Bursts of change in Minnesota’s health care

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Governor’s Health Cabinet

- 5 agencies regulating or purchasing health care
- Purchases health care for 800,000 Minnesotans, 20% of population
- Engaged in array of private-public alliances and partnerships to create a value driven health care market.

Mission Statement:
Take on the state’s health care costs issues by using its buying power to make substantive changes to Minnesota’s health care market.
Value Driven Health Care

1. Value vs. Volume
   - Volume = Number of office visits, procedures, hospital admissions x price
   - Value = Access + Service + Outcome
           Price / Time

2. Transparency of price and quality
3. Electronic information exchange
4. Affecting health status of Minnesotans
5. Improve all current agency operations
The $35 billion volcano of health care
“Eruption” future:
Rate of rising health care cost is unsustainable.
Growing 16% of GNP for health care unsustainable.
Rationale of aging population for more health care unsustainable.

“Eruption” factors:
Utilization imbalance?
Capacity expansion?
Plan reserves?
Health care consultation?
Medical trend salaries?
Medical technology – IT or clinical?
“Over cost-shifting”?
Public programs?

The $35 billion volcano of health care
Minnesota features:

1. Lowest # of uninsured in nation - 8.2%
2. Healthiest state in nation 4 of last 5 years
3. Most state-wide tools in marketplace
4. Most use of health savings accounts - 9.2%
5. Most purchase of LTC insurance - 10% (over 50 years)
6. More integrated systems (hospitals & clinics)
7. More primary care physicians / citizen
8. More employer sponsored insurance
9. Not for profit HMO's
10. Collaborative history
Where does the money come from?

62% Employer-based insurance
- small group
- large group
- self-insured

12.5% Medicare
- most over 65
- all with Part D managed RX
- some with supplemental plans

13% Medicaid / Public programs
- Medical Assistance
- MNCare
- General Assistance Medical Care

4% Individual coverage

.5% MN Comprehensive Health Association

8% Uninsured
* Workers compensation/No fault auto/Veterans health administration

100%
Where does the money go?
Market Facts:

1. There is **wide** variability in consumers.
   - Health status
   - Income
   - Capacity
   - Will to engage

2. There is **huge** variability in providers.
   - Scope
   - Quality
   - Service
   - Administration

3. There is **unrecognized** variability in insurance and insurers.
   - Benefit plans
   - Networks
   - Administration
Where’s the Center of Change?
Value-based purchasing

Purchasing in the MN Health Care Market

- Agency for Healthcare Research and Quality
- Consumer Purchaser Disclosure Project
- Institute for Clinical System Improvement
- Minnesota Alliance For Patient Safety
- Chartered Value Exchange - Four Cornerstones Initiative
- Pay for Performance Alignment Workgroup
- Minnesota Community Measurement
- Health Care Reform Legislation
- Smart Buy Alliance
- National Business Coalition on Health
- Minnesota Health Information Technology Advisory Committee
- The Leapfrog Group
- Buyers Health Care Action Group
- MN Bridges to Excellence
- Minnesota Quality Summit
- Quality Care and Rewarding Excellence QCare
- National Institute of Health Policy
- National Quality Forum
What does the “Smart Buy” Alliance do?

- Define the reason for the gap between cost and quality
  - Focus purchaser efforts to common market signal
  - No more cost shifting between buyers; rather use buying power to effect change across entire market

- Use common principles and goals in buying health care
  1. Require or reward “best in class” certification
  2. Adopt uniform measures of quality and results
  3. Empower consumers with easy access to information
  4. Require the latest information technology
Tools of Trade

1. ICSI
   Institute for Clinical Systems Improvement – private sector developed standards and practice guidelines

2. MN Community Measurement
   Measurement and reporting of quality and price information

3. Adverse Event
   Reporting

4. eValue8
   Measurement of health plan performance

5. QCare / P4P
   Common standards of payment

6. Tiered plans
   Peer grouping of providers + centers of excellence

7. Health Savings Accounts
   As market driver

8. Disruptive providers
   Convenience and employer clinics, alternate care, navigators
2008 Health Reform

New Statutes:

1. State health improvement plan – distributes $47 million to MN communities on competitive basis to effect health status improvement relating to obesity and tobacco.

2. Establishes criteria for “health care homes,” which will assume more responsibility for navigating a customer’s health care.

3. Authorizes payment of care coordination fees to health care homes.

4. Mandates e-prescribing – all providers, plans, and pharmacies.

5. Uses encounter data to establish peer groupings of providers based on quality and efficiency.

6. Establish at least 7 bundles of care for rapid transparency of certain conditions.

7. Lends $50 million to general fund until these reforms save $50 million.
And ... more from the Governor:

1. State is active business partner in Health Information Exchange – to establish interoperability of electronic health records and information.

2. Common coding and administrative standards will be completed by the AUC (uniformity group) by 2009.

3. e-prescribing and RxCompare will make Minnesota the safest and most competitive Rx market in America.

4. Personal health records will be connected by 2009 for many, for all by 2011.

5. Transparency project will display 100 most common procedures and their price/provider and 50 most common ordered imaging prices/provider.

6. Every consumer engagement tool will be found and used to meet consumer's need to act on health before sickness.
And...

7. Over 90% use of generic drugs in public programs.
8. Nation-leading tiered plan for state employees.
9. QCare pay-for-performance payments increasing clinical outcomes, sponsored by private sector, state employees, University of Minnesota, DHS and others.
11. State-wide agreement by MN Hospital Association and health plans to not submit bills for adverse events, first in nation.
12. HSA compliant version of MN Advantage plan offered to public sector through PEIP.
13. Major mental health initiative pre-dating federal legislation to integrate health delivery and payment.
14. Nation-leading rebalancing of institutional care to home and community services.
Influencers and Navigators

- Brokers
- Peers
- Counties
- Provider directed care coordinators
- Employer directed wellness and disease management
- Public health and public schools
- Associations, professional and business
- Public-private partnerships like Smart Buy Alliance
- MN Health Information Exchange
- The MN Chartered Value Exchange
Transformation Success

- Care model redesign from volume to quality / reset of market share and capacity accordingly.
- Purchasing redesign from discount focus to transparent value and value-sensitive benefits.
- Payment reform which includes pay-for-performance for providers and insurers and consumers and government.
Disruptive innovation toward high-performance health

- New buyer tools
- Health reform
- Price transparency
- Response to transparency
- Competition
- Disruption
- "New" competition
- "New" and transformed health care
- Buyer incorporation

2002 - 2015

$5000 to $9000

Cost of new demand

$7500

Inflation

$9500
“Any new nationalization of health care purchasing... will undermine Minnesota’s nation-best efforts to achieve value and market-based health care.”

1. Less competition
2. Less choice
3. More concentration of benefits
4. More diffusion of cost
5. Shift from orderly disruption of health care... to turbulent eruption of health care...
If Minnesota can't move the market ...

If Minnesota can't solve the value equation ...

If Minnesota can't engage consumers and providers ...

then ...