

Special Commission on Provider Price Variation

February 14, 2017

Agenda

- ▶ Welcome
- ▶ State Monitoring Recommendations
- ▶ Market Forces Recommendations – Updates
- ▶ Discussion
- ▶ Next Steps

Guest Panelists:

Dr. Robert Berenson

Dr. Paul Ginsburg

Professor Gwendolyn Majette

State Monitoring Subcommittee Recommendations

State Monitoring Subcommittee Principles

1. Unwarranted provider price variation is a problem in Massachusetts.
2. There are providers that are being greatly underpaid stemming from unwarranted factors just as there are hospitals being overpaid based on unwarranted factors. Underpayment and overpayment are both signs of market failure and equally problematic.
3. Ensuring access to efficient and affordable healthcare in the community requires that providers are fairly paid according to warranted factors.

State Monitoring Subcommittee Principles

4. Short term differential (preferential) investments may be required.
5. Policies to address unwarranted variation in prices should not increase total healthcare spending in the Commonwealth.
6. The Subcommittee recognizes the importance of innovation that drives patients to high-quality, low-cost providers.

State Monitoring: Recommendation #1

Compression of Provider Rates

- ▶ Part 1: Regulate Growth in Rates
 - ▶ The Subcommittee recommends, in order to control overall healthcare costs and to enable the establishment of a minimum or floor as described in Part 2, that the state implement one or both of the following. The Subcommittee recognizes that these two actions taken together would make the most meaningful impact on provider price variation.
 - ▶ Enhanced role for the Division of Insurance
 - ▶ Rate of growth in provider rates differentially indexed
- ▶ Part 2: Rate Minimum or Floor for Community Hospitals

State Monitoring: Recommendation #2

Monitoring Patterns of Utilization

- ▶ The Health Policy Commission (HPC) should track patient movement across various providers in the state and assess the impact of that movement on statewide cost and quality (e.g. leakage or migration between community hospitals and academic medical centers).
- ▶ This information will help
 - ▶ Evaluate the impact of tiering,
 - ▶ Better inform the HPC's review of mergers and acquisitions in the Commonwealth, and
 - ▶ Potentially assist in driving appropriate care to community hospitals.

State Monitoring: Recommendation #3

Meaningful Consumer Incentives

- ▶ The Health Policy Commission, the Division of Insurance, and other appropriate state entities, should take measures to encourage the use of more meaningful consumer incentives to make high-value choices including, but not limited to,
 - ▶ The ability to increase the differentials among tiers and between limited- and tiered-network plans (LTNPs) and broader commercial plans,
 - ▶ Tiering plans based on primary care provider, and
 - ▶ Other efforts to enhance consumer choice through innovative product design.
- ▶ Current DOI constraints on tiered and limited network products should be revisited and, possibly relaxed, to encourage uptake and adoption.

Market Forces Recommendations Update



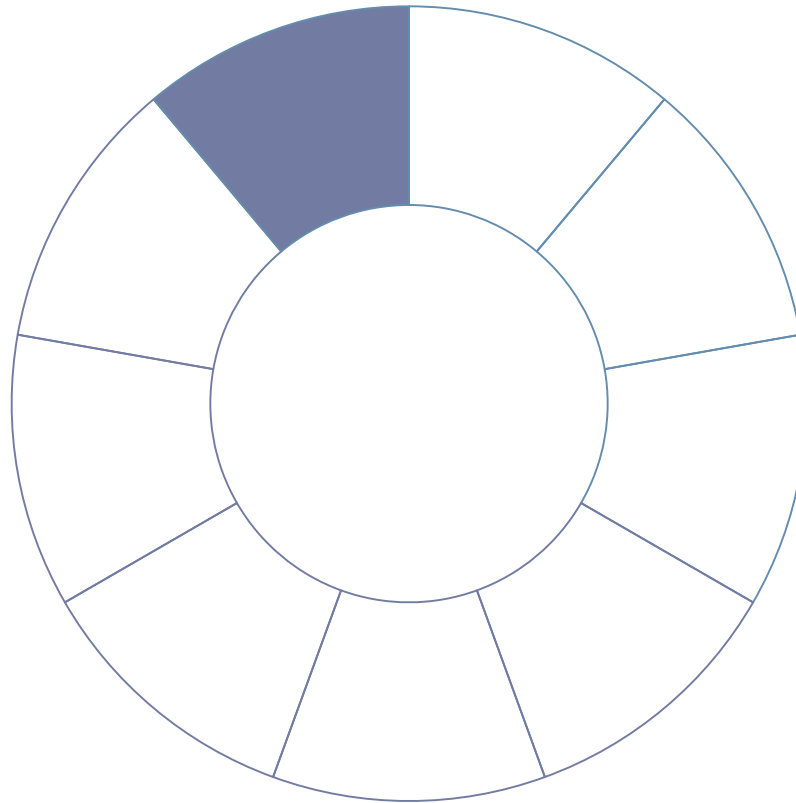
Discussion



Next Steps

- ▶ Upcoming Commission Meeting
 - ▶ March 7th, 2017
 - ▶ 11:00am – 2:00pm at One Ashburton Place, 21st Floor

The Commission's Report is due in...



30

days

1

meetings

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subcommittee
meetings