



PRESCRIPTION FOR PENNSYLVANIA

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**PA Health Care
Cost Containment Council**

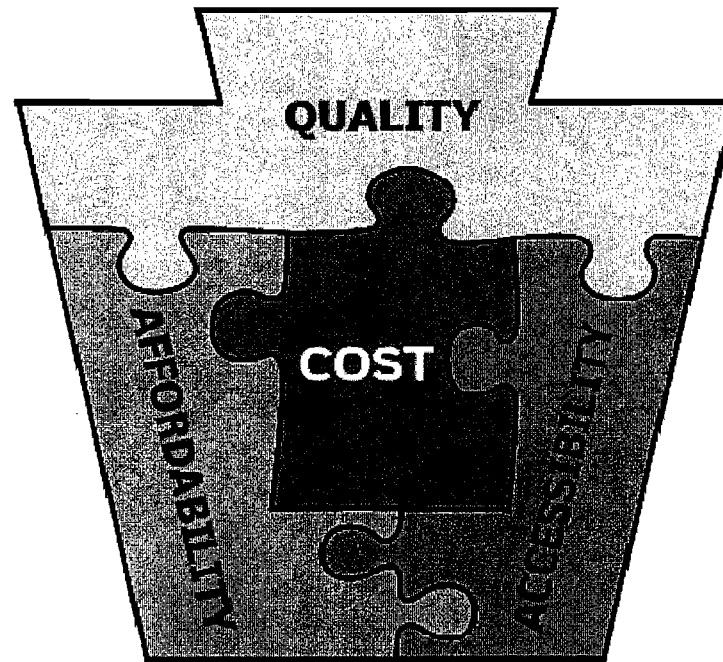
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Secretary of Health

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➤ Prescription for Pennsylvania

Prescription for Pennsylvania is a set of integrated practical strategies for improving the health care of all Pennsylvanians, making the health care system more efficient and containing its cost.



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Rx for Pennsylvania Initiatives

Making Quality Health Care Accessible, Affordable and Cost Effective

Rx for Affordability

Cover All Pennsylvanians

Coverage for College Students and Young Adults

Community Benefit Requirements

Uniform Admission Criteria

Fair Billing and Collection Practices

Capital Expenditures

Small Group Insurance Reform

Transparency of Cost and Quality Data

Rx for Access

Health Care Workforce

Removing Practice Barriers

Cost-Effective Sites

Co-Occurring Disorders

Rx for Quality

Hospital-Acquired Infections

Quality Outcomes

Pay for Performance

Chronic Care

Health Disparities

Child Wellness

Adult Wellness

Long Term Living

End of Life and Palliative Care



Selected Critical Rx for Pennsylvania Initiatives

- Hospital-Acquired Infections
- Chronic Care
- Medical Technology
- Pay for Performance
- Transparency of Cost and Quality Data
- Capital Investments in Health Care
- Small Group Insurance Reforms
- Cover All Pennsylvanians

Hospital-Acquired Infections

- The Administration will require hospitals to implement proven, effective infection control procedures and systems to prevent virtually all HAIs. The initial priority will be the elimination of MRSA and other infections, including surgical site infections, ventilator-associated pneumonia and central-line bloodstream infections that cause loss of life or disability and that are most costly.
- To eliminate MRSA, the Department of Health will require hospitals to implement the relatively simple and inexpensive infection control procedures that have been successfully used in the pilot units at the University of Pittsburgh Medical Center and the Veteran's Hospital in Allegheny County.
- To remove the subjectivity of HAI reporting, the Administration will require hospitals to use a uniform electronic surveillance system to report HAIs to PHC4.

Hospital-Acquired Infections

- The Administration will request that the Patient Safety Authority (PSA) fund regional best practice training on the avoidance of HAIs for hospitals.
- The Administration will determine how best to eliminate the perverse incentives of paying hospitals the additional costs incurred due to HAIs in state-funded programs.
- The Commonwealth, partnering with insurers, hospital administrators, health care providers, employers and other purchasers, will determine how best to re-structure hospital payments to support and incent the reduction of HAIs and their elimination.
- Nursing facilities will be required to report health care related infections that develop in their facilities to PHC4.



Chronic Care

- There is a “Chronic Care Model” that is nationally recognized and is used by the Veteran’s Administration, federally qualified health centers and other health care systems, such as the University of Pittsburgh Medical Center.
- The Chronic Care Model requires a redesign of health care delivery so that patients, who are supported by a health care team, play an active role in their care, and there is an infrastructure to ensure compliance with established practice guidelines.
- The Administration will expand the collaborative effort already begun with insurers, health care providers and academic medical center representatives on how best to implement the Chronic Care Model throughout Pennsylvania.



Chronic Care

- The Administration's plan for chronic care will include:
 - creating regional community learning collaboratives regarding implementation of the Chronic Care Model;
 - providing practices with necessary data, including public domain registry software and training, and working with insurers to provide download of claims data for patient registries;
 - exploring the use of lay coaching programs to work with persons with chronic diseases and to engage consumers; and
 - working with insurers to develop a new reimbursement model which supports and rewards the implementation of the Chronic Care Model by health care provider teams.

Chronic Care

- The Governor will request that the Pennsylvania Employees Benefit Trust Fund (PEBTF) Board of Trustees join the Administration in structuring reimbursement to encourage and support the use of the Chronic Care Model and the use of proven, evidence-based chronic care, by July 1, 2008.
- For state-funded health programs, including Medicaid, CHIP, Cover All Kids and Cover All Pennsylvanians, the Administration will structure reimbursement to encourage and support the use of the Chronic Care Model and the use of proven, evidence-based chronic care, by July 1, 2008.

Medical Technology

- By Executive Order, the Governor will establish a Health Technology Commission to complete the following by December 31, 2007:
 - establish standards and specifications for personal health records and electronic medical records that ensure necessary interoperability; define components and terminology; and
 - recommend financial and financing incentives for health care providers to purchase these systems.

- By September 2008, each acute care facility will, as a condition of licensure, submit a plan, approved by the Department of Health, that sets forth how it will meet the standards and specifications established by the Health Technology Commission, by either adapting existing technology or installing new technology.

Medical Technology

- By September 2009, the Department of Health will require as a condition of licensure that all acute care facilities will have installed an electronic medical records system compatible with recognized interoperability standards and specifications established by the Health Technology Commission.
- All health care facilities will be required to provide their employees who have prescriptive authority easy and timely access to an e-prescribing system that will permit them to write prescriptions electronically and check for potentially harmful drug interactions.
- The State Board of Medicine will be required to determine the date after which it will require every physician, as a condition of licensure, to use an e-prescribing system to write prescriptions electronically and check for potentially harmful drug interactions.
- The Administration will advocate for medical malpractice insurance discounts to be granted to health care providers that adopt and use interoperable electronic medical record systems.

Pay For Performance

- The Governor, as CEO of the Commonwealth, will convene a panel of other large public and private health care purchasers, health care insurers and health care providers to set quality standards and determine how to drive, measure and incent contracted health care providers in a Pay for Performance statewide initiative.
- The Pay for Performance initiative will be based on proven evidence-based standards for delivering quality care, and will reward providers who successfully implement quality improvement strategies, reduce hospital-acquired infections and effectively manage chronic conditions.
- The Administration will initiate this Pay for Performance initiative in one or more state-funded programs.

Pay For Performance

- For all state-funded programs, the Administration will cease paying health care providers for “Never Events”, while ensuring no care is denied or charges accrued to the wronged patient.
- The Governor will request that the Pennsylvania Employees Benefit Trust Fund (PEBTF) Board of Trustees join the Administration in ceasing to pay health care providers for “Never Events”, while ensuring no care is denied or charges accrued to the wronged patient.
- For state-funded programs, the Administration will require all health care providers to participate in the Independent Drug Information Service program.
- The Governor will request that the Pennsylvania Employees Benefit Trust Fund (PEBTF) Board of Trustees join the Administration in requiring all health care providers to participate in the Independent Drug Information Service program.



Transparency of Cost and Quality Data

- With regard to quality and price, Pennsylvania's health care market should be as transparent as possible, so that all consumers will have the information they need to make informed decisions on where they can obtain the best quality health care at the best price. Increased transparency may also promote competitive pricing.
- Beginning with the Medical Assistance Program, state-funded health care programs will make available to beneficiaries the payments made by the Commonwealth to contracted providers for common inpatient, outpatient and health care provider services.

Transparency of Cost and Quality Data

- The Administration will create an interactive, consumer-friendly web site that will provide consumers with timely information on health care costs and quality and prescription drug cost information.
- Hospitals will be required to submit on an annual basis information regarding the payments they received for the 150 most frequent admission diagnoses and the 150 most frequently administered drugs.
- Ambulatory surgery facilities and imaging centers will be required to submit on an annual basis information regarding the payments they received for the 50 most frequently performed procedures.
- Retail drug stores will be required to submit on a monthly basis their charges for the 150 most commonly prescribed drugs so Pennsylvanians can find the best price for their prescriptions.



Capital Investments in Health Care

- By Executive Order, the Governor will establish a bi-partisan commission made up of health economists, insurers, actuaries, hospital executives, health care providers, health care technology experts, consumers, business representatives and others appointed by the Governor. The Commission will:
 - develop criteria for determining health care needs and project those needs on a regional basis for each consecutive three year period beginning in 2007;
 - recommend criteria for assessing whether to add, merge or eliminate health care facilities to promote accessible, efficient, quality, and needed health care in each region of the Commonwealth;

Capital Investments in Health Care

■ The Commission will:

- recommend criteria for determining yearly regional and statewide dollar caps on aggregate capital expenditures proposed to be made by health care providers based on these health care needs, the cost of anticipated new technology of proven value and the ability of health care payers to absorb additional costs;
- recommend how public health care payments should be linked to this process;
- recommend a structure to ensure that the determinations are incorporated into each region's planning process;
- recommend a process and authority for decision-making;
- and recommend an enforcement mechanism, including licensure and payment restrictions.

Small Group Insurance Reforms

- The following reforms will ensure that affordable health insurance will be available to individuals and small groups:
 - requiring adjusted community rating, which prohibits insurers from using factors other than age, family size and geographic region to determine rates;
 - establishing overall rate bands of 2:1 so that for a given benefit package the highest premium charged can be no greater than twice that of the lowest premium;
 - establishing standardized basic health plans comparable to Cover All Pennsylvanians with several co-payment options, additional benefits available through riders and with all applicants being accepted, while prohibiting insurers from offering other plans;



Small Group Insurance Reforms

- requiring a minimum medical loss ratio for all insurers in the small group market so that 85% of premiums are used to pay for health care costs;
- requiring insurers to file rate justifications for minimum loss ratios below 85% and requiring insurers, at the discretion of the Insurance Commissioner, to refund premiums for minimum loss ratios below 85%; and
- requiring all health insurance plans to offer parents of dependent children the option to purchase family coverage for those children up to the age of 30.



Cover All Pennsylvanians (CAP)

- Affordable health care coverage for:
 - small low-wage businesses (<50 employees) currently unable to afford to cover employees;
 - individuals without health care coverage and the self employed; and
 - dependent coverage through Cover All Kids and CAP.

- CAP will be available to part-time employees (including those with multiple jobs) either through their small low-wage employer that enrolls in CAP or through individual enrollment in CAP.

Who Qualifies for CAP?

- To qualify as a low-wage employer, the average wage of all employees must be less than the average wage in Pennsylvania.
- To be eligible, small low-wage employers must enroll at least 75% of all employees who work over a specified number of hours per week and pay 65% of the discounted premium for the enrolled employees.
- Uninsured self-employed and other uninsured individuals are eligible to participate in CAP.
- CAP will replace adultBasic and those enrolled in adultBasic will be transferred to CAP. Those on the adultBasic waiting list will be given the opportunity to immediately enroll in CAP.

Projected Premiums for CAP

- Small employer projected premium is \$130/month.
- Small employee projected premium is \$10 to \$70/month depending on family income.
- Individuals and self-employed projected premiums:
 - 0-100% FPL - \$10/month
 - 101%-200% FPL - \$40/month
 - 201%-300% FPL - \$60/month
- Individuals and the self-employed with incomes greater than 300% FPL may apply to CAP and will pay monthly premiums at the full Commonwealth projected price of \$280.

CAP Is Affordable

- The average employer premium in PA is 127% more expensive than the employer projected premium under CAP.
 - The average employer portion of premium in PA is \$295/month (\$3540/year) per covered employee.
 - The CAP employer projected premium is \$130/month (\$1560/year).

Proposed CAP Benefit Package

- CAP is a cost effective, limited benefit health care package that includes:
 - Inpatient hospital acute care
 - Health assessments
 - Routine diagnostic tests
 - Prescription and over the counter drugs
 - Behavioral health.

- CAP will be provided through managed care plans doing business in Pennsylvania. The Blue Cross Blue Shield plans will be required to submit proposals.

How the Fair Share Assessment (FSA) Works

- All employers will be assessed a 3% FSA on the wages of all employees in years one through three and 3.5% FSA on the wages of all employees in years four and five.
- If the employer offers qualifying health insurance to all of its employees working 30 hours or more per week (not including seasonal or probationary employees who work less than 90 days), the employer will receive a deduction equal to its assessment and will not pay the FSA.
- If the employer does not offer qualifying health insurance to all of its employees working 30 hours or more per week, in the first year, the employer will receive a quarterly credit in the amount of \$15,000 against its assessment.
 - This credit is designed to provide small employers with the opportunity to purchase qualifying health care coverage before having to pay the FSA.
 - There will be a credit for the first five years, which will decrease annually.



Annual Fair Share Assessment (FSA)

XYZ Corporation has 100 employees and a \$3.5 million annual payroll

XYZ Offers Health Insurance

Quarterly Payroll	\$875,000
FSA	$x \frac{3\%}{1}$
1 st Quarter Initial Assessment	\$26,250
1 st Quarter Credit	<u>- \$15,000</u>
	\$11,250
Health Insurance Credit	- \$11,250
FSA Owed	0

XYZ Does Not Offer Health Insurance

Quarterly Payroll	\$875,000
FSA	$x \frac{3\%}{1}$
1 st Quarter Initial Assessment	\$26,250
1 st Quarter Credit	<u>- \$15,000</u>
	\$11,250
FSA Owed	\$11,250



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