the foundation for system improvement.

Our Approach to Client Engagement

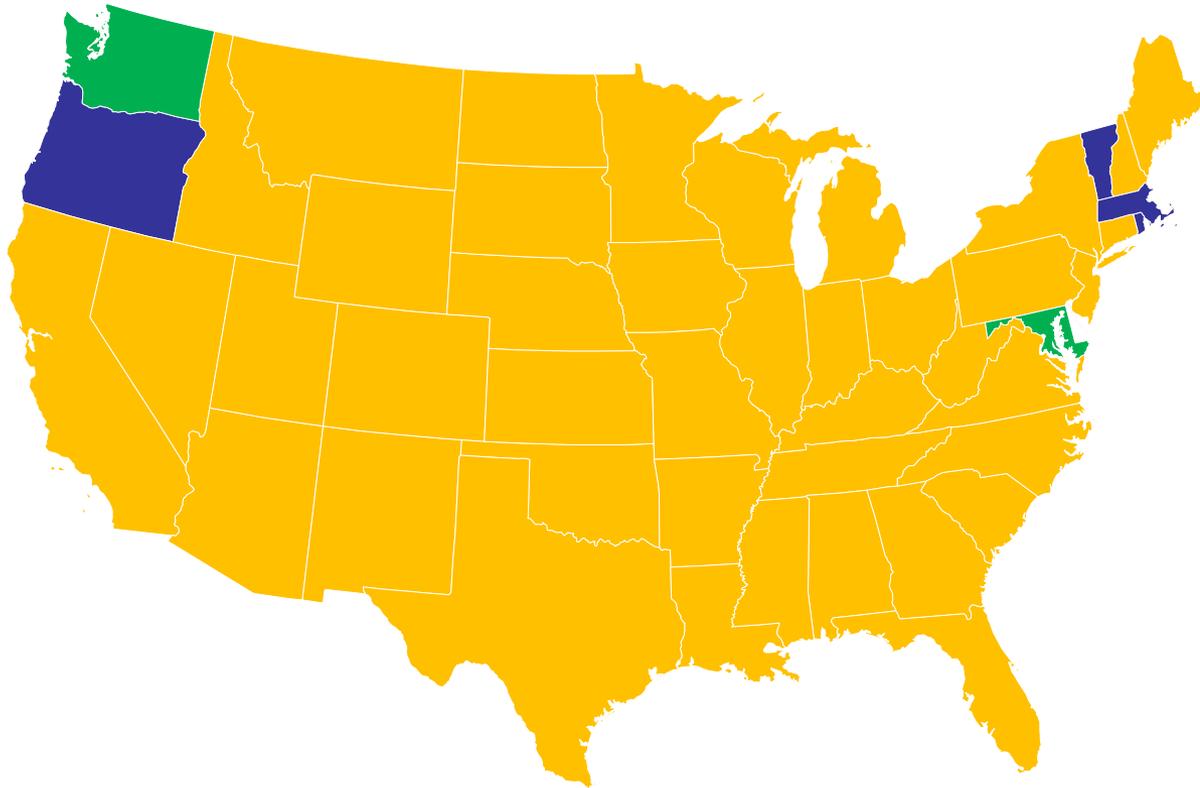
- We aim to meet *and exceed* client expectations for every engagement.
- We work collaboratively with our clients by:
 - carefully listening
 - communicating on an ongoing basis
 - processing deliverables through feedback loops
- We strongly consider each state's environmental context to develop actionable, state-specific recommendations.
- Our recommendations, strategies, policies and programs are realistic and designed improve health care delivery and cost management.

Bailit Health's Relevant Experience



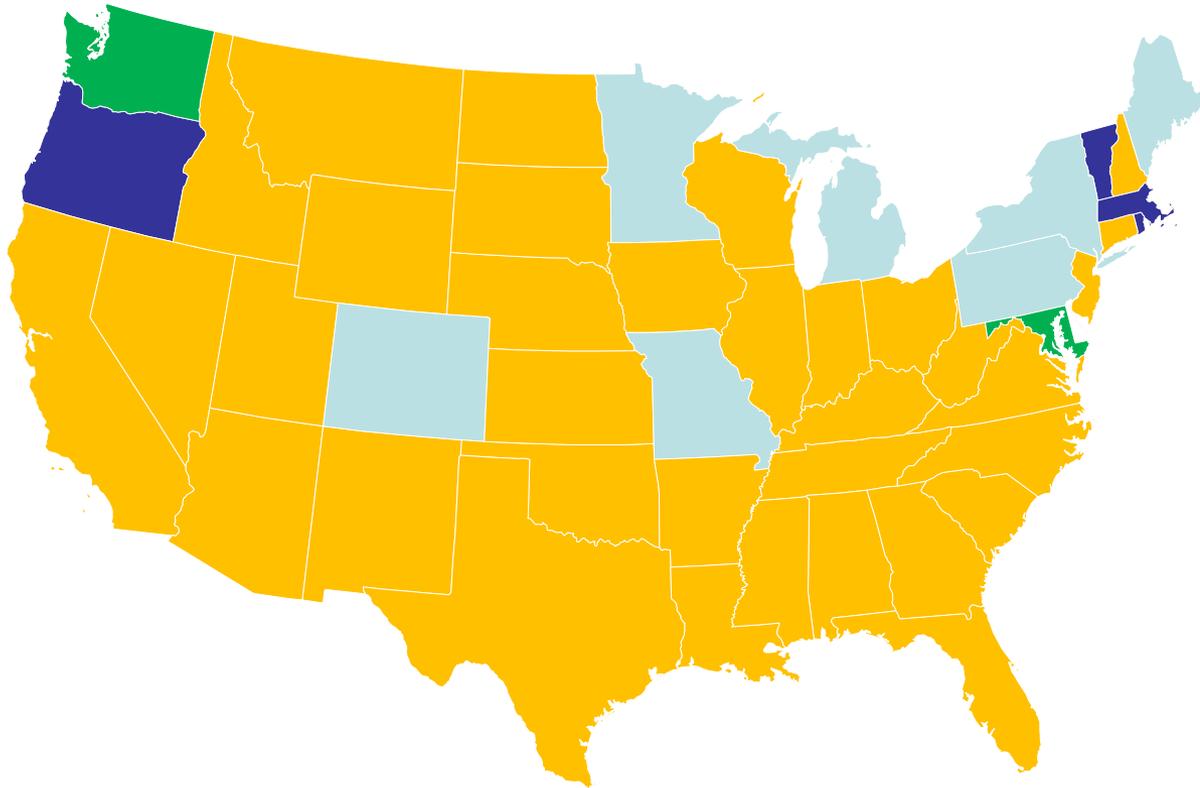
- We have worked directly with 4 of the target states on cost containment models, and with Maryland and Washington on a variety of issues, including payment reform.

Bailit Health's Experience (cont'd)



- We have directly assisted an additional 7 states with cost containment efforts in either their Medicaid or commercial markets.

Bailit Health's Experience (cont'd)



- Because of this extensive work, we understand the distinct culture, political environment, opportunities and challenges found in each state.

Bailit Health's Experience (cont'd)

- We have completed many projects requiring research of current practices, including through interviews. This provides us with the needed experience to efficiently collect information on Connecticut activities.
- We have extensive experience leading large, stakeholder processes.
 - We assisted Minnesota, Oregon, Pennsylvania and Vermont, with stakeholder processes for their SIM grants.
 - We have facilitated multi-payer PCMH initiatives in Massachusetts, Missouri and Pennsylvania.
 - We have facilitated legislatively-mandated task forces and commissions in Massachusetts and Minnesota.

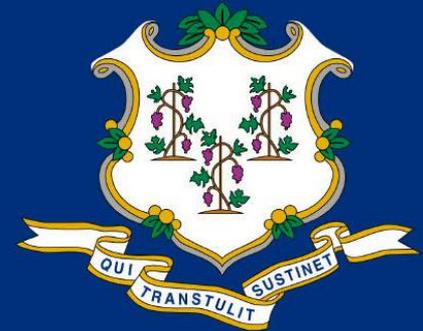
Bailit Health's Experience (cont'd)

- We have drafted or written several legislatively-mandated reports for Massachusetts, Minnesota and Rhode Island that relate to achieving state-specific cost containment goals:
 - Report for the Massachusetts Special Commission on Health Care Payment System
 - Report for the Massachusetts Special Commission on Provider Price Reform
 - Minnesota legislative report on Medicaid cost reduction strategies
 - Roadmap to a Healthier Minnesota
 - Rhode Island legislative report on assessment of mandated benefits in Rhode Island

Overview of the Legislative Mandate

Review of Legislation: P.A. 15 - 146

- Study what successful practices other states (including MA, MD, OR, RI, WA and VT) are doing to:
 1. Monitor/control health care costs
 2. Enhance competition in the health care market
 3. Promote use of high value providers
 4. Improve health care costs and quality transparency
 5. Increase cost-effectiveness in the health care market
 6. Improve the quality of care and health outcomes
- Report to the General Assembly by December 1, 2016 on the Cabinet's findings and recommendations for a cost containment model for Connecticut.



Recommendations from the Healthcare Cabinet Shall Include:

1. A framework for:
 - A. the monitoring of and responding to health care cost growth on a health care provider and a state-wide basis that may include establishing state-wide or health care provider or service-specific benchmarks or limits on health care cost growth,
 - B. the identification of health care providers that exceed such benchmarks or limits, and
 - C. the provision of assistance for such health care providers to meet such benchmarks or to hold them accountable to such limits.

Recommendations from the Healthcare Cabinet Shall Include:

2. Mechanisms to **identify and mitigate factors that contribute to health care cost growth as well as price disparity** between health care providers of similar services, including, but not limited to:
 - A. consolidation among health care providers of similar services,
 - B. vertical integration of health care providers of different services,
 - C. affiliations among health care providers that impact referral and utilization practices,
 - D. insurance contracting and reimbursement policies, and
 - E. government reimbursement policies and regulatory practices.

Recommendations from the Healthcare Cabinet Shall Include:

3. The authority to **implement and monitor delivery system reforms** designed to promote value-based care and improved health outcomes.
4. The **development and promotion of insurance contracting standards and products** that reward value-based care and promote the utilization of low-cost, high-quality health care providers.
5. The **implementation of other policies** to mitigate factors that contribute to unnecessary health care cost growth and to promote high-quality, affordable care.

Study Approach and Timeline

Study Approach

- A. Understand Strategies Adopted by Other States
- B. Assess Cost Containment Models in Target States
- C. Understanding Connecticut's Health Care Environment
- D. Identifying Successful Practices for Connecticut
- E. Report on Findings and Recommendations

A. Understand Strategies Adopted by Other States

- We will create targeted questionnaires for each state, designed to fill in information we don't already possess, and conduct telephone interviews with state leaders
- We will also conduct on-line research to augment our current knowledge
- We will summarize the results for presentation at Cabinet meetings and indexing for reference

B. Assess Cost Containment Models in Target States

- We recognize the importance of creating apples-to-apples comparisons of different models.
- We will organize information using the six goals of cost containment models identified within P.A. 15-146.
 - Descriptive information, including environmental, cultural and statutory/regulatory levers
 - Pros and cons of each approach
 - Assessment of effectiveness, to the extent known

Assessment (cont'd)

- To enable access to our study findings, we will catalogue information by the six goals, as well as key levers, including, for example, statutory and private sector coalitions.
- We will create Cabinet access to an on-line repository such as Google Docs or DropBox to organize information for easy retrieval using multiple, well-labeled folders, such as:
 - Six goals
 - Individual states
 - Key levers
- We will create summary tables, crosswalks and documents with embedded links to source documents so that the repository is easy to use.

C. Understanding Connecticut's Healthcare Environment and Stakeholder Perspectives

- Review past reports on Connecticut's health care environment published by state agencies, policy makers and other stakeholders
- Conduct interviews with Cabinet members and other stakeholders to obtain view on:
 - What Connecticut-based cost containment initiatives have worked to date, and why
 - What key elements must exist for successful cost containment strategies while avoiding negative consumer impacts
 - What are the most significant barriers to implementing cost containment strategies in Connecticut
 - What changes need to occur in both the public and private sectors to reduce costs

Understanding Connecticut Activities (cont'd)

- Recognizing and aligning, to the extent possible, with current initiatives, including any cost containment strategies. Examples:
 - Active CMMI Initiatives within Connecticut
 - CT State Innovation Model initiatives, including MQISSP
 - Health Care Innovation Round 1 and 2 Awards
 - Medicaid Incentives for Prevention of Chronic Disease Model
 - Medicaid Emergency Psychiatric Demonstration
 - Transforming Clinical Practice Initiative
 - Advance Payment ACO Models
 - Bundled Payments for Care Improvement
 - DPH – Healthy Connecticut 2020 (State Health Improvement Plan)

Understanding Connecticut Activities (cont'd)

- DSS –
 - Medicaid – PCMH, ASO Intensive Care Management, Health Homes (with DMHAS), HCBS, Community First Choice, Money Follows the Person
 - Health Information Technology and HIE with Statewide Advisory Council
- DCF – Children’s Behavioral Health Plan
- Access Health CT – Exchange & APCD
- Reforms of P.A. 15-146 –
 - Provisions around transparency in pricing, costs and quality – involves AHCT, DPH, Insurance
 - Surprise billing, facility fees, certificate of need changes
- Recognizing the environmental context of the state:
 - Hospital mergers and consolidations
 - Practice acquisitions
 - Insurer mergers

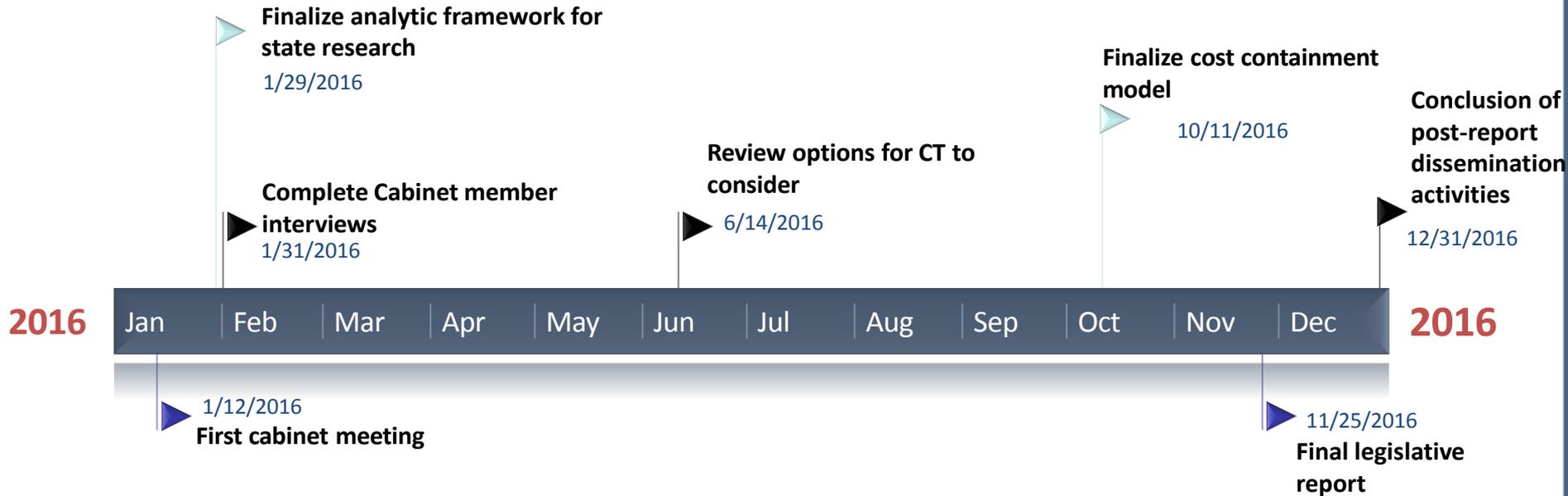
D. Identifying Successful Practices for Connecticut

- Based on research and our work with OHA, OLG and the Cabinet, we will identify current cost containment practices and programs in Connecticut.
 - Each will be assessed against the six key goals.
- Drawing on all our findings and discussion with the Cabinet, we will develop a series of proposals and options that consider:
 - Current cost containment activities and their degree of success
 - Connecticut's culture, political dynamics, stakeholder reaction
 - Structure of Connecticut's provider and payer markets
 - Current infrastructure to support cost containment models
 - Anticipated barriers and possible solutions

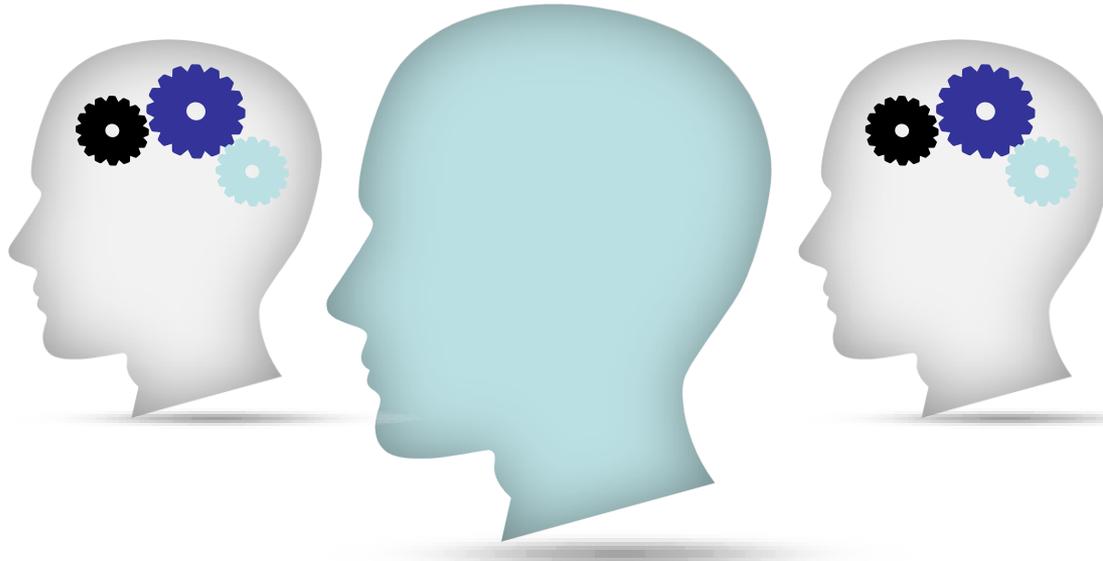
E. Report on Findings and Recommendations

- We will develop the legislative report iteratively, working closely with the Cabinet and stakeholders.
- We anticipate presenting a near-final set of recommendations to the Cabinet with opportunity for feedback before finalizing the report in November.

Study Timeline



Discussion, Questions and Feedback

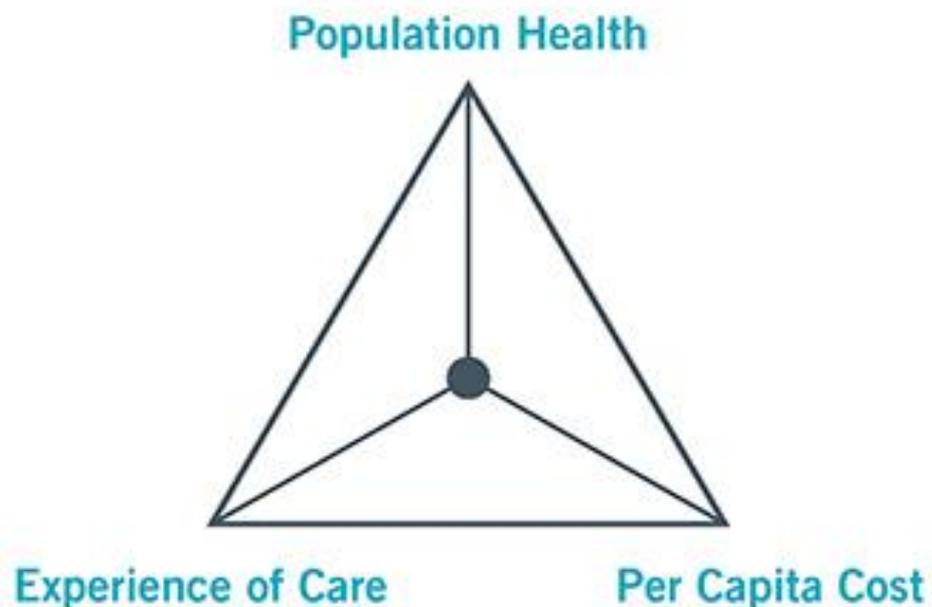


1. Do you agree with our approach?
2. What risks do you see?
3. What is unique about Connecticut, if anything, that should influence our approach?

An Overview of State Cost Containment Strategies

State's Health Care Reform Initiatives Share Common Goals

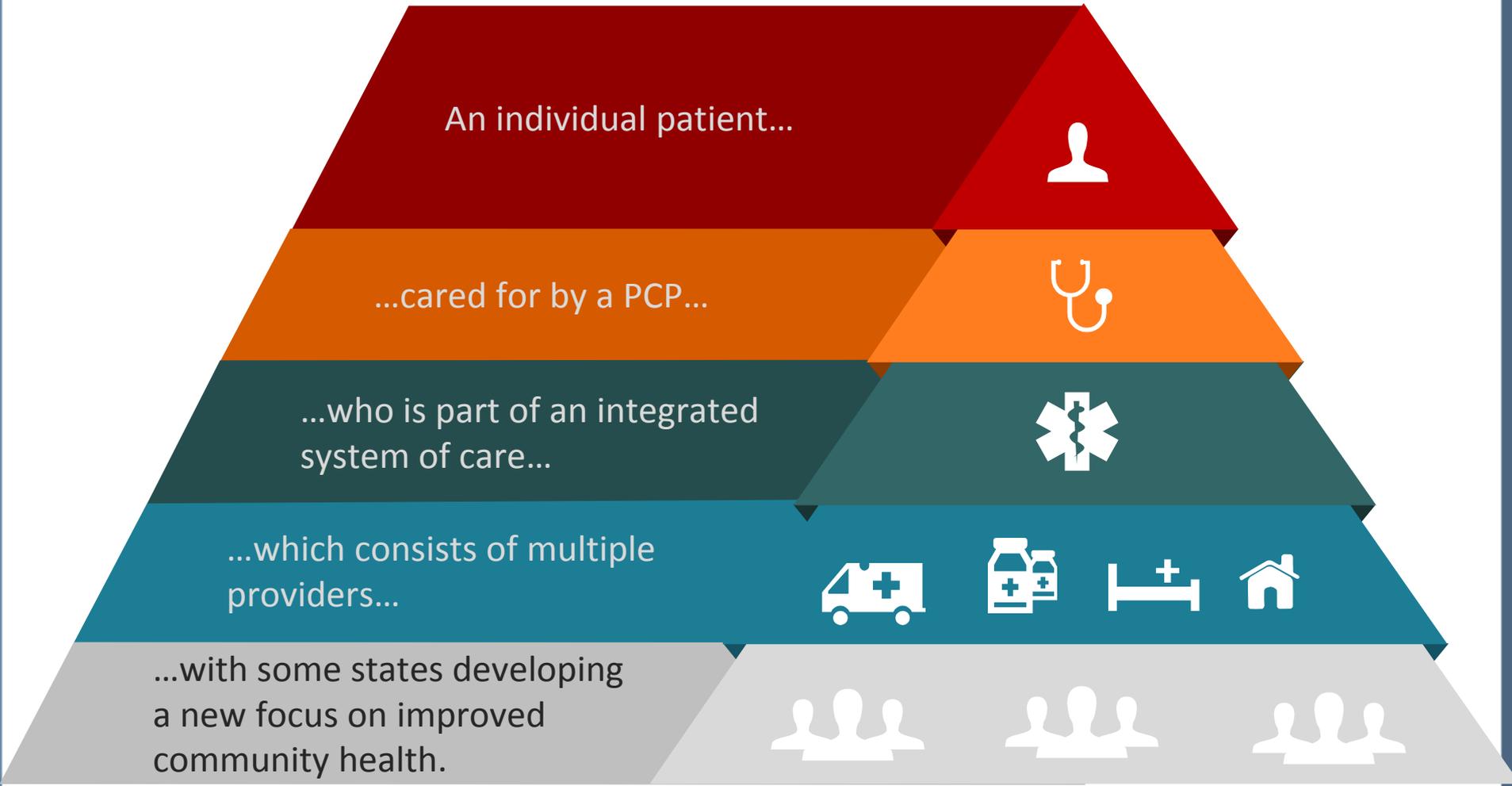
The IHI Triple Aim



Payment Reform and Delivery System Reform are Taking Hold in Nearly All States

- Many states are using payment reform as a strategy for cost containment.
- Payment reform approaches range from supplemental payments supporting primary care medical homes to prospective capitation.
- In addition, some states are using cost increase caps to try to hold down increases in prices and control costs.
- Changes are occurring in both the public and private sectors, as is the case in Connecticut

Much Delivery System Redesign is Moving Toward Population-Focused, Integrated Systems of Care



Massachusetts

- Health Policy Comm. sets and monitors annual cost increase cap
- Public reporting of cost drivers; AG anti-trust litigation
- Certification program for ACOs
- Legislative milestones for transitioning MassHealth enrollment to alternative payment models

Regulator

Purchaser

- Medicaid: promoting PCMHs and ACO contracts
- State employees: promoting ACOs and value-based products
- All-payer waiver to bring CMS into Medicaid strategies
- Medicaid MCOs manage care for most members

- BCBSMA: promoting global contracting
- Other commercial payers: following BCBSMA's lead
- Providers: participating in CMS' Pioneer ACO and MSSP

Private Sector

Rhode Island

- Insurance Dept: increasing funding of primary care, promoting PCMHs and alternative payment models, limiting hospital rate and ACO budget increases
- Governor: work group to create a state-wide spending cap

Regulator

Purchaser

- Medicaid: moving to an ACO strategy
- Medicaid MCOs manage care for most members

- Rhode Island Quality Institute: federal grant for technical assistance to 1500 practices to transform
- Commercial insurers: participating in multi-payer PCMH initiative, testing new payment models with ACOs, specialists

Private Sector

Vermont

- Green Mt Care Board with unique regulatory authority to review health insurance rates, but also for hospital budgets and major hospital expenditures
- PCMH transformation and regional Community Health Teams
- CMS all-payer waiver targeted for 1-1-17 implementation where VT is facilitating creation of single, state-wide ACO
- VT is promoting development of infrastructure to create regional accountability for population health

Regulator

Purchaser

- Medicaid agency is contracting with three ACOs as part of a 3-year pilot

- Small state with one major commercial payer
- Commercial payers support Blueprint for Health and all-payer waiver initiatives

Private Sector

Oregon

- Health Authority: oversees all health care policy and state purchasing
- Developed common PCMH definition, payment approach, performance metrics
- Convened a PCMH learning collaborative

Regulator

Purchaser

- Medicaid: contracts with regional “CCOs”; receive capitated payment and performance incentives to improve quality/better integrate BH and other services; community integration
- Innovation Center provides TA and grant funding to support CCOs
- Piloting FQHC PMPM instead of PPS encounter payment

- Active PCP participation in CMS’ Comprehensive Primary Care Initiative
- Health Authority attempting to engage employer purchasers in adoption of its Coordinated Care Model strategy

Private Sector

Washington

- Washington Health Care Authority responsible for driving change
- New initiative to create Accountable Communities of Health: public and private entities to address health systems capacity, care delivery redesign, population health improvement

Regulator

Purchaser

- Medicaid MCOs to have fully integrated acute care and behavioral health care contracts
- Medicaid waiver to enable supportive housing and employment
- Promoting ACOs, reference pricing and tiered/narrowed networks for state-financed health care.

- Washington Health Alliance: strong employer, provider, insurer alliance
- Commercial insurers are encouraged to participate in multi-payer initiatives as part of SIM process

Private Sector

Maryland

- Prospective all-payer hospital payment system
- CMS approved all-payer waiver agreement to implement global hospital budgets based on projected services needed by a specific population

Regulator

Purchaser

- Statewide Medicaid MCO program with value-based incentive payments
- Medicaid Health Home for enrollees with multiple chronic conditions

- Dominant plan has a PCMH initiative that includes most of its PCP network

Private Sector

Principles for Cost Containment

Principles

- What principles should guide the Cabinet in making recommendations for a cost containment model?
- Principles developed today should:
 - Be consensus-based
 - Informed by the:
 - Healthcare Cabinet Operating Principles
 - SIM Vision and Guiding Principles
 - Healthy Connecticut 2020 Vision and Principles
 - And consistent with PA 15-146

Health Care Cabinet Operating Principles (summarized)

1. Contribute to the improved physical, mental and oral health of all residents
2. Work to reduce disparities based on race, ethnicity, gender and sexual orientation
3. Leverage past and current knowledge, maximize opportunities from public and private sectors, and be evidence-based
4. Be accountable to the public
5. Be inclusive of all stakeholders
6. Be actionable

CT SIM Vision

- *Establish a whole-person-centered healthcare system that improves community health and eliminates health inequities; ensures superior access, quality, and care experience; empowers individuals to actively participate in their health and health care; and improves affordability by reducing healthcare costs*

SIM Guiding Principles (summarized)

1. Whole-person-centered care
2. **Improved community health**
3. Culturally and linguistically appropriate care
4. **Health information technology powers primary care transformation**
5. Providers should be financially rewarded for providing whole-person-centered and evidence-based care
6. **Improved access to information for consumers**
7. Improved access to a highly-trained, well-equipped and diverse primary care workforce
8. **Affordability of healthcare will not be achieved at the expense of quality**
9. Continued engagement with stakeholders
10. **Commitment to measuring the impact and changing mid-course as needed**

Healthy Connecticut 2020 Vision and Guiding Principles

- *Vision: The Connecticut Department of Public Health, local health districts and departments, key health system partners, and other stakeholders integrate and focus their efforts to achieve measurable improvements in health outcomes.*
- *Principles*
 - *Integrated approach (with State and local health departments and key health system partners)*
 - *Collaboration (among State and local health departments and DPH programs)*
 - *Balance between depth of focus and breadth of scope (to increase impact)*
 - *Health equity*
 - *Evidence-based practices and strategies*
 - *Build on and expand from existing initiatives*
 - *Present data to stakeholders in a meaningful way (understandable, actionable, can drive next action)*

Discussion

- According to PA 15-146, recommendations shall, to the extent possible:
 1. Seek to limit, reduce or eliminate any administrative burdens on health care providers and payers
 2. Be consistent and integrated with existing regulatory practices
 3. Reduce or eliminate existing administrative, regulatory and reporting requirements to improve the overall efficiency of the state's health care regulatory environment
- What other principles should we apply to the recommendations?



Next Steps

Next Steps

- Schedule and conduct Cabinet member interviews
- Identify and conduct additional stakeholder interviews
- Next meeting:
 - Finalize principles for cost containment
 - Share analytical framework for cost containment strategy research with Cabinet for feedback
 - Initial review of Rhode Island