



Wayne A. Smith
President & CEO

March 28, 2018

The Honorable John Carney
Governor, State of Delaware
Carvel State Office Building
820 N. French Street
Wilmington, DE 19801

Dear Governor Carney,

I write on behalf of the members of the Delaware Healthcare Association regarding the Health Care Delivery and Cost Advisory Group created by Executive Order 19.

In her opening remarks at the first Advisory Group Meeting on March 22, 2018, Secretary Walker stated that, *“the time for discussion about whether we need a benchmark is over.”* Several times during the meeting, Group members were advised that any discussion of the merits of a Benchmark would be out of order, and that their comments should be confined to feedback to the Secretary about the manner of implementation.

This is a serious mistake, both in terms of public process and public policy. As you know, the stakeholder input has been limited throughout this process; the forums convened by the Secretary have focused on informing Delaware stakeholders about experiences in other states, with limited, if any, time for contrasting these approaches with the cost reduction and quality improvement strategies currently underway (or in development) by Delaware providers and payers.

The Secretary’s proposal would fundamentally re-design the entire Delaware health care market based on a theoretical concept that has only been fully implemented in one state, and has only preliminary (and mixed) evidence of effectiveness. We believe that a decision of this magnitude should be made following a free, open and inclusive process.

We believe the Delaware perspective merits more attention. We cannot endorse any policy shift, including a benchmark, without actual dialogue. We also know that dialogue could provide useful answers for all participants—providers, payers, consumers, and state government. Until there is better communication regarding the policy *direction* represented by a benchmark or other systemic reform initiatives, Delaware policy makers

risk supporting a measurement concept without an understanding of the potential real-world consequences. Reasonable questions that need to be addressed at this point include:

1. Why the Massachusetts Model, when the results are mixed and the health care landscape is so different? How would Delaware avoid the significant downsides in the Massachusetts experience — from job loss, overseas outsourcing and provider consolidation to mixed cost reduction outcomes and massive growth in state bureaucracy?
2. To what extent are the value-based contracts (in place or in development) in Delaware already getting much of the job done, in terms of quality and cost control? The Mercer team is currently cataloging this work: we do not yet know what they have found and how much of an impact we are already making in aggregate.
3. What if a benchmark or other top-down control imposed by fiat does not “work” to contain costs and improve quality? The evidence clearly points to this as a possibility. What is the fallback plan? Are there more creative approaches that might be appropriate for a small state with a mixed urban-rural population and a history of successful policy collaborations?

The term Benchmark first appeared in HJR 7, which was introduced and passed on the last night of the scheduled legislative session, and there has never been a point at which Delaware stakeholders were actually *asked* whether this policy is suitable for Delaware. Since that time, Secretary Walker has made no attempt to genuinely engage the citizens of Delaware. Stakeholders who attended summit meetings planned by the Secretary have largely been cast in the role of observers for a series of presentations featuring academics, an author of a new book, and policy commentators with little on-the-ground experience in implementation and even less knowledge of the unique attributes of Delaware.

In light of the stifling of discussion at the Advisory Group Meeting, I want to clarify that the Delaware Healthcare Association does not support the Benchmark at this point in time nor as presently conceived. We are concerned that continued participation in the Advisory Group by two of our members could be misconstrued.

As for our position, the Delaware Healthcare Association supports:

1. An open and deliberative process designed to have stakeholders arrive at a mutually supported change initiative;
2. A focus on the areas the state directly controls, and that have direct budget implications:
 - A. Medicaid
 - B. State Employee Health Plan

Despite our deep concerns about the Secretary’s approach, our members will continue, for the time being, to participate in the Executive Order 19 Advisory Group pursuant to our

role as health care providers. Our interest in continuing to participate in the Advisory Group, notwithstanding our concerns about the cursory stakeholder engagement process that is designed to support a pre-determined outcome, is particularly critical as there is not a single health care consumer or patient advocate member of the Advisory Group. Even if the nature and tone of the discussions improves considerably, however, DHA will not support the benchmark without a fundamental reset of this process, including consideration of the threshold question of what *other* options exist for addressing rising health costs in Delaware.

The one-way communication process that has been outlined for the Executive Order 19 Advisory Group is not the meaningful stakeholder engagement that Delawareans have rightfully learned to expect from our policy leaders. As health care is essential to the well-being of every Delawarean, a major restructuring of Delaware's health care system should be done by Delawareans for the benefit of Delawareans.

Respectfully,



Wayne Smith
President & CEO, Delaware Healthcare Association

On behalf of our Board of Directors:

- Members of the DHA Board of Directors:
 - **Jeffrey M. Fried**, President & CEO, Beebe Health System
 - **Terry Murphy**, FACHE, President & CEO, Bayhealth Medical Center
 - **Janice E. Nevin**, MD, MPH, President & CEO, Christiana Care Health System
 - **Roy Proujansky M. D.**, Executive Vice President and Chief Executive of Nemours Delaware Valley Operations, Nemours Children's Health System
 - **Steven A. Rose**, RN, MN, President & CEO, Nanticoke Health Services
 - **Daniel Sinnott**, President & CEO, Saint Francis Healthcare
 - **Wayne A. Smith**, President & CEO, Delaware Healthcare Association

CC:

- **Members of the 149th General Assembly**
- **The Hon. Kara Odom Walker**, M.D., MPH, MSHS, Secretary, Department of Health and Social Services