



To: Kara Odom Walker, MD, Secretary, Department of Health and Social Services
From: Medical Society of Delaware
Date: December 11, 2017

Re: Comments to “Health Care Spending Benchmark Legislative Report”

On behalf of the physicians and patients of Delaware, the Medical Society of Delaware (MSD) again appreciates the opportunity to provide comments to the ongoing Department of Health and Social Services’ (DHSS) efforts. In particular here, the “Health Care Spending Benchmark Legislative Report.” We welcome continuing engagement and appreciate continued involvement.

Our understanding is this document is meant to be a supplement to, not a replacement of, the report “Delaware’s Road to Value.” As such, please consider this feedback to be a supplement as well. We do want to generally reiterate our previously-submitted comments to the “Road to Value” as we feel they address many of the underlying assumption of the both of the two DHSS reports.

As it comes to risk-based models, we certainly understand that in the ACO context that upside and downside risk are a fundamental premise. However, much of the upside and downside risk valuation is further predicated on the ability to absorb risk. That is, ACO’s often have entities at their center which are able to absorb risks.

Currently, fortunately, much of the primary care delivered in Delaware is delivered by small practices. If Delaware pushes full-risk models, Delaware must be cautious that it does not *de facto* compel consolidation of care. Currently, through unequal contracting power, practices which resist consolidation may find themselves with a small share of the upside and a large share of the downside. Equity and fairness reaches the patients through equity and fairness to the actual practitioners delivering care.

Related, we want to specifically reiterate our belief that greater investment in primary care is necessary to the success of any model and path Delaware chooses. While a risk-based model is one potential path, it is not strictly necessary to improve quality and reduce costs. To promote any model without promoting a change the way we pay for primary care and care coordination is short-sighted. Strong safeguards must be in place so that cost sharing driven through risk is *not* met by reduced care of patients.

One such model is the recent partnership between MedNet and Health EC. It will promote the risk-based model in the largest physician-managed organization in the state and address the possible chilling effect an 'all-risk' model may have on that partnership and medical community.

Lastly, we ask that the members of the General Assembly, the Joint Finance Committee, as well as DHSS continue to recognize efforts to date by physicians, health systems, and payers which have already had significant investment, effort, and stakeholder coordination. We support the continuing efforts of DHSS, but a dovetail with existing work is to everyone’s benefit.