THE NEXT PHASE OF MASSACHUSETTS HEALTH CARE REFORM

Massachusetts is poised to address one of the greatest challenges of our generation: Reducing the growth in health care costs while improving health care quality and patient care. From 2009 to 2020, health spending is projected to double, outpacing both inflation and growth in the overall economy. The rapid rate of growth squeezes out other spending, for individual households, for businesses, for communities and in the state budget. That is why this effort is essential for our long-term economic competitiveness and for the health of our residents. This comprehensive bill will build on past reforms through innovative, market-based solutions, by:

Setting Health Care Cost Growth on a Sustainable Long-Term Path

- Establishes a statewide health care cost growth goal for the health care industry pegged at an amount no greater than the growth in the state's overall economy.
  - *For 2013- 2017: Set at the potential growth rate of the state's gross state product (GSP)*
  - *For 2018-2022: Set at, or slightly below, the potential growth rate of the state's gross state product (Between GSP - 0.5% and GSP)*
- This will result in savings of up to **$200 billion** over the next 15 years.

Leading by Example

- Requires the state's Medicaid program, the state's employee health care program, and all other state-funded health care programs to transition to new health care payment methodologies. These payment models incentivize the delivery of high-quality, coordinated, efficient and effective health care while reducing waste, fraud and abuse.
- Authorizes targeted Medicaid rate increases of up to $20 million for providers that demonstrate a significant transition to new payment methodologies.
- Establishes a certification process for accountable care organizations or "ACOs" – health care provider systems dedicated to cost growth reduction, quality improvement and patient protection. These ACOs would receive a contracting preference in state health programs.
- Establishes a certification process for patient-centered medical homes – a care delivery model that provides patients with a single point of coordination for all their health needs.

Enhancing Transparency and Accountability of the Health Care Marketplace

- Requires all health care provider systems to register with the state and report regularly on financial performance, market share, cost trends, and quality measures.
- Charges the Attorney General to monitor trends in the health care market including consolidation in the provider market in order to protect patient access and quality.
- Establishes a new "Cost and Market Impact Review" to examine changes in the health care industry and the impact of these changes on cost, quality, and market competitiveness. The findings of this review may be referred to the Attorney General for further investigation.
- Develops a process to track price variation among different health care providers over time and establishes a Special Commission to determine and quantify the acceptable and unacceptable factors contributing to price variation among providers.

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Investing in a Healthy Future for the Commonwealth

- This bill dedicates $60 million over the next 4 years in a historic investment in community-based prevention, public health, and wellness efforts to reduce the rates of costly preventable chronic diseases, such as obesity, diabetes, and asthma.
- Establishes a new wellness tax credit for businesses that implement recognized workplace wellness programs, up to $10,000 per employer. These programs will improve employee health, reduce recidivism, and help control the growth in employer health care premiums.
- Requires the Department of Public Health to develops a "model guide" for wellness programs for businesses and to provide stipends to help businesses establish programs.
- Requires health insurance companies to provide a premium adjustment for small businesses that adopt approved workplace wellness programs.

Building the Health Care System and Workforce for the 21st Century

- Dedicates $135 million over the next 4 years to support investments in our community hospitals to support the infrastructure necessary to build the health care system of the 21st century. This funding, targeted for financially distressed hospitals, will assist in the transition to new payment methodologies and care delivery models.
- Commits an additional $30 million in investments for other eligible health care providers to accelerate the on-going statewide adoption of interoperable electronic health records.
- Establishes a Health Care Workforce Transformation Trust Fund to invest in the training, education, and skill development programs necessary to help workers succeed in the health care system of the future. This Fund received $20 million in the fiscal 2013 budget.
- Incentivizes the accelerated adoption of connected health technology, such as telemedicine.

Increasing Access to Essential Care Services

- Expands the role of physician assistants and nurse practitioners to act as primary care providers in order to expand access to cost-effective care.
- Expands the role of "limited-service-clinics" to act as a cost-effective and convenient point of access for health care services provided by nurse practitioners.
- Expands an existing workforce loan forgiveness program to include providers of behavioral, substance use disorder, and mental health services.
- Establishes a new primary care residency program supported by the Department of Public Health in order to increase the pipeline of primary care providers.

Promoting Administrative Simplification for Health Care Providers

- Requires the development of standard prior authorization forms, which would be available electronically, so that providers would use only one form for all health insurance carriers.
- Authorizes penalties for non-compliance with standardized coding and billing requirements.
- Streamlines data reporting requirement by designating a single agency as the secure data repository for all health care information reported to and collected by the state.

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Reforming Medical Malpractice Laws

- Reduces unnecessary litigation and malpractice claims costs by creating a 182-day cooling off period while both side try to negotiate a settlement. Requires the exchange of information between the plaintiff and defense to promote early settlement.
- Allows a health care provider or facility to admit to a mistake or error. The admission cannot be used in a court as an admission of liability. However, if a provider lies under oath about the error or mistake, then the statement can be used as an admission of liability.
- Creates a task force to study defensive medicine and medical overutilization.

Improving Consumer Transparency of Health Care Costs

- Establishes new transparency tools to help consumers make health care purchasing decisions based on comparative cost and quality, including the establishment of a consumer health information website with transparent prices and shared-decision making online tools.
- Directs health insurance carriers to disclose the out-of-pocket costs for a proposed health care service and protects patients from paying more than the disclosed amount.
- Requires health insurance carriers to provide a summary to health care consumers in an easily readable and understandable format showing the consumer's responsibility, if any, for payment of any portion of a health care provider claim.

Enhancing the Affordability and Efficiency of Health Insurance Products

- Extends key provisions of small business health insurance legislation passed in 2010, including a requirement that the Division of Insurance rigorously review premium filings to ensure that small businesses and individuals receive the most efficient products possible.
- Extends the current authority of the Division of Insurance to help mitigate and stabilize large "spikes" in premium increases from year to year.
- Increases the minimum premium savings for "tiered" or "selective" network health products from 12% to 14% and establishes a new "smart-tiering" option.

Protecting Consumer Access to Necessary Care

- Requires certified ACOs, patient-centered medical homes, and provider organizations that receive a risk-based payment to set up a system of internal appeals. The appeals process may last no longer than 14 days.
- Requires certified ACOs to guarantee access to all medically necessary services for patients, either internally or through providers outside of the ACO.

Integrating Behavioral, Substance Use Disorder, and Mental Health Services

- Requires health insurance companies to comply with federal mental health parity law and submit documentation to the Attorney General certifying compliance.
- Establishes a special task force to make recommendations on how to integrate behavioral health services in the payment and delivery systems developed under this bill.

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Other Important Provisions:

Governance – Health Policy Commission (HPC)

- Reforms and reorganizes an existing state entity, the Health Care Quality and Cost Council, into the **Health Policy Commission**.
- The Commission will be governed by an 11 member board within, but not subject to the control of, the Administration and Finance (similar to the Group Insurance Commission).
- This Commission, under the authority of the board, will oversee policy development necessary for the implementation of the overall legislation, including setting and enforcing the health care cost growth benchmark, certifying new payment methods and care delivery models, and conducting the new "Cost and Market Impact" reviews of market changes.

Governance- Center for Health Information and Analysis (CHIA)

- Reforms and reorganizes an existing state entity, the Division of Health Care Finance and Policy, into the **Center for Health Information and Analysis.**
- The Center will be an independent state agency, governed by an executive director appointed by majority vote of the Governor, Attorney General, and State Auditor (similar to the Inspector General).
- The Center will act as the designated health care data collection, dissemination, and analysis agency of the Commonwealth and will provide critical, independent analysis of the how the state's policies are affecting cost trends.

Mandatory Overtime - Bans the use of mandatory overtime for nurses in a hospital setting unless patient safety requires it in an emergency situation or there is no reasonable alternative.

Fair Share Assessment- Raises the full-time equivalent (FTE) threshold for fair share contributions from 10 to 20 employees and adds a provision that employees who have health insurance from other sources will not be included in the calculation of whether an employer is a contributing employer.. (Changes effective July 1, 2013).

State Health Plan - Establishes a health planning council to develop, every 5 years, a state health plan determining the future medical capital needs of the Commonwealth.

Health Savings Accounts- Requires a review and recommendations relative to increasing the use of health savings accounts, flexible savings accounts, and other "consumer-driven plans."

Pharmaceutical Cost Containment- Directs state agencies responsible for the purchase of prescription drugs to form a uniform procurement unit to negotiable for bulk purchases and creates a commission to review methods to reduce the cost of prescription drugs for public and private payers.