

Creating a High Performing Health System

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State of the State's Health Care
Massachusetts Medical Society
Waltham, MA
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Affordable, quality health care. For everyone.

Agenda

- Challenges
- Next Steps
 - ACA
- The Good and Bad News
- The Massachusetts Experience

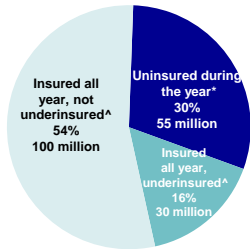
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COST
• \$Billions in unnecessary and wasteful spending
• Overuse puts patients at risk, drains resources, and makes healthcare less accessible and less effective

QUALITY
Despite rapid advances, thousands of patients die each year from medical error

COVERAGE
55 million uninsured; many more underinsured

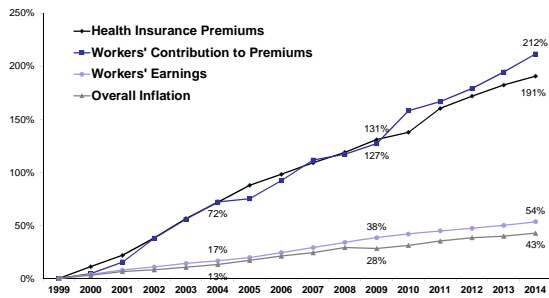
In 2012, Nearly Half of Adults Were Uninsured During the Year or Were Underinsured⁴



184 million adults ages 19-64

Note: Numbers may not sum to indicated total because of rounding.
^{*} Combines "Uninsured now" and "Insured now, time uninsured in past year."
[^] Underinsured defined as insured all year but experienced one of the following: out-of-pocket expenses equaled 10% or more of income; out-of-pocket expenses equaled 5% or more of income if low income (<200% of poverty); or deductibles equaled 5% or more of income.
Source: The Commonwealth Fund Biennial Health Insurance Survey (2012).

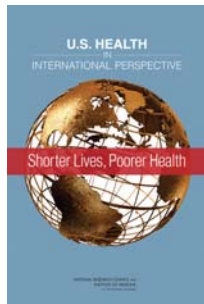
Cumulative Increases in Health Insurance Premiums, Workers' Contributions to Premiums, Inflation, and Workers' Earnings, 1999-2014⁵



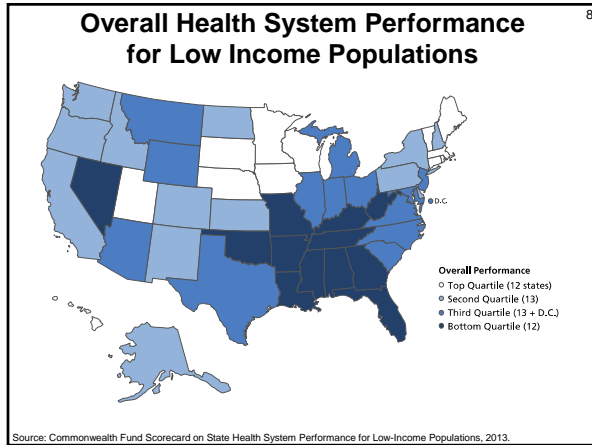
SOURCE: KaiserHRET Survey of Employer-Sponsored Health Benefits, 1999-2014; Bureau of Labor Statistics, Consumer Price Index, U.S. City Average of Annual Inflation (April to April), 1999-2014; Bureau of Labor Statistics, Seasonally Adjusted Data from the Current Employment Statistics Survey, 1999-2014 (April to April).

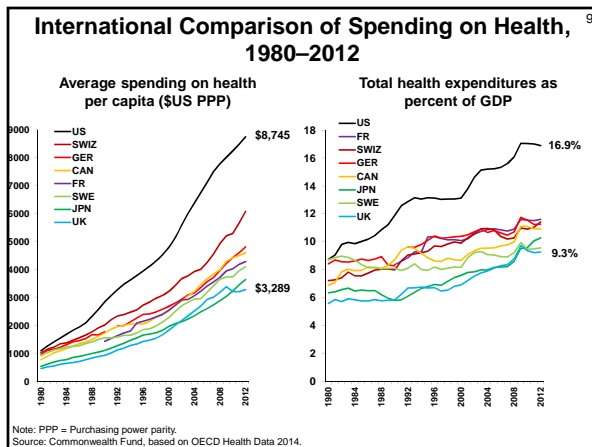
U.S. Health in International Perspective: Shorter Lives, Poorer Health⁶

- Americans live shorter lives and are in poorer health at any age
- Poor outcomes cannot be fully explained by poverty or lack of insurance
- White, insured, college-educated, and upper income Americans are in poorer health than their counterparts in other countries









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The U.S. sweeps GOLD, SILVER, and BRONZE in international competition

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Health Policy at a Fork in the Road

Benefit, Eligibility and Price Reduction



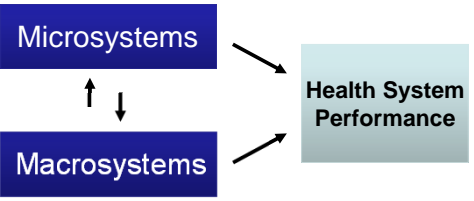
OR

Fundamental Delivery System Reform

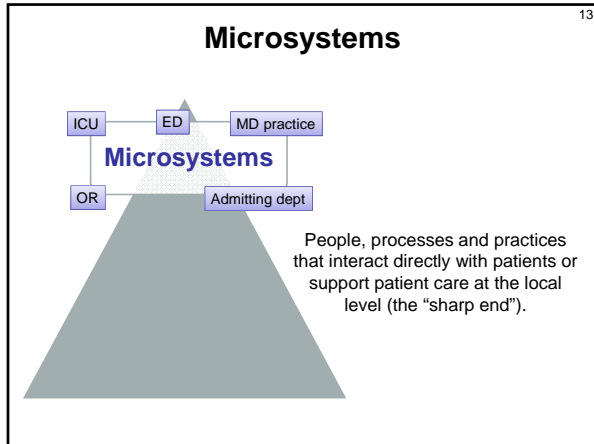
Regardless of how you envision the role of government, health care and the markets in which it's purchased need to be improved

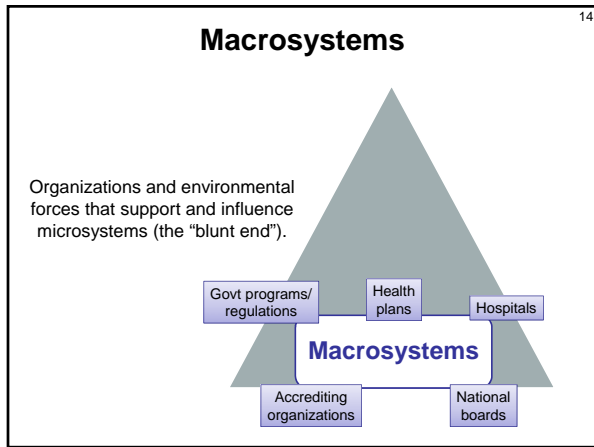
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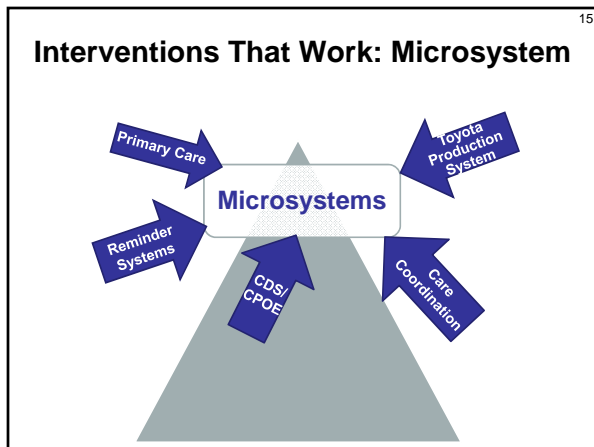
Improving Performance

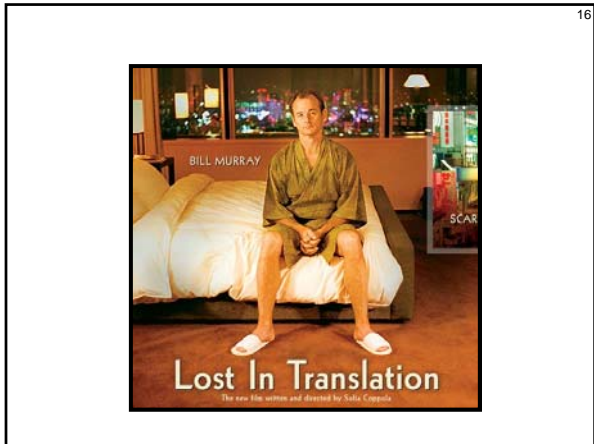


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graph LR; MS[Microsystems] <--> MAC[Macrosystems]; MS --> HSP[Health System Performance]; MAC --> HSP;
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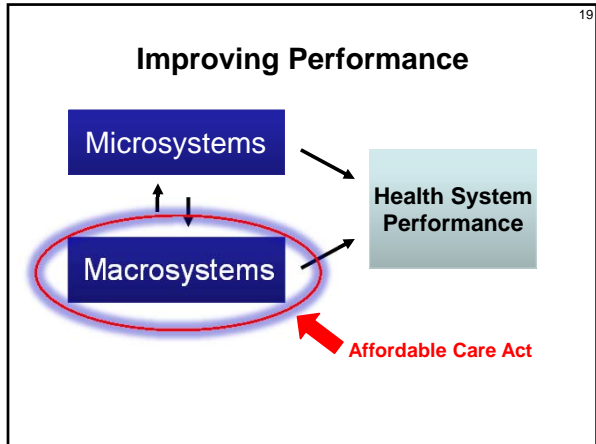
Macrosystems

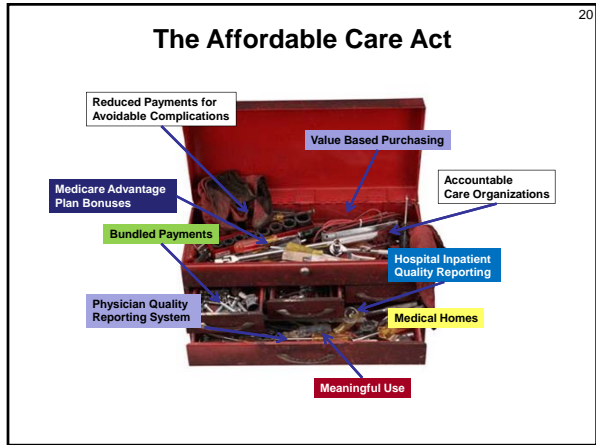
We have failed to create macrosystems that encourage and support use of these solutions, thereby changing the behavior of large numbers of microsystems and raising the performance of the health care system as a whole.

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Fundamental Delivery System Reform

We need to make it easier to do the right thing...







Shared Approaches to Confronting Costs ²²

- Provider payment reform
 - Repeal Medicare sustainable growth rate formula
 - Move from paying for volume to paying for value
 - Enhance support for primary care
- Delivery system reform
 - Encourage development and implementation of innovative delivery models
- Medicare reform
 - Improve financial protection for beneficiaries
 - Provide positive incentives for choosing high performing providers
- Consumer/patient engagement
- Enhancing performance of health care markets
 - Increase transparency of quality and cost information
 - Eliminate administrative inefficiency

Some Good News: ²³

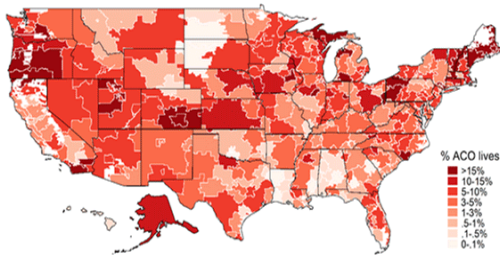
Medicare accountable care organizations (ACOs)

- Over 360 Medicare ACOs serving up to 5.6 million people
- \$372 million in savings have been generated by Medicare ACOs and Pioneer ACOs.
- Medicare costs per capita for "Pioneer ACOs" increased 1.4 percent in 2012 vs. 1.85 percent for FFS Medicare.
- 11 out of 23 Pioneer ACOs produced gross savings of \$96 million in their second year.
- ACOs exceeding quality goals.



Source: Centers for Medicare & Medicaid Services, September 2014.

Estimated ACO Covered Lives, by Hospital Referral Region ²⁴



Total of 626 accountable care entities in the U.S.

- 403 have government ACO contract

Source: Growth and Dispersion of Accountable Care Organizations: June 2014 Update, Leavitt Partners.

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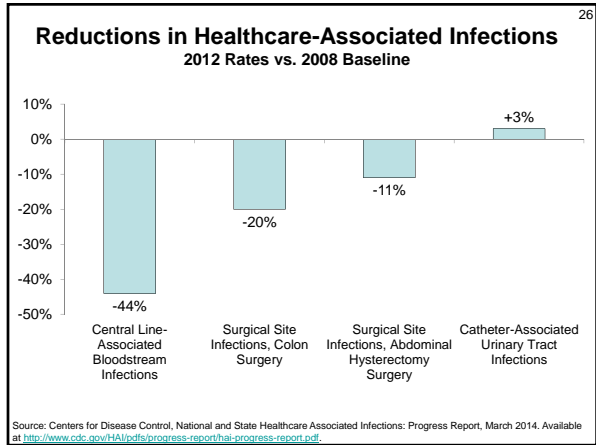
Delivery System Reform, Further Effects

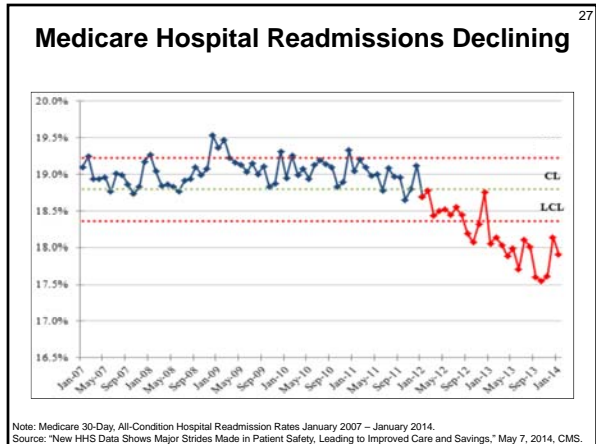
Reporting on hospital-acquired conditions ➔

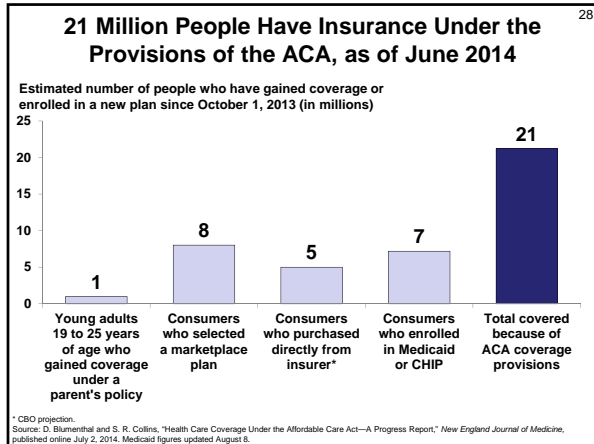
Creation of the Center for Medicare and Medicaid Innovation (CMMI) ➔

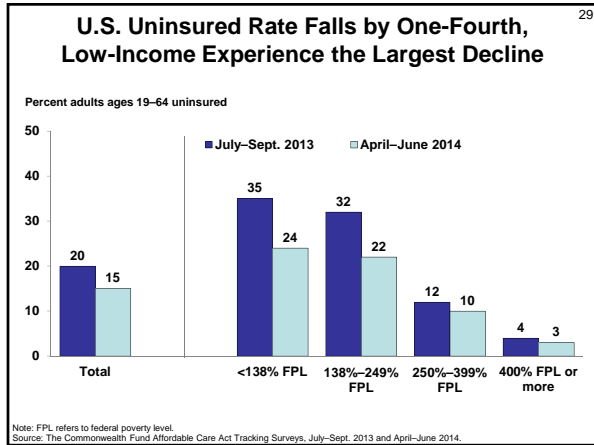
- Rates of serious hospital-acquired conditions (HACs) now available on Hospital Compare website
- More than 50,000 health care providers involved in CMMI innovation projects

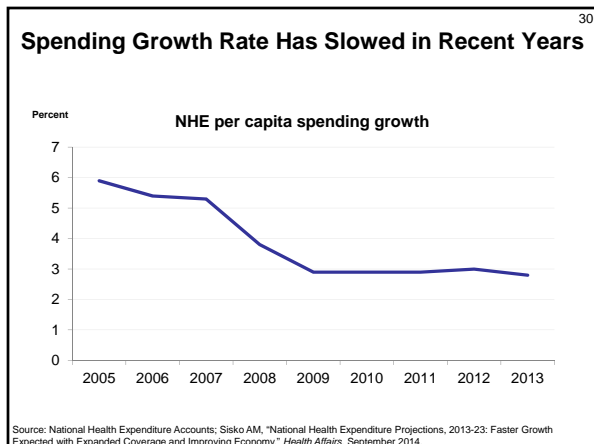
Source: CMS.








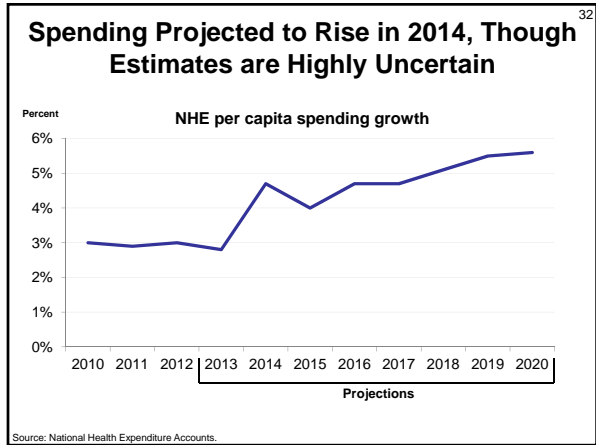


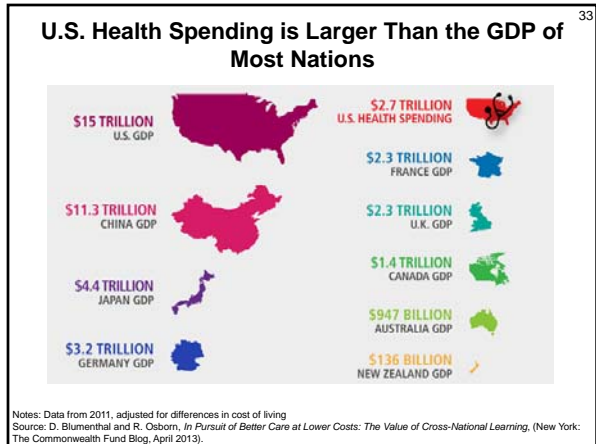


Is This the Dawn of a New Day?

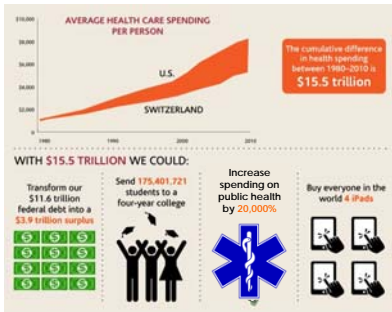


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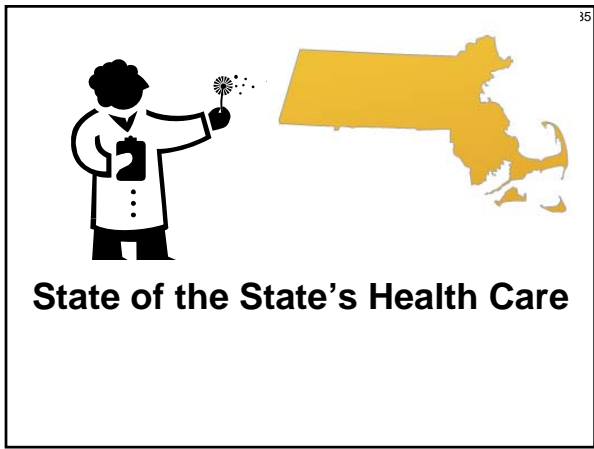


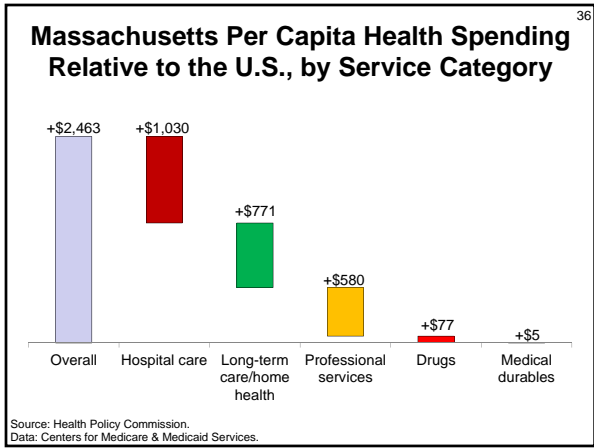


Looking Back: What We Could Have Saved if We Had Matched the Next Highest Country (Switzerland) ³⁴

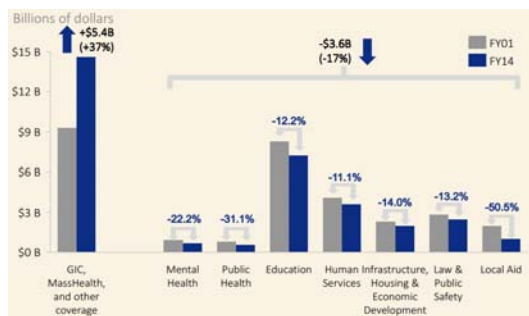


Note: Per capita spending amounts adjusted for differences in cost of living, total U.S. savings adjusted for inflation.
 Source: D. Squires. *The Road Not Taken: The Cost of 30 Years of Unsustainable Health Spending Growth in the United States*, (New York: The Commonwealth Fund Blog, March 2013).





Health Care Spending is Crowding Out Other State Priorities ³⁷



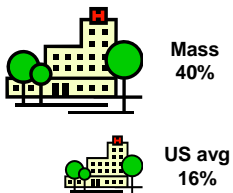
Source: Health Policy Commission.
Data: Massachusetts Budget and Policy Center.

Regional Health System Consolidation; More Academic Hospitals ³⁸

Top 2 Health Systems' Share of Commercial Discharges

Fall River	84%
Lower North Shore	84%
New Bedford	82%
Berkshires	80%
Cape and Islands	77%
Central Mass.	71%
Pioneer Valley/Franklin	68%
Metro Boston	62%
Norwood/Attleboro	60%
South Shore	59%
Upper North Shore	59%
Metro West	57%
East Merrimack	50%
Metro South	43%
West Merrimack/Middlesex	38%

Percent of Medicare Discharges from Major Teaching Hospitals, 2011



Source: Health Policy Commission.

2014 Commonwealth Fund State Scorecard: Massachusetts Best or Second-Best on Quality, Access, Equity, and Health Lives ³⁹

Lowest 30-day mortality rate for Medicare patients hospitalized for heart attack, heart failure, pneumonia



Fewest at-risk adults without a routine doctor visit in past 2 years



Mortality amenable to health care for blacks near US average for whites



2nd lowest rate of adult obesity

Source: D. Radley, et al., "Aiming Higher: Results from a Scorecard on State Health System Performance, 2014," Commonwealth Fund, April 2014.

Macrosystem Reform in Massachusetts ⁴⁰

- Statewide target for increases in health expenditures
- Public oversight (e.g., Health Policy Commission)
- Changing commercial insurance payment (e.g., Alternative Quality Contract)
- Public efforts to reduce health system consolidation
- Historic commitment to universal health care access
- Five Pioneer ACOs

Implications of Macrosystem Initiatives ⁴¹

- Innovation in health system design
- Adoption of electronic health records
- Modifications in payment within ACOs
- Targeting high-need, high-cost patients with innovative care programs

Question and Answer ⁴²