Measure 4:1.3.A: Supplemental - Constrain Health Care Cost Growth

4.1.3.A – Constrain the Cost of Health Care Cost Growth

4.1.3.A / CONSTRAIN HEALTH CARE COST GROWTH

Health Care Authority

Dorothy Teeter, Director

7/18/16
HCA: Purchaser & Convener

Purchase health care for over 2.2 million people through Medicaid and PEBB

$10 billion annual spend

Large network overlap between both programs

Value-based purchasing mandate

Background: Health care cost growth is not sustainable

Payment Drives System Transformation

<table>
<thead>
<tr>
<th>Status Quo (Volume-Based) System</th>
<th>Transformed (Value-Based) System</th>
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<tbody>
<tr>
<td>Fragmented clinical and financial approaches to care delivery</td>
<td>Integrated systems that pay for and deliver whole person care</td>
</tr>
<tr>
<td>Uncoordinated care and transitions</td>
<td>Coordinated care and transitions</td>
</tr>
<tr>
<td>Unengaged members left out of their own health care decisions</td>
<td>Engaged and activated members who are connected to the care they need and empowered to take a greater role in their health</td>
</tr>
<tr>
<td>Variation in delivery system performance (cost and quality) with no ties to clinical or financial accountability and transparency</td>
<td>Standardized performance measurement with clinical and financial accountability and transparency for improved health outcomes</td>
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</tbody>
</table>
Current State: On Target

**Target:** Within 1% of National Health Expenditures

Medicaid\(^1\) and PEB per capita expenditures are each within 1% of respective national expenditures

\[\text{Medicaid/CHIP} \quad \text{PEB}\]

\[\text{Annual Per Capita Growth Rate} \quad 2011 \quad 2012 \quad 2013 \quad 2014 \quad 2015\]

- Medicaid/CHIP: \(-0.7\%\), \(1.3\%\), \(3.8\%\), \(8.5\%\), \(-0.1\%\)
- PEB: \(0.9\%\), \(-1.2\%\), \(7.9\%\), \(9.8\%\), \(1.4\%\)

\[\text{Washington State Medicaid/CHIP} \quad \text{National Health Expenditures} \quad \text{Washington State PEB} \quad \text{National Health Expenditures}\]

\(^1\) Includes expenditures from Medical (HCA), Mental Health (DSHS), and Long-Term Care (DSHS)

Problem/Opportunity:

- HCA’s GF-S budget growth has been flat for the last six biennia even as total GF-State budget increased

- As a result, HCA’s GF-S share has steadily declined as a percentage of total GF-State operating budget from nearly 14% to 10.5%
4.1.3.A – Constrain the Cost of Health Care Cost Growth

Problem/Opportunity:

Total U.S. prescription drug spending, in $ billions:

- Medicare
- Medicaid
- Out of pocket
- Other payers
- Private health insurance

Part D begins!

Actual vs. Projected:

- 2005
- 2006
- 2007
- 2008
- 2009
- 2010
- 2011
- 2012
- 2013
- 2014
- 2015
- 2016
- 2017
- 2018
- 2019
- 2020
- 2021
- 2022
- 2023
- 2024

NOTE: Medicaid prescription drug spending accounts for rebates.

4/13/2016

Strategies:  HCA Value-Based Road Map

Purpose & Goals
- Reward high quality care
- Reward health plan & system performance
- Alignment & Standardization
- Sustainability
- Triple Aim

2016: 20% VBP

2021: 90% VBP

Medicaid
PEBB

7/15/2016
Strategies:

CMS Alternative Payment Model Framework

Update on Fully Integrated Managed Care – SWWA

Short-term achievements:

- Continuity of care - replication of behavioral health and network and crisis services
- Initial claims paid successfully and timely
- Molina Integrated Care Coordination – Day 1
- Daily exchange of information with crisis system
- Existing integrated care models supported
- Interested providers convening for integration talks
- Several transitions of long-term residents out of Western State Hospital
Strategic Plan and Opportunities

- Expand behavioral health system capacity
  - Especially crisis stabilization and full continuum of care
  - Includes recovery supports (e.g. housing, peer services)
- Value Based Purchasing to support integrated care delivery
- Improved care team access to integrated health information

Major opportunities with financial integration:
  - Improve individual Medicaid beneficiary outcomes with integrated care coordination – Medical/BH/Social Supports
  - Improve Medicaid population total healthcare outcomes and costs with Strategic investments of total Medicaid premium to improve

Programs Supporting Paying for Value Strategies

Puget Sound High Value Network
- Selected as one of two Accountable Care Program providers for 2016.
  - Expanding to eight counties in 2017.
  - Over 3,500 lives.
  - Assume financial and clinical accountability for a defined population of PEBB members.
  - Provide ‘best in class’ patient service and experience.
  - Execute on Quality Improvement initiatives that support patient center medical home, management of the high risk patient, and align with the Bree Bundles.

Center of Excellence
- Selected as the Center of Excellence for total joint replacements effective 2017.
  - Total joint replacement is historically one of the most costly and variably priced medical procedures.
  - Aligns with the Bree Collaborative recommendations.
  - Clinical team coordinates patient care and encourages shared decision-making with the patient.
  - Virginia Mason assumes financial risk for preventable surgical complications and infections; HCA reimburses in what is called a “bundled payment,” one sum for the entire range of care, including diagnosis, surgery and rehabilitation.
### 4.1.3.A – Constrain the Cost of Health Care Cost Growth

<table>
<thead>
<tr>
<th>Task</th>
<th>Task Lead</th>
<th>Partners</th>
<th>Expected Outcomes</th>
<th>Status &amp; Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully Integrated Managed Care</td>
<td>N. Johnson, M. Lindstedt</td>
<td>April 2016: SW WA region 2017, N/A, 2018: North Central</td>
<td>Increased integration and “whole person” care for Medicaid beneficiaries  Increased quality of care (QICs) via for 1580-4123 common measure set  Increased outcomes of care for patients and populations  Smarter spending and increased long-term financial sustainability of state health programs</td>
<td>PAMC launched on April 1, 2016  Binding letter of intent due from North Central by August 1, 2016  Tentative January 1, 2018 implementation date for North Central region</td>
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<tr>
<td>Accountable Care Program (ACP) for public employees</td>
<td>L. McDermott</td>
<td>Puget Sound High Value Network (Virginia Mason Medical Center, Evergreen Health, MultiCare, Overlake) University of Washington Accountable Care Network (UW Medicine, MultiCare, Overlake)</td>
<td>Increased clinical and financial accountability of providers  AICP network  Increased quality and integrated care  Increased outcomes for public employees and their families  Smarter spending and increased long-term financial sustainability of state health programs</td>
<td>AICP disbursed January 2016; over 11,000 members enrolled in one of the four networks  Examine expansion to additional counties in 2017 and each year thereafter</td>
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<tr>
<td>Apple Health Managed Care Value-based Reforms</td>
<td>N. Johnson, P. Cosby</td>
<td>5 MCCOs Accountable Communities of Health Providers</td>
<td>Higher quality of care and increased outcomes for Medicaid beneficiaries  Increased clinical and financial accountability of providers and MCCOs  Strategic clinical and community linkages  Smarter spending and increased long-term financial sustainability of state health programs</td>
<td>Reforms will be included in Apple Health contracts starting in January 2017</td>
</tr>
<tr>
<td>Bundle and Center of Excellence (COE): Total Joint Replacement (TJR) for public employees, starting in 2017</td>
<td>L. McDermott</td>
<td>COE: Virginia Mason Medical Center Third Party Administrators: Premiers</td>
<td>Improved quality and outcomes for TJR surgeries  Decreased inappropriate surgeries (situations were less conservative care warranted)  Increased return to work and function  Decreased complications  Smarter spending and increased long-term financial sustainability of state health programs</td>
<td>Planning in process for January 2017 launch  Policy Division on bundled future bundles across Medicaid and FEHB, starting in 2018</td>
</tr>
<tr>
<td>Quality Measurement – as defined by the VA state-wide common measure set</td>
<td>D. Lessar, MD</td>
<td>Washington Health Alliance</td>
<td>Standardized approach to quality measurement  Simplified implementation for providers  Quality transparency to HCA as a purchaser  Smarter spending and increased long-term financial sustainability of state health programs</td>
<td>Common Measure Set adopted in 2014, revised in 2016  Subset of common measures set included in ACP contract to measure quality  Subset of common measure set to be included in 2017 Apple Health contracts</td>
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