

Governor's Working Group for Healthcare Innovation

Draft proposal

It's easier to **make it in Rhode Island** if you have access to high-quality affordable healthcare, and it's more attractive for businesses to invest here if they have predictable healthcare costs. That's why we're focused on making health care more affordable by taking action to hold down costs.

Building on the successful efforts to reinvent Medicaid and shift Rhode Island's publicly funded healthcare system to **pay for value instead of volume**, Governor Raimondo launched a public effort to **spark innovation** across the entire healthcare industry, **eliminate waste** from the system, and **hold down the cost of healthcare**.

The Working Group for Healthcare Innovation's draft proposal:

- Sets clear expectations on costs and drives all stakeholders towards progress on a shared goal.
- Disrupts the status-quo, which is a fee-for-service model that increases costs with limited accountability for improving patient outcomes.
- Builds a common infrastructure which includes a thoughtful state health plan, transparency around prices, and a thorough analysis of what drives cost.

1 Create an Office of Health Policy to set statewide health policy goals

Single point of health policy

- Create an Office of Health Policy within EOHHS or an independent Health Policy Commission to set statewide health policy
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A comprehensive state health plan

- By December 2016, integrate existing health planning resources into a comprehensive state health plan
 - Include health policy goals, capacity and needs assessment, workforce planning, and performance measurement in the plan
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Coordinated health policy decisions

- Align certificate of need decisions, affordability policy, hospital conversions, Medicaid reforms, and capacity studies with the statewide plan
- Oversee the expanded Center for Health Data and Analysis, and coordinate policy in DOH, OHIC, EOHHS, and elsewhere

2 Set a statewide health spending target

Affordable healthcare with predictable costs

- Target having health care costs grow no faster than the long-term overall economic growth rate for the state
 - Consider what enforcement mechanisms might be appropriate
 - Allow the Office the discretion to modify the target going forward
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Accountability across the system

- Consider, after consultation with the Office, requesting a performance improvement plan from any payor, provider, or other player which causes excessive cost growth
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A link between insurance premiums and the cost of care

- By July 2016, issue a report examining the link between premiums and total cost of care
- If premiums have grown at an unjustified rate compared to costs, consider exploring additional regulatory action such as modifying the rate review process, publishing retrospective cost reconciliations, or increasing the minimum medical loss ratio

3 Expand the Center for Health Data and Analysis

Readily-accessible cost information

- Each September, publish annual cost data from the preceding year to understand why costs are increasing, where they're increasing, and opportunities to bend the cost curve
- Break down cost trends for all services into components which reflect the effect of changes in population, utilization, intensity, and pricing

An open and transparent system

- Publish annual price transparency reports on relative prices for each major provider to help remove payment disparities for the same care
- Facilitate consumer access to price information through policies such as requiring payors and providers to give binding price estimates

Cutting-edge health analytics

- Coordinate all health data across the state, including the all-payor claims database, the hospital discharge database, Medicaid encounter data, and others
- Report out annually on opportunities to reduce system waste through analysis of the all-payor claims database, hospital discharge database, newly-collected data on alternative payment models, and others

4 Align health policies statewide to support reform

A model without fee-for-service

- Require Medicaid to have 80% of payments tied to value and 50% of payments through an alternative payment model by 2018
- Incentivize private payors to reduce fee for service through policies such as limiting fee-for-service rate increases, reducing fee-for-service rates, or requiring alternative payment models

Investments in cost-effective alternatives

- Make strategic investments where necessary to reduce costs, which may include wellness, telemedicine, end-of-life care, health IT, and workforce development

Other health policies

- Encourage accountability for population health by adopting statewide health goals
- Incentivize adoption and usage of health IT, including CurrentCare, through Medicaid reimbursements to help coordinate care
- Maintain and build on gains in health insurance coverage by aggressively reaching out through Medicaid and HealthSource RI
- Monitor the market impact of acquisitions and carefully evaluate proposals for new mergers