



## PRINCIPLES FOR THE IMPLEMENTATION OF HEALTH CARE PAYMENT REFORM IN MASSACHUSETTS

In 2011, the Massachusetts Business Roundtable developed a Framework for Reform that promoted a series of principles to help inform the health care cost containment debate. They focused on three areas: 1) Consumerism - activating consumers to become more accountable for selecting higher-value health care services by combining value based insurance designs and provider specific cost & quality information, giving them more financial and decision-making responsibility for their health care selections; 2) Wellness – improving health by developing innovative benefits and programs that promote wellness, prevent disease and manage chronic conditions; and 3) Payment Reform – moving toward a global payment model and addressing the chronic underpayment by public payers. MBR also called for a cost reduction goal and clear metrics for measuring success, while recognizing that these reforms represent a long-term strategy that will take time to impact the cost trend. They were not meant to be short term solutions.

In some form or another, these principles were included in Chapter 224 of the Acts of 2012, the state's landmark cost containment law. With the passage of the law, efforts among all stakeholders – employers, consumers, providers, plans, and government – has shifted to implementation and ensuring that the law's primary goals of improving the quality of health care and controlling costs is met. As implementation progresses, government oversight entities should provide the market with clear and equitable standards and processes by which they will monitor the marketplace and hold providers and payers accountable for meeting the benchmark and other objectives of Chapter 224. At the same time, they should allow providers and payers maximum flexibility to devise innovative approaches to achieve these goals.

The Massachusetts Business Roundtable believes that as payment reform is implemented, all stakeholders should be guided by the following set of principles. MBR believes that implementation of payment reform must:

- Improve health outcomes without driving up costs. This fundamental principle embodies the promise of payment reform. Public policy decisions made during implementation must not result in net, year over year growth in health insurance premiums for employers, individuals or their families, or increases in statewide total health care spending beyond the cap established in the law, and must improve the quality of patient care.
- Promote competition. Competition is a basic business principle that results in lower costs for the consumer. Any consolidation in the health care marketplace must result in greater value – highest quality care, in the most coordinated, cost efficient manner – for all stakeholders in the system: insurers, providers, purchasers and consumers. Measures of success moving forward must reflect the new paradigm embodied in public policy that envisions better health outcomes through more coordinated systems of care, including the federal Affordable Care Act, and the Global Payment-ACO model envisioned in Chapter 224.

- Encourage Transparency. Implementation of payment reform will result in large-scale impacts on every stakeholder in the health care system. These impacts must be readily and publicly available, and health care stakeholders must provide useful information, so that decisions are made based upon actionable data with a full understanding of how they may impact the care and cost a consumer chooses. Employers also need transparency in order to understand how these decisions are impacting their health insurance premiums.
- Leverage Public Payers' Purchasing Power. With a significant number of covered lives and economic scale, public payers (including Medicaid, Medicare, GIC and the Health Connector) must take a leadership role in the implementation of payment reform. Public payers must leverage their purchasing power in order to move payment reform forward in the public market, in the same way the commercial market has done. In 2014, public payers must demonstrate measurable progress toward meeting these already-established goals and should be transparent about their costs and rate development. In addition, reimbursements by the government that do not adequately cover the costs of health care services must be improved. MBR has historically called for adequate rates by public payers and continues to do so.
- Mitigate the Cost of Implementation to the System. The cost of implementation of state and federal health care laws, through administrative and IT requirements, is saddling the health care system with additional costs that threaten the goal of cost containment. The state and federal governments must be mindful of this and mitigate implementation costs to the system wherever possible by proposing and adopting carefully drafted regulations and interpretative guidance that reduce complexity, compliance costs and burdens whenever possible. The state and federal government should be mindful not to implement duplicative regulations and requirements as it considers any future legislation with an already-crowded portfolio of implementation tasks and redundant regulations.
- Integrate Wellness and Health Management. One of the most effective strategies for addressing health care costs is promotion of healthy behavior and prevention. Private employers are making significant investments in their wellness programs and providing additional benefits to employees to help them manage their health. Many of these successful private sector health management models can serve as a catalyst for change in public policy.

*The Massachusetts Business Roundtable is a non-profit, non-partisan, statewide public policy organization comprised of chief executive officers and senior executives from some of the state's largest employers with more than 250,000 employees across the Commonwealth. The Roundtable's mission is to strengthen the state's economic vitality with the goal to make Massachusetts a highly-desirable place to do business. The Roundtable engages with leaders from industry, government and higher education to develop public policy solutions that improve the long-term health of the Massachusetts economy.*