Payment Reform and Cost Control in Massachusetts: Where Are We Now?

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Massachusetts Reform Timeline

2006
- April 2006 Health Reform Bill Signed

2007
- 2007 Connector Established

2008
- 2008 Cost Control V 1.0 Transparency

2009
- 2009 Pmt. Reform Commission

2010
- Feb 2011 Broad Cost & Payment Bill
- 2010 Cost Control V 2.0 Premium Caps

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Virtuous Cycle

Private Sector Action

Government Action
Massachusetts Enrollment in Global Payment

Payment Reform and Cost Control Proposals
Payment Reform and Cost Control Proposals

- Alternative Payment Models
- Limit Provider Price Variation
- Health Workforce Support
- Health Planning
- Transparency & Reporting Requirements
- New State Oversight Bodies
- ACO Certification & Oversight
- New Revenues
- Administrative Simplification
- Health IT Requirements
- Annual Spending Targets
- Public Payers
Annual Spending Targets

**Governor**
Yes:
To Be Determined

**House**
2012: GSP
2016: GSP + 0.5%

**Senate**
2012: GSP
2016: GSP – 0.5%
State Agencies Involved in Reform

Executive Office of Human Services
- Health Care Finance
- Public Health
- Medicaid

Division of Insurance
- Health Insurance Connector

Group Insurance Commission
- Attorney General
Spending & Delivery Reform Oversight

**Governor**
Health Service System Coordinating Council (EOHS)

**House**
“Quasi-Public” DHCCQ (DHCFP with 9-member board?)

**Senate**
“Independent” IHCFP & CHCQF Authority (11-member board)
Enforcing Spending Targets

**Governor**
- Disallow excessive small group rate increases
- Disallow increases in underlying provider contracts

**House**
- May require corrective action plans
- May reopen provider contracts

**Senate**
Beginning in 2016 entities with excessive costs may be required to submit performance improvement plans
Other Key Issues

Payment Reform
- Public Payers
- Define and Track APMs
- Link to Rate Growth

Payment Differential
- Luxury Tax on High Cost Care
- Study Further
- Link to Rate Growth

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This Stuff Isn’t Easy
Lets Make Sure We Get it Right