



**MassHealth restructuring summary (April 14, 2016)**

**We are committed to a sustainable, robust MassHealth program for our 1.8M members**

* MassHealth has grown unsustainably and is now almost 40% of the Commonwealth’s budget (over $15 billion)
* The current fee-for-service payment model for providers results in fragmented, siloed care
* The fundamental structure of the MassHealth program has not changed in 20 years

**We have an urgent window of opportunity to renegotiate our federal 1115 waiver to support MassHealth restructuring**

* Financing for the current waiver expires June 30, 2017 with $1Bn/ year at risk
* This is an opportunity to bring in significant levels of federal investment to support delivery system reforms
* State law (Chapter 224) requires MassHealth to adopt alternative payment methodologies for promotion of more coordinated and efficient care

**Our delivery system reforms transitions from fee-for-service, siloed care into integrated, accountable care (ACO) models**

* In ACO models, provider-led organizations are accountable for the cost and quality of care
* This is not one-size-fits-all. There are different options and approaches that reflect the range of provider capabilities
* In most cases, Managed Care Organizations (MCOs) remain the insurer, pay claims and will work with ACO providers to improve care delivery
* We have a major focus on better integrating our members’ physical, behavioral health (BH) and long term services and support (LTSS ) needs, as well as strengthening linkages to social services

**We have proposed ~$1.5B of upfront investment (through 1115 waiver) to support ACOs, investments in BH/ LTSS community capacity, and address health-related social needs**

* 5-year, time limited Delivery System Reform Investment Program (DSRIP) funding
* Unique investment approach to transition the delivery system, including:
  + Investments to support providers who sign on for ACO models
  + Dedicated funding for BH and LTSS Community Partner (CP) organizations; requires formal partnerships between ACOs and CPs
  + Funds for non-reimbursed flexible services (e.g., air conditioners for asthmatic kids)
  + Statewide investments (e.g., health care workforce development, improved accommodations for members with disabilities)
* We are also proposing a major expansion of the treatment continuum for Substance Use Disorder for addressing the opioid crisis
* Discussions with CMS to date have been very positive, with many details to work through

**How ACOs work**

* ACOs are accountable for a population, based on members who have chosen a Primary Care Clinician that is part of the ACO
* To be an ACO, providers must show they can coordinate care and partner with Community Partners across the continuum (primary, specialty, behavioral, acute, community-based care)
* Not all providers have to be part of the ACO, but the ACO must have relationships with other providers to coordinate/ integrate care effectively
* ACOs may choose to create an integrated ACO/MCO entity or enter into ACO contracts with other MCOs; some ACOs may choose to contract directly with MassHealth

**The state share (as required by the federal government) for the new DSRIP investment is supported by a $250M increase in the existing hospital assessment**

* Increases the current assessment from approximately 0.8% of private sector revenue to about 2% (rate is low compared to many other states and well below the federal limit of 6%)
* Hospitals receive a $250 million annual increase in MassHealth payments, resulting in no net impact to hospitals as a class
* Federal matching funds generate another $250 million to support federal DSRIP investment

**In addition, we have a number of other important initiatives underway**

* We have strengthened program integrity, especially for LTSS (e.g., home health)
  + Home health spending grew last year by $170M, or 41%
  + Over 80% of growth driven by providers new to the Commonwealth since 2013
  + 12 providers have been referred to the Attorney General’s office for fraud
  + Actions: moratorium on new home health providers, clinical prior authorizations for home health services
* We are encouraging members to enroll in managed and accountable care models
* We have made significant improvements in customer service and operations
  + Fixed the eligibility system (HIX) and completed 1.2 million outstanding eligibility redeterminations as required by the federal government
  + Reduced call center wait times and improved support for health centers and providers

**Our approach is the result of nearly a year of intensive design and stakeholder engagement**

* 8 workgroups met bi-weekly for 4-5 months and town hall meetings were held across the state
* We have engaged health care providers across the spectrum (Community Health Centers, Hospitals, BH providers) as well as advocates, LTSS providers and community organizations

**Timelines**

* Pilot ACO launches by end of calendar year
* Full roll out of ACOs, BH/LTSS Community Partners and DSRIP by October 2017
* Reprocurement of MCO contracts effective October 2017

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