Working Group for Healthcare Innovation

http://www.governor.ri.gov/initiatives/healthcare/

DECEMBER 1, 2015

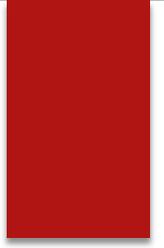# Agenda

- Principles and goals
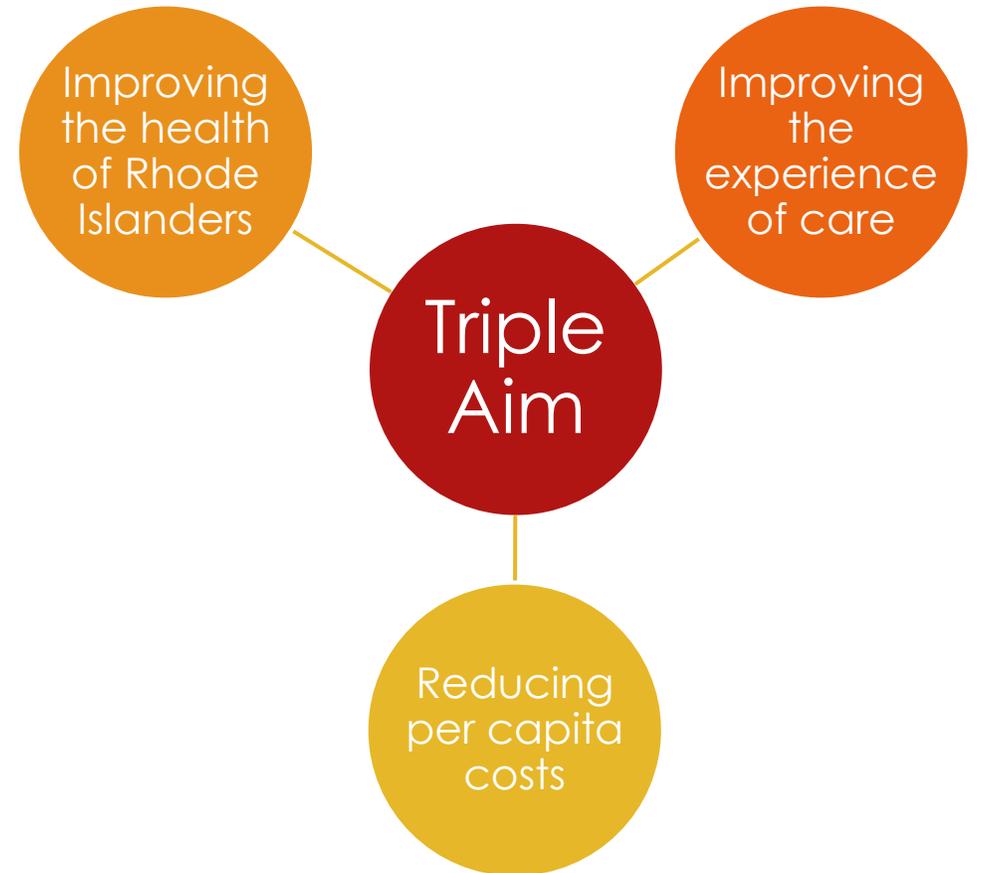- Recommendations
- Discussion
- Public comment

Recognizing the need for reform

- The **Affordable Care Act is working, and it is working best in states like Rhode Island** that embraced the creation of a state exchange and Medicaid expansion. **Rhode Island's uninsured rate has been cut in half** and is currently **one of the lowest in the nation** (5%).

- Healthcare costs remain a major national concern. From 2000 to 2010, **private health insurance costs grew roughly 85 percent.**

- In Rhode Island, the average yearly **commercial insurance premium jumped from $9,500 in 2003 to over $16,000 in 2013**. Put another way, the annual commercial premium is **more than a quarter the median household income** in Rhode Island.

Principles and goals

Better care, healthier people, stronger Rhode Island

Senator Whitehouse & other health leaders set out a framework for reform

▶ **Establish a coordinated statewide payment reform plan** to incentivize collaboration and reduce waste

▶ **Set bold and specific targets** for a statewide global health spending cap as well as reductions in fee-for-service and increases in value-based payments

▶ **Hold providers accountable for statewide quality metrics** around avoidable hospital admissions, emergency room usage, and health IT

Goals of the Working Group

Consider a global health spending target

Tie healthcare payments to quality

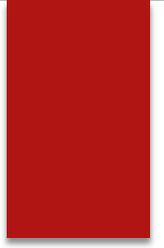**Ensure all Rhode Islanders have access to care**

Working Group goals

Improve health IT

Improve the health of Rhode Islanders

Reduce waste and overcapacity

Recommendations

Working Group recommendations

Recommendation 1: Create an Office of Health Policy to set statewide health policy goals and oversee effective implementation

Recommendation 2: Hold the system accountable for cost and quality, and increase transparency through a spending target

Recommendation 3: Expand the state's healthcare analytic capabilities to drive improved quality at sustainable costs

Recommendation 4: Align policies around alternative payment models, population health, health information technology and other priorities

Recommendation 1: Create an Office of Health Policy to set statewide health policy goals and oversee effective implementation

▶ **Recommendation 1.1: Create a single point of health policy within the Executive Office of Health and Human Services**

  ▶ Create an Office of Health Policy within EOHHS to set statewide health policy

A number of goals have already been set through the Assembly, which will continue to set health policy goals. Reinventing Medicaid, SIM, and others have also laid out goals.

▶ Value-based payment goals

▶ Population health goals

▶ Aligned quality metrics

▶ Coverage and access goals

Recommendation 1: Create an Office of Health Policy to set statewide health policy goals and oversee effective implementation

Recommendation 1.2: Create a comprehensive state health plan

- Integrate existing health planning resources into a comprehensive state health plan through the SIM process
- Include health policy goals, capacity and needs assessment, workforce planning, and performance measurement in the plan

Recommendation 1.3: Coordinate health policy decisions across the state

- Align certificate of need decisions, affordability policy, hospital conversions, Medicaid reforms, and capacity studies with the statewide plan
- Oversee the expanded analytic capabilities, and coordinate policy in RIDOH, OHIC, EOHHS, and elsewhere

Recommendation 2: Hold the system accountable for cost and quality, and increase transparency through a spending target

Recommendation 2.1: Encourage affordable healthcare with predictable costs

▶ Regularly calculate and publish data on total cost of care expenses for the state

▶ Hold annual cost trend hearings to understand the cause of cost growth, and target having health care costs grow no faster than the state's long-term economic growth rate

Recommendation 2.2: Hold payors and providers accountable across the entire healthcare system

▶ Break down cost data to the level of individual payors and providers

▶ Request a performance improvement plan from any payor, provider, or other player which causes inappropriate cost growth

Recommendation 2: Hold the system accountable for cost and quality, and increase transparency through a spending target

Recommendation 2.3: Link insurance premiums to the total cost of care

▶ By September 2016, report on the link between premiums and total cost of care

If premiums have grown at an unjustified rate compared to costs, consider exploring additional regulatory action, such as:

▶ Modifying the rate review process

▶ Publishing retrospective cost reconciliations

▶ Increasing the minimum medical loss ratio

Recommendation 3: Expand the state's healthcare analytic capabilities to drive improved quality at sustainable costs

Recommendation 3.1: Make cost and quality information readily accessible

- Break down cost trends for all services into components which reflect the effect of changes in population, utilization, intensity, and pricing
- Examine why trends in quality and costs, and opportunities to bend the cost curve and improve patient care

Recommendation 3.2: Build the capabilities for cutting-edge health analytics within the state

- Coordinate all health data across the state, including the all-payor claims database, the hospital discharge database, and Medicaid encounter data

Recommendation 3: Expand the state's healthcare analytic capabilities to drive improved quality at sustainable costs

Recommendation 3.3: Encourage an open and transparent healthcare system

- ▶ Publish annual price transparency reports on relative prices for each major provider to help remove payment disparities for the same care

- ▶ Facilitate consumer access to price information through policies such as requiring payors and providers to give binding price estimates

In addition to publishing reports, the State should also encourage transparency by ensuring its databases are easily accessible for public use

Recommendation 4: Align policies around alternative payment models, population health, health information technology, and other priorities

Recommendation 4.1: Move away from fee-for-service towards alternative payment models

- Require Medicaid to have 80% of payments tied to value and 50% of payments through an alternative payment model by 2018
- Align public and private payors around strategies to reduce fee for service

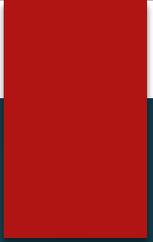**Recommendation 4.2: Encourage accountability for population health by adopting statewide health goals**

- Address social and environmental determinants of health, reduce health disparities, and ensure access to quality health services for all Rhode Islanders

Recommendation 4.3: Expand and improve usage of health information technology

- Continue the movement to electronic records, streamline health information infrastructure, and build centralized analytic capacity

Working Group discussion

Public comment

Thank you!

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