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PATRICK-MURRAY ADMINISTRATION PROPOSAL APPROVED; \$628 MILLION TO BE INVESTED IN MASSACHUSETTS SAFETY NET HOSPITALS**Funding approved by Obama Administration will support integrated care and alternative payment models**

BOSTON – Monday, May 21, 2012 – Governor Deval Patrick today announced that the Obama Administration has approved \$628 million to support the Patrick-Murray Administration's initiative for integrated care and alternative payment models at Massachusetts safety net hospitals.

"I thank the Obama Administration and our Congressional partners for supporting this initiative that will help our safety net hospitals adopt cutting-edge methods to improve the quality of care and control costs," said Governor Patrick. "Massachusetts is a national leader in health care access, and working together we can lead in cracking the code on health care costs."

"By working with our congressional delegation and the Obama Administration, Massachusetts takes another major step forward towards our goal to improve the quality of care, accessibility, and cost of health care in the Commonwealth," said Lieutenant Governor Timothy Murray. "This agreement and the critical funding that comes with it will help hospitals and patients across Massachusetts."

The Obama Administration's approval of the Commonwealth's "master plan" for Delivery System Transformation Initiatives (DSTI) makes available \$628 million in joint state and federal funding to provide incentive payments for safety net hospitals over three years. This will allow the hospitals to invest in integrated care, electronic safety and quality innovations and infrastructure to support alternative payment models.

The seven hospital systems participating include Boston Medical Center, Cambridge Health Alliance, Holyoke Medical Center, Lawrence General Hospital, Mercy Medical Center, Signature Healthcare Brockton Hospital and Steward Carney Hospital.

"Anytime you're making available north of \$600 million for our neediest hospitals, it's a very significant development. This wouldn't have been possible without a lot of careful negotiation," said U.S. Senator John Kerry. "Our safety net hospitals have done a brilliant job of controlling healthcare costs without sacrificing quality and this investment will keep them innovating through delivery reforms and new payment models."

"This is a major investment in the seniors and families who depend on our health care safety net," said U.S. Senator Scott Brown. "By promoting cost control while also increasing the quality of care, this initiative is important for patients and taxpayers alike."

"This agreement ensures that Massachusetts's safety net hospitals will play a leading role in the effort to improve patient health while lowering the cost of care," said Congressman Edward J. Markey. "I congratulate Governor Patrick, the Obama Administration, and our state's safety net hospitals on reaching this milestone toward a healthcare system that rewards quality and coordination."

The federal Centers for Medicare and Medicaid Services (CMS) first authorized the DSTI program in December 2011 as part of Massachusetts' Medicaid waiver. The Commonwealth's master plan will serve as a roadmap for participating safety net hospitals to design their individual 3-year transformation plans.

"Our safety net hospitals are key to ensuring all Massachusetts residents receive quality healthcare," said Congressman Stephen Lynch. "I am pleased that these federal incentive payments will help safety net hospitals continue to serve their communities while controlling costs by improving access to and the efficiency of medical care."

"As a hospital that serves a higher percentage of Medicaid patients, Lawrence General is a vital pillar in the Massachusetts health care reform effort," said Congresswoman Niki Tsongas. "I strongly urged the Center for Medicare & Medicaid Services to award this significant share of federal funding to the state and to Lawrence General in particular because it will help providers treat patients more efficiently and effectively."

"This is terrific news for western Massachusetts," said Congressman Richard E. Neal. "The approval of this innovative health care initiative means that millions of dollars of desperately needed federal assistance will be directed to two local hospitals. In fact, I personally called CMS and Secretary Bigby to emphasize how critically important this payment agreement is to both Mercy Hospital and Holyoke Medical Center. I am very pleased that these two local hospitals will be able to continue providing quality care to our family, friends and neighbors."

Safety net hospitals will undertake transformation projects in four areas:

1. Development of a fully integrated delivery system, such as converting primary care practices into Patient Centered Medical Homes, integrating physical and behavioral health care, and developing integrated networks of providers linked by electronic health records.
2. Implementation of innovative care models to improve quality of care and health outcomes, such as building electronic chronic disease registries, implementing new care management programs for patients with complex conditions, and better coordinating care when patients leave the hospital to prevent readmissions.
3. Development of capabilities necessary to implement alternative payment models, such as building the infrastructure to become an Accountable Care Organization (ACO), piloting alternative payment models for low-income patients, and enhancing systems to monitor providers' performance on health care quality and costs.
4. Population-focused health outcome improvements, projects aimed at collecting and reporting key measures that will allow the Commonwealth to track and assess the impact of the transformation initiatives on patients' health and system costs over time.

The seven hospital systems participating in DSTI were selected because they serve the highest percentages of Medicaid patients and lowest percentages of commercially-insured patients in Massachusetts.

The Commonwealth will leverage DSTI funds to advance new models of care delivery that emphasize greater clinical integration and care management including the integration of primary care and behavioral health services, as well as to advance payment models that align incentives more effectively at the provider level to promote cost-effective care.

"This is an amazing opportunity for safety net hospitals, which serve many of the state's most vulnerable communities," said Secretary of Health and Human Services Dr. JudyAnn Bigby. "The plans are transformational and I look forward to working with our hospital partners to advance these innovative projects that further support our reform efforts."

"I applaud the Patrick-Murray Administration for securing over \$600 million in funds that will allow safety net hospitals to offer high quality health care at a reasonable cost to patients," said House Speaker Robert A. DeLeo. "Even in these difficult economic times, the Administration and the Legislature have maintained a strong commitment to cutting health costs while improving care quality and efficiency in hospitals across the Commonwealth."

DSTI will complement payment and delivery system reforms that have been enacted and are currently being advanced by the Patrick-Murray Administration and the state legislature.

"This funding is instrumental to our ability to make quality improvements for the population we serve," said Vice President of Quality and Risk at Holyoke Medical Center, Clark A. Fenn. "We'll be able to serve our patients through a more integrated care network that not only reduces costs it also ensures better health outcomes."

In 2011, Governor Patrick filed comprehensive health care cost containment legislation that encourages the creation of "integrated care organizations" comprised of groups of providers that work together to achieve improved health outcomes for patients at lower costs; and provides benchmarks, standards and guidance for the transition to integrated care, to control health care costs.

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