April 2016

Health Transformation in New Hampshire

What is Health Transformation?

- Better Health
- Better Patient Care
- Lower Cost

- Americans are sicker than they should be
- We all pay more for health care than we should
- Most of our health spending doesn't go toward the true determinants of health.

Why Health Transformation?

- Address the human cost – get better outcomes and care
- Address the economic costs (business, government, individuals/families)

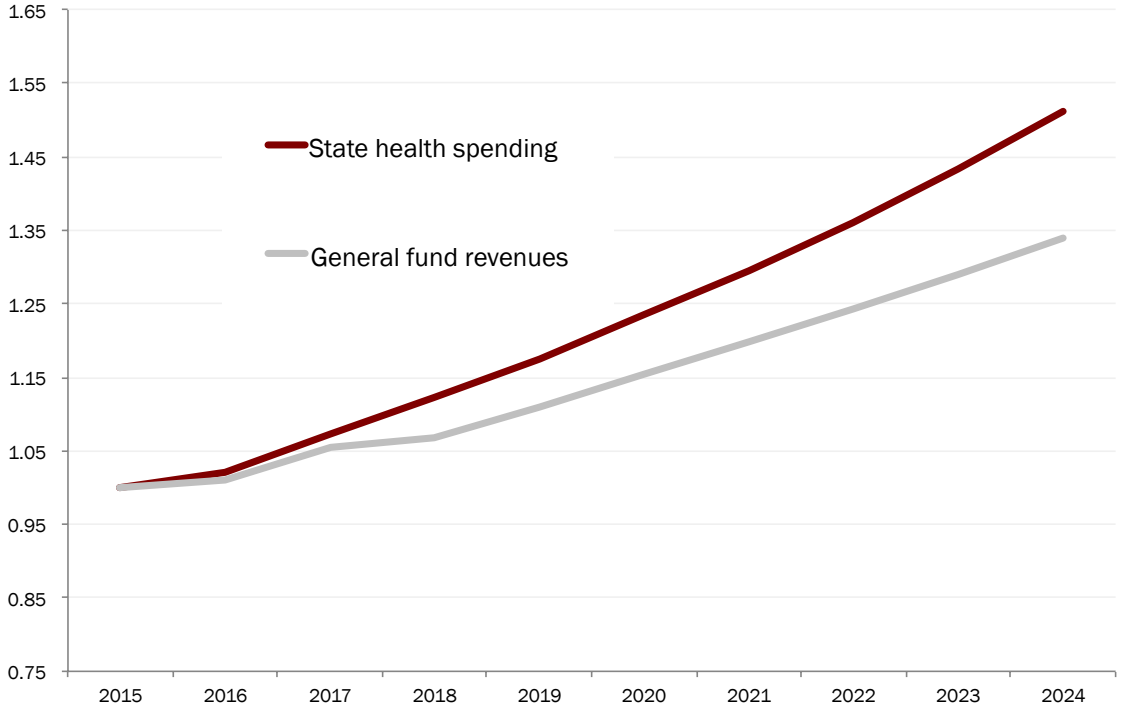
State Innovation Model (SIM) Design

- Federal government invests resources in states to plan and organize health transformation.
- State government is a convener and a driver…
  - …but SIM isn't about Medicaid.
  - NH Medicaid is a part of the bigger picture.
- Health across the entire state and economy.

Financial Review

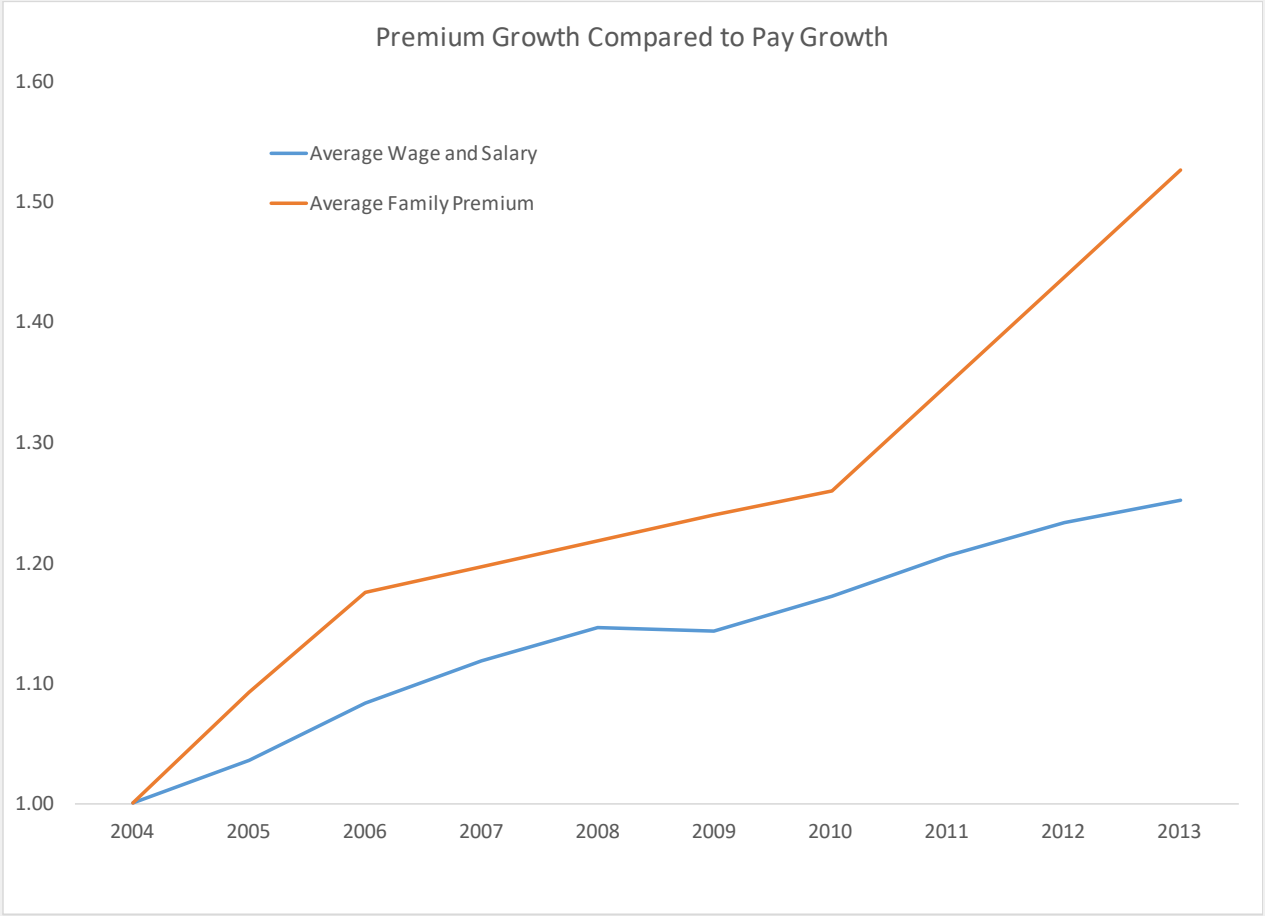
Without Transformation

- **New Hampshire's Medicaid and employee health coverage costs grow faster than the revenues that pay for them**
- In 2018, other programs would need to be cut by $65 million to cover health spending
- By 2024, the gap increases to $195 million per year



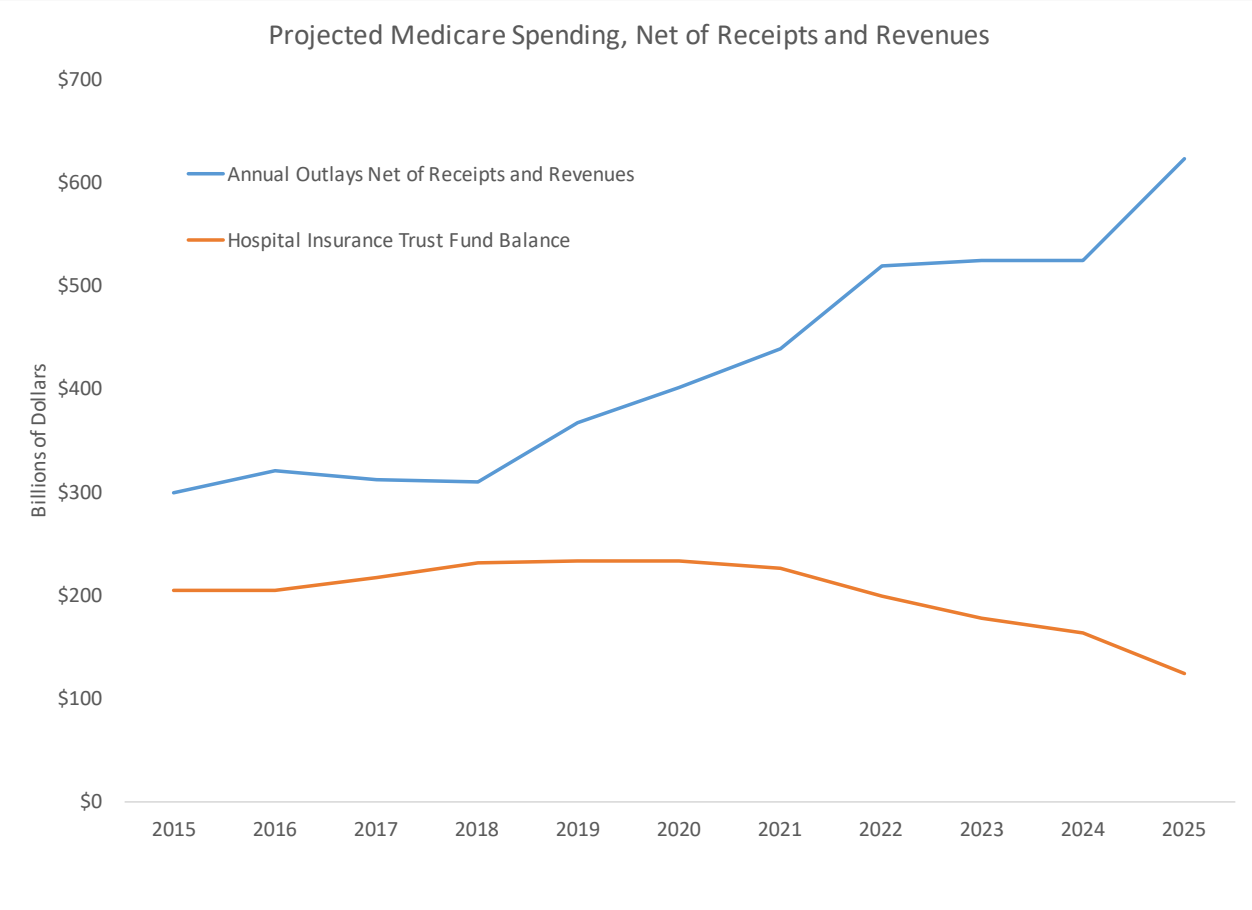
Without Transformation

- Commercial health insurance premiums increase faster than incomes



Without Transformation

- Medicare costs grow faster than the revenues that pay for them
  - Depleting the trust fund
  - Enlarging the federal deficit



Forecast without Transformation

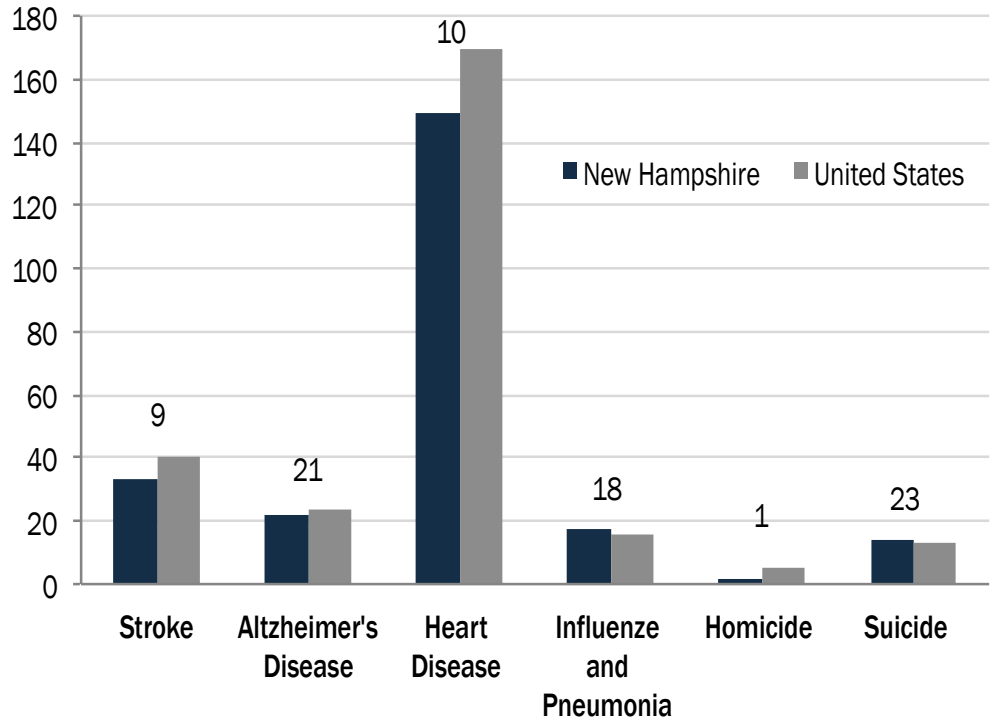
- Apply growth rates by category of spending
- Take into account Medicaid expansion and State policies
- For example
  - New Hampshire's Medicaid 1115 Waiver application assumed
    - 1.0 percent annual growth in Medicaid population after 2015
    - 4.7 percent annual growth in per-member, per-month Medicaid spending after 2015
  - Maine's SIM application assumed
    - 0.0 percent annual growth in Medicaid population after 2015
    - 6.0 percent annual growth in per-member, per-month Medicaid spending after 2015
  - Washington's SIM application estimated savings assuming a "zero trend" environment, so didn't forecast changes

Current Spending

- How much is spent now for New Hampshire residents?
  - Over $10 billion per year on health care
  - $1.9 billion through Medicare
    - State does not have direct control
  - $1.3 billion through Medicaid, including federal match
    - State has control, subject to Federal rules
  - $4.5 billion through commercial insurers and their members
    - Includes $0.7 billion of deductibles, copayments, and co-insurance
    - Includes coverage for 145,000 public employees; State has influence
    - Does not include uninsured/self-insured, workers comp, auto accident, VA, etc.

NH Health Realities

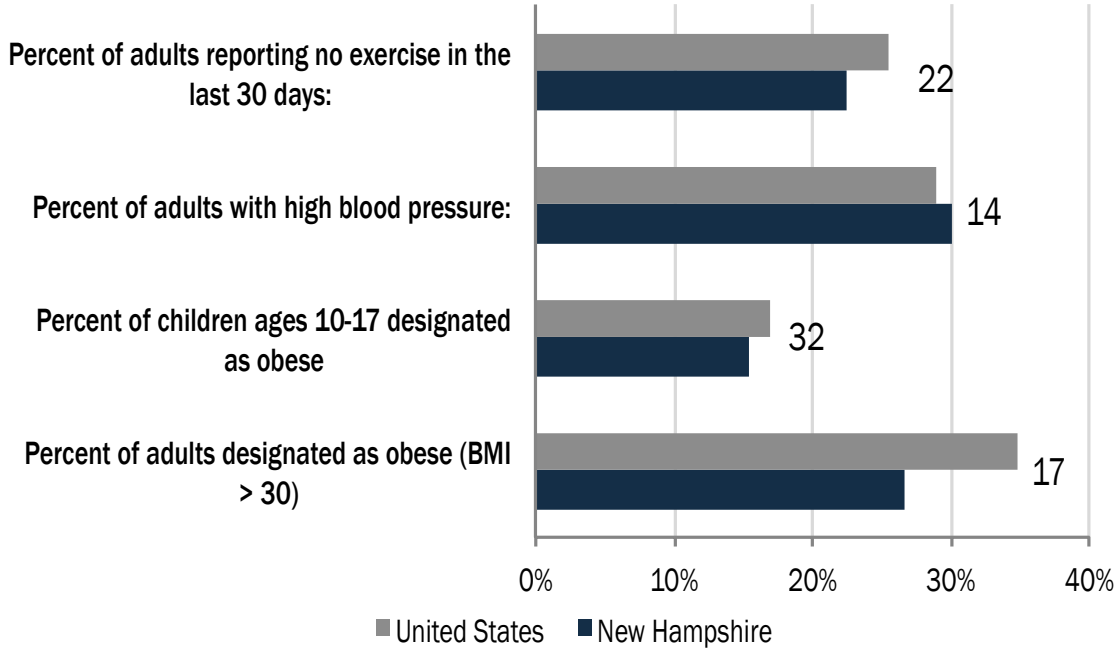
- ***Mortality Rates from Common Causes of Death, per 100,000, New Hampshire and the United States, 2013***



- *Source:* Centers for Disease Control and Prevention (2013). *National Vital Statistics System.*

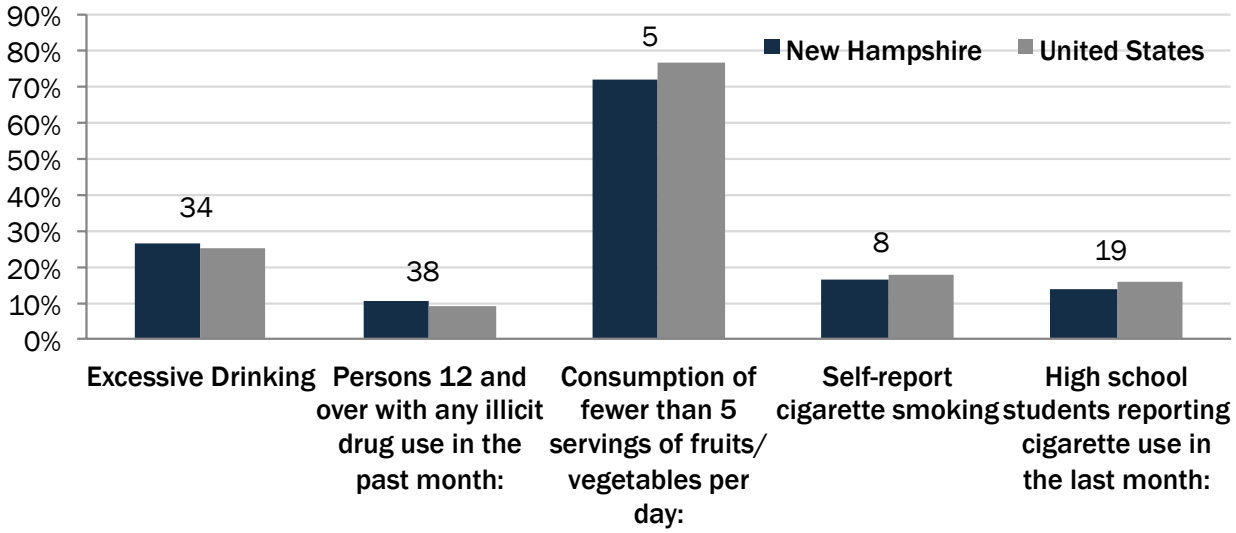
NH Health Realities

- ***Clinical Risk Factors with State Rank, New Hampshire and the United States, 2013***



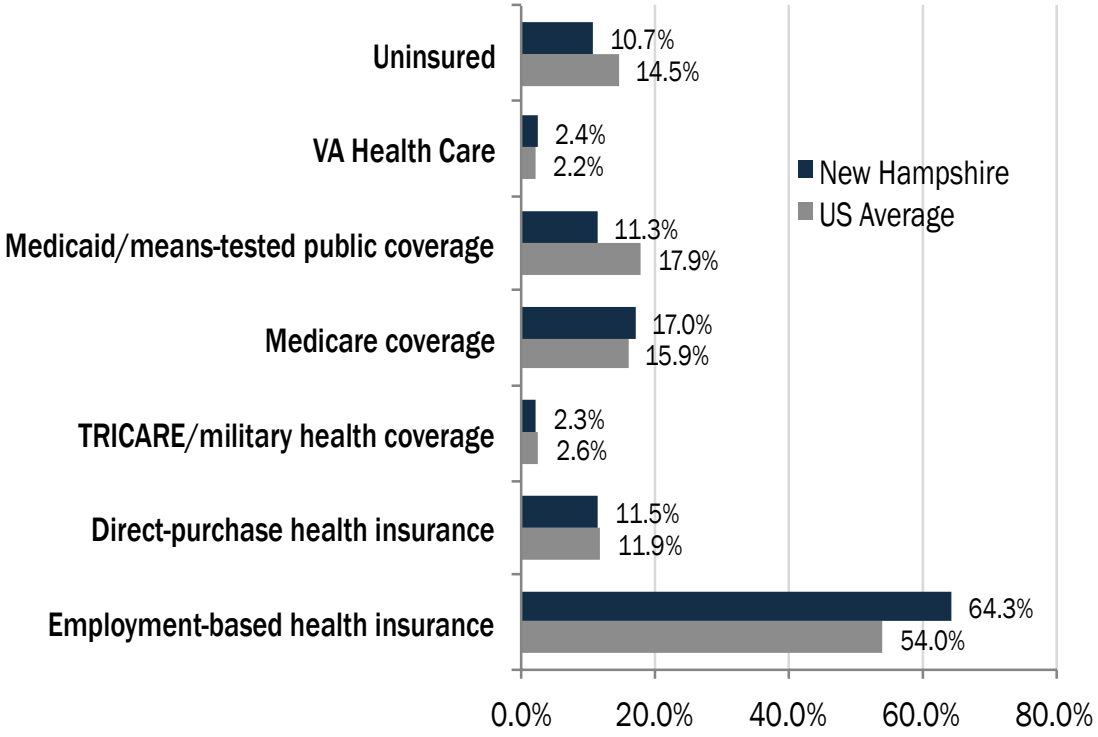
NH Health Realities

- ***Behavioral Risk Factors with State Rank, New Hampshire and the United States, 2013***

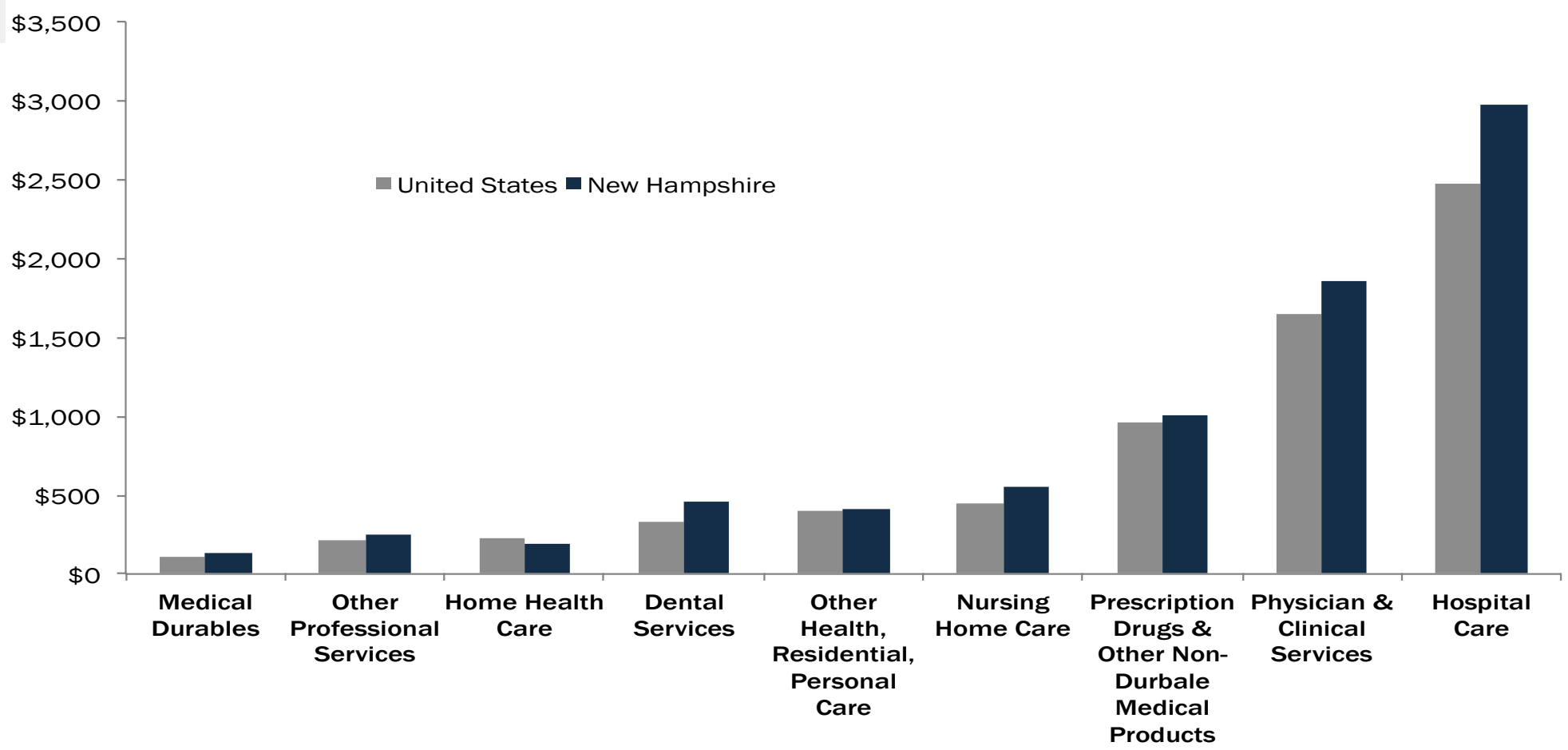


NH Health Realities

- ***Health Insurance Coverage by Type, New Hampshire and US, 2013***

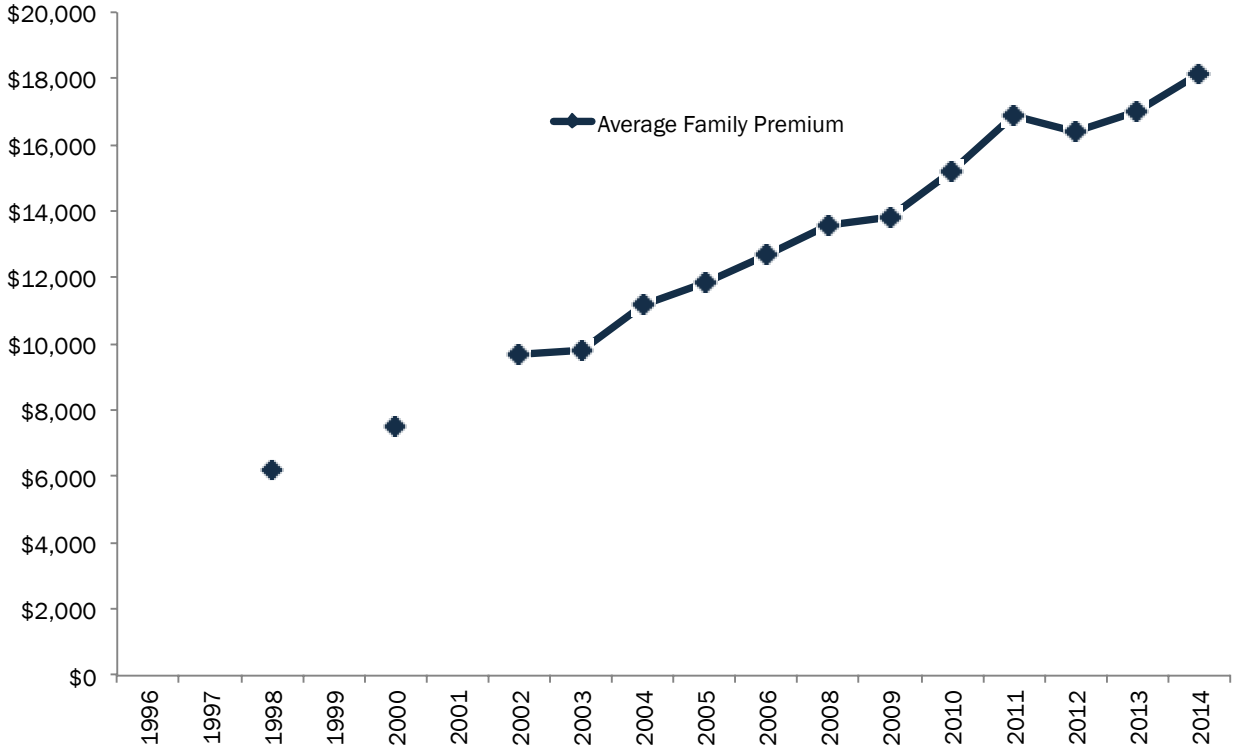


Healthcare Spending per Capita in the NH and US, by Component of Care (by Provider), 2009



Source: ECONorthwest; CMS; Norton, S. & Delay, D. (2012). Getting what we pay for? Health care spending in New Hampshire. Concord, NH: New Hampshire Center for Public Policy Studies. Available at: http://www.nhpolicy.org/UploadedFiles/Reports/Healthcare_Spending_EFH.pdf.
Note(s): Data are from the CMS's "Health Expenditures by State of Residence, 1991-2009" data file.

Change in Healthcare Premiums for Family Coverage in NH, 1998 – 2014



Source: ECONorthwest; U.S. Department of Health & Human Services; Norton, S. & Delay, D. (2012). Getting what we pay for? Health care spending in New Hampshire. Concord, NH: New Hampshire Center for Public Policy Studies. Available at: http://www.nhpolicy.org/UploadedFiles/Reports/Healthcare_Spending_EFH.pdf.

Note(s): Average Family Premium is from the Medical Expenditure Panel Survey (MEPS), data table "Average total family premium (in dollars) per enrolled employee at private-sector establishments that offer health insurance".

NH Health Realities

- Compared to the US:
  - NH is healthier than average, but still has serious issues
  - More expensive – historically, currently
  - What we spend our money on has little to do with our health status
  - Cost continue to trend up

NH Health Transformation State Innovation Model (SIM) Design

- Stakeholder driven
- Based on evidence and data
- Five month process (most states had 12 months) overseen by SIM Governor's Advisory Board.
- Five work groups; 32 in-depth interviews; 1,200 person survey

Charge to Governors Advisory Board

- The Governor's Advisory Board will provide overarching guidance for the SIM Model Design process and ensure that the Design components are:
  1. Sustainable through policy, programs, or other means;
  2. Focused on improving population health;
  3. Designed to improve quality of care and health system performance;
  4. Harmonized through consistent design principles and values; and
  5. Intended to achieve change through multi-payer (public and private) and multi-provider implementation.

GAB Vision Statement

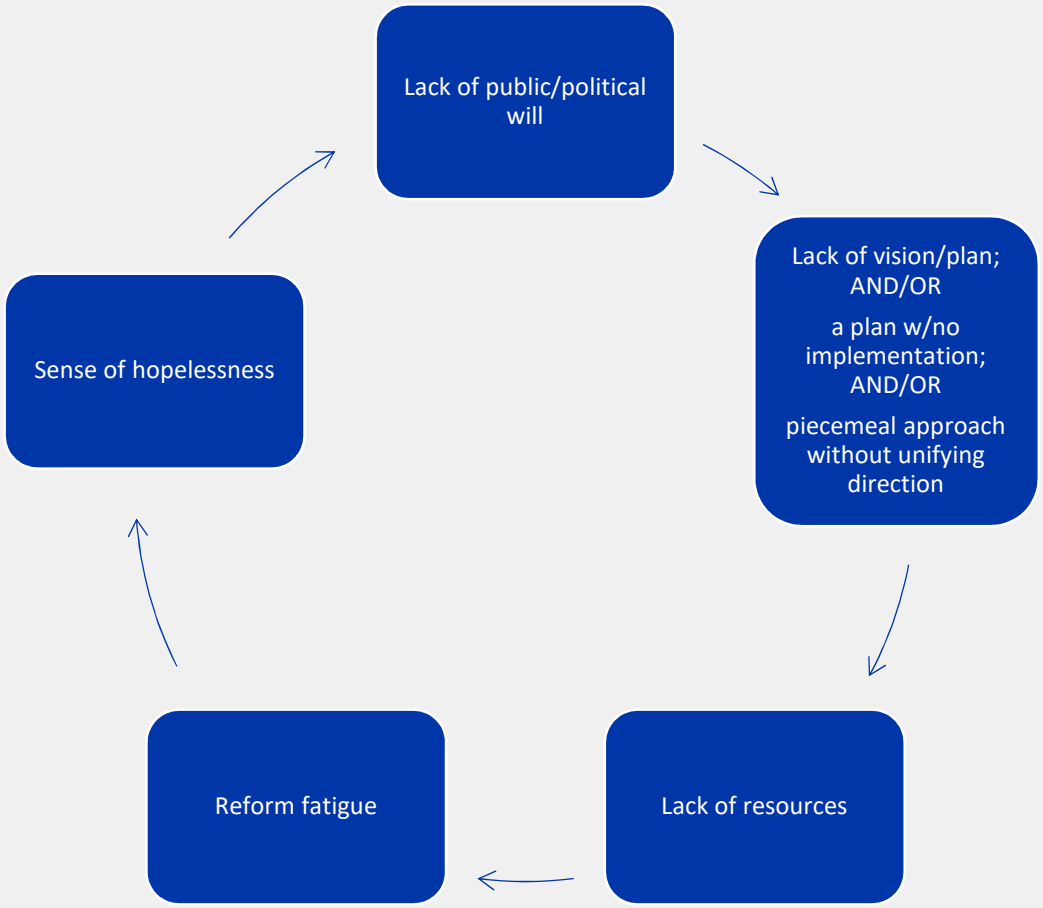
Access to person-centered; coordinated; and comprehensive services that improve outcomes for individuals and populations; and bring rationality; intentionality; equitability; and sustainability[1] to the system.

[1] Sustainability includes affordability and cost effectiveness.

Guiding Principles

- 'Health' is a broad concept. Think expansively about what it includes (e.g. social determinants).
- Identify what is effective as well as what is in place.
  - Tie things together and innovate
- Imagine the possible.
  - Break loose when necessary.
  - But have a reason when breaking loose
- Balance innovation with building blocks already in place.
- Sequence implementation into achievable bits.
- Acknowledge New Hampshire's changing demographics.
- Recommendations should make sense for both the consumer/person and the system.

NH History - Cycle of Inertia



Break the Cycle

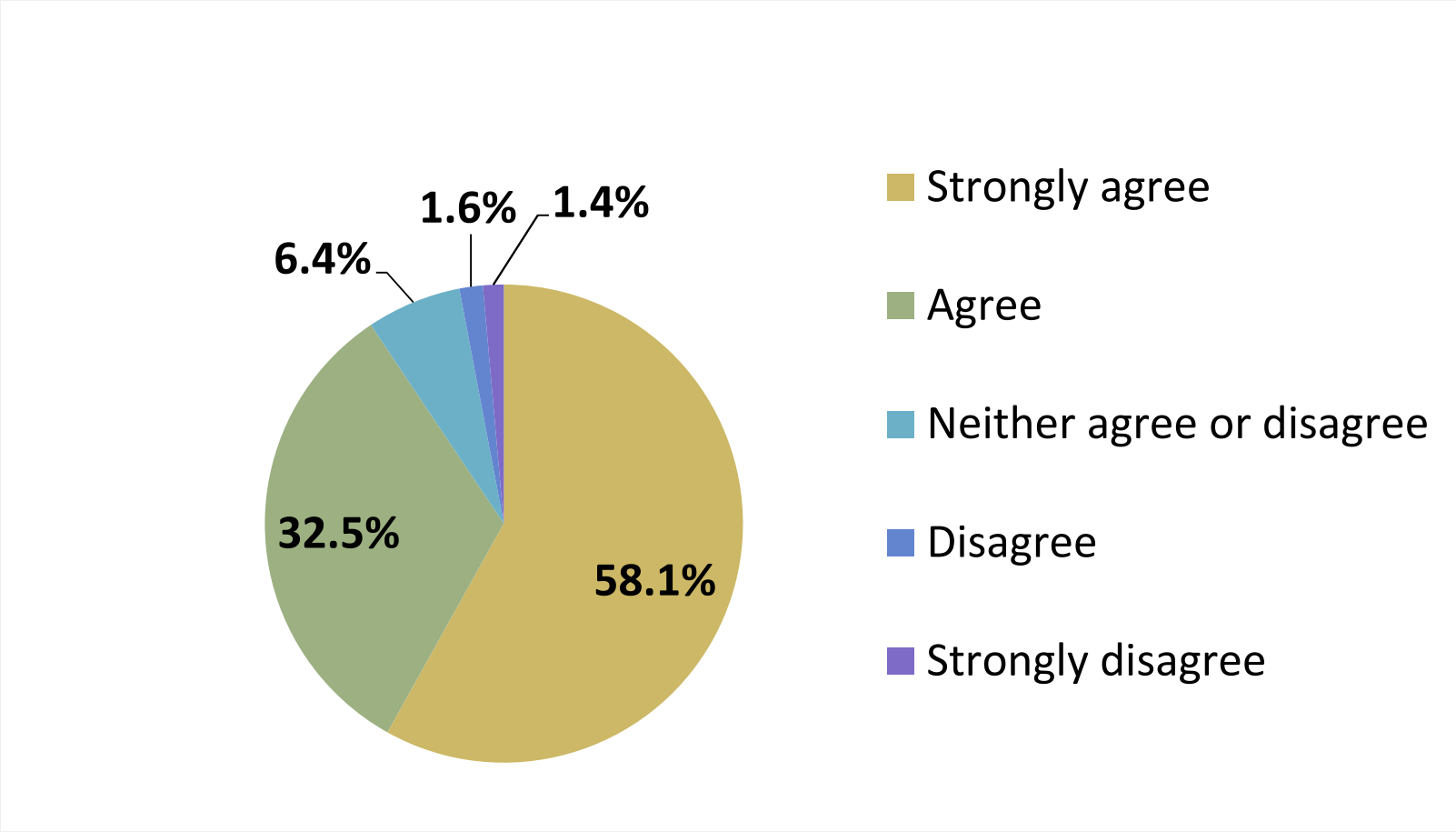
- Prioritized, Actionable Plan with Shared, Sustained Leadership and Transparency for the Consumer
  - Break silos
  - Achieve savings – connect what we do to outcomes and how we pay for it.
  - Reach the populous
  - Engage and educate policy makers
  - Approaches shared between and across public/private; state/federal
  - Evidence based; other state-experience based.
  - Need shared purpose

Key Stakeholder Interview Findings: Overall

- Cultural & environmental factors
  - Good people
  - Fragmented approaches
  - Geography
- Limited government State
- Need visionary leadership

"New Hampshire is an odd place, we're one of the wealthiest states in the country, yet there's no road map for New Hampshire around health reform. We have a transportation plan, we have a climate action plan but we have no health plan. ***And yet we're spending much more than other states are spending on health care."***

Online Survey: Healthcare transformation should be a high priority for New Hampshire



SIM Core Components

SIM Core Components

- Leadership and Accountability
- TA, Support, and Acceleration
- Purchasing and Payment
- Regulatory Authority

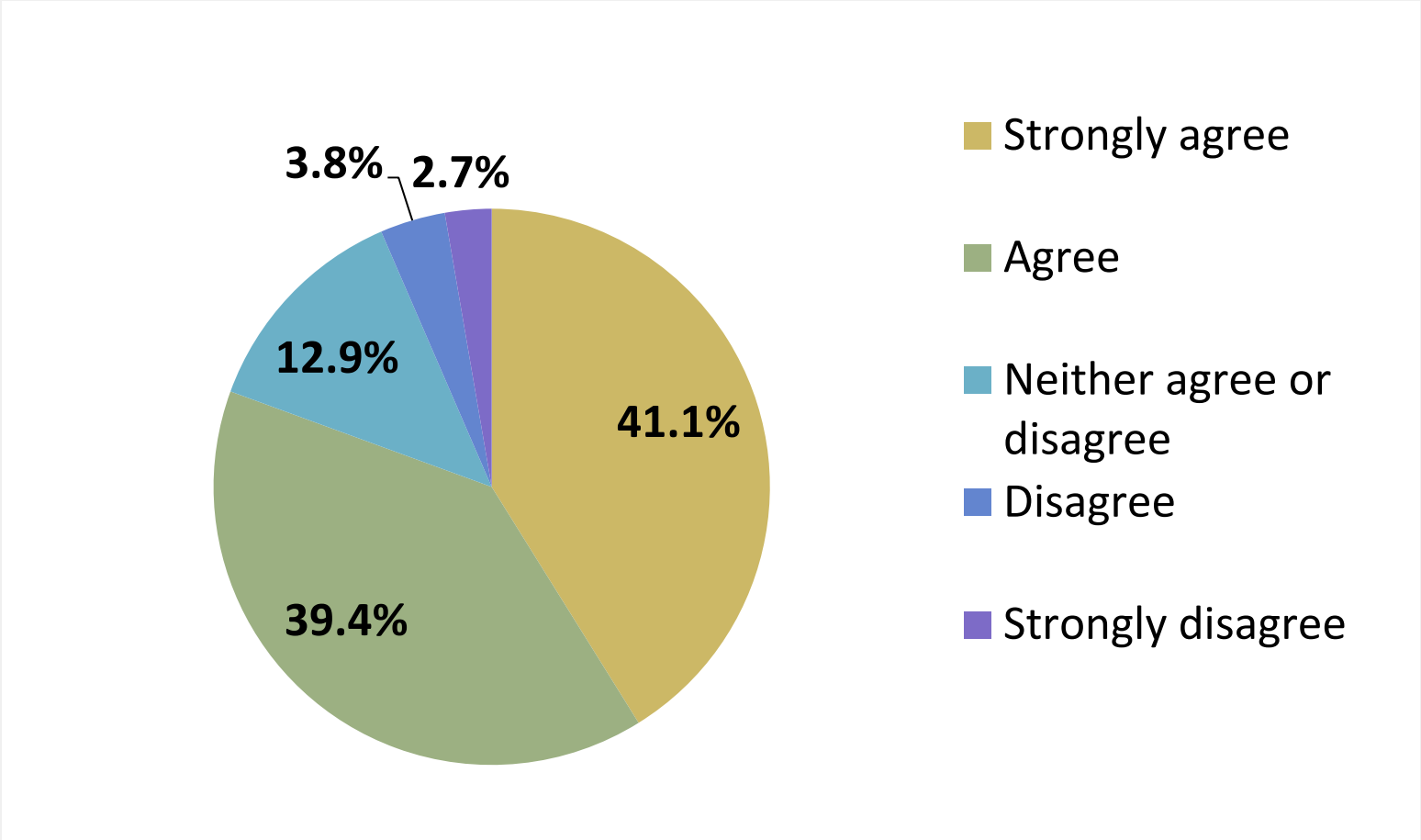
Statewide Leadership and Accountabilit

- New Hampshire must establish a **policy body with authority** (Board or Commission) vested by the state to guide and oversee transformation.
  - A board or commission be created with buy-in from the legislature, executive council, and governor.
  - This board must include policy makers and government leaders, but cannot be exclusively – or even majority – government membership.
  - Health stakeholders, experts, community leaders, payers, employers, and consumer representatives all must have a voting seat at the table.

Statewide Leadership and Accountabilit

- Policy body (Board or Commission) must be highly visible and transparent
- Must have real authority and be more than just advisory
- Connected to Regional Structures and Partnerships
- Connected to Support Structure(s)
- Accountable for measurable progress toward the triple aim
  - Health Outcome Metrics
  - Health Care Quality Metrics
  - Cost Containment Metrics

Online Survey: Health Transformation Board needed to ensure oversight and accountability

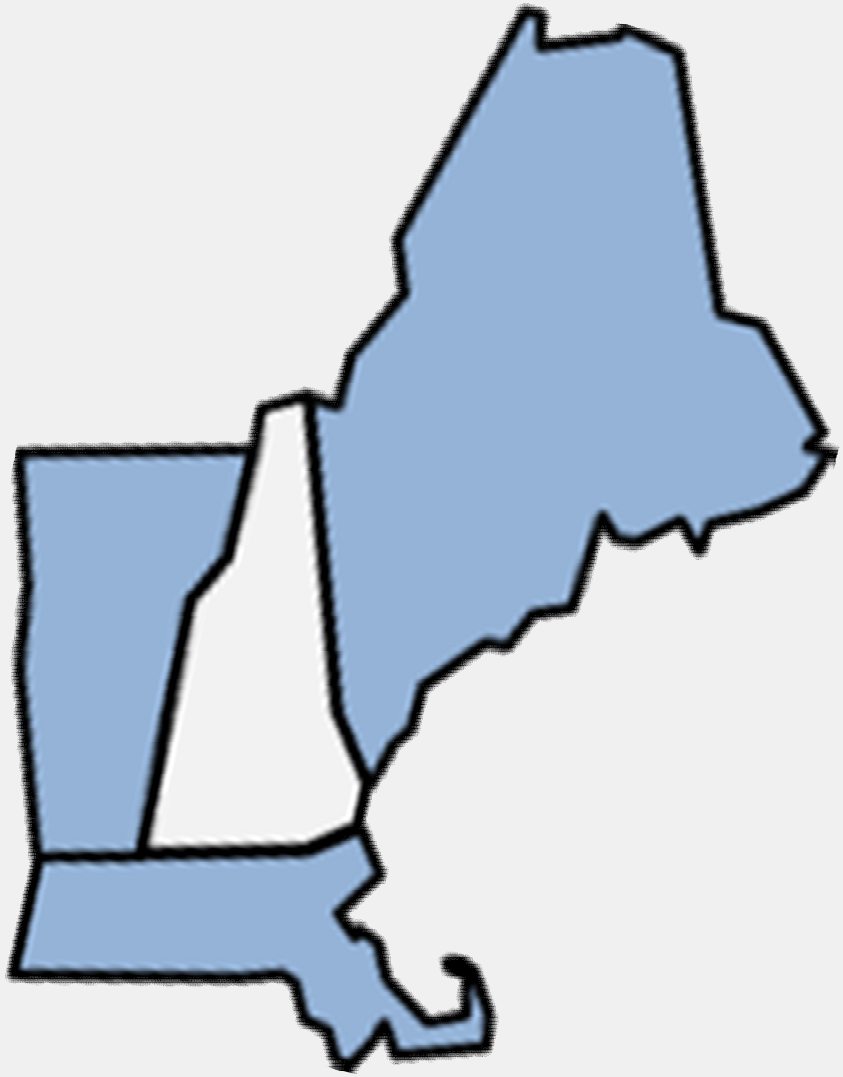


Statewide Leadership and Accountabili

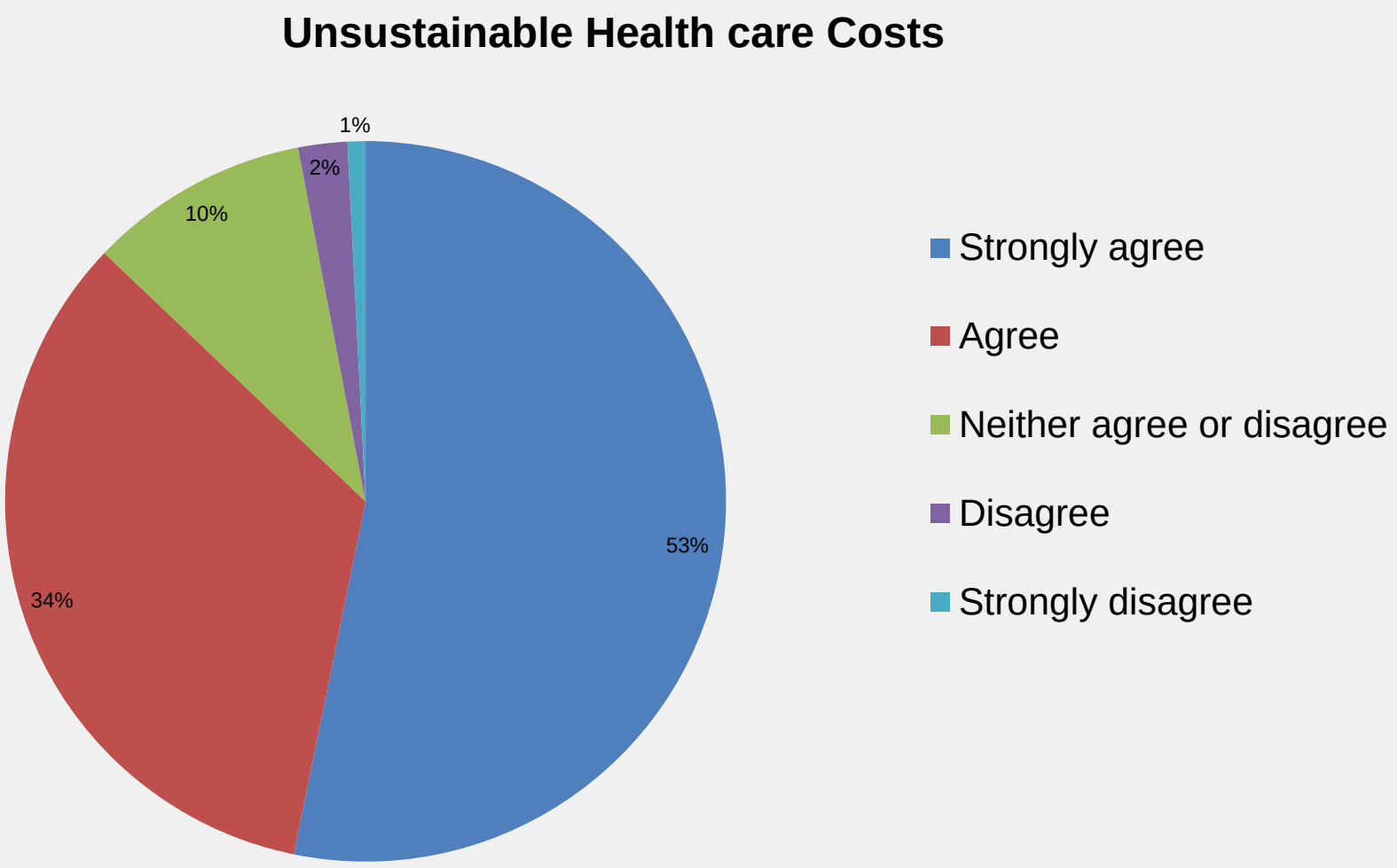
- New Hampshire should set a goal – ideally in statute – of lowering health care costs over a specific timeframe.
  - For *example*: holding cost growth down to 1.7% lower annually from projected trend; restraining cost growth to the same or lower levels than general fund revenue growth or another meaningful, easily measurable fiscal benchmark.
- The new Board or Commission should be charged with publicly, transparently holding the whole statewide health sector responsible for achieving it.

tatewide Leadership and Accountabilit

New Hampshire is the only of it’s contiguous states without a health care cost control or growth rate target.



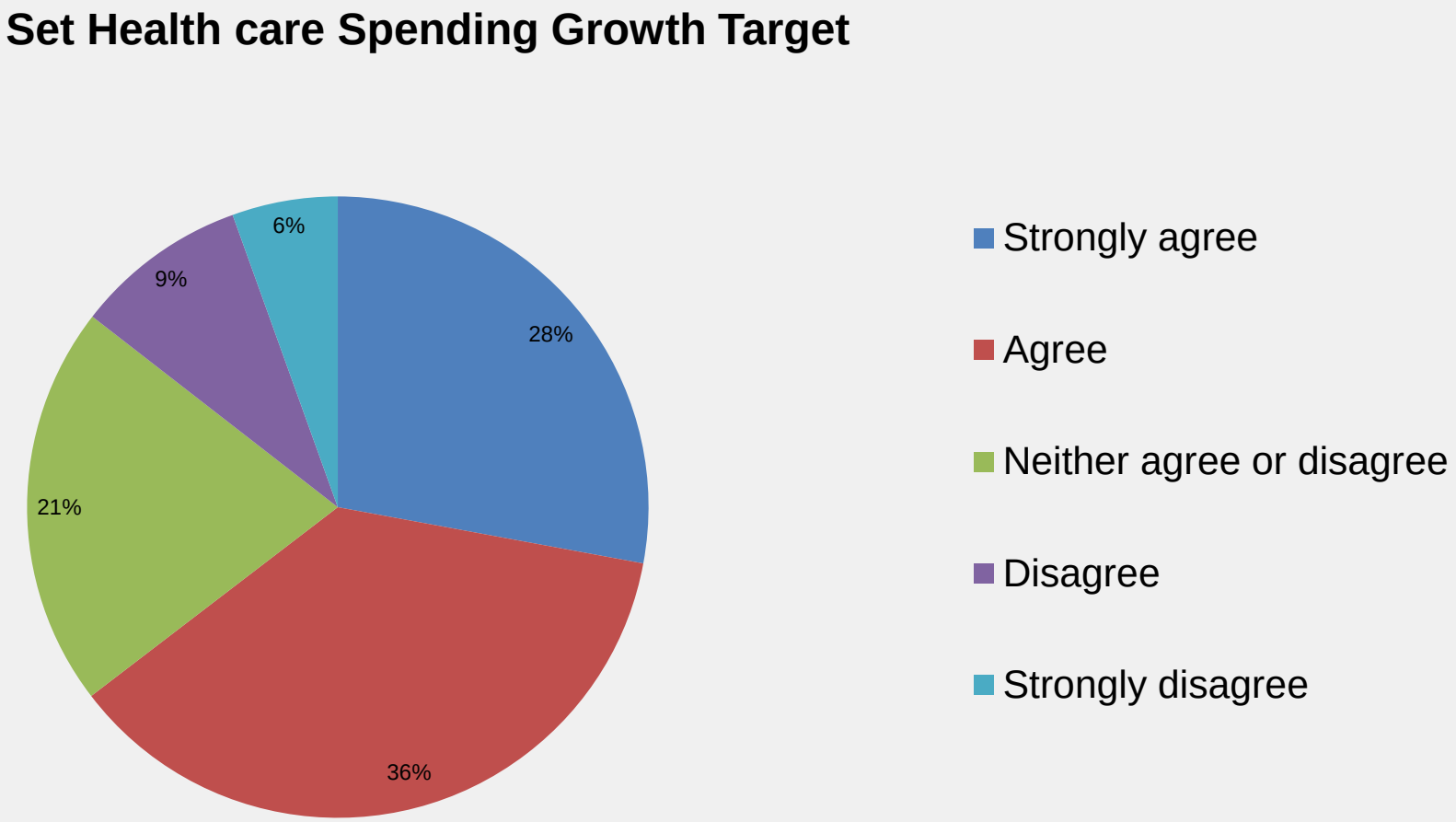
tatewide Leadership and Accountabilit



Statewide Leadership and Accountabili

- New Hampshire should adopt a growth target to control the rate at which health care spending is allowed to increase each year. Any targets New Hampshire adopts should include transparent public accountability for reaching those targets, including but not limited to public hearings and reporting.

Statewide Leadership and Accountabili



Practice Transformation

- Establish a “Center of Excellence” or “Transformation Center”. The practice transformation work group identified the need for a “Center of Excellence” **to support practice change**

- A central hub with a mix of leadership and technical assistance is crucial to providing a day-to-day backbone for the overall transformation.

Practice Transformation

remise for Practice Transformation Model Selection

river	Premise
115 Waiver	Model must integrate with 1115 Waiver's focus on behavioral health and SUD
novative rograms	Leverage SAMHSA's Primary and Behavioral Health Integration grant and CMMI's Practice Transformation Network (PTN) award
rimary Care uilding Block	Medicare (MACRA) and commercial payers asking for primary care transformation
H's Goals	Team based care, bringing access to the patient and addressing social determinants
ompetitive oncerns	Create a "no wrong door" for interested providers to participate in transformation model

Practice Transformation

Recommending a two-part practice transformation model:

1. ***A primary care transformation model*** for practices that wish to enter into new SIM payment models and/or participate in an integrated care model.
   - Built on Patient Centered Medical Home (PCMH) and Medicare's advanced primary care model.
2. ***An integrated care model*** for primary care and behavioral health providers interested in developing building blocks for the 1115 Waiver and overall health system transformation
   - Drawing on evidenced-based integrated care models articulated by AHRQ, HRSA, SAMHSA, and IHI

Health Information Technology

HIT

- Adapt regulation to allow for greater exchange of information across providers;
- Establish grant program to support the first year of NHHIO or similar health information exchange membership; and
- Establish an e-Referral program to create bi-directional communication between providers and community-based organizations.

Payment Reform

Payment Reform

- How can we – as a system, pay for “value over volume”?
- Align with CMS value-based payment goals and models described by the Health Care Payment Learning and Action Network (HCPLAN)
- Recognizing a need for variability based on existing circumstances
- A laddered approach to increasing value in payment models over time.

Payment Reform

1. Fee-for-Service – Link to Quality
    - Payments for Infrastructure and Operations
    - Pay for Reporting and Rewards for Performance
    - Rewards for Performance
    - Rewards and Penalties for Performance
2. APMs Built on Fee-for-Service Architect
    - APMs with Upside Risk
    - APMs with Upside/Downside Risk
3. Population-Based Payment
    - Limited Population-Based Payments
    - Comprehensive Population-Based Payments

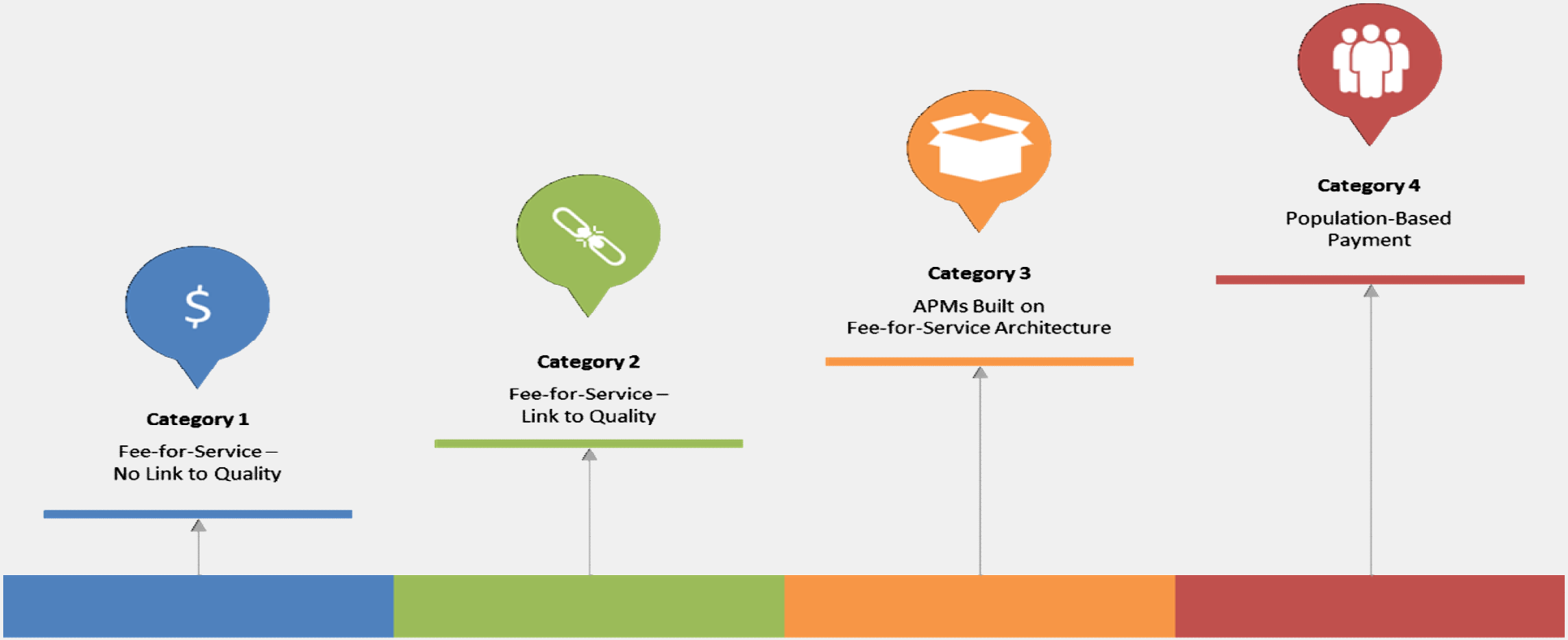
Payment Reform

Health Care Payment Learning and Action Network Goals

Our Mission

To accelerate the health care system's transition to alternative payment models by combining the innovation, power, and reach of the private and public sectors.

Payment Reform



Payment Reform

MS GOALS for MEDICARE

Medicare Fee-for-Service

GOAL 1: **30%**

Medicare payments are tied to quality or value through **alternative payment models** (categories 3-4) by the end of 2016, and 50% by the end of 2018

GOAL 2: **85%**

Medicare fee-for-service payments are **tied to quality or value** (categories 2-4) by the end of 2016, and 90% by the end of 2018

STAKEHOLDERS:

Consumers | Businesses
Payers | Providers
State Partners

Set **internal goals** for HHS

Invite **private sector payers** to match or exceeed HHS goals

NEXT STEPS:

Testing of new models and expansion of existing models will be critical to reaching incentive goals

Creation of a Health Care Payment **Learning and Action Network** to align incentives for payers

Payment Reform

- Next Steps
  - Convene “All-Payer” table
  - Accurately assess and map NH payment reforms against the framework
  - Establish aspirational goals and metrics for NH to climb the APM ladder
  - Track progress

Regional Health Initiatives

- Regionally/locally driven to help drive transformation
- Bridge primary care, broader transformation, and population health within a common set of priorities.
- Selected through competitive RFP managed by Transformation Center. Support and TA provided or coordinated by Transformation Center.

Core Criteria for Regional Health Networks

erating ntity	Board Make-up	Accountability Structure	Financial Oversight	Clinical Oversight	IT/Data Oversight	Commun Engagem

Next Steps

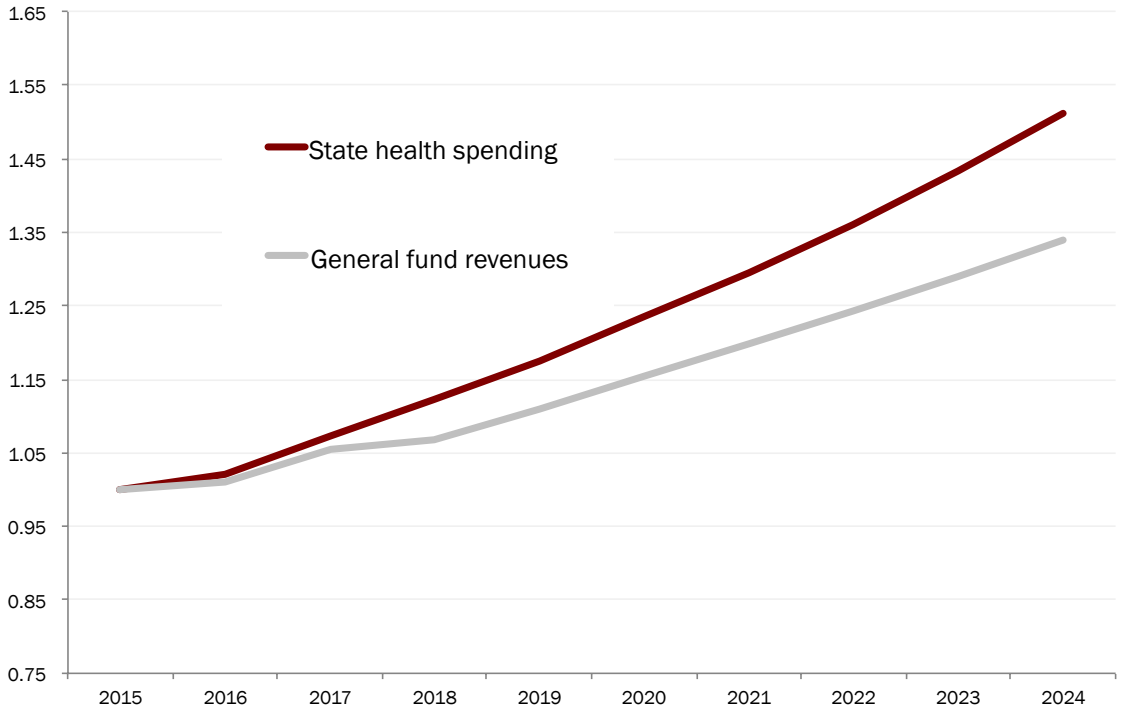
- Convene All-Payer Table to advance payment reform: Public, Private, Medicare.
- State Government – Implement Section 1115 Waiver. Transformation Center, IDN.
- Section 1115 serves as first wave of transformation support focused on SUD, Behavioral Health Integration.

Next Steps that are unclear

- Formalized/directed by legislature, Governor and Council
- Establish governance or oversight body
- Establish cost growth/containment target

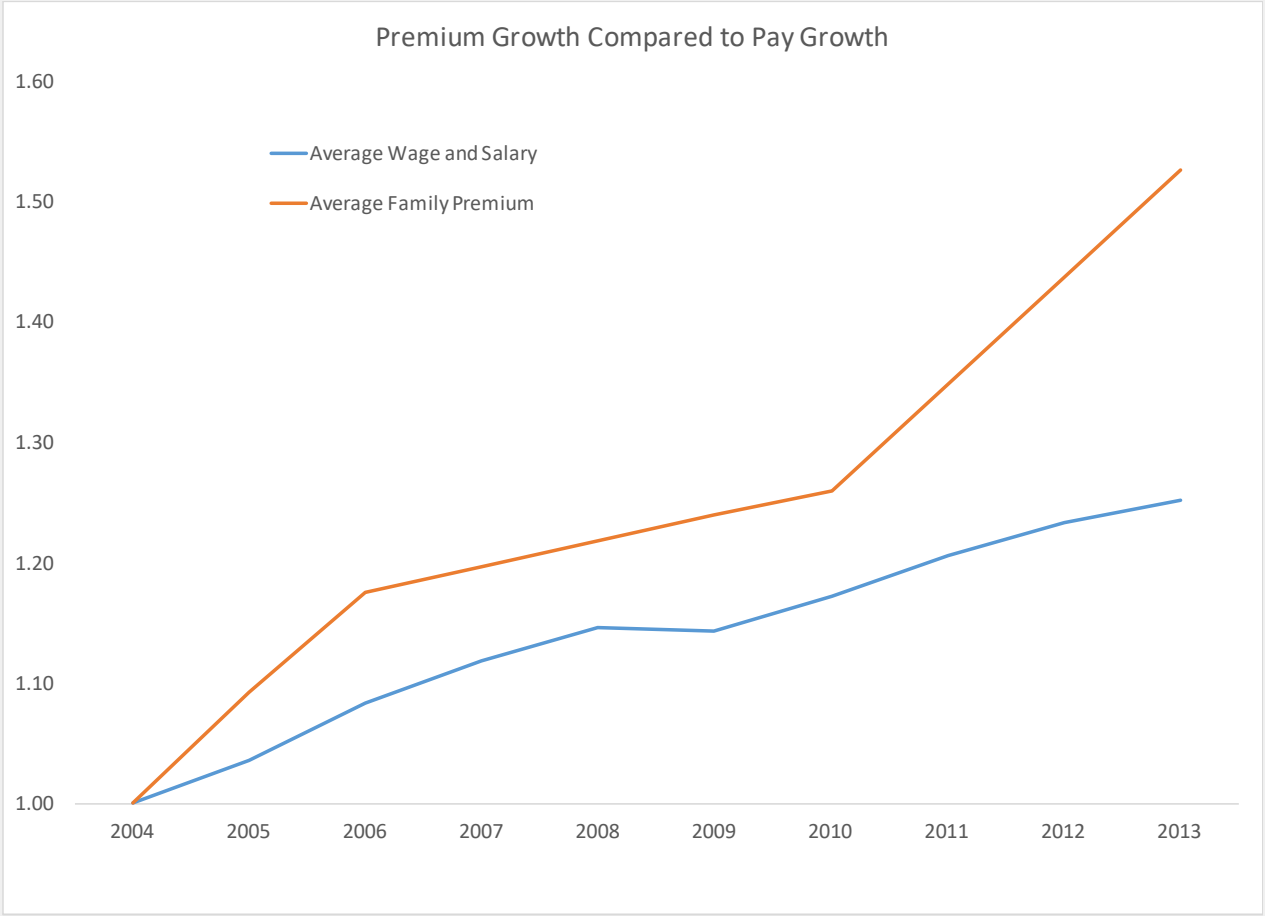
Back to the Bottom Line

- New Hampshire's Medicaid and employee health coverage costs grow faster than the revenues that pay for them
- In 2018, other programs would need to be cut by $65 million to cover health spending
- By 2024, the gap increases to $195 million per year



Back to the Bottom Line

- Commercial health insurance premiums increase faster than incomes



Back to the Bottom Line

- NH SIM transformation plan could produce cost savings/avoidance in the range of $1.2 and $2.4 billion over its first five years of implementation across the system.

- Best estimate is $1.8 billion over 5 years.