MassHealth

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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