

Health Care Cost Control

Payment Reform and Health Cost Control in
Massachusetts

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Health Care For All

- Non-profit advocacy and health information organization. Goal is quality and affordable health care. We educate residents about health care system, and how to improve it.
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- Health Law Advocates: 617-338-5241
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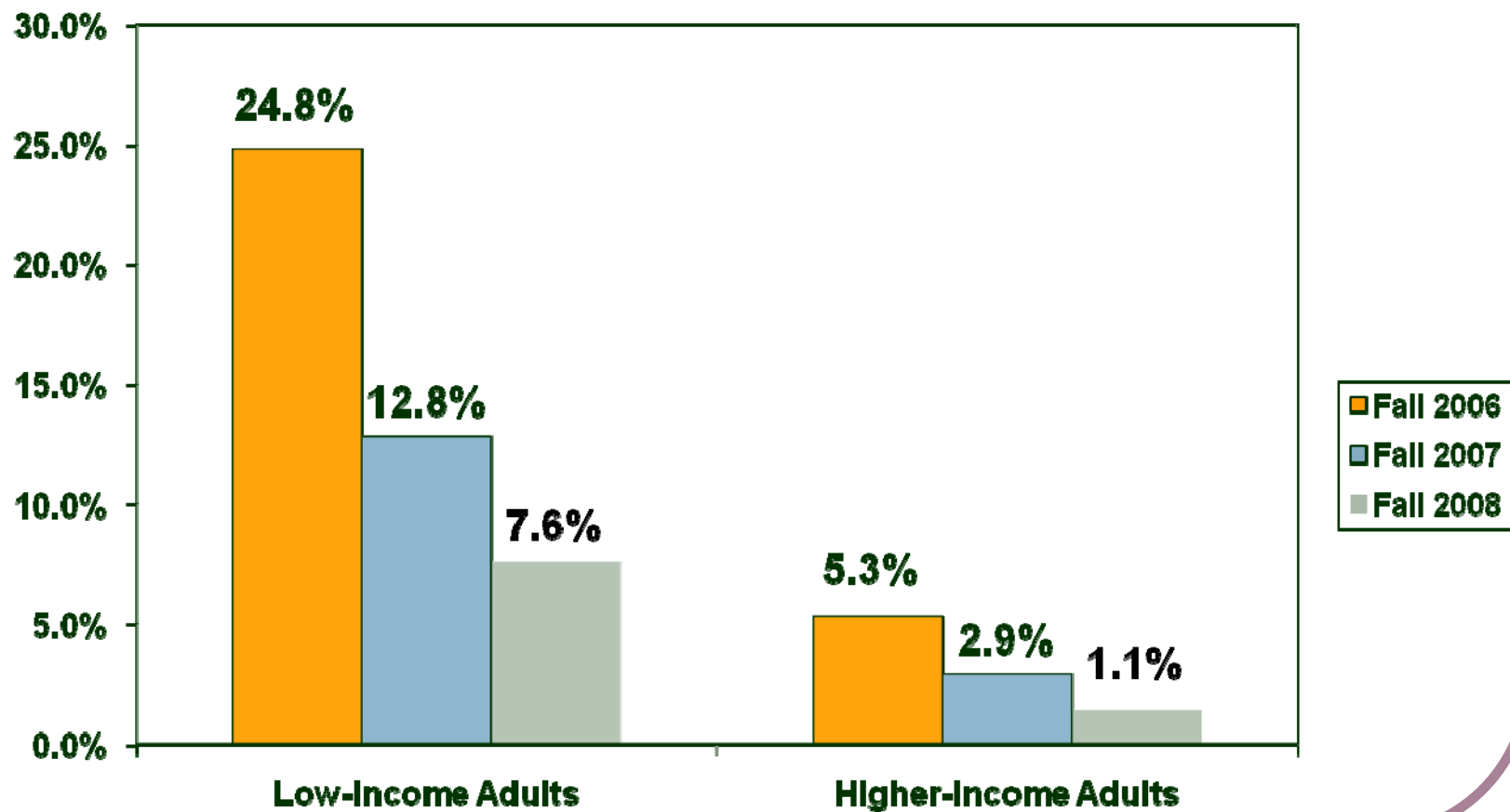


Agenda

- Access first then money
- Crisis mode
- Drug cost containment options
- MA drug cost containment
- What's next?



2006 Health Reform's Success



Massachusetts Uninsurance Rates

Sports

Ligament sprain for Patriots' Mayo



Matsuzaka shines in 4-1 Sox victory

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Suggested retail price \$1.00 \$1.50 outside of Metro Boston

The Boston Globe

WEDNESDAY, SEPTEMBER 16, 2009

A CHANGE IN SEE SUN

TODAY: Cooler, quite breezy. High 59-64. Low 47-52. TOMORROW: Cloudy, less windy. High 62-67. Low 53-58.

Heat Time: 9:37 a.m. to 5:53 p.m. Sunrise: 6:25 a.m. Sunset: 6:52 p.m. P.M. REPORT: Page B15

In the news



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Health care reform city can't resist in 2008

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Health costs to rise again

Insurers to boost rates about 10%

Shift of expenses to workers likely

By Robert Weisman

The state's major health insurers plan to raise premiums by about 10 percent next year, prompting many employers to reduce benefits and shift additional costs to workers.

Increases will range from 7 to 12 percent, capping a decade of consecutive double-digit premium increases, according to a Globe survey of the state's top health insurers. Actual rates for 2010 will depend on the size of the employer and the type of coverage, with small businesses and individuals expected to be hit hardest. Overall, premiums are more than twice as high as they were 10 years ago.

The higher insurance costs undermine a key tenet of the state's landmark health care law passed two years ago, as well as President Obama's effort to overhaul health care. In addition to mandating insurance for most residents, the Massachusetts bill sought to rein in health care costs. With Washington looking to the Massachusetts experience, fears about higher costs have become a stumbling block to passing a national health care bill.

"It's all about medical costs going up," said Brian Paglaro, HEALTH PREMIUMS, Page A8

Votes are

Rx Cost Containment



- Drug price negotiation (State/Fed)
- DTCA (Fed)
- Marketing (State/Fed)
- PBMs (State/Fed)
- Tiering (Insurer)
- FDA oversight (Fed)
- Generics (Feds)

Rx Cost Containment - Marketing

- Gift Ban
- Disclosure
- Academic Detailing
- Data-mining

Code of Conduct = Gift Ban:



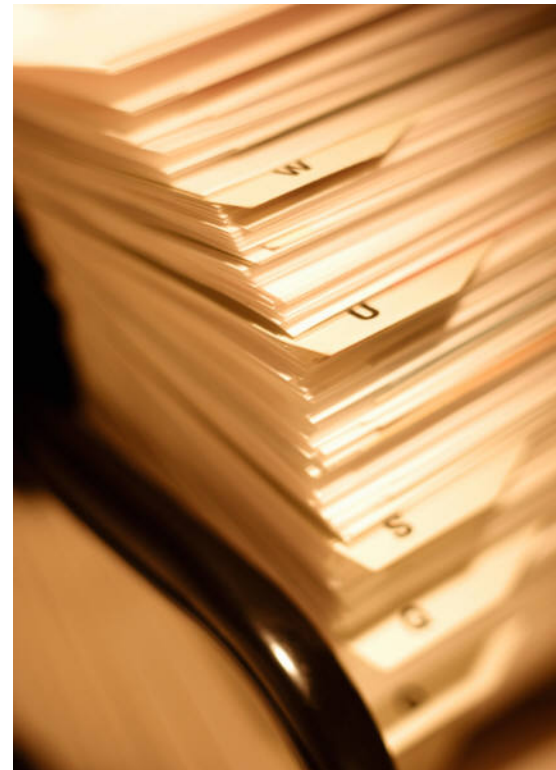
- Meals outside the 'hospital setting'
- Entertainment or recreational items
- Payments or complimentary items except for bona fide services
- Grants, scholarships to medical students, residents and health care professionals
- Kickbacks

Code of Conduct: what's allowed

- Meals- in office with education
- Research-all allowed
- Charitable gifts-all allowed, especially samples
- CME- to the event organizers (never individuals)
- Reasonable compensation for bona fide services
- Academic, scientific information
- Purchase ads in journals
- Rebates and discounts
- Reimbursement information
- Payments for patient assistance programs

Disclosure:

- \$50 per transaction, not aggregate
- Not for:
 - Drug samples and rebates
 - Board members
- Sales and marketing activities:
 - Activities intended to influence sales including product education, training and payments
 - Seeding trials



Academic Detailing

- ***What a weird term!***
 - Evidence-based education, also known as “academic detailing,” is the process of providing physicians with objective information on prescription drugs... And other stuff too!
 - Based on the best available evidence from the scientific literature.



Data-mining

- ***How Data Mining Works***

- Step 1: Fill a Rx
- Step 2: Information sold
- Step 3: Information bundled
- Step 4: Information sliced and diced
- Step 5: Information sold back
- Step 6: Information used for targeted marketing

Interruption: Theory and Reality

- E- Health
 - Primary care workforce
 - Medical Home pilots
 - Cost transparency
 - Consumer role in hospitals
 - Pharma gift ban and academic detailing
- and . . .*

Payment Reform Commission

- Charge: Recommend a common, transparent, all-payer payment methodology
- Stakeholders -- excludes consumers
- Recommends to Legislature: Global Payments



Payment Reform 101

- Current System = Fee For Service
- Pays providers for individual services performed
 - Drugs separate, mental health separate, dental separate
- Not all services are paid for; fees not aligned with actual costs
- Motivation to increase the volume of services and provide a more costly mix of services
- Disparities in payments from different payers
- Rewards service volume and complexity rather than outcomes, quality and efficiency

Global Payment



- *Global Payment* = Fixed payment per patient, per month (or year)
 - Can be “blended” with non-fixed payments
- Incentive to contain costs by reducing use of unnecessary services and increase efficiency and coordination
- How does this really work? Atrius/BCBS

Isn't this Capitation?

- Incentive to avoid high-cost patients?
- Incentive to not provide needed care?
- To avoid, payments should be coupled with
 - risk adjustment
 - performance measurement
 - reporting
 - (we add – patient empowerment & transparency)

Role of drugs

- Indispensable part of health care
- Care coordination
- Medical error (safety)



Care Coordination

- The role of drugs
 - Academic detailing
- Can drugs offset more expensive treatment?

Medical Errors



- E-prescribing
- Drug interactions
- Electronic records

SO... What do we want?

- Lower cost drugs (generics)
- No conflicts of interest
- The right drug at the right time at the right price
- Safe drugs
- One final example: Medicare Part D