

DRAFT PRINCIPLES FOR HEALTH CARE PAYMENT REFORM

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Vision: The Commission seeks to develop recommendations for fundamental reform of the Massachusetts health care payment system that will support safe, timely, efficient, effective, equitable, patient-centered care and both reduce costs and significantly and sustainably slow future health care cost growth.

1. As currently implemented, fee-for-service payment rewards service volume rather than outcomes and efficiency, and therefore other models should be considered.
2. Health care payments should cover the cost of efficiently provided care, support investments in system infrastructure, and ensure timely access to high quality, patient-centered care. Additional payment should reward and promote the delivery of coordinated, patient-centered, high quality health care that aligns with evidence-based guidelines, where available, and produces superior outcomes and improved health status. Performance measurement should rely upon reliable information and utilize uniform, nationally accepted quality measures.
3. Provider payment systems should balance payments for cognitive, preventive, behavioral, chronic and interventional care, support the development and maintenance of an adequate supply of primary care practitioners and respond to the cross-subsidization occurring within provider organizations as a result of the current lack of balance in payment levels by service.
4. Health care payments should be uniform on a risk-adjusted and socio-economic-adjusted basis wherever technically possible, and regardless of payer and provider, to the extent that this is financially feasible.
 - a. If not financially feasible, then differences should be transparent.
 - b. Payments above the uniform rate should be based on performance.
 - c. Costs associated with desired investments in teaching and research should be paid outside of the uniform rate, and should require provider accountability for how such payments are spent.
 - d. Costs associated with desired investment in special “stand by” capacity should be accounted for in the payment system.
5. The health care payment system should be structured in such a way as to minimize provider, payer and patient administrative costs that do not add value.
6. Payment reform must consider how a) some payment methods may require certain organization of the service delivery system, and b) health benefit designs either support or limit payment reform.
7. Health care costs and cost growth should be reduced, and providers, payers, private and public purchasers and patients should all share in the savings arising from payment reform.
8. The health care payment system should be transparent so that patients, providers and purchasers understand how providers are paid, and what incentives the payment system creates for providers.
9. It will be necessary to consider the diversity of populations, geography and providers across the Commonwealth when designing payment reform to ensure high quality, patient-centered care to all populations and geographic regions in the Commonwealth.
10. Implementation should be phased over time with a) clear and attainable deadlines, b) planned evaluation for intended and unintended consequences and c) mid-course corrections.