Managed Care and Healthcare Reform in Massachusetts

MASSACHUSETTS Health & Hospital ASSOCIATION

HFMA MA-RI New to Healthcare

November 19, 2021

AGENDA

- What is Managed Care?
- Brief History of Health Insurance
- Managing Care (in the time of COVID)
- Massachusetts Market
- Health Care Reform
- Managed Care in the Real World – Dianne Dobbins

What is managed care?

A system for health care delivery that attempts to manage the **quality, utilization, and cost** of medical services that individuals receive.

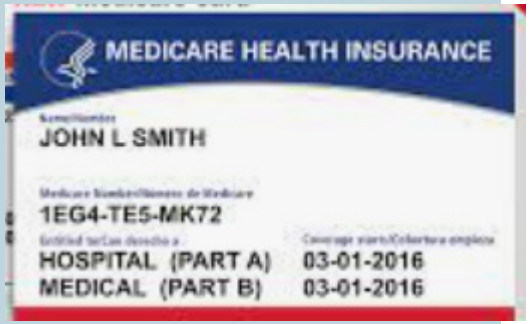
Care may be coordinated by a primary care provider (PCP).

Most managed care systems utilize a network design, limiting to varying degrees the number of providers from which a patient can choose, whether the patient has to use a primary care physician, and whether out-of-network care is covered under the plan.

Health insurance carriers contract with clinicians and hospitals to form managed care networks.

A Brief History of Health Insurance/Managed Care

BlueCross BlueShield Association



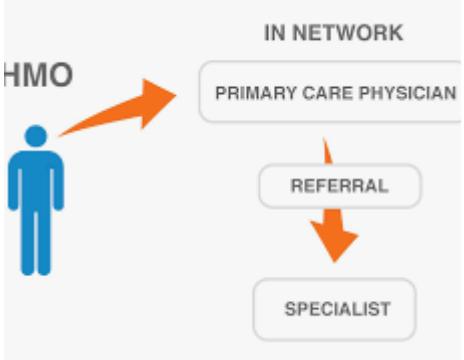
Private health insurance began to evolve and expand in the United States in the 1920s. In 1929, Justin Kimball starts a hospital insurance plan for teachers at Baylor Hospital in Texas. This later became the model for Blue Cross plans.

Prior to the 1970s, most insurance was fee for service/indemnity – more similar to home owners insurance or auto insurance where you have an event and you submit a claim and the insurer pays 80% of the usual and customary charges. Insurance was meant for unexpected, unforeseeable events and there was no coverage for routine preventive care.

1965 Medicare and Medicaid are enacted by the US Congress and President Lyndon Johnson – government entitlement programs based on eligibility criteria (age – Medicare; income – Medicaid)

Rise of HMOs

- **Health Maintenance Organization Act of 1973** It provided grants and loans to provide, start, or expand a Health Maintenance Organization (HMO); removed certain state restrictions for federally qualified HMOs; and initially required employers with 25 or more employees to offer federally certified HMO options IF they offered traditional health insurance to employees.
- HMOs provided care through contracted networks and replaced FFS with prepaid capitated arrangements. Preventive and routine care included.



MASSACHUSETTS

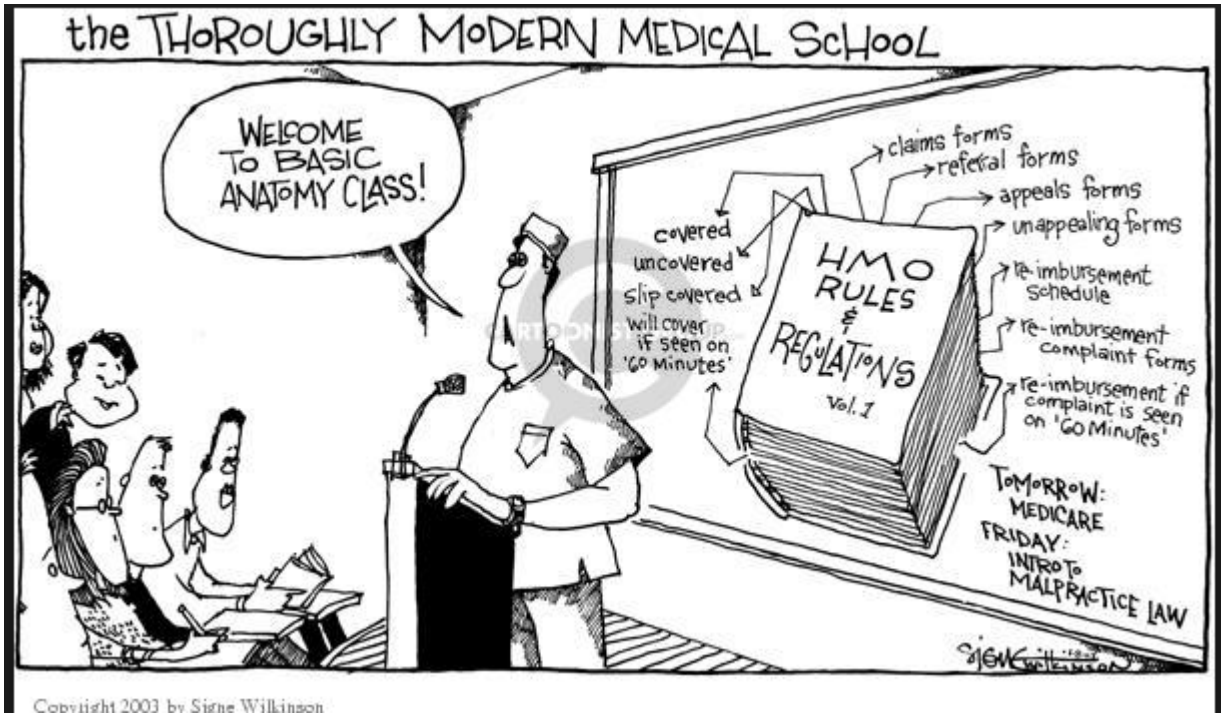
TUFTS Health Plan

Harvard Pilgrim Health Care

fallonhealth

Managed Care Backlash!

- **1990s** – Managed care backlash resulted in consumer protection legislation, greater regulation, decline in HMO enrollment, growth of PPO, POS models



Polling question

- What was the most prevalent form of private health insurance prior to 1970s?

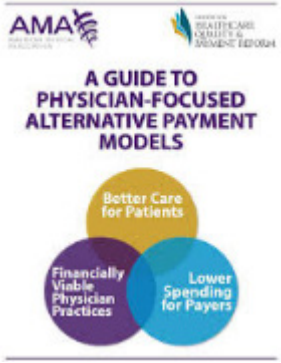
- PPOs
- HMOs
- Indemnity/Fee for Service

And now…

- **2010** – Affordable Care Act (ACA) = Obamacare - signed into law and **again upheld in the Supreme Court case**

- **Today** – **Back to the future**! Delivery reform – ACOs, alternative payment methodologies, social determinants of health, disruptive technologies, moving from volume to value

CMS
CENTERS for MEDICARE & MEDICAID SERVICES



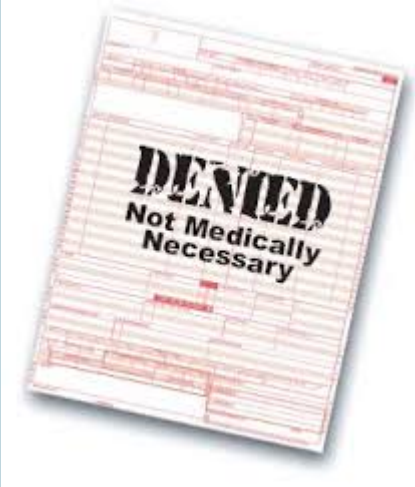
Tools of the managed care trade

- Referrals
- Prior authorization
- Utilization review – concurrent and post service
- Payer audits, post service denials
- Provider pay for performance incentives based on meeting quality measures (process, outcome)
- Alternative Payment Methodologies (capitation, global budgets)
- Unilateral contractual changes

Utilization Review

- Set of formal techniques designed to monitor the use of, or evaluate the clinical necessity, appropriateness, efficacy, or efficiency of, Health Care Services, procedures or settings.
- Such techniques may include, but are not limited to, prospective review, second opinion, certification, concurrent review, case management, discharge planning or retrospective review.

Medical Necessity or Medically Necessary



Massachusetts Statutory Definition:

Health Care Services that are **consistent with generally accepted principles of professional medical practice** as determined by whether: (a) the service is the most appropriate available supply or level of service for the Insured in question considering potential benefits and harms to the individual; (b) is known to be effective, based on scientific evidence, professional standards and expert opinion, in improving health outcomes; or (c) for services and interventions not in widespread use, is based on scientific evidence.

Coverage may be denied if health plan does not consider services to be medically necessary.

Right to appeal

Managed Care Tool: Prior Authorization

CT/CTA/MRI/MRA PRIOR AUTHORIZATION FORM

SECTION 1. MEMBER DEMOGRAPHICS			
Patient Name (First, Last):			DOB:
Health Plan:	Member ID:		Group #:
SECTION 2. ORDERING PROVIDER INFORMATION			
Physician Name (First, Last):			
Primary Specialty:	NPI:		Tax ID:
Phone #:	Fax #:		Contact Name:
SECTION 3. FACILITY INFORMATION			
Facility Name:	Facility Tax ID:		NPI:
Address:	City:	State:	Zip:
Phone #:	Fax #:		Date of Service:
SECTION 4. EXAM REQUEST			
☐ CT ☐ MRI	☐ CTA	☐ MRA	
CPT Code(s):			
Description:			
ICD Diagnosis Code(s):			
Description:			
Date of first office visit for this condition with any provider:			
Date of most recent office visit for this condition with any provider:			
SECTION 5. SELECT APPLICABLE BODY REGION AND CHECK REASON(S) FOR STUDY *(CHECK ALL THAT APPLY)*			
☐ **ABDOMINAL/ PELVIS**			
Abd/Pelvis Combination Study ☐ **Yes** ☐ **No**			
☐ Acute Pain (less than 48 hrs)	☐ Chronic Pain (more than 48 hours)		☐ Kidney/Urethral Obstruction or Calculus
☐ Hematuria	☐ Abdominal/Pelvic Trauma		☐ Jaundice, Abnormal Liver Function Tests

Performance Incentive Measures - examples


National Quality Forum (NQF) Measures (Diabetes)

Measure	Recommended Measure Title
0055	Eye Exam (no evidence of retinopathy)
0056	Foot Exam
0059	HbA1c Poor Control (HbA1c >9%)
0061	Blood Pressure Management
0062	Urine Screening
0064	LDL Management and Control
0575	HbA1c Control (<8%)
0018	Controlling High Blood Pressure

NCQA
Measuring quality. Improving health care.

Process: preventive screenings, chronic care management (diabetes, asthma, depression)

Outcome: how well are chronic conditions controlled? Hospital acquired infection rate, post operative complications

Patient experience – access to care, communication, discharge process

Using nationally accepted measures, provides financial incentives to improve care.

Challenge: plans all use different measures, adding to administrative burden and making it difficult to focus on specific improvements

Accommodations made to Managed Care During COVID Pandemic

- Expansion and coverage of telehealth; waiver of patient copays/deductibles
- No patient cost sharing for COVID diagnosis and treatment
- Prior authorization requirements waived for covid and non-covid hospital admissions
- Retrospective medical necessity denials for COVID ED and admissions prohibited
- Expedited health plan credentialing processes

Paying for and moving towards value based care: Alternative Payment Methodologies (APMs)

Value Based Care - Moving from FFS to arrangements where Providers assume risk and are rewarded for good patient health outcomes

- **Global payment/capitation** – a fixed per member per month payment by an insurer to providers for caring for their patients – covers most or all services. Payments generally health status adjusted to reflect the amount of care required.
- **Bundled payments** – paying a predetermined amount for an episode of care such as the total cost of a hip replacement. Includes all acute and post acute care delivered by hospital, physician, rehab facility, etc.
- 41% of commercial members and 84% of MassHealth members are covered by APM contracts in 2019 (CHIA 2021 annual report)

Poll question #2

- Which commercial insurer has the largest membership in Massachusetts?

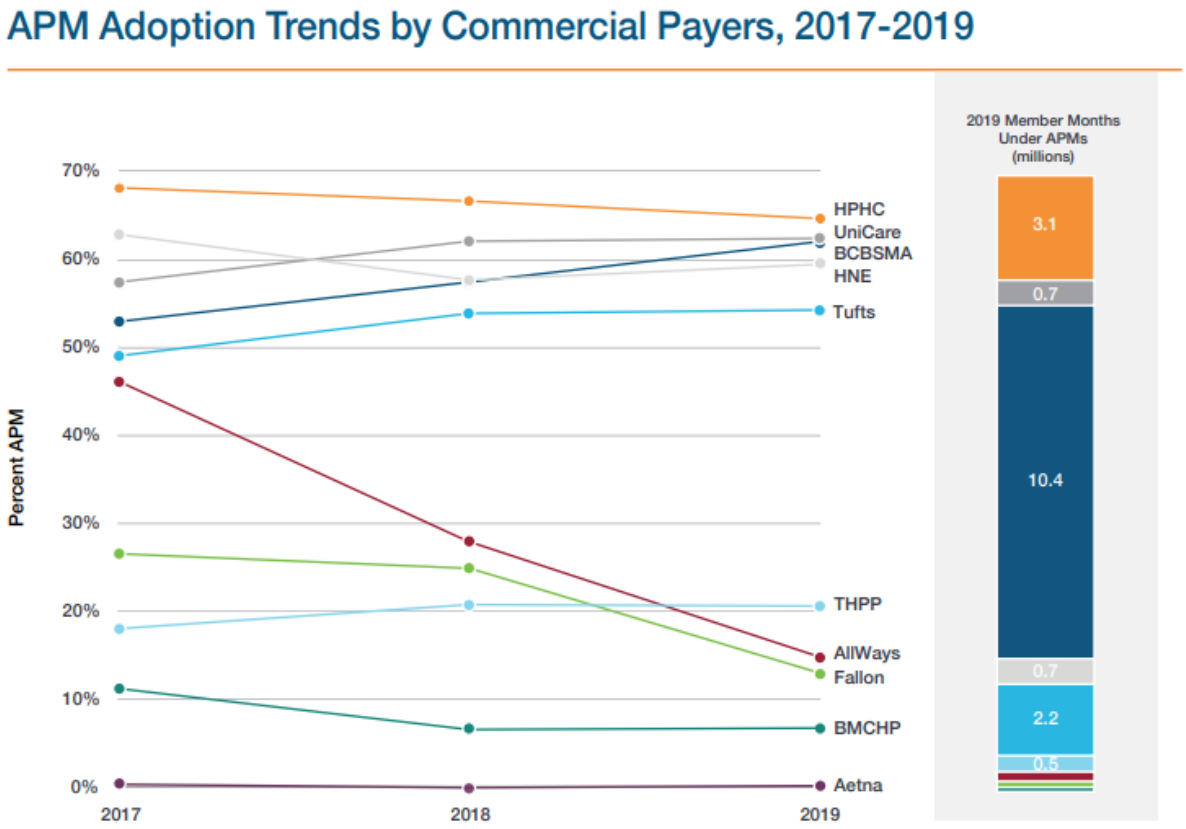
United Healthcare

Blue Cross Blue Shield of Massachusetts

Harvard Pilgrim Healthcare

Tufts Health Plan

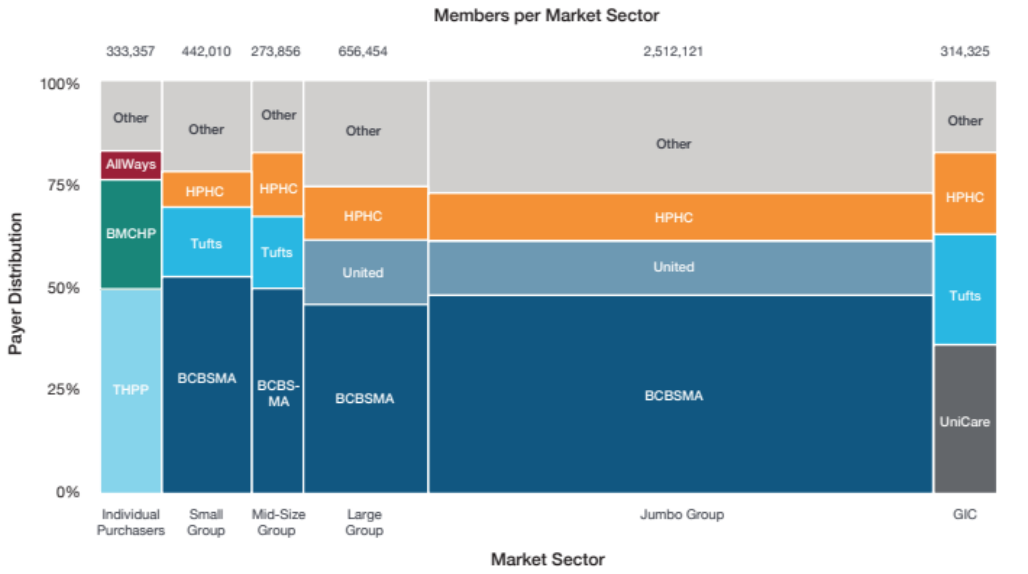
APM Adoption Rates by Commercial Payers (CHIA Annual Report 2021)



Largest Commercial Payers by Market Sector, 2019

*Data provided by CHIA

Largest Payers by Market Sector, 2019

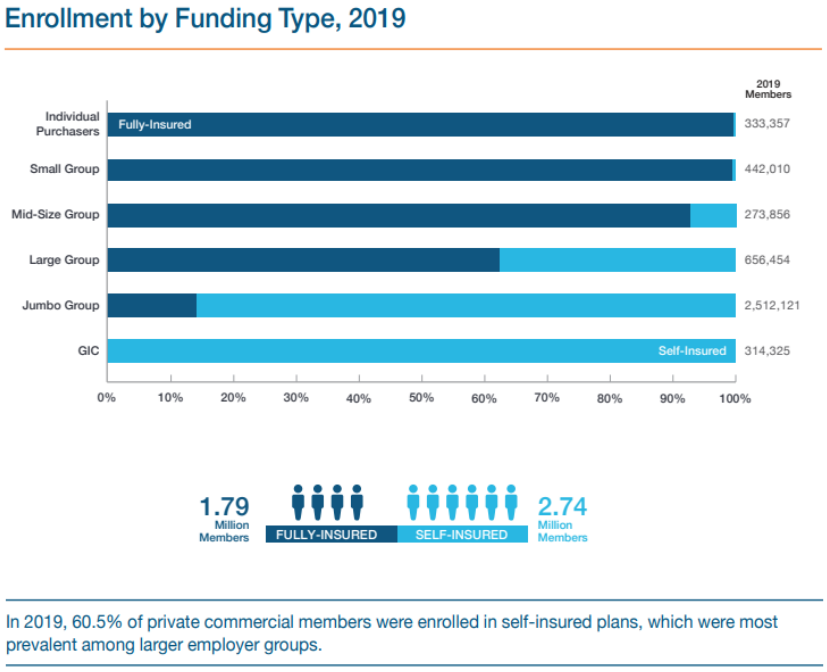


BCBSMA maintained nearly half of the market share in all ESI market sectors except GIC.

Source: Payer-reported data to CHIA.

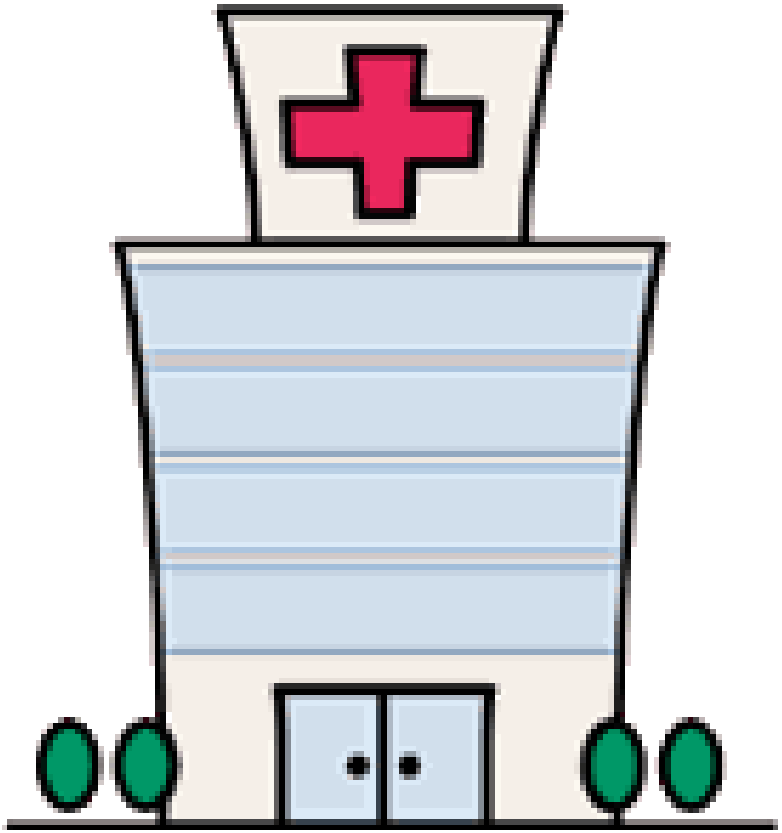
Notes: Based on Massachusetts contract-membership, which may include non-Massachusetts residents. THPP is reported separately from its parent company, Tufts. See technical appendix.

Enrollment by funding type (CHIA 2019 annual report)



- **Fully-Insured**: A fully-insured employer contracts with a payer to cover pre-specified medical costs for its employees and employee-dependents. Regulated by state insurance departments; must comply with all state insurance laws.
- **Self-Insured**: A self-insured employer takes on the financial responsibility and risk for its employees and employee dependents' medical costs, paying payers or third party administrators to administer their claims. Regulated by the Feds under ERISA; exempt from state mandates

Benefit Design



- **Full network:** provides access to the broadest network of providers and hospitals
- **Tiered Network Health Plans**: Insurance plans that segment their provider networks into tiers, with tiers typically based on differences in the quality and/or the cost of care provided. Patients can then choose where to receive care and pay accordingly. More expensive providers or those with poorer quality measures lesser are placed in the highest (most costly) tier
- **Limited/select Network-** A health insurance plan that offers members access to a reduced or selective provider network, which is smaller than the payer's most comprehensive provider network within a defined geographic area and from which the payer may choose to exclude from participation other providers who participate in the payer's general or regional provider network.
- **High Deductible Plan:** HDHP enrollment grew 13.5% (+166,000 members) between 2018 and 2019, a faster growth rate than the previous year. By 2019, 1.4 million Massachusetts members (35.1%) were enrolled in an HDHP
- **Virtual Networks:** Some plans have created products that rely on telehealth rather than in person visits

Poll Question 3

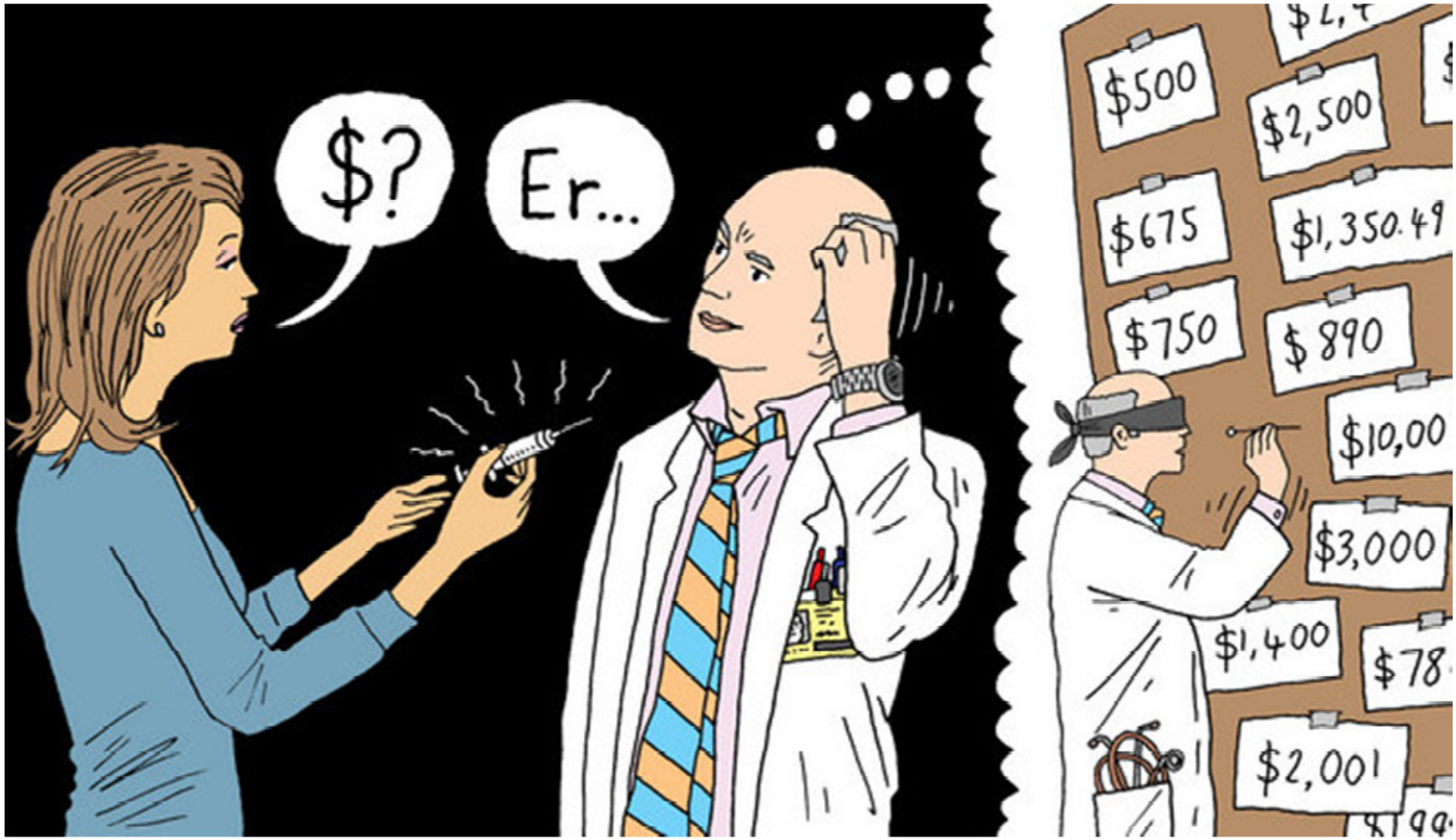
- Approximately what percentage of the Massachusetts population are enrolled in self funded insurance plans?

- 10%
- 25%
- 60%

Cost Sharing – waived for COVID DX

- **Allowed amount –** the amount the health plan will pay for a covered service. E.g. the doctor may charge $100 for an office visit but the allowed amount the health plan pays is $65
- **Copayments**- a fixed amount you pay for an office visit or other service E.g. $20 copayment for a medication or sick visit to your doctor
- **Coinsurance** – the percentage of costs of a covered health care service that you pay. E.g. the allowed amount for an office visit is $100 and your co-insurance is 20%. You would pay $20 for the visit.
- **Deductible** – the amount you are responsible for paying before your insurance kicks in. E.g. if you have $1000 deductible, you must pay the first $1000 of covered services yourself.

How much will this cost? Moving towards greater transparency



Price Transparency – Requirements for Providers and Payers – Massachusetts Law since 2013

Providers

Upon request by a patient or prospective patient, a health care provider shall, within 2 working days, disclose the allowed amount, estimated maximum allowed amount, or charge of the admission, procedure or service, including the amount for any facility fees required;

Payers

All carriers shall establish a toll-free telephone number and website that enables consumers to request and obtain from the carrier, in real time, the estimated or maximum allowed amount or charge for a proposed admission, procedure or service and the estimated amount the insured will be responsible to pay for a proposed admission, procedure or service that is a medically necessary covered benefit, based on the information available to the carrier at the time the request is made

Hospital Price Transparency – CMS RULE

Effective January 1, 2021, hospitals must post standard charges for all items and services as follows:

- The gross charges (from the chargemaster)
- The discounted cash price (for individuals paying cash or with no insurance)
- The payer specific negotiated charges
- The de-identified minimum and maximum negotiated charges and

- 300 Shoppable services – 70 defined by CMS, 230 chosen by the hospital

- CMS audits, penalties for non-compliance

Surprise Billing Laws Effective 1/1/22

State Law

- Protects patients from balance billing in non-emergency situations unless provider has met notification requirements and obtained consent
- Regulates providers through M.G.L. Ch. 111 section 228

No Surprises Act (federal)

- Protects patients from OON provider balance billing in emergency settings and for out-of-network provider services in in-network facilities
  • Applies to air ambulances (not ground). Exemptions for certain providers who provide notice and obtain consent
- Applies to insurers, self funded ERISA plans. Excludes Medicare, Medicaid

How will these two laws intersect?

State Law

No Surprises Act

Issues impacting managed care insurers, providers, consumers – the list goes on!

- **COVID-19** – catastrophic losses for providers, windfall for insurers in 2020
- **Inequities** in access to and in the delivery of healthcare
- **Telemedicine** – payment parity, covered services
- **Staffing**- severe shortages across the continuum of care
- **Surprise Billing** – unexpected bills for out of network services
- **Behavioral Health** – access, parity with medical treatment
- **Opioid Epidemic** – impact on providers, EDs, families
- **Population health management**; social determinants of health
- Rising cost of **prescription drugs**
- **ED utilization**, growth in Retail clinics, urgent care centers
- **Administrative complexity** – reduce areas of admin complexity that add costs without improving value or accessibility of care
- **Effects of mergers and consolidations** of health plans, hospitals, provider organizations

Managed Care in the real world

Dianne Dobbins

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