WHY REFORM?
Symptoms

Cost: Unsustainable spending growth

Quality: Huge variations in practice

Coverage: Uninsured
Diagnosis

Existence of third-party payer arrangements has interfered with the economic signals that normally communicate consumer preferences and demand, and regulate supplier quantity and quality, in a well functioning market.
Treatment

• Create better-aligned incentives for patients and providers

• Increase "consumerism"
  - Choice
  - Information
  - Economic accountability for both consumers and providers
WHAT HAVE WE TRIED?
Strategies

• Medicaid Waiver
• Utah Health Exchange
• All Payer Claims Database
• cHIE (clinical health information exchange)
Medicaid Waiver

Potential:
• Reduce spending and improve quality of care
  - Maximize use of risk-based delivery models
  - Rewards recipients for efforts to maintain or improve health
  - Rewards providers for delivering the most appropriate services at the lowest cost
  - Limit Medicaid spending growth to General Fund spending growth
Medicaid Waiver

Results (ACO proposal):
- Yes  Risk-based (but maintain funding level)
- Yes  Payment for quality (rather than fee for service)
- Yes  Reward patient compliance and responsibility
Medicaid Waiver

Results (ACO proposal):

No  Medicaid subsidies to purchase commercial insurance in Utah Health Exchange

No  Prioritize benefits to meet spending growth target

No  Promote appropriate utilization through restructured cost sharing
cHIE
(electronic clinical Health Information Exchange)

Potential:

• Improve quality of care through record availability

• Reduce cost by avoiding duplicate procedures and improving quality of care

• Improve public health, e.g., outbreak response, immunizations, screenings, etc.

• Improve practice patterns
All Payer Claims Database

Potential:

• Produce episode of care (EOC) costs, adjusted for patient severity

• Identify variations in EOC costs across insurers and providers

• Inform consumers choosing among providers

• Target education and other interventions

• Risk adjusting in exchange
Utah Health Exchange

Potential:

- Increase consumerism by engaging consumers
  - Increase plan choice for employees
  - Facilitate standardized comparisons of plans, insurers, and providers
  - Promote defined contribution concept

- Reduce administrative overhead for employers

- Allow premium aggregation
Summary

• Proposal to curtail Medicaid spending by prioritizing services was rebuffed by the federal government

• Proposal to align incentives and improve quality through accountable care organizations was approved

• Legislative strategies to improve consumerism through increased data availability are being implemented (cHIE, APCD, Exchange). Some of these strategies could play a significant role in the implementation of the Affordable Care Act.