

Innovative Financing and Sustainability

Facilitated Un-Conference Healthier Washington Symposium

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What is required?

- The State Innovation Models (SIM) Initiative encourages states to develop sustainable models of multi-payer health system payment and delivery reform
- As a condition of a Model Test award, a state must commit to sustain its model(s) after the test period
- A state's operational plan must include a sustainability plan for the next 4 years beyond the period of the [SIM] award that includes:
 - a clearly detailed plan for continued financing to support sustained health reform/transformation after CMMI award funding is exhausted

Sources: SIM FAQ (<https://innovation.cms.gov/initiatives/State-Innovations/State-Innovation-Models-Initiative-Frequently-Asked-Questions.html>) and State Innovation Models: Round Two of Funding for Design and Test Assistance (<https://innovation.cms.gov/Files/x/StateInnovationRdTwoFOA.pdf>)

Approaches to Sustainability

- Every state has its own approach to measuring sustainability, related to its own goals
- The following slides provide a very high-level overview of a few states' approaches
- All of these states are using comprehensive approaches to transform their health care systems, these slides only touch on sustainability
- Details matter – we will get to them over the next few months

Arkansas

Goal: Reduce, or at least control, the cost of health care

Approach: Measure trends in quality, utilization and cost at the individual Principal Accountable Provider (PAP) level relative to targets

Governance: Each payer conducts annual assessments using standard metrics; the State Payment Initiative (reporting directly to the Governor) compiles these into a single statewide report

Maryland

Goal: Reduce per capita hospital expenditures

- Limit annual growth in all-payer hospital per capita revenue to 3.58%
- Reduce Medicare aggregate expenditures by \$330m over 5 years

Approach: Measure the growth in per capita hospital revenue. Measure Medicare expenditures per beneficiary.

Governance: Health Services Cost Review Commission conducts analyses and set rates that all payers, including Medicare and Medicaid, use for hospital services

Massachusetts

Goal: Contain health care cost growth

Approach: Establish a target growth percentage (currently 3.6%); measure the growth in total health care expenditures (THCE) statewide, by plan, and by health system

Governance: Health Policy Commission sets targets and can require entities that exceed the target % to submit improvement plans; Center for Health Information and Analysis measures annual growth rates

Oregon

Goal: Move the health care marketplace toward a fixed and sustainable growth rate (3.4%)

- Reduce Medicaid PMPM growth by 1 percentage point by 2013 and by 2 percentage points by 2014
- Reduce public employee benefit cost growth by 1 percentage point in 2015 and 2 percentage points by 2016

Approach: Estimate PMPM spending, member months, and aggregate dollars by payer category

Governance: Office of Health Analytics produces reports for Oregon Health Authority; the Sustainable Healthcare Expenditures Workgroup (SHEW) establishes methodology

Vermont

Goal: Reduce the rate of health care cost growth

Approach: Establish cumulative all-payer per capita regulated services growth target (currently 3.5% with ceiling of 4.3%); measure total health care expenditures retroactively and forecast prospectively by payer and by service

Governance: Green Mountain Care Board sets growth targets, measures growth against target, and regulates health insurance rates, as well as hospital budgets and major capital expenditures

Questions: Measuring sustainability

- How should we define “sustainability”?
- Should we measure the sustainability of individual initiatives or of Healthier Washington overall?
- Should we measure change in total cost of care? Change in per member per month costs? Change in Medicaid costs?
- What costs should be included? Health insurance costs only? Consumer out of pocket costs? State expenditures?

Questions: Governance

- Who/what entity should be responsible for measuring sustainability?
- What actions should be taken if analysis shows the state is not meeting sustainability targets?
- Who/what entity should take those actions?

For more information on other states

- Arkansas: <http://www.paymentinitiative.org>
- Maryland: <http://www.hscrc.state.md.us/>
- Massachusetts:
<http://www.mass.gov/anf/budget-taxes-and-procurement/oversight-agencies/health-policy-commission/>
- Oregon: <http://www.oregon.gov/oha/analytics>
- Vermont: <http://gmcboard.vermont.gov/>