



Health Care Reform 2009

Payment Reform: The Massachusetts Experiment

Alice Coombs, MD
Vice President

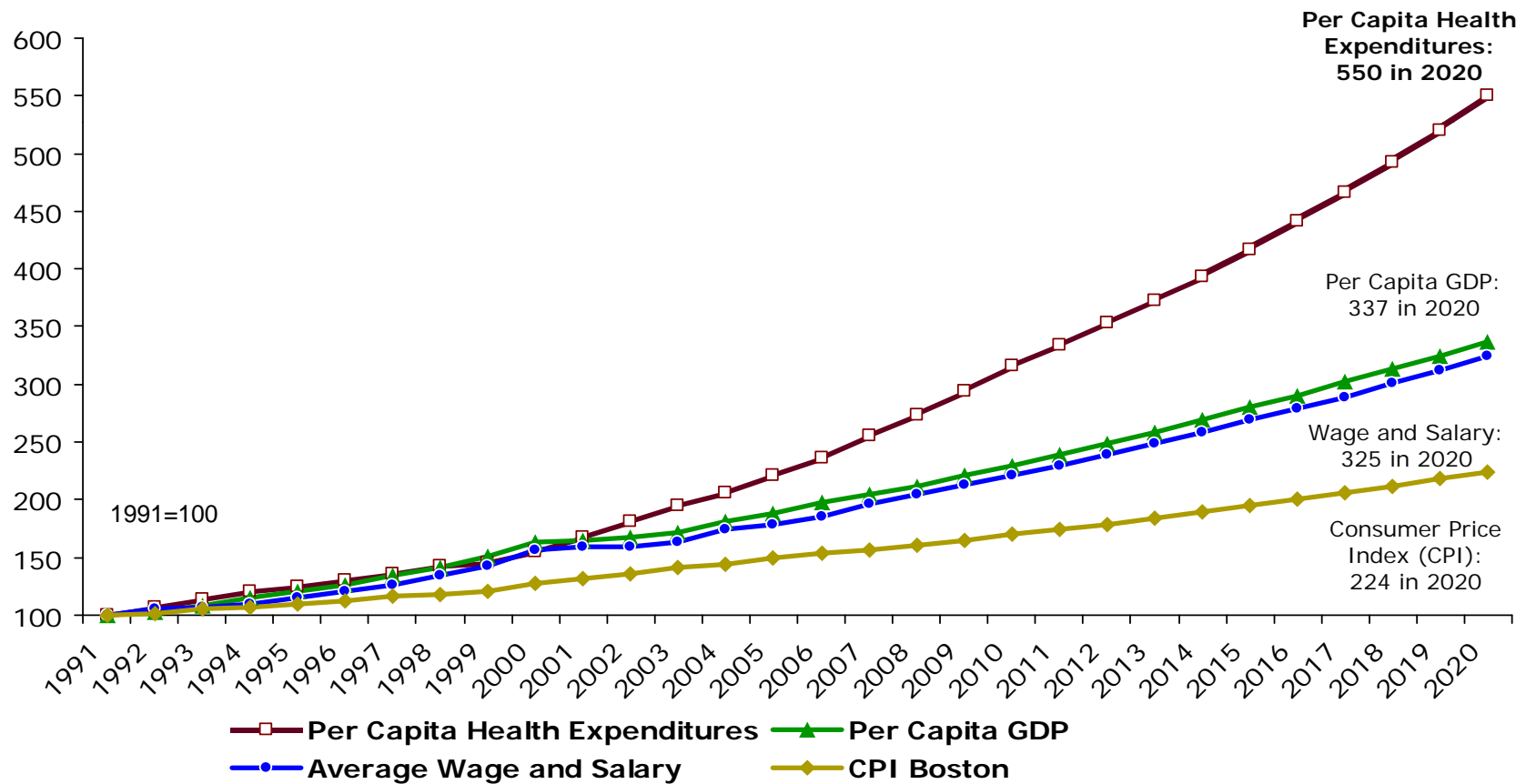


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MEDICAL SOCIETY**

*Every physician matters,
each patient counts.*



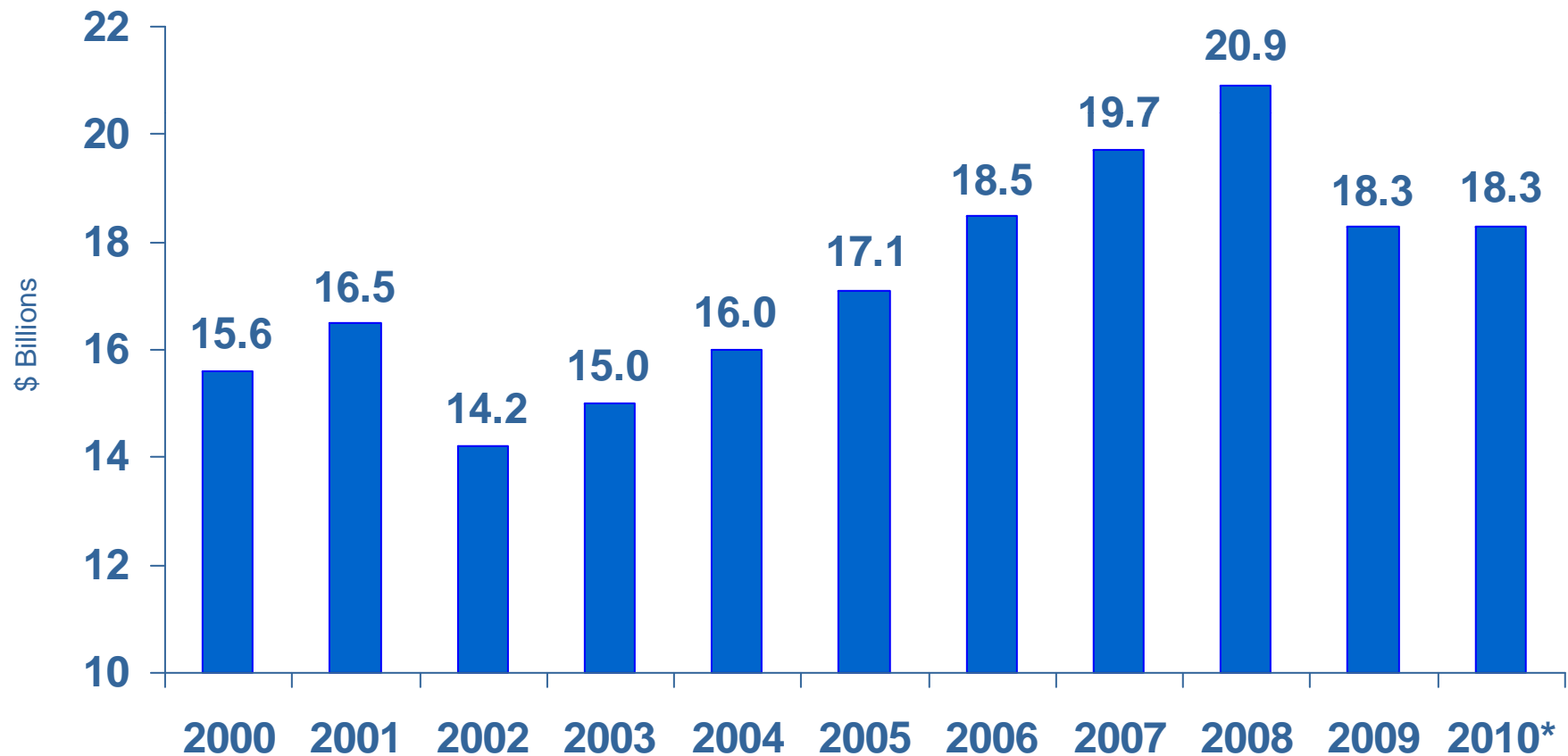
Key Driver #1: Rising Costs





Key Driver #2: State Budget

Declining state tax revenues

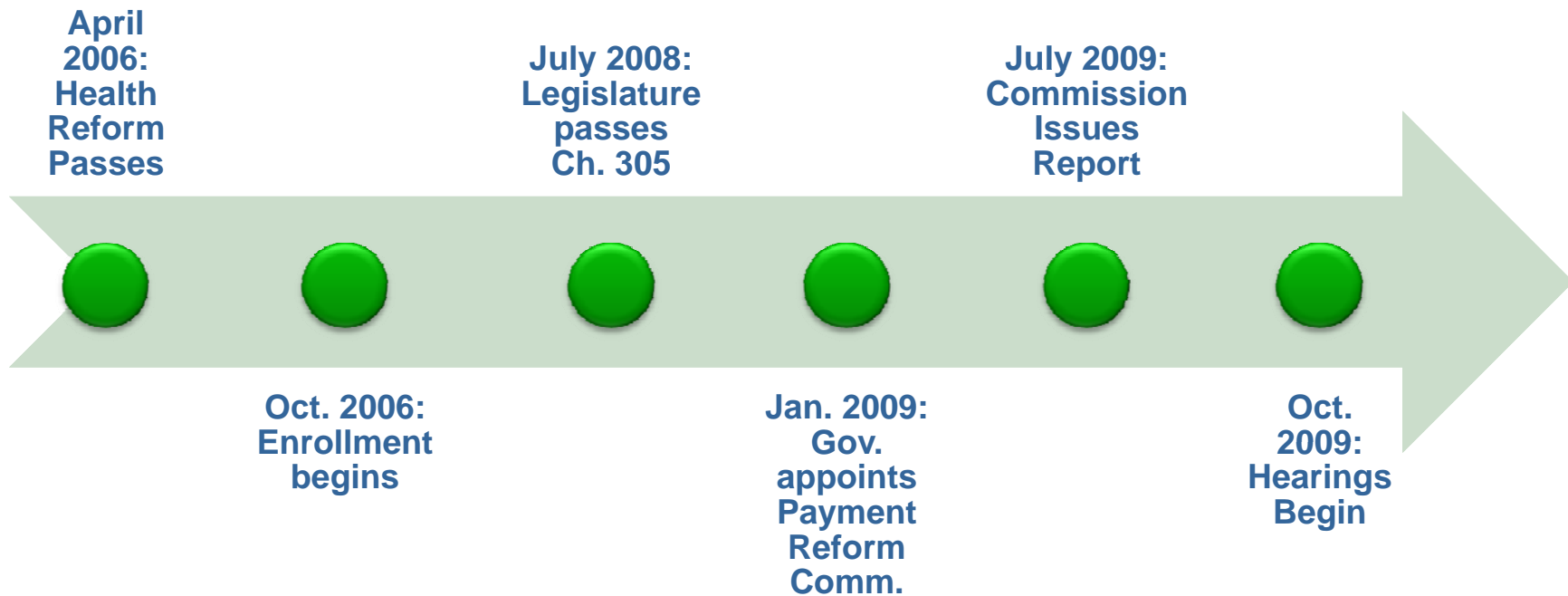


* Mass. Taxpayers' Foundation estimate

Fiscal Year



How We Got Here





The Legislature's Response

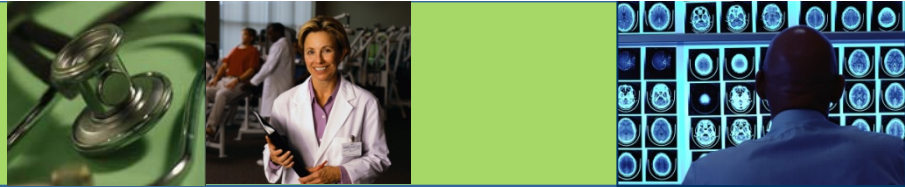


- **Chapter 305 M.G.L.**
- Annual hearings on costs and premiums
- E-health incentives
- Workforce incentives and loan repayments
- Academic research on Rx outcomes and cost effectiveness
- Medical home demonstration projects
- *Payment Reform Commission*



Payment Reform Commission

- **Section 44.** “. . . investigate reforming and restructuring the system to provide **incentives for efficient and effective patient-centered care** and to reduce variations in quality and cost of care.”
- Nine members: Sec’y of A&F, Comm. of HC Finance and Policy, Senate, House, GIC, **MMS**, MAHP, MHA, BCBS, and health economist “expert in the area of payment methodology.”
- Reported findings and recommendations to Legislature and Governor in July



Top 10 Med/Surg. DRGs Ranked by Volume	Count	Cost (Mil.)	Top 10 Surg. DRGs Ranked by Volume	Count	Cost (Mil.)
Normal newborn	54,868	\$70	Major joint replacement or reattachment of lower extremity	19,805	\$292
Vaginal delivery w/o complication	42,797	\$202	Uterine & adnexa proc for non malignancy w/o CC	6,852	\$43
Psychoses	29,241	\$296	Appendectomy w/o complicated principal diag w/o CC	4,528	\$28
Heart failure & shock	21,686	\$163	Hip & femur procedures exc. major joint age >17 w/ CC	4,285	\$65
Major joint replacement or reattachment of lower extremity	19,805	\$292	PCI w/ drug eluting stent w/o major CV dx	3,983	\$62
Cesarean section w/o CC	19,338	\$139	PCI proc w/ major CV dx	3,961	\$70
Simple pneumonia & pleurisy age >17 w/ CC	19,157	\$137	Major chest procedures	3,886	\$85
Chronic constructive pulmonary disease	15,250	\$97	Back & neck procedures exc. spinal fusion w/o CC	2,828	\$26
Neonate w/ other significant problems	14,380	\$28	PCI proc w/ drug eluting stent w/ major CV dx	3,752	\$77
Esophagitis, gastroen & misc digest disorders age >17 w CC	14,298	\$83	OR procedures for obesity	3,675	\$43

Source::Mass. Dept Health Care Finance and Policy, 2007 hospital Inpatient discharge data



Alternative Payment Models

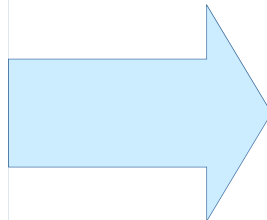
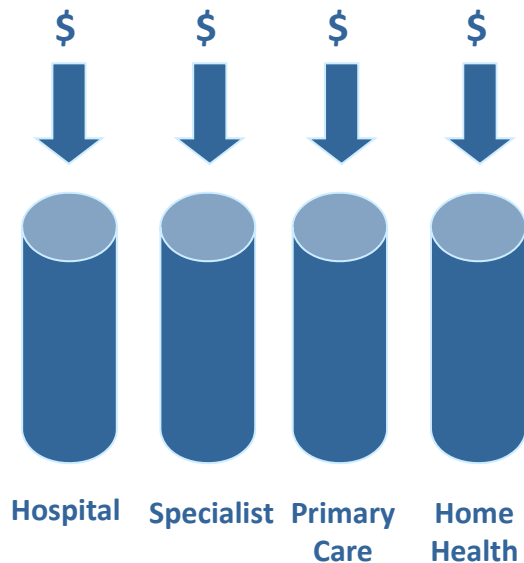
Blended capitation
Episodes of care payments
Medical home models
Pay for Performance
Evidence-based purchasing
Global payments



Current Fee-for-Service Payment System

Commission's Assessment

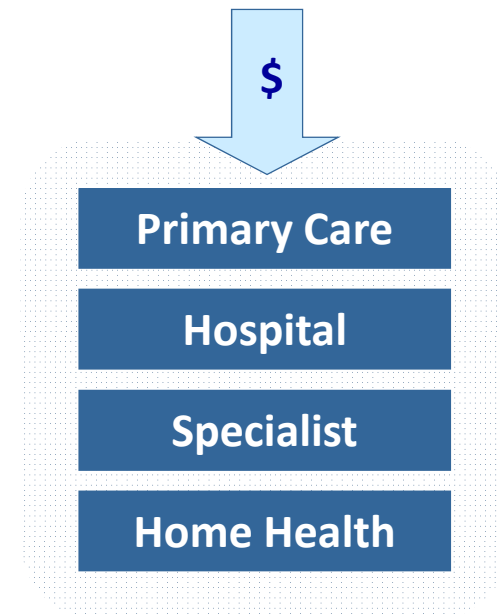
Care is fragmented instead of coordinated. Each provider is paid for doing work in isolation, and no one is responsible for coordinating care. Quality can suffer, costs rise and there is little accountability for either.



Patient-Centered Global Payment System

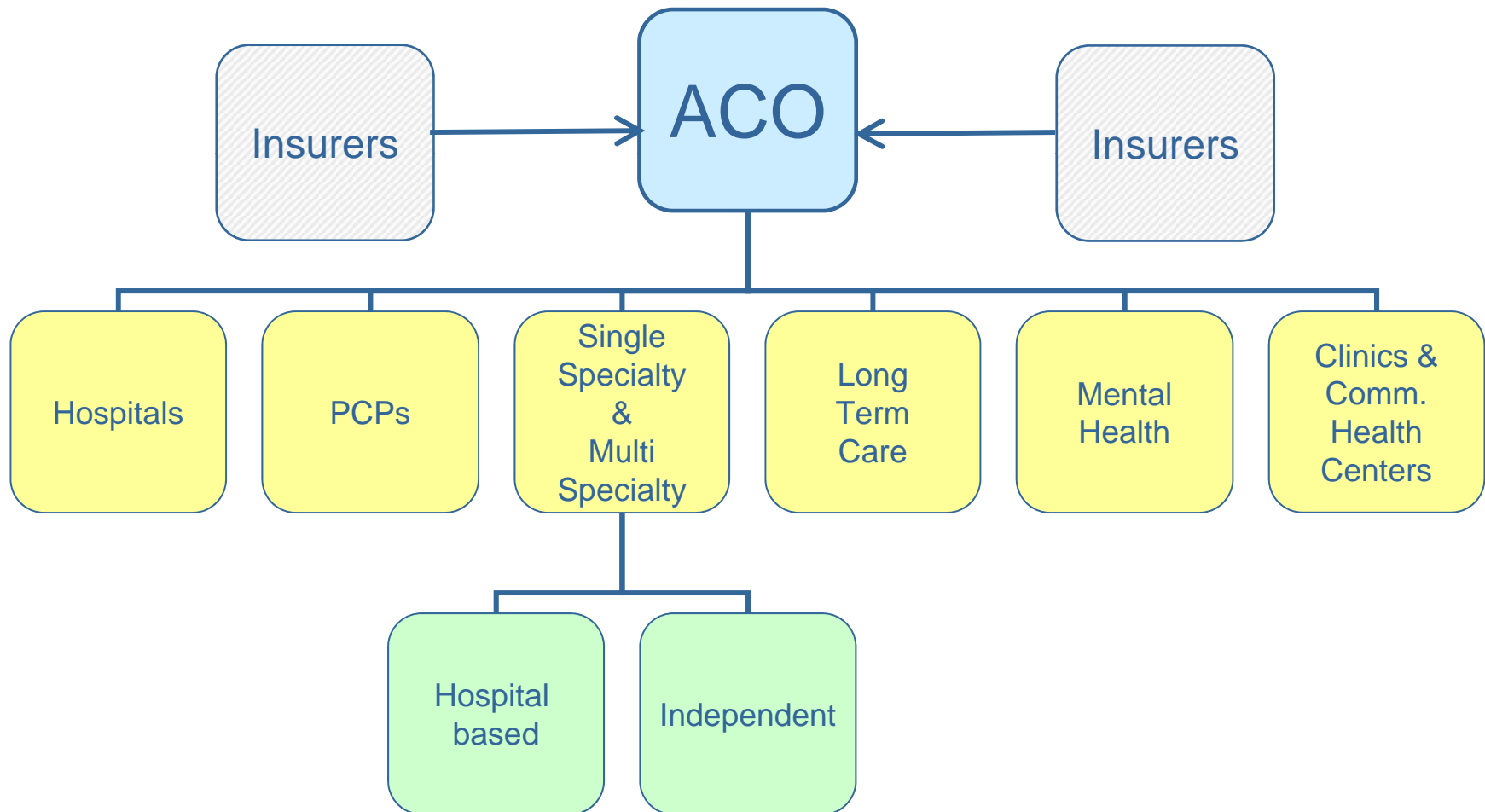
Commission's Solution

Global payments made to a group of providers for all care. Providers are not rewarded for delivering *more* care, but for delivering the *right* care to meet patient's needs.





The Basic Organization Chart





Essential Strategies

- Substantial support for physicians and hospitals*
- Review of existing laws and regulations*
- Administrative simplification*
- Medical malpractice reform*
- Primary care workforce development*
- Payment for provider teaching and standby capacity
- Health plan design and coverage policy
- Consumer engagement
- Establish milestones and make midcourse corrections*

** Key MMS advocacy issues*



MMS Advocacy at the Commission

- One size does not fit all
- Slow, careful consideration
- Voluntary participation by physicians
- Support for physicians and hospitals who wish to go to a global payment system
 - Technical
 - Financial
 - Structural
 - Legal



MMS Forums and Outreach

- Four regional MMS forums:
Worcester, Waltham, Holyoke, Lakeville
- Multiple sessions with specialty societies, hospital-based physicians, and community physicians
- Extended and expanded meetings with specialties, districts, medical staffs, etc.
 - 23 site visits since early September
- Focused resources on website
 - Updates, research, videos, forums
 - www.massmed.org/PaymentReform

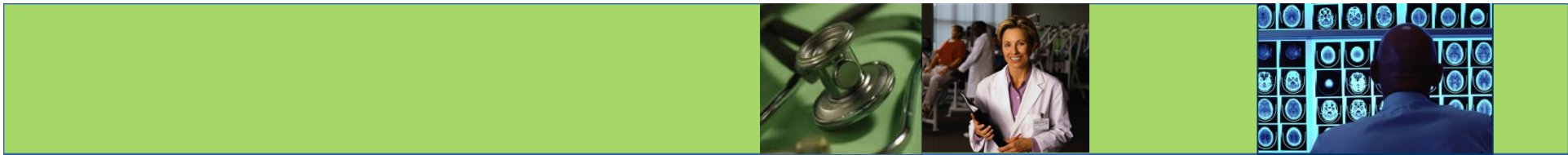


Next Stop: State Legislature

- First legislative hearing on October 8
- Workgroup established
- Continued strong, persistent MMS advocacy
- Ensure that physicians' concerns are addressed, and their transitional needs are adequately provided
- Advocate for needed midcourse corrections



Committee on
Health Care Financing
Oct., 8, 2009



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Payment Reform

In July 2009, a special state commission issued a report recommending that the payment system for compensating health care providers in Massachusetts gradually evolve from the predominant fee-for-service model to a global payments system.

Legislative Updates

- MMS Legislative Update - October 9, 2009 (October 09, 2009)
- MMS Legislative Update - October 2, 2009 (October 02, 2009)
- MMS Legislative Update - September 25, 2009 (September 25, 2009)

Read more updates...

Recent MMS Testimony

- Remarks of Alice Coombs, MD, Joint Committee on Health Care Finance (October 04, 2009)
- Remarks by Mario Motta, MD, Joint Committee on Health Care Finance (October 04, 2009)

Read More...

In Vital Signs

- Fee Schedule Analysis: A Critical Tool for Practice Management (September 23, 2009)
- Frameable Nondiscrimination Statement Available

Latest News and Updates

- At the State House, MMS Leaders Urge Caution and Pilot Projects for Payment Reform (October 09, 2009)
MMS President Mario Motta and President-Elect Alice Coombs join several health care providers in urging the State Legislature to move carefully in adopting a new payment model for physicians and hospitals. Includes links to videos of MMS testimony.
- Massachusetts Medical Society Officers Testify on Payment Reform (October 09, 2009)
The President and President-Elect of the Massachusetts Medical Society today testified before the legislature's Joint Committee on Health Care Financing on the state's proposed payment reform plan, saying that while studying new ways to pay physicians and hospitals is worth pursuing to control soaring costs, any such plan "has to be approached carefully and deliberately."
- Video: Alice Coombs Testimony on Payment Reform (October 09, 2009)
MMS President-Elect Alice Coombs testifies about physicians' concerns about payment reform to the Joint Committee on Health Care Financing

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Recent Posts

At the State House, MMS Leaders Urge Caution and Pilot Projects for Payment Reform
Posted on October 09, 2009 by MMS Communications
Massachusetts Medical Society physicians joined several health care providers Thursday in urging the State Legislature to move carefully in adopting a new payment model for physicians and hospitals.
MMS President Mario Motta, MD, said, "I've moved too quickly and rattle the tree too abruptly; we're going to have physicians fall out of their practice like leaves on a tree." His comments came during a three-hour hearing held in a packed committee room in the basement of the State House.
Motta said that while some physicians work under a global payment system, it's never been tried before on a system-wide basis. "There are many unknowns and unpredictable effects that could happen," he said. "For that reason, we are strong advocates for establishing pilot projects for these innovations."
But, Motta noted, "Coordinated care is better than fragmented care. We want to support innovations that move us in that direction. It's better for the patient, and it's better for our health care system."
MMS President-Elect Alice Coombs, MD, was a member of the commission that studied alternative payment models in the state. She said, "A new payment model is needed to ensure that we can sustain the quality of care we provide to our patients."

Recent Videos

- Alice Coombs, MD, Testimony on Payment Reform October 10, 2009
- Mario Motta, MD, Testimony on Payment Reform October 9, 2009

MMS on Twitter

massmedical GO slowly, start with pilot projects. MMS testifies on payment reform at the State Legislature. <http://tbit.ly/3t3p3cy> October 9, 2009
massmedical Mass announces the first death in

Posts by Topic

- Annual Meeting (4)
- Annual Meeting 2009 (2)

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What's on your mind?

Massachusetts Medical Society Senate keeps health reform alive - allows debate on the great debate begin. <http://tbit.ly/4w4uq2> in Sunday's day

November 21 at 8:21pm · Comment · Like

Massachusetts Medical Society Big win looming for Senate Democrats: Two Democratic holdouts say they will approve a motion to start floor debate on the health care bill. Final vote on the motion scheduled for 3pm tonight. (But as least one of the holdouts still disapproves of the public option.)

November 21 at 2:46pm · Comment · Like

Massachusetts Medical Society Follow this page - and the @massmedical Twitter feed - for regular updates on Saturday's Senate vote on health care reform.

November 20 at 8:25am · Comment · Like

Massachusetts Medical Society Good news for physicians: US House easily passes Medicare payment fix, 249-183. <http://tbit.ly/1e0Cf>

November 19 at 4:53pm · Comment · Like

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texmed Reading: "Incentives drive physicians to adopt technology | Healthcare Finance News" (<http://tbit.ly/3t3p3cy>) 17 minutes ago from Tweetie

Cardiology RT @TomLatham: Will be discussing health care with Ken Root on the Big Show at 12:45 Iowa time. #ncr #hcd9 25 minutes ago from Seemio

Cardiology RT @RepMikeRosp: Leadership introduced Manager's Amend last night beginning 72-hour viewing of health care bill. <http://tbit.ly/1YVRI> #ncr 26 minutes ago from Seemio

Cardiology RT @congBillPosey: Have set aside time tomorrow at 2pm to meet with any constituents traveling to DC to discuss Healthcare. 132 Cannon Bldg 26 minutes ago from Seemio

kevinmd Every 100 new Twitter followers means a \$50 United Way donation. Spread the word, win an iPod Touch. <http://tbit.ly/3t3p3cy> 30 minutes ago from TweetDeck

texmed Check out: "Senate Committee: Are Insurers Spending \$5..." 30 minutes ago from TweetDeck

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