COST CONTAINMENT STRAW MODEL - NOTES

General Comments:

- **Fiscal impact**. Proposals were not costed out. Given our fiscal situation, it is vital to know what the upfront costs might be for any of the proposals to determine their feasibility and whether the potential savings are worth the upfront investment.
- **Capacity issues**. There are many initiatives currently underway, such as SIM, that will help test certain delivery and payment models and potentially could lead to cost controls for the State. Several of Bailit's proposals seem to go much farther than these initiatives before the initiatives have really had a chance to be tested and could be considered overreaching or unrealistic. In addition, several of the proposals would require a heavy lift on the part of State agencies who frankly don't have the resources to take on major new projects, especially those that are really experimental in nature.

1. IMPROVE POPULATION HEALTH – Consumer Care Organizations

Summary: Implement risk-based contracts with Consumer Care Organizations (CCOs) using aligned contracting and purchasing strategies for HUSKY Health and State Employee Health Plan to promote efficient use of services and improve quality.

Concerns:

- *Voluntary in Nature*. It is unclear what would incentivize providers to voluntarily join CCOs. The suggested payment model includes a withholding of 2-5% of payment that would be earned based on meeting quality measures.
- *Administratively Burdensome*. The CCOs would be required to establish governing bodies that includes consumer representation and a separate consumer advisory board with a direct advisory relationship to the CCO governing body.
- *Incentives Based on Rate increases*. The suggested model includes encouraging participation by limiting rate increases for non-participating providers. It is unlikely that there is funding available to provide any sort of rate increases.
- *Lack of Clarity*. Are CCOs envisioned to serve just the Medicaid and State employee health plan populations? Would those two populations be merged? The slides define CCOs as integrated Medicaid provider organizations, but information given by presenters conflicts with that.

Potential Recommendation:

- *Implementation Timeline and Building on Current Initiatives*. This initiative does build on the PCMH model we have employed and is designed to accept shared risk with the state. Depending on implementation, this kind of model may be feasible if it is built into a long-term plan that has flexibility based on our experiences with the roll-out of MQISSP and our other initiatives.
- *Establish quality framework*. Establishing quality measures would provide a solid foundation to move in this direction.
- *Community health workers*. Embedding local community health workers to address social determinants of health would move the state toward the goal of this recommendation.

- *Innovative and Integrated*. While we have made strides in integrating physical and mental health services, this model goes further and proposes integrating dental and LTSS services as well. More detail on how this would be implemented and if it would result in cost savings would be interesting.

2. IMPOSE A CAP ON COST GROWTH AND PROMOTE PAYMENT REFORM

Summary: Set requirements and limitations on the increase in health care costs, set targets for APM adoption, and create the regulatory authority and new structure to monitor target achievement

Concerns:

- *Per Capita Cost Growth*. The cost growth cap is proposed to apply to Medicaid beneficiaries and fully insured, commercial members. This leaves out a large segment of the self-insured market.
- *Role of Office of Health Reform (OHR) and CID* . This proposal includes giving a quasi-public entity the power to monitor and report on cost trends; make policy recommendations; create, implement, and track cost growth caps; and review provider budgets to ensure compliance and adjust budgets accordingly. However, the proposal then gives CID expanded authority to require insurance plans to meet OHR standards. It is unclear whether costs are being controlled at the provider level or the insurer level, or how the regulation will intersect.
- *Fiscal Impact*. New entities and increased authority to CID would require additional resources.

Potential Recommendation:

- *Cost Cap Alternative*. Instead of creating a new entity "Office of Health Reform" to monitor and enforce cap of cost growth by monitoring submitted provider budgets, rates for certain services could instead be capped at a determined level (e.g. 300% of Medicare). This could curtail cost growth by tying it to federal and state payment amounts, instead of creating a new system of monitoring and compliance through a new agency.

3. SUPPORT PROVIDER TRANSFORMATION BY PURSUING A MEDICAID 1115 WAIVER

Summary: Pursue a Section 1115 Medicaid Waiver, and request a 5-year Delivery System Reform Incentive Payment (DSRIP) program to access new federal funds for provider infrastructure investment

Concerns:

- *1115 Waiver*. While 1115 Waivers can be very valuable they are also enormously time consuming to develop and implement. Given that agencies are already having to do more with less, it does not seem feasible that the staff resources would be available to develop a 1115 Waiver and, more importantly, if such a waiver was to be pursued it would take resources away from other promising initiatives already underway, such as under SIM.
- *Conceptual*. The plan suggests that CT apply for a DSRIP, and names some of things it could be used to support. There does not seem to be a concrete proposal for the use of the money.

Potential Recommendation:

- *Funding Source*. While the proposal isn't clear about how the 1115 waiver can be used, once a final model is developed, it should be determined if this is a funding mechanism that makes sense to incorporate.

4. SUPPORT MARKET COMPETITION BY INCREASING AG SUBPOENA POWER

Summary: Give the Attorney General additional subpoena powers to collect confidential information from plans and providers to examine and report on trends in costs to improve transparency and promote competition

Concerns:

- *AG Resources*. New resources would be necessary for the AG to fulfill these new requirements.
- *CON Cost and Market Impact Review*. The AG already has a role in the CON process during the cost and market impact review completed by OHCA. It would be interesting to see what kind of additional powers they would need that are not already in statute.
- *Trigger for Subpoena*. It is not clear from the proposal what would trigger an AG investigation or review into these areas, or if this would just be a required report.

Potential Recommendation:

- *Aligned with CON Task Force*. While more information would be needed, an increased regulatory role over increase in health care prices, specifically regarding mergers and acquisitions, seems to be a good policy idea and aligns with other health care reform efforts.

5. USE DATA TO MAKE POLICY BY BUILDING A ROBUST DATA INFRASTRUCTURE

Summary: (1) Ensure a robust multi-payer, multi-provider data infrastructure through the state's APCD and the Health Information Exchange and (2) Incorporate the use of comparative effectiveness evidence to reduce overuse and misuse of health care services.

Concerns:

- *Supreme Court Ruling*. In early 2016, the Supreme Court ruled that ERISA bars states from requiring self-insured plans to turn over claims data. This has significant impact on the robustness of an APCD.
- *Inclusion of Public Input – Medical Necessity*. The recommendation calls for implementing a transparent process that allows for public input into determining medical necessity of medical, behavioral health, and dental services. Since the recommendation is only contemplating state agencies that purchase health care (i.e. Medicaid and state employees), it does not seem clear why this sort of process would be valuable. Medicaid already covers everything that is medically necessary and it does not seem advisable to set up this process for state employees only.

Potential Recommendation:

- *Health Information Technology Officer (HITO).* This recommendation can be integrated into the work of the new HITO. The HITO will be challenged to make sure that existing (APCD) and proposed health information initiatives (HIE) are successfully implemented and then can focus on how that data can be used to affect strategies around cost controls.
- *Best Available Scientific Evidence.* This recommendation proposes mandating the use of best available scientific evidence to guide coverage decisions for every agency of the state government that purchases health care. A robust data infrastructure could provide for analyses, and ultimately improvement, across key initiatives by utilizing evaluation, monitoring, and quality measures from each agency.
- *Expansion of Medicaid P&T Committee.* The recommendation calls for expanding the scope of the Medicaid P&T committee to cover all pharmacy benefits offered under state-purchased health care services. This could be an interesting way to streamline costs.

6. COORDINATE AND ALIGN STATE STRATEGIES – consolidate state agencies

Summary: Restructure existing agencies into a single state entity composed of all health-related state agencies to be responsible for aligning all state health policy and purchasing activities

Concerns:

- *Non-health Related Responsibilities.* The consolidation of these agencies does not contemplate the many roles the impacted agencies have that are not health related (i.e. child support enforcement, DCF services, juvenile justice, cash assistance programs).
- *One Centralized Budget*. This would be highly problematic, create more bureaucracy, and make policy development and implementation more cumbersome.
- *Upfront Costs*. The creation of this type of agency would likely have upfront costs and would take significant staff time to plan and implement. It would also take scarce resources away from the important health care initiatives already occurring.
- *Mandated Annual Report the Legislature*. This recommendation requires the setting of annual measurable targets around certain goals and the submission of an annual report to the Legislature on the progress toward the goals. This does not seem unnecessary, and a report would be better directed to the Governor.

Potential Recommendation:

- *Common Purchasing*. While a total consolidation is not recommended, coordination of purchasing strategies between the Office of the Comptroller, DOC, and DSS could be explored for potential cost savings.