



The Alternative Quality Contract

Blue Cross Blue Shield of Massachusetts

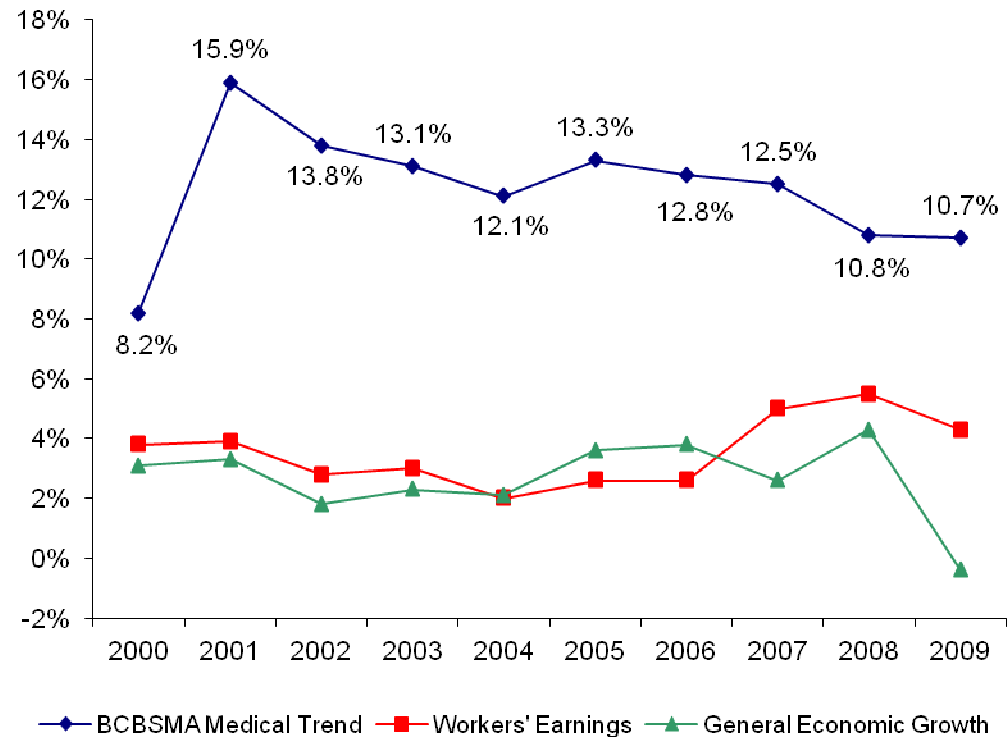
March 2015

The Alternative Quality Contract: Twin goals of improving quality and slowing spending growth



In 2007, leaders at BCBSMA challenged the company to develop a new contract model that would improve quality and outcomes while significantly slowing the rate of growth in health care spending.

The Massachusetts health reform law (2006) caused a bright light to shine on the issue of unrelenting double-digit increases in health care spending growth (Health Care Reform II).



Sources: BCBSMA, Bureau of Labor Statistics.

The Alternative Quality Contract

Global Budget

- Population-based budget covers full care continuum
- Health status adjusted
- Based on historical claims
- Shared risk (2-sided)
- Trend targets set at baseline for multi-year

Quality Incentives

- Ambulatory and hospital
- Significant earning potential
- Nationally accepted measures
- Continuum of performance targets for each measure (good to great)

Long-Term Contract

- 5-year agreement
- Sustained partnership
- Supports ongoing investment and commitment to improvement

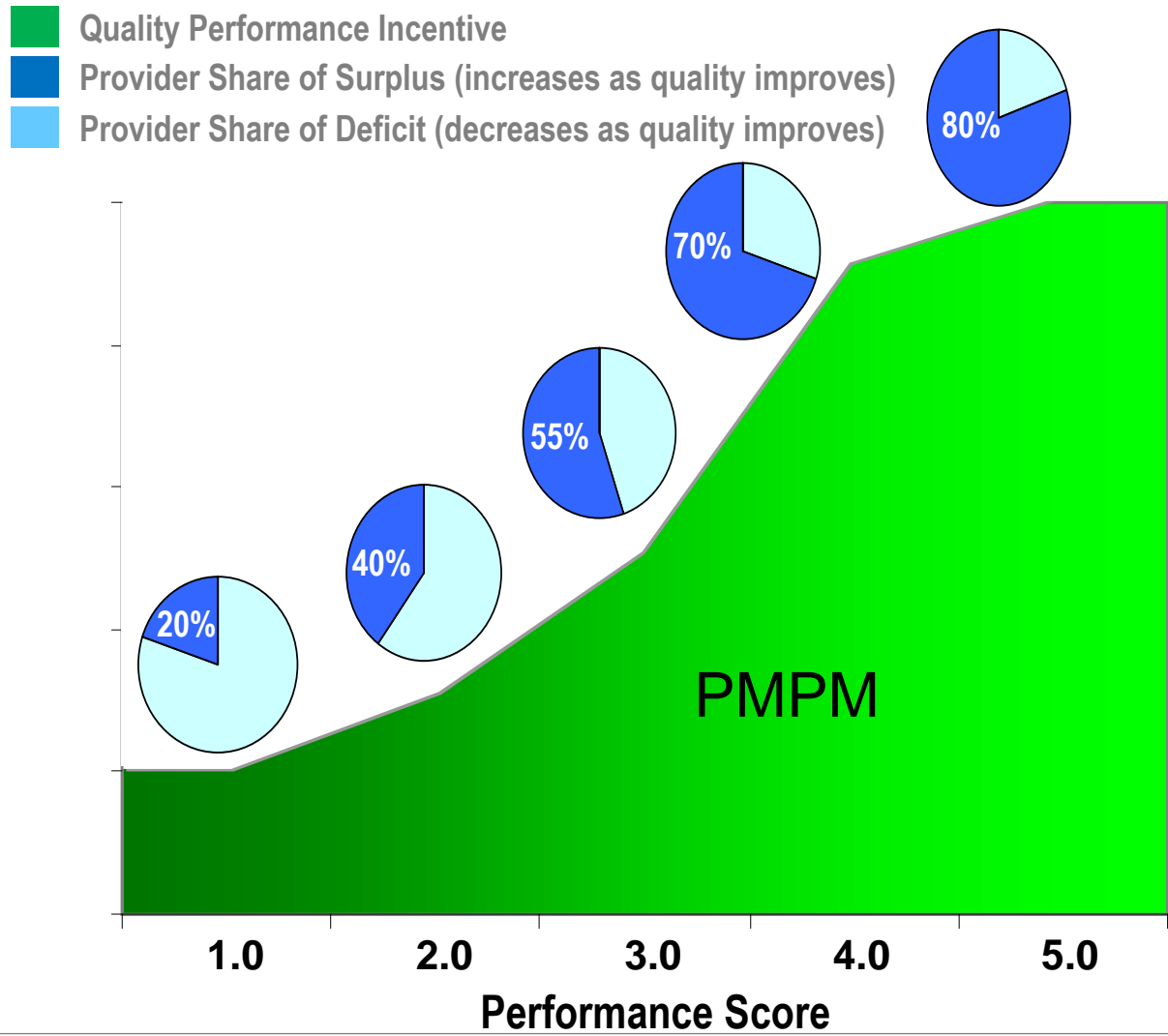
AQC Measure Set for Performance Incentives



	AMBULATORY	HOSPITAL
PROCESS	<ul style="list-style-type: none"> • Preventive screenings • Acute care management • Chronic care management <ul style="list-style-type: none"> • Depression • Diabetes • Cardiovascular disease 	<ul style="list-style-type: none"> • Evidence-based care elements for: <ul style="list-style-type: none"> • Heart attack (AMI) • Heart failure (CHF) • Pneumonia • Surgical infection prevention
OUTCOME	<ul style="list-style-type: none"> • Control of chronic conditions <ul style="list-style-type: none"> • Diabetes • Cardiovascular disease • Hypertension <p>***Triple weighted***</p>	<ul style="list-style-type: none"> • Post-operative complications • Hospital-acquired infections • Obstetrical injury • Mortality (condition –specific)
PATIENT EXPERIENCE	<ul style="list-style-type: none"> • Access, Integration • Communication, Whole-person care 	<ul style="list-style-type: none"> • Discharge quality, Staff responsiveness • Communication (MDs, RNs)
EMERGING	Up to 3 measures on priority topics for which measures lacking	

Performance Payment Model: Updated (2011)

As quality improves, provider share of surplus increases/deficit decreases



Linking Quality and Efficiency
The 2011 AQC ensures that providers have a strong incentive to focus on both objectives.

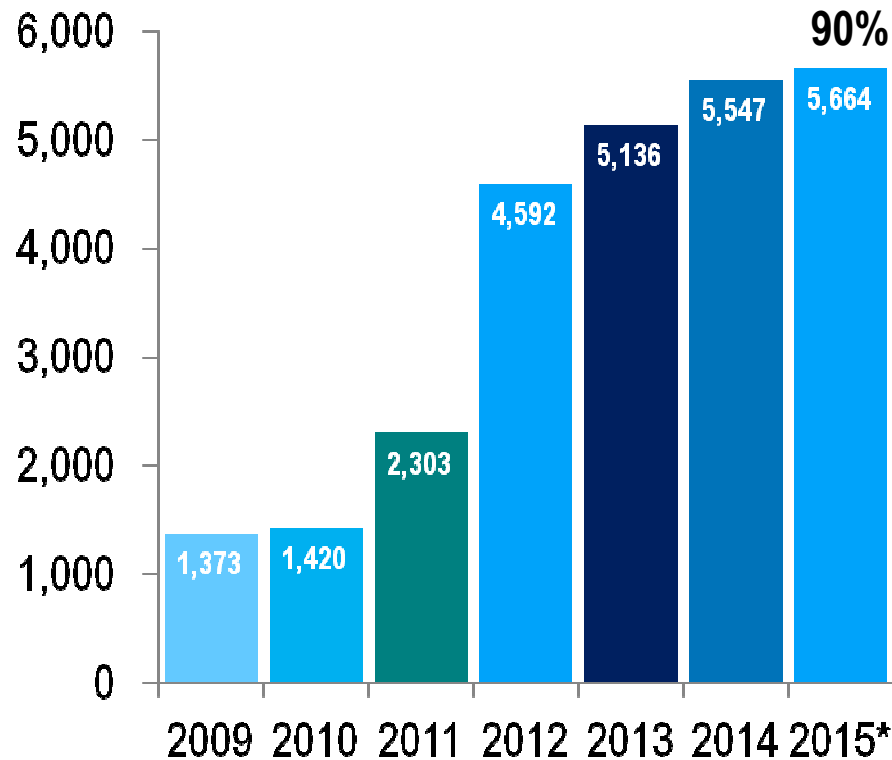
PMPM Quality Dollars
The 2011 AQC also allows groups to earn PMPM quality dollars regardless of their budget surplus or deficit. High quality groups earn more PMPM quality dollars.

AQC Physician Participation

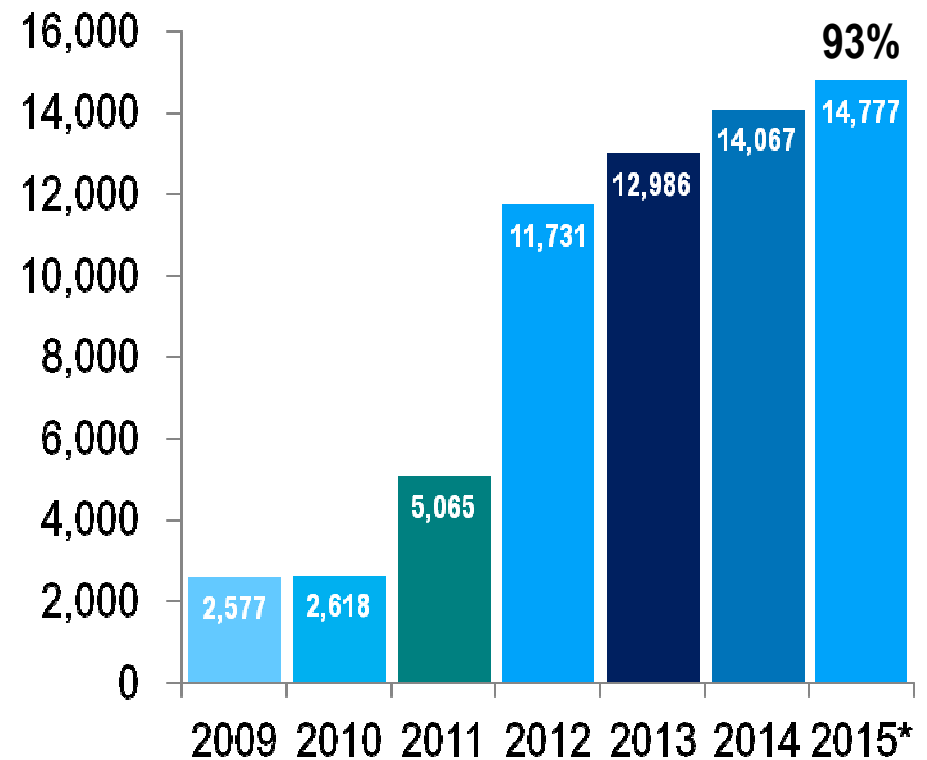
(Current as of February 2015)



PCPs



SCPs



* All 2015 figures as of February

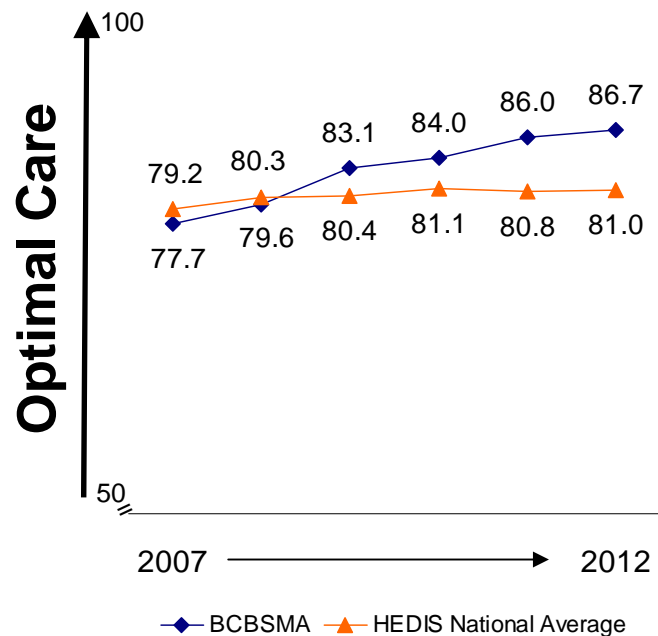
Results Under The AQC:

Improvement of the 2009 Cohort of AQC Groups from 2007-2012

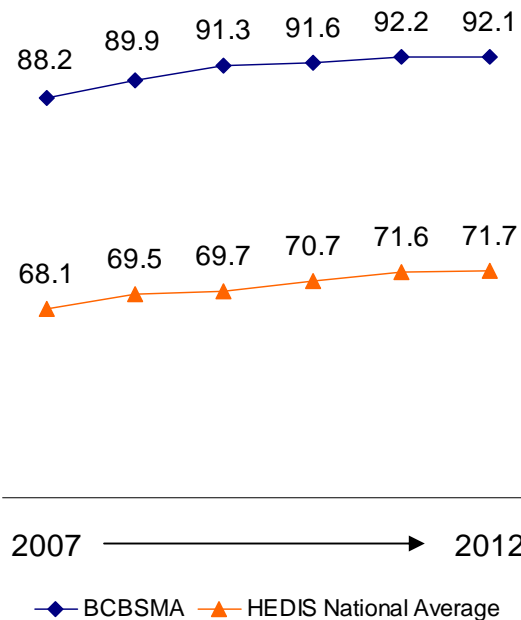


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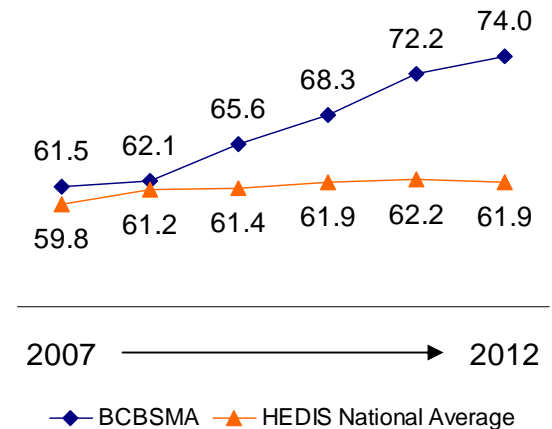
Adult Chronic Care



Pediatric Care




Adult Health Outcomes



These graphs show that the AQC has accelerated progress toward optimal care since it began in 2009. The first two scores are based on the delivery of evidence-based care to adults with chronic illness and to children, including appropriate tests, services, and preventive care. The third score reflects the extent to which providers helped adults with serious chronic illness achieve optimal clinical outcomes. Linking provider payment to outcome measures has been one of the AQC's pioneering achievements.

AQC Results: Formal Evaluation Findings

Formal Academic Evaluation: Year 3 & 4 Results



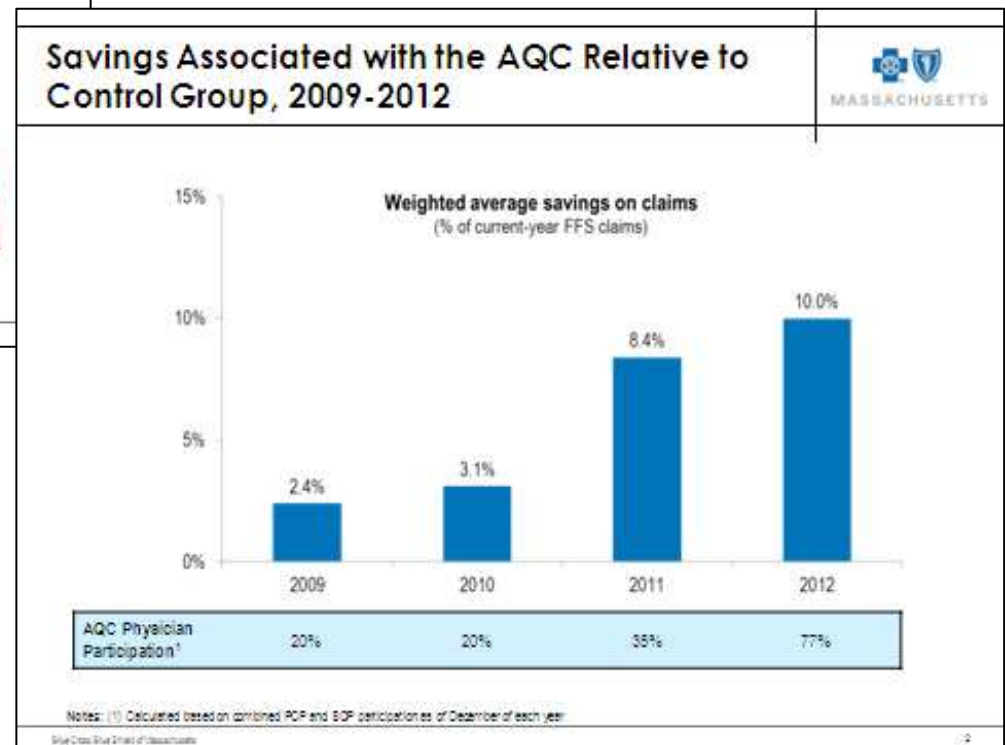
SPECIAL ARTICLE

Changes in Health Care Spending and Quality 4 Years into Global Payment

Zinui Song, M.D., Ph.D., Sherri Rose, Ph.D., Bruce F....

As compared with similar populations in other states, Massachusetts AQC enrollees had lower spending growth and generally greater quality improvements in the period 2009 through 2012... The AQC experience may be useful to policy-makers, insurers and providers embarking on payment reform. Although it is still early, these results suggest that a two-sided global budget model may serve as a foundation for slowing spending and improving quality."

Blue Cross Blue Shield of Massachusetts



Source: Song Z, et al. Changes in Health Care Spending and Quality 4 Years into Global Payment. *The New England Journal of Medicine*. 2014.

Five Keys Ingredients to AQC Success



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1 Measures. The measures are nationally accepted as clinically appropriate so there is wide support for improving performance on these indicators.

2 Financial Incentives. Real dollars are at stake for improvement.

3 Targets. For each measure, there is a range of performance targets representing a continuum from good care to outstanding care, so the model rewards both performance and performance improvement.

4 Data , Reports, Advice. Dynamic/actionable data and reports made available daily, monthly and quarterly, helping organizations to identify efficiency opportunities at a patient, practice and organizational level.

5 Leadership. Each group has strong engaged leadership driving to success on integrating care, significantly improving quality and reducing costs.



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