

PATRICK-MURRAY ADMINISTRATION HEALTH CARE COST CONTAINMENT INITIATIVES

Thanks to effective implementation of our 2006 reform legislation, more than 98 percent of Massachusetts residents have health insurance coverage, including 99.8 percent of children. Health care in Massachusetts is now universally accessible, but it is not yet universally affordable. For too long, costs have been too high — for businesses, governments and working families in Massachusetts and all over the country.

Massachusetts has led the way toward universal access, and we can crack the code on health care costs. Part two of reform must build on successful expansion of coverage and align incentives to enhance value and achieve savings; promote high-quality, patient-centered care; and ensure accountability and transparency. Several initiatives are underway that together represent the next phase for reform in Massachusetts and help save hundreds of millions of dollars. The details are complicated, but our goals and our values are simple — even universal: Better, more affordable health care for everyone.

Payment and Delivery Reform Legislation: Our payment and delivery reform bill seeks to reduce costs, while still ensuring quality health care by giving the industry incentives and freedom to innovate. It will help hasten the market's movement to integrated, high-quality care and ensure that consumers share in the savings. By setting out standards, we will encourage the expansion of integrated care organizations (ICOs), which provide more comprehensive, cost-effective approaches to care. The bill also provides an alternative to costly defensive medicine by promoting better communication between providers and patients and supports improved quality and patient safety. The bill establishes rules to tighten the process for medical malpractice lawsuits.

Other related initiatives include:

- Adopting Health Information Technology, with initiatives such as implementing a statewide electronic medical records system and developing a health information exchange, which will allow providers to share appropriate information, decrease duplicate testing, and ensure safer prescribing and medication monitoring.
- Promoting Transparency of Costs and Quality by enhancing the state's MyHealthCareOptions website to provide more information to consumers, payers, employers and others about their choices to select the highest quality care at the lowest cost.
- Further reducing costs at MassHealth with the Patient Centered Medical Home Initiative to help improve the delivery and coordination of services to vulnerable populations, which will both increase access to services for people with disabilities and chronic conditions and result in fewer admissions to hospitals and emergency departments.

Supporting Small Businesses: Last year, at the direction of the Governor, the Commissioner of Insurance took a hard look at insurance premium increases and rejected double-digit premium increases, saving small businesses and working families an estimated \$106 million to date. Additionally, a law signed by the Governor in August created group purchasing cooperatives for small businesses, required insurers to offer select network products that are priced at least 12% lower than comparable non-select

products and addressed rating factors such as age and geography that contribute to higher costs. Last month, the Governor introduced comprehensive cost containment legislation that makes clear and amplifies the Commissioner's existing authority to reject premiums that contain excessive provider rate increases.

The Health Connector's Business Express program helps small businesses find affordable health insurance, through an easy-to-use website which lets them compare their coverage options on an apples-to-apples basis. Governor Patrick's budget proposal includes \$10 million to offer discounts of up to 5% on health insurance premiums for certain small businesses, which purchase coverage through Business Express and participate in the Health Connector's new wellness initiative. The Health Connector is also eliminating all up front fees for small businesses purchasing coverage through Business Express.

Municipal Health Care Reform: We have proposed new tools to help cities and towns manage health care costs – their most significant budget buster – with a local health insurance reform plan and requiring all eligible municipal retirees enroll in Medicare saving municipalities an estimated \$120 million annually, sustaining local services and retaining jobs.

Curbing Costs for State Employee Health Care: The GIC has started an aggressive cost containment strategy to control growth in insurance rates and to incent employees to move to lower cost plans.

Maximizing Our Purchasing Power: The Patrick-Murray Administration is pursuing aggressive procurement strategies to help contain costs in all state health insurance programs, while maintaining our generous eligibility standards and preserving comprehensive, affordable coverage. These strategies marshal the state's purchasing power to encourage cost-saving innovations in coverage and care delivery, from improving care coordination to promoting lower-cost settings. They also better coordinate government's health care purchasing decisions. Some examples include:

- The Health Connector is pursuing a procurement strategy for Commonwealth Care aimed at containing costs by promoting competition and innovation among its managed care organizations (MCOs) while preserving comprehensive, affordable coverage for members.
- The Connector will work with the Division of Unemployment Assistance to conduct a new, competitive procurement for the Medical Security Program, which provides assistance to low-income families receiving unemployment benefits. This procurement and a plan to restructure the program will help ensure long-term sustainability and save millions of dollars, reducing program costs on employers.
- MassHealth will launch a procurement strategy to continue to hold MCO increases down and encourage innovation in the delivery of care for those with complex care needs. This will facilitate better care coordination between providers and better outcomes while preserving comprehensive, coverage to MassHealth members.
- EOHHS is leading the effort to align federal and state health reform policies to transition to a system that coordinates coverage and service delivery for multiple populations through a unified eligibility and purchasing strategy.