
REPORT TO THE DELAWARE GENERAL ASSEMBLY
ON ESTABLISHING A HEALTH CARE BENCHMARK



Department of Health and Social Services
presentation to the Delaware Health Care
Commission

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The Imperative To Act

- Delaware providers and payers have been working hard providing high quality care and delivering services to an aging population in an ever-changing health care environment.
- Providers have adapted to the many changes and reforms developed by the federal government and have proven to be nimble with their ability to respond to these external pressures.
- However, Delaware health care costs remain among the highest in the country (3rd) and are growing faster annually than most states in the region and nationally.
- Additional bold action is, therefore, necessary.
- This presentation summarizes the legislative report submitted 12-15-17.



Synthesizing New Ideas In A Delaware Context

- It is common practice among states to study the strategies employed by other states to address vexing policy problems.
- For this reason, beginning on September 7, 2017, the Department hosted a series of five different health care benchmark summits that were open to the public.
- DHSS learned important and transferable lessons from innovative states, including California, Massachusetts, Oregon, Pennsylvania, Rhode Island and Vermont.
- The legislative report strategies were informed both by these states *and* by Delaware stakeholder written and oral input.



Five Strategies To Reduce Delaware Health Care Cost Growth And Improve Health Outcomes

1. Establish state health care spending and quality benchmark.
2. Analyze and report on variation in health care delivery and cost and facilitate data access for providers.
3. Implement Medicaid and state employee total cost of care risk-based contracting utilizing alternative payment methodologies and delivery models that share risk and accountability with providers.
4. Support care transformation and primary care.
5. Address underlying social and environmental issues affecting health outcomes and partially ameliorate them with appropriate strategies.



I. Establish State Health Care Spending And Quality Benchmark

- Separate benchmarks for annual health care spending growth and for selected quality targets.
- Benchmarks set at state level, and also, as practicable, at the market (commercial, Medicare, Medicaid), insurer, and health system/provider level.
- Results made public, with analysis identifying underlying contributors, but no regulatory implications for exceeding the benchmarks.
- Spending growth benchmark to be tied to an economic index (index TBD).
- The HCC to hold responsibility for benchmark setting and reporting.



2. Analyze And Report On Variation In Health Care Delivery And Cost And Facilitate Data Access For Providers

- Develop capacity to identify cost drivers underlying performance relative to the spending benchmark.
- Analyze and report on variation in health care delivery and costs to identify leading opportunities for improved system performance and track progress toward reducing unwarranted and undesired variation (e.g., low-value services, potentially avoidable complications).
- Make information available to provider organizations to inform their performance improvement efforts.
- Leverage the substantial data that will exist within the new Health Care Claims Database and increasingly exists within the DHIN.



3. Implement Medicaid And State Employee Total Cost Of Care Risk-based Contracting And Share Risk And Accountability With Providers

- Leverage the State's role as a major health care purchaser to implement aligned Medicaid and state employee total cost of care risk-based contracting and thereby share risk and accountability with providers.
 - Contracted providers will assume some financial responsibility should per capita spending exceed a contracted target.
 - Provider financial experience will be influenced by quality performance.
- Initiate collaborative discussions with internal State partners, providers and managed care networks; draw upon the 2016 Delaware Center for Health Care Innovation Payment Committee's consensus paper on outcomes-based payment as a starting point.
- Consider how best to align with Medicare's ACO and MACRA program designs to streamline payer provider expectations.



4. Support Care Transformation And Primary Care

- Strategies to increase the use of risk-based contracting must be paired with support to providers and provider organizations to ensure they can be successful under such models.
- Build upon the effort and resources that have been developed through the SIM process on addressing provider readiness to bear financial risk and provide technical assistance to contractors serving our population through risk-based arrangements.
- A priority must be placed on supporting the large number of small practices and solo practitioners, without whom system transformation cannot occur.



5. Address Underlying Social And Environmental Issues Affecting Health Outcomes And Partially Ameliorate Them With Appropriate Strategies

- High health care costs and poor health outcomes are only partially the result of current payment and delivery system design.
- Social circumstances, and environmental and behavioral factors, play a large role in health status.
- Providers must have the capability to serve our Medicaid and other disadvantaged populations and be prepared to address a wide range of socioeconomic risk factors, as well as comparatively high prevalence of mental illness and substance use.
- This strategy will require a focus on the social service infrastructure that lies outside of the health care system today.

