



November 25, 2014

John Polanowicz, Secretary  
Executive Office of Health and Human Services  
Chair, Public Payer Commission  
One Ashburton Place, 11<sup>th</sup> Floor  
Boston, MA 02108

Dear Secretary Polanowicz:

On behalf of the Massachusetts Association of Health Plans (MAHP), I am writing to provide you with our comments relative to feedback on the Public Payer Commission's final findings and recommendations regarding Medicaid accountable care organizations, ("ACOs"). We have appreciated the opportunity to participate in the work of the Commission and supported the findings and recommendations approved by the Commission. We offer the following comments in order to provide additional context regarding MAHP's position on Medicaid ACOs.

MAHP represents 17 health plans which provide health care coverage to more than 2.6 million Massachusetts residents. Our membership includes the six Medicaid managed care organizations ("MCOs") that provide comprehensive coverage to 760,000 MassHealth beneficiaries. MAHP member health plans continually set the standard for the rest of the country for clinical quality and member satisfaction with innovative programs designed to improve quality. In its recent annual report ranking the clinical quality and member satisfaction of health plans, NCQA Massachusetts was again home to the nation's best commercial health plans, including the top HMO and PPO plans, as well as the country's top four (4) Medicaid health plans. Our member health plans have been committed to lowering health care costs as the Center for Health Information and Analysis' recent 2014 Annual Report on the Performance of the Massachusetts Health Care System showed our member health plans' annual increases from 2012-2013 were well below the Commonwealth's 3.6 percent health care cost growth benchmark.

#### Value of Medicaid MCOs

Alternative payments and ACOs within the Medicaid program represent opportunities to improve the quality of care provided to the Medicaid population through a more efficient, integrated and coordinated health care delivery system. MAHP and our MCOs support such transformation efforts and believe that MAHP member MCOs can play an important role as partners with the state in these efforts.

As we presented to the Commission, MAHP member MCOs have considerable experience developing and utilizing care management and care coordination programs and have spent many years learning how to effectively manage care across delivery settings and across diverse populations. MCOs are equipped to handle the complex needs of commercial and Medicaid members and have the programs and staff in place not only to help members manage their

illnesses and navigate the health care system, but also provide community support services that help their members with other needs that may stand in the way of accessing care.

MCOs and provider partnerships can be beneficial. MCOs have led the way in developing disease management, care coordination, and population health initiatives. Today, MCOs and providers have implemented contractual arrangements that govern the performance of a number of functions by either the provider organization or the MCO. MCOs provide a number of supports for providers that help to improve quality and care management. Medicaid MCOs have long assisted providers in moving towards alternative payment models through budgeting, population-based analytics, risk adjustments and infrastructure support. MCOs have developed strategic partnerships with network providers who are experienced in providing care for this population. MCOs provide real-time access to patient data, consultative support teams, medical management programs, information sharing, and utilization monitoring. These programs enable providers, across the continuum of care to better serve their patients by providing the tools necessary to effectively manage care. Many of these contracts have been in place for years, have required significant investments of time and resources, and have proven successful in terms of meeting cost and quality measures and coordinating managing care.

By leveraging the existing infrastructure and expertise of the MassHealth MCOs, MassHealth can encourage greater participation by providers that do not have the resources to form more formal or complex structures. We therefore believe that the state should draw upon the experience and existing expertise and infrastructure of the MCOs as it develops its ACO program.

#### ACO Design Features

As the state considers a Medicaid ACO program, MAHP strongly agrees with the Commission's recommendation that an ACO program should have a flexible design that can work for a range of providers. MAHP believe that such a program should ensure flexibility in ACO formation, promote efficiency and clinical innovation, and avoid setting strict requirements that effectively create a one-size-fits-all approach. Organizations that seek to become an ACO should be required to meet certain baseline requirements that also ensure that the market retains needed flexibility.

Today, providers across the state are in various stages of readiness in terms of their ability to accept and manage risk with many providers with little to no experience risk. During MAHP's presentation to the Commission during the April meeting, we spoke about the importance of meeting providers where they are in the market to ensure that they do not accept levels of risk that they are not prepared to take, to avoid costly infrastructure investments, and to protect the market against unwarranted consolidation that will ultimately raise health care costs.

Finally, we have expressed concerns with any proposal for providers to enter into direct contracts with the state whereby the provider assumes all or part of the risk. Health plans must meet strict solvency requirements and are better positioned to assess the ability of providers to assume risk, develop risk contracts and provide the financial solvency to protect provider and consumers. The HPC must ensure that ACOs are certified as Risk-Bearing Providers with the DOI.

#### Market Consolidation

Finally, as the state considers developing a Medicaid ACO program, MAHP has concerns that left unchecked ACO formation could lead to increased consolidation of providers, increased market power, and higher health care costs. Care must be taken to make sure that any ACO program does not push health care providers towards non-competitive market structures, lessen consumer choice, or dull market responsiveness to the need for innovation, improved health outcomes and management of health care costs. All entities that merge, affiliate or consolidate to participate in the program should be subject to regular monitoring and annual reporting by the office of Medicaid, the Department of Public Health, the Health Policy Commission and the Center for Health Information Analysis, and the Attorney General's Office. Ultimately, the focus of a Medicaid ACO or other transformation initiative should be on achieving targeted goals and benchmarks around quality improvement, coordination of care and improving efficiency across the delivery system, rather than encouraging ACO formation that could serve to increase market consolidation and costs.

We appreciate the opportunity to provide these comments as part of our participation on the Public Payer Commission. MAHP and our member health plans remain committed partners with the Commonwealth and look forward to continuing to work collaboratively on providing high quality and affordable health care to Massachusetts residents.

Sincerely,



Sarah Chiaramida  
Vice President of Legal Affairs  
Massachusetts Association of Health Plans