

THE ACA TO HEALTHCARE TRANSFORMATION:

**What's in Store
for Hawai'i**

WHY THE ACA AND TRANSFORMATION?

Health Status Getting Worse Despite High Costs

- Rising rates of obesity and chronic diseases
- Disparities

Mediocre Quality

- According to the National Health Quality Report, Hawai'i meets only about 40% of all quality benchmarks on average
- The Rand Corporation reports that patients get recommended treatment only 1/2 the time and that 1/3 of common surgical procedures are unnecessary

Cost is Not Sustainable

- Most expensive in the world
- Cost up 50% since 2005 while wages increased by 18%

SYSTEM IS INEFFICIENT

Institute of Medicine: Up to 30% waste in system

- Unnecessary services: (\$210 billion)
- Excess administrative costs: (\$190 billion)
- Inefficiently delivered care: (\$130 billion)
- Prices exceed competitive benchmarks: (\$105 billion)
- Fraud: (\$75 billion)
- Missed prevention opportunities:(\$55 billion)

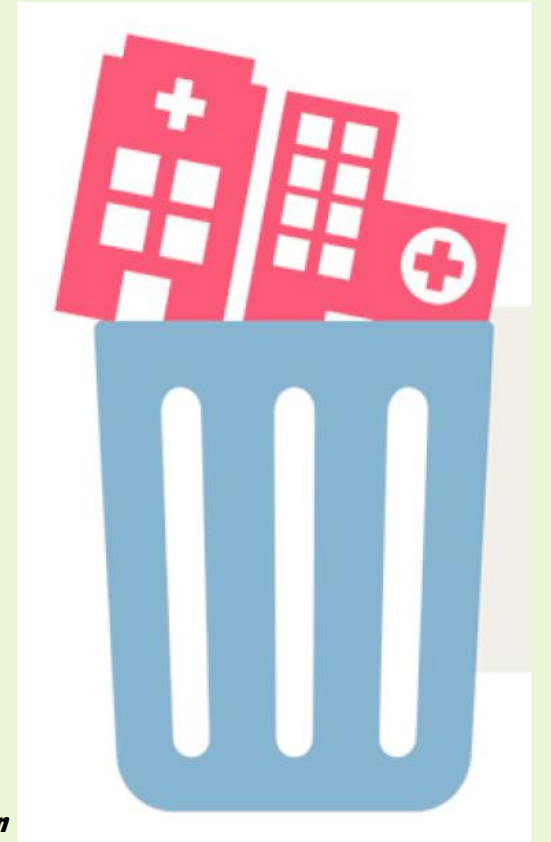
**Best Care at Lower Costs, 2012*

10% OF HAWAI'I HOSPITALIZATIONS & ER VISITS ARE POTENTIALLY PREVENTABLE

Hospitalizations:	\$159 million
Readmissions:	\$103 million
ER Visits:	+ <u>\$ 90 million</u>

Potential Savings = \$352 million

Source: Hawaii Health Information Corporation



PATIENT PROTECTION & AFFORDABLE CARE ACT (ACA)

Passed in March 2010 – most notable healthcare legislation since Medicaid and Medicare in 1965

June 2012 Supreme Court upheld most of law

Far-reaching bill with many parts

ACA PROVISIONS: INSURANCE

- Insurance Exchange (marketplace)
- Tax credits for employers and enrollees
- Coverage options for uninsured and self-insured
- Assistance via “navigators”
- Medicaid expansion for low income people (up to 138% FPL)
- Coverage options for children up to age 26 on parents’ plans
- Closed the donut hole for Medicare drug benefits
- Eliminated exclusions for pre-existing conditions
- Eliminated upper limits for benefits
- No co-payments for prevention

ACA PROVISIONS: DELIVERY SYSTEM

- Additional funding for FQHCs
- Additional funding for the National Health Service Corps
- Higher payments for primary care providers in Medicaid and Medicare
- 340 B Drug Program expansion
- Additional funding for optional models:
 - Innovation grants
 - Accountable care organizations
 - Multi-payer initiatives (standardization across public and private insurance)
 - Medicaid health homes
 - Coordination of Medicaid and Medicare benefits
 - Home & community-based services through Medicaid

ACA PROVISIONS: OTHER

- Penalties for hospitals for avoidable readmissions
- Evidence-based medicine and comparative effectiveness research
- More graduate medical residency positions for shortage areas
- Additional scrutiny for fraud and abuse
- Taxes tanning salons; adds fees to pharmaceutical industry
- Collects demographic data to learn more about health disparities
- New payment arrangements:
 - Hospitals subject to value-based purchasing
 - Bundled payment for Medicare

ACA PROVISION: CENTER FOR MEDICARE & MEDICAID INNOVATION

State Innovation Models

- 6 implementation states
- 19 planning states, including Hawai'i
- Expectations
 - Governor's Office
 - Stakeholders
 - Address state strengths and needs
 - Comprehensive
 - Benefit CHIP, Medicaid, and Medicare
 - Sustainable

— *State of Hawai'i* —

HEALTHCARE INNOVATION PLAN



**Triple
Aim**



- ✓ **Better Care**
- ✓ **Better Health**
- ✓ **Lower Costs**
- ✓ **Reduced Health Disparities**

THE ROADMAP FOR HEALTHCARE TRANSFORMATION SUMMARY



PRIMARY CARE PRACTICE REDESIGN

Ensuring that at least 80 percent of Hawai'i's residents are enrolled in a Patient-Centered Medical Home (PCMH) by 2017 and integrating behavioral healthcare into the primary care setting.



HEALTH INFORMATION TECHNOLOGY

Improving connectivity and capability across the healthcare ecosystem and collecting and using data to support delivery and payment transformation.



CARE COORDINATION

Implementing programs for high-risk/high-need populations, including establishing Medicaid Medical Homes and Community Care Networks for high-risk Medicaid and commercial beneficiaries and initiating super-utilizer pilot programs.



WORKFORCE DEVELOPMENT

Expanding capacity for team-based care, addressing workforce shortages and improving cultural competency of providers.



PAYMENT REFORM

Transitioning all payers to value-based purchasing.



POLICY STRATEGIES AND LEVERS

Aligning state resources to drive policy change.

ROADMAP

■ Practice redesign

- Align definitions, quality measures, incentives
- Redesign practices to use teams, EHRs, focus on prevention and good outcomes
- Incorporate BH and OH

■ Care coordination

- Centralized care coordination structure
- Super-utilizer programs – DPS, Paramedicine

■ Payment reform

- Alignment of models, metrics, payment
- Administrative simplification

■ Health IT

- Electronic health records
- Information exchange
- Collection, analysis, use of data
- Transparency

■ Workforce

- Healthcare is changing; so must workforce
- Residencies, new professions, licensing barriers

■ Policy

- Align health care policy, funding, programs across state agencies (DOH, DHS, DCCA, DLIR, OIMT, B & F, DOE)
- “Health in all policies” – transportation, environment, business, farming

WHERE WE ARE AND NEXT STEPS

Building infrastructure

- HB2277 Office of Healthcare Transformation
- All-Payer Claims Database

Adding to transformation plan

- Next CMMI funding opportunity— Detailing the plan with BH focus
- Hawai'i Health Information Exchange
- Health Home

CONNECTOR ISSUES

Due to the Prepaid Health Care Act, Connector enrollment low

Sustainability planning

- Board and state agency collaboration
- Legislature – SB 2470
- Federal agencies

Priorities

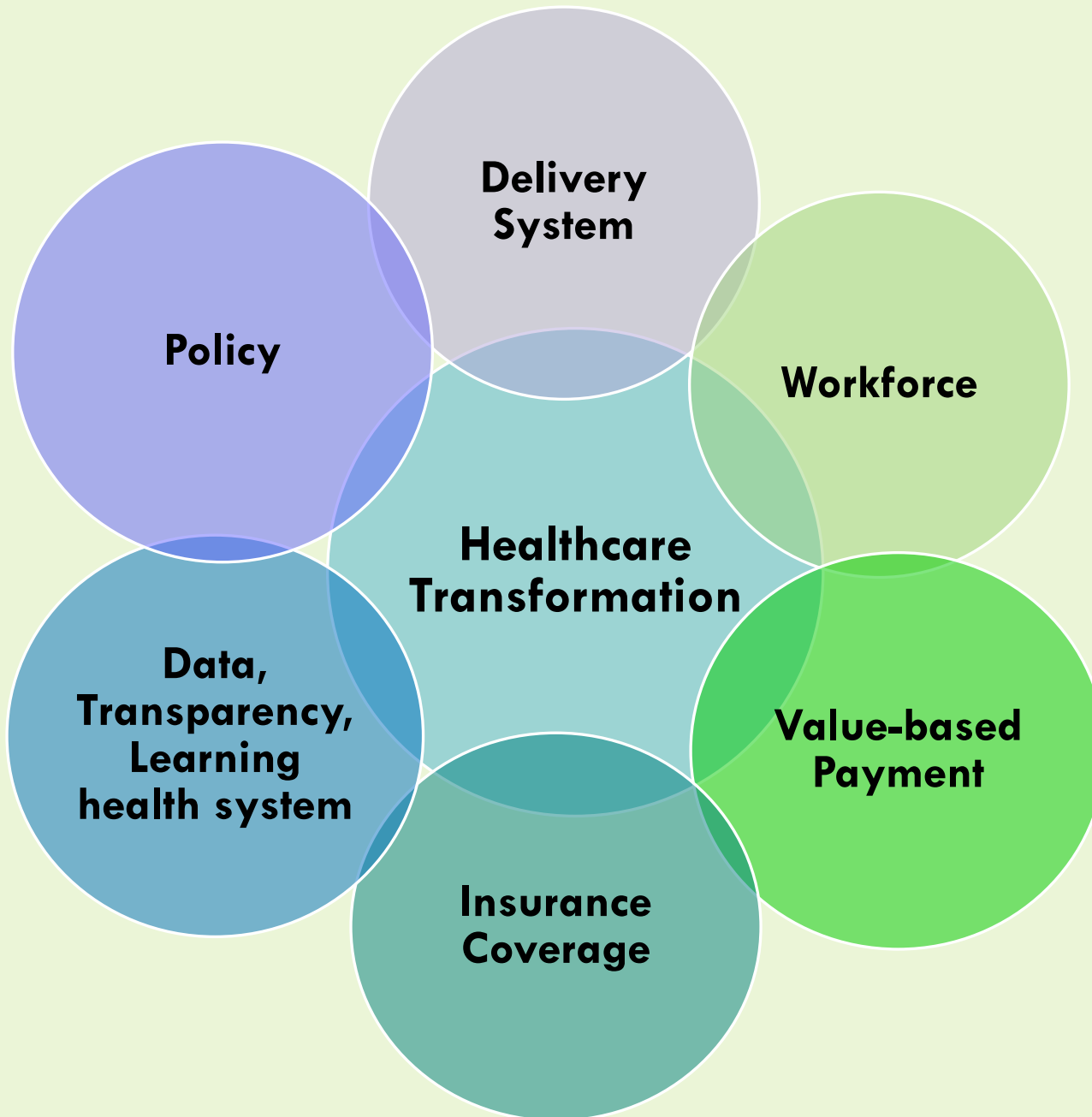
- Scaled to Hawai'i needs
- Cost effective
- ACA compliant

BRINGING IT ALL TOGETHER: ACA WAIVER

Available no sooner than 2017

- Coverage, affordability, availability at least as good
- Budget neutral
- Can combine Medicaid and Medicare waivers
- Must get public input
- Must have legislature approve related regulations
- Must get DHHS approval

HB2581 creates waiver taskforce



RESOURCES

http://hawaiihealthcareproject.org/images/pdf/policy-papers/Hawaii%20Healthcare%20Innovation%20Plan_FINAL.pdf

http://www.capitol.hawaii.gov/session2014/bills/HB2277_SD1_.pdf

http://www.capitol.hawaii.gov/session2014/bills/SB2470_HD1_.pdf

http://www.capitol.hawaii.gov/session2014/bills/HB2581_SD2_.pdf

Beth Giesting

Healthcare Transformation Coordinator, Office of the Governor

Beth.Giesting@Hawaii.gov