

Special Commission on Provider Price Variation

December 13, 2016

Agenda

- ▶ Welcome
- ▶ Subcommittee Updates
- ▶ Market Forces Discussion (cont.)
- ▶ Presentation: David Auerbach, Health Policy Commission
- ▶ Discussion
- ▶ Next Steps

Subcommittee Updates

- ▶ State Monitoring Subcommittee
 - ▶ Met on November 29, 2016

- ▶ Market Forces Subcommittee
 - ▶ Met on December 6, 2016

Acquisitions & Mergers of/by Physician Organizations

- ▶ There has been an increase in physician organization (PO) consolidations.
- ▶ There is concern that the state does not adequately monitor or regulate PO acquisitions and mergers.
- ▶ Proposed solutions include:
 - ▶ Regulating physician rates and/or regulating growth in physician rates, following PO acquisition by a higher-priced provider
 - ▶ Reporting to the state
 - ▶ Prohibiting certain facility fees

Presentation
Plan Design & Consumer
Incentives

David Auerbach, PhD
Health Policy Commission
Director of Research & Cost Trends



Premiums Based on Value



What Would Premiums Look Like If They Reflected Provider Efficiency?

Differentiating Premiums Based on Patient's Choice of PCP Group (Not a Limited Network Product) While Continuing to Socialize Health Risk

	Provider Relative Efficiency	Traditional Monthly Premium	Differentiated Monthly Premium
Provider A	0.88	\$584	\$514
Provider B	0.92	\$584	\$537
Provider C	0.96	\$584	\$561
Provider D	0.97	\$584	\$566
Provider E	1.00	\$584	\$584
Provider F	1.00	\$584	\$584
Provider G	1.01	\$584	\$590
Provider H	1.06	\$584	\$619



Promote Limited- & Tiered-Network Products (LTNPs)

Possible strategies to make LTNPs more popular and effective:

- ▶ Greater premium differences among products and among tiers
- ▶ Greater consumer education
 - ▶ At point of enrollment
 - ▶ At point of service
- ▶ Address data and methodology concerns
 - ▶ Common quality measures
 - ▶ Common quality/price methodology
 - ▶ Timely reporting to providers

Point-of-Service Shopping & Consumer Incentives

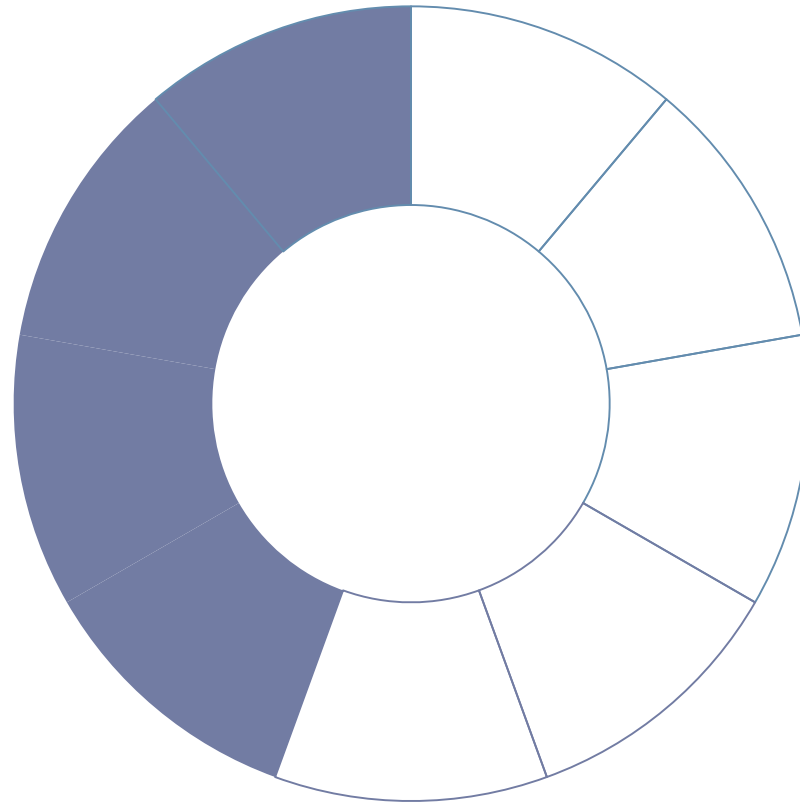
- ▶ Possible strategies to enhance the effectiveness of these tools
 - ▶ Provide healthcare professionals more information to guide value-based patient decision-making
 - ▶ Increase consumer education about:
 - ▶ Potential savings
 - ▶ Relationship between price and quality
 - ▶ Facilitate access to consumer-friendly price information
 - ▶ Role of payers, providers, employers, and the Commonwealth

Next Steps

- ▶ Upcoming Commission Meeting
 - ▶ January 10, 2016
 - ▶ 11:00am – 2:00pm at State House, Room 428

- ▶ Upcoming Subcommittee Meetings
 - ▶ Transparency Subcommittee
 - ▶ December 15, 2016
 - ▶ 11:00am, House Members Lounge
 - ▶ Market Forces Subcommittee
 - ▶ January 5, 2017
 - ▶ 11:00am, Room 350

The Commission's Report is due in...



92
days

4
meetings

5
subcommittee
meetings