



MassHealth Restructuring

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MassHealth covers ~28% of MA population and accounts for ~40% of the state budget

1.9M Residents Covered

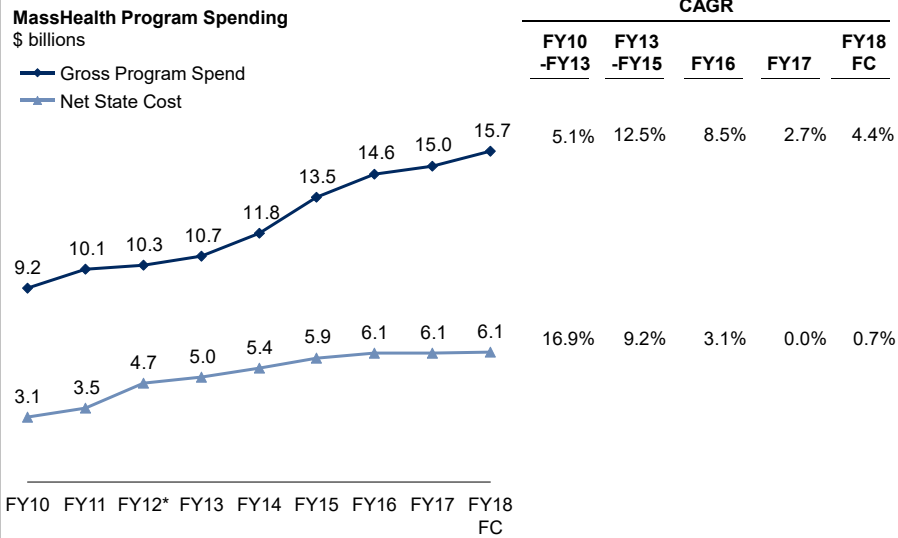
- ~28% of MA population:
 - Disabled individuals
 - Seniors <100% FPL
 - Children < 300% FPL
 - Non-Disabled Adults < 133% FPL
 - Special populations (e.g. HIV, breast/cervical cancer)

\$16B Annual Spend

- ~40% of Massachusetts state budget
- \$9.5B Medical/Behavioral*
- \$5.5B Long-term Services & Supports
- ~55% average federal match on state spend

* Including Medicare premiums and hospital supplemental payments

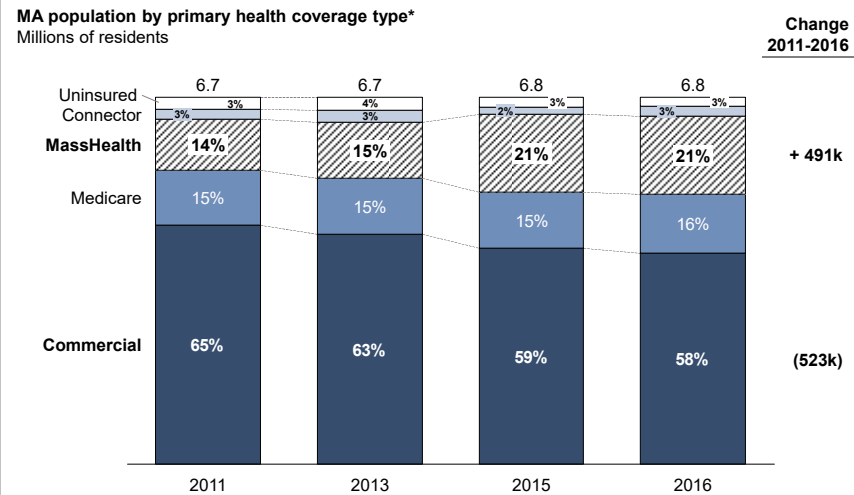
We have reduced MassHealth spending from double-digit annual growth to single-digits, but reforms required for sustainable growth



Note: 1) Commonwealth lost >\$1B in federal revenue with sunset of enhanced revenues under the American Recovery and Reinvestment Act (ARRA)
2) Excludes ELD Choices spending for all years.

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Affordability, rising health care costs, and other factors have resulted in more residents covered by MassHealth, fewer by Commercial insurance



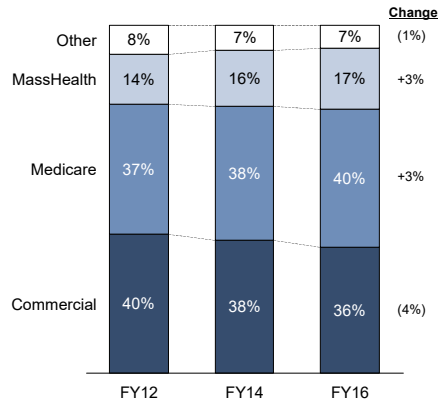
* MassHealth enrollment including members with primary Medicare or commercial coverage represents 28% of population in 2017.
Source: CHIA

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Shift in volume toward public coverage puts significant pressure on fiscal health of health care organizations

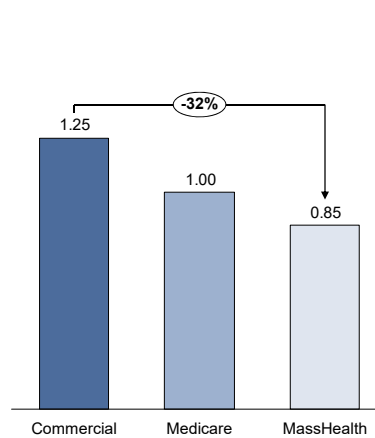
MA hospital payor mix

% of Gross Patient Service Revenue (GPSR)
CHIA data



Medicare + Medicaid Share	FY12	FY14	FY16
	51%	54%	57%

Relative unit price by payor (approximate) % of Medicare fee schedule*



* Approximate. Commercial % of Medicare estimated by comparing 2015 payment-to-cost ratios as reported on 2015 hospital cost reports; MassHealth % of Medicare does not include supplemental payments to hospitals.

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MassHealth restructuring roadmap

1. Eligibility integrity

2. Program integrity

3. ACO restructuring and DSRIP investments

4. Behavioral health care + Opioids

5. MassHealth reform package

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MassHealth restructuring roadmap

1. **Eligibility integrity:** right-sizing caseload

2. Program integrity:

3. ACO restructuring and DSRIP investments:

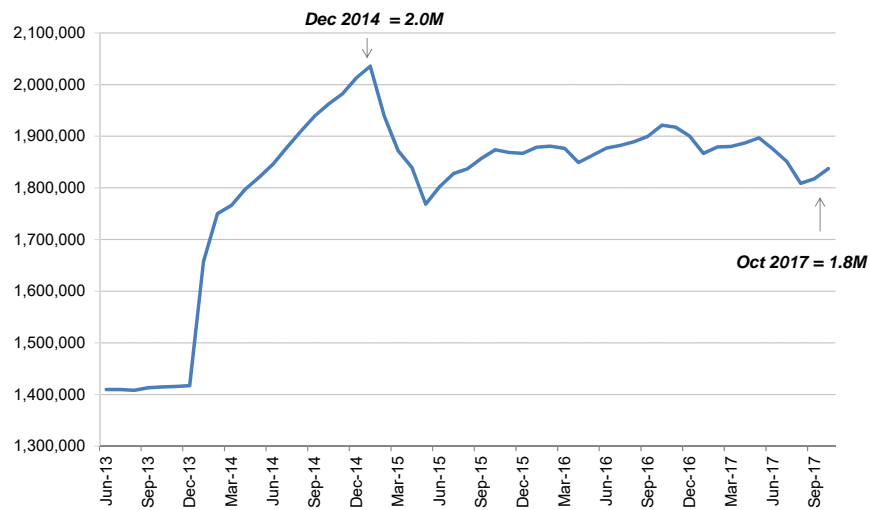
4. Behavioral health care + Opioids:

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Eligibility: historically-low enrollment growth due to fixing eligibility system defects and enhancing eligibility controls

Total MassHealth Enrollment FY14-FY18 YTD
Average Member Months



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MassHealth restructuring roadmap

1. Eligibility integrity: right-sizing caseload

2. **Program integrity**: \$350M+ in recurring annual savings

3. ACO restructuring and DSRIP investments:

4. Behavioral health care + Opioids:

5. MassHealth reform package

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MassHealth restructuring roadmap

1. Eligibility integrity

2. Program integrity

3. **ACO restructuring and DSRIP investments**: 17 ACOs, \$1.8 billion in new funding starting March 2018

4. Behavioral health care + Opioids:

5. MassHealth reform package

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ACO Reforms: Overview

- **17 ACOs will start March 2018**
 - Cover ~900,000 MassHealth members
 - Accountable for quality and cost of population
 - Majority of ACOs (13 of 17) chose fully capitated model
 - Almost all areas of the Commonwealth have 1 or more ACOs

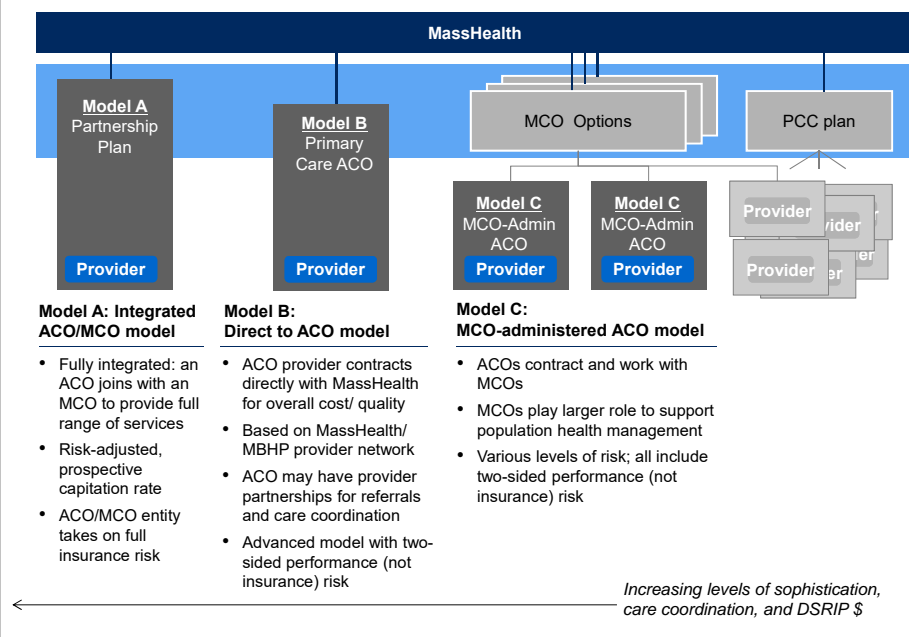
- **ACOs will receive portion of \$1.8B in new DSRIP funding (through MassHealth waiver) over 5 years**

- **Uses of \$1.8B in DSRIP**
 - Enhancing care coordination/ member engagement, clinical and non-clinical
 - Both staff and non-staff (e.g., IT) investments
 - Clinical workforce development (loan repayment programs for community-based PCPs, BH clinicians, etc.; new residency slots at safety net providers)

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ACO Reforms: 3 types of ACO models

Member enrollment



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ACO Reforms: Pricing Model

- Single risk pool across ACO, MCO, FFS – 1.2 million members
- 5 regions x 6 rating categories
- State-wide base rates
- Quarterly risk adjustment (including social determinants)
- Blend of uniform rate with historical performance
- Quality measures
- Risk corridors

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ACO Reforms: Selected Partners

- Atrius Health with Tufts Health Plan
- Baystate Health Care Alliance with Health New England
- Beth Israel Deaconess Care Organization with Tufts Health Plan
- Boston Accountable Care Organization with Boston Medical Center HealthNet Plan
- Cambridge Health Alliance with Tufts Health Plan
- Children's Hospital Integrated Care Organization with Tufts Health Plan
- Community Care Cooperative (13 federally qualified health centers)
- Health Collaborative of the Berkshires with Fallon Community Health Plan
- Lahey Health
- Mercy Health Accountable Care Organization with Boston Medical Center HealthNet Plan
- Merrimack Valley ACO with Neighborhood Health Plan
- Partners HealthCare ACO
- Reliant Medical Group with Fallon Community Health Plan
- Signature Healthcare Corporation with Boston Medical Center HealthNet Plan
- Southcoast Health Network with Boston Medical Center HealthNet Plan
- Steward Medicaid Care Network
- Wellforce with Fallon Community Health Plan

ACOs will cover 900,000 MassHealth members and manage \$6B in annual spending

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MassHealth restructuring roadmap

1. Eligibility integrity

2. Program integrity

3. ACO restructuring and DSRIP investments:

4. Behavioral health care + Opioids: integration of care, expanding services

5. MassHealth reform package

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Questions?