

A NEW PAYMENT SYSTEM RECOMMENDED FOR HEALTH CARE IN MASSACHUSETTS.

On July 16, a "Special Commission on Health Care Payment System" in Massachusetts unanimously approved a report that recommended replacing fee-for-service with global payments to providers in the state within the next five years; in a next step effort to address costs and quality in their health care system of reform.

A global payment system is expected to encourage more careful coordination and collaboration between a patient's physicians, nurses, hospitals and other care providers than a fee-for-service system that encourages overuse and misuse of services and establishes incentives to provide more care without assuring the highest quality care.

The report estimated that more than \$1 billion a year could be saved in Massachusetts by eliminating potentially preventable emergency department visits, preventable hospitalizations, and potentially preventable readmissions.

According to Bureau of National Affairs (BNA) "Health Care Daily Report," hearings are expected to be held in mid-September to solicit the views of Gov. Deval Patrick and others and to produce a bill for consideration late this year or early next year.

The ten member Commission includes representatives from the Massachusetts Medical Society, Massachusetts Hospital Associations, and Massachusetts Association of Health Plans.

According to the Bureau of National Affairs (BNA) "Health Care Daily Report," the key recommendations are:

The proposal envisions transition to a system of budgeted global payments to provider networks, or "Accountable Care Organizations" for total health care spending, over a period not to exceed five years, with adjustments for risk and other factors.

During the transition period, there would be "shared savings" with little or no risk to providers, but there would be financial incentives for more rapid movement to global payments.

An independent board would be created to oversee implementation and monitor progress toward reducing health cost increases; it would have authority to intervene if targets were not being met.

Exceptions to the new payment system would be allowed for care received outside the state, for non-Massachusetts residents who receive care within the state, and for specialty services that might not be appropriate for inclusion.

The full report is available at: <http://www.mass.gov/dhcfp/paymentcommission>.

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