

DHSS Health Care Spending Benchmark Summit: MA's Experience with Data Transparency & Total Cost of Care



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MASSACHUSETTS'S HEALTH CARE COST GROWTH BENCHMARK

- Sets target for controlling the growth of total health care expenditures across all payers (public and private) based on the state's long-term economic growth rate
 - Benchmark for 2013 – 2017: 3.6% annually
- If target is not met, MA's Health Policy Commission can require health care entities to implement Performance Improvement Plans and submit to monitoring



DATA SOURCES FOR TOTAL MEDICAL EXPENDITURES

PROGRAM	DATA SOURCE
MassHealth MCOs	Commercial payers
MassHealth (PCC, FFS, SCO, PACE, et al.)	MassHealth data summary
Medicare Advantage	Commercial payers
Medicare Parts A, B & D	CMS data summary
Health Safety Net	MassHealth data summary
Veterans Affairs	Veterans Health Administration data summary



DATA SOURCES FOR NET COST OF PRIVATE HEALTH INSURANCE

MARKET SEGMENT	DATA SOURCE
Merged Market	Initial: Supplemental Health Care Exhibit Final: MA Medical Loss Ratio Reports
Large Group	Initial: Supplemental Health Care Exhibit Final: Federal Medical Loss Ratio Reports
Medicare Advantage	Annual Statutory Financial Statement
Medicaid MCO	Annual Statutory Financial Statement
Self-insured	Initial: Supplemental Health Care Exhibit Final: Federal Medical Loss Ratio Reports



THE HEALTH CARE TRANSPARENCY IMPERATIVE



Numbers no one else has





PROGRESSION OF HEALTH CARE REFORM IN MASSACHUSETTS

YEAR	MASSACHUSETTS HEALTH CARE REFORMS
1990s	Insurance Market Reforms <ul style="list-style-type: none">• Guaranteed Issue• Modified Community Rating• Pre-Existing Condition Limitations
2006	Expansion of Insurance Coverage <ul style="list-style-type: none">• Individual Mandate• Employer Responsibility• Medicaid Expansion• Insurance Exchange
2008	Chapter 305 – Cost Containment Legislation I <ul style="list-style-type: none">• AG Authority to Examine Cost Trends
2010	Chapter 288 – Cost Containment Legislation II <ul style="list-style-type: none">• Transparency• Tiered/Limited Network Products• Reform of Unfair Contracting Practices
2012	Chapter 224 – Cost Containment Legislation III <ul style="list-style-type: none">• Oversight of Payment Reform & Provider Registration• Benchmark Health Spending to Potential Gross State Product• Price Transparency for Consumers



MASSACHUSETTS ATTORNEY GENERAL'S MARKET EXAMINATIONS

- Authority to conduct examinations:
 - G.L. c. 12, § 11N to monitor trends in the health care market.
 - G.L. c. 12C, § 17 to issue subpoenas for documents, interrogatory responses, and testimony under oath related to health care costs and cost trends.
- Engaged experts in health care contracting, actuarial sciences, economics, and clinical quality measurement.
- Findings and reports issued since 2010:
 - March 16, 2010
 - June 22, 2011
 - April 24, 2013
 - June 30, 2015
 - Sept. 18, 2015
 - Oct. 7, 2016
 - Oct. 13, 2016



EXAMINATION HIGHLIGHTS

1. Provider prices vary significantly in ways not explained by quality, patient complexity, or other common measures of consumer value.
2. Price variation is correlated to market leverage.
3. Global budgets vary significantly and globally paid providers do not have consistently lower medical spending.
4. Price increases, not utilization, have been the primary driver of health care cost growth over the last decade.
5. Total medical spending is higher for the care of patients from higher income communities relative to health burden.
6. Despite a variety of payment and contracting approaches, health plans paid similar prices, and experienced similar growth in prices, across 10 specialty drugs examined.



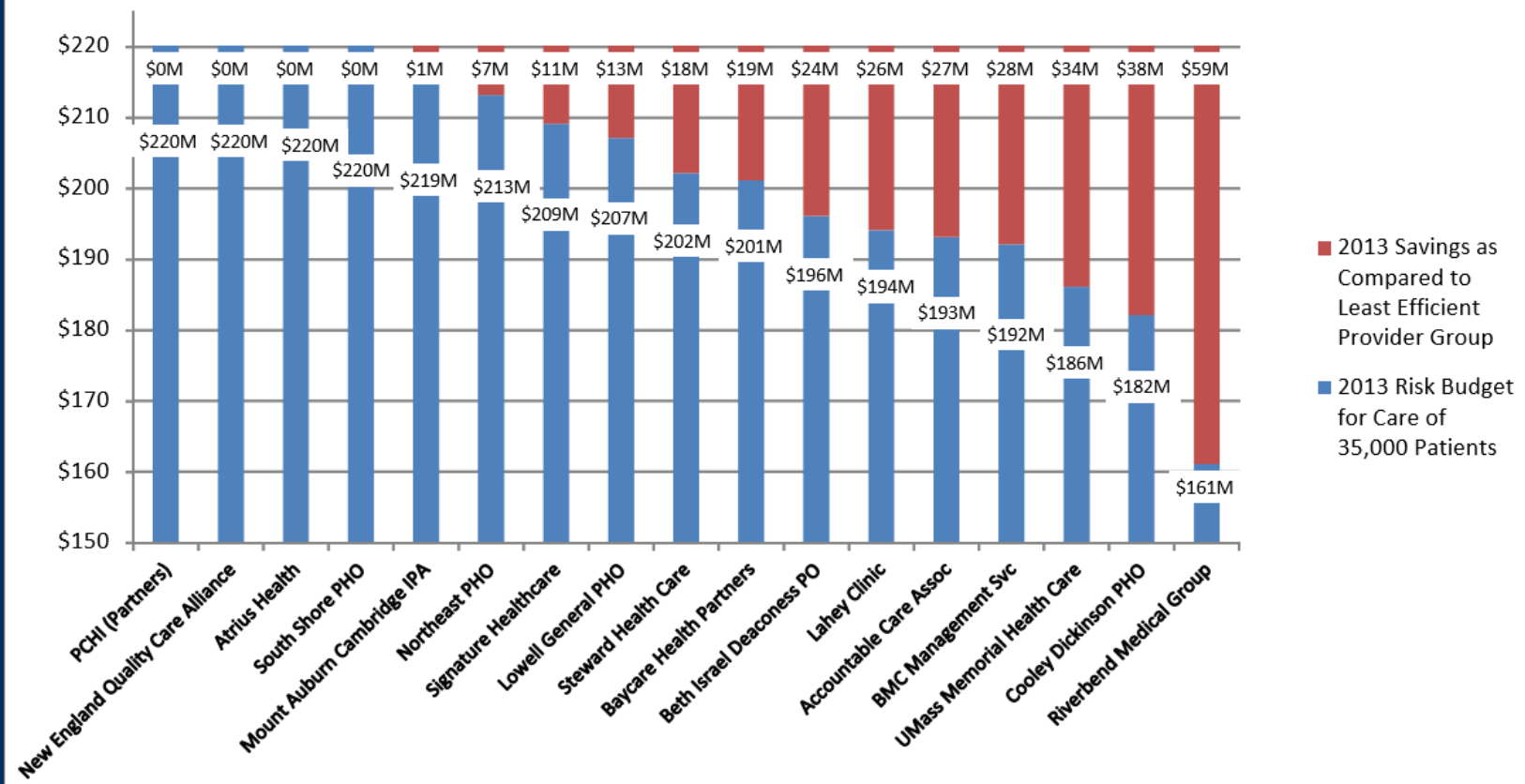
HIGHER PRICES ARE NOT EXPLAINED BY HIGHER QUALITY PERFORMANCE





GLOBAL PAYMENTS REFLECT HISTORIC PAYMENT DIFFERENTIALS RESULTING IN WIDELY DIFFERENT BUDGETS TO CARE FOR SIMILAR PATIENT POPULATIONS

Variation in Provider Group Efficiency: Health Status Adjusted Budget for Care of HMO/POS Patients for a Major Insurer (2013)





ANNUAL INCREASE IN COMMERCIAL DRUG SPENDING NET OF REBATES (PMPM)

Annual Pharmaceutical Spending Trend (Per Member Per Month) 2013-2015				
	2013-2014 Trend		2014-2015 Trend	
Plan	Pre-Rebate	Net-Rebate	Pre-Rebate	Net-Rebate
Plan 1	14.3%	12.9%	6.5%	4.5%
Plan 2	11.0%	11.7%	14.6%	15.3%
Plan 3	10.2%	9.0%	11.4%	9.3%
Plan 4	21.1%	19.9%	7.7%	3.3%
Plan 5	13.4%	13.1%	10.4%	8.4%
Average	14.6%	13.7%	8.2%	6.1%
Reporting Entity	Pre-Rebate	Net-Rebate	Pre-Rebate	Net-Rebate
HPC ('13-'14)	12.5%	N/A	8.5%	N/A
CHIA ('14-'15)				
IMS	13.1%	N/A	12.2%	8.5%



HEALTH CARE INFORMATION TRANSPARENCY IN MASSACHUSETTS

- Real-time information on *price* and *cost-sharing* by service
- Annual reporting of provider *relative prices, global budgets, and total medical expenses*
- *APCD* and corresponding database of *provider organizational structure and affiliations* (Registration of Provider Organizations)
- *Real-time updates* to provider organizational structure and affiliations (Provider Material Change Notices)
- Set of *standardized quality metrics* used to evaluate provider performance (Standard Quality Measure Set)



LINKING INFORMATION TO INCENTIVES

- Evaluating and rewarding providers based on standardized cost and quality metrics
 - Develop tiered and limited networks based on standardized performance metrics
 - Certify PCMHs & ACOs and award transformation grants based on standardized metrics
 - Grant DONs based on standardized metrics that recognize competition/efficiency as a goal



INFRASTRUCTURE FOR ONGOING MONITORING

- Analyzing and reporting on health care cost drivers in connection with annual cost trend hearings
- Monitoring payer and provider performance under the statewide cost growth benchmark (Performance Improvement Plans)
- Evaluating the impact of market changes on cost, quality, and access (Cost and Market Impact Reviews)
- Insurance rate review



RESOURCES

MA Attorney General's Market Examinations

- <http://www.mass.gov/ago/bureaus/hcfc/the-health-care-division/>

MA Health Policy Commission's Oversight of Cost Growth Benchmark

- <http://www.mass.gov/anf/budget-taxes-and-procurement/oversight-agencies/health-policy-commission/health-care-cost-growth-benchmark.html>

CHIA's Calculation of Total Health Care Expenditures

- <http://www.chiamass.gov/total-health-care-expenditures/>

MA Health Care Cost Containment Legislation

- bluecrossmafoundation.org/chapter-288-acts-2010
- bluecrossmafoundation.org/publication/summary-chapter-224-acts-2012