

## D. MEASURES OF SPENDING

CHIA will release the first determination of statewide performance under the health care cost benchmark in summer 2014. To understand how different health care entities contributed to the statewide performance measure, appropriate measures of performance for various health care entities will be critical. Current reporting on total medical expenditures (TME) to CHIA measures cost trends for payers and some provider organizations. For payers, TME measures are comprehensive and cover their full books of business. For provider organizations, however, TME reports are linked to primary care providers (PCPs) for HMO populations only. At present, there is no accountability measure for provider organizations without PCPs -- such as hospitals or specialist physician groups -- that assesses their impact on the state's total health care expenditures, nor are provider organizations with PCPs held accountable for the TME of members of PPO plans for whom they deliver care.

To monitor and understand cost trends in the significant and growing PPO segment, CHIA should extend its reporting to include a measure of TME that uses an attribution algorithm to identify an accountable provider organization for members with PPO plans. In addition, large components of health care expenditures are provided or influenced by providers that do not deliver primary care. Measures of growth in TME attributable to specialist groups, hospitals, and other non-primary care provider types would be a useful complement to current measures in identifying providers whose performance puts the Commonwealth's ability to meet its health care cost growth benchmark at risk. The Commission will seek to work with CHIA to design and evaluate such measures. Where feasible, these measures should be aligned with those used by other states to facilitate meaningful benchmarking.

