2015 COST TRENDS REPORT

Massachusetts Health Policy Commission

2015 COST TRENDS REPORT

Finding:

Emergency Department Utilization

Emergency department utilization

Previous findings

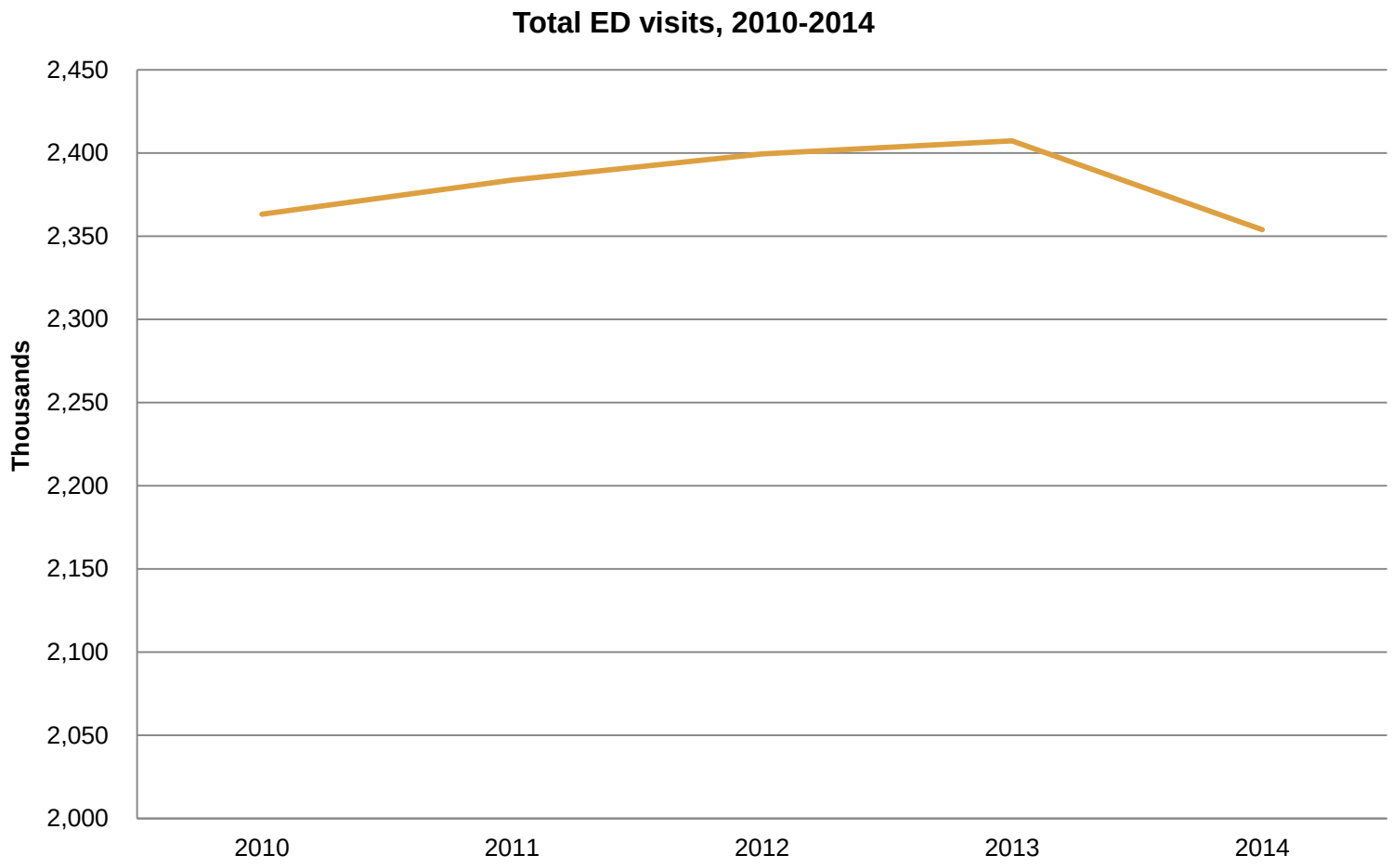
- ED use is relatively high in Massachusetts, and varies strongly by region, income, and insurance coverage
- Avoidable ED visits make up almost half of all ED visits
- In the 2014 Cost Trends Report, the HPC identified areas for improvement:
  - Reducing avoidable ED use
  - Coordinating care and advancing clinical integration across settings
  - Caring for patients in community settings
  - Treating behavioral health conditions, especially via integrated models

New findings/market developments

- Overall total emergency department (ED) use declined in 2014 to just below the 2010 amount
  - ED utilization associated with a behavioral health conditions (includes mental health and substance use disorders) increased dramatically, with a 24% statewide increase between 2010 and 2014
  - Certain regions of the state experienced even sharper growth of behavioral health related emergency department use, with a ~50% increase in Fall River and New Bedford
- Over 50% of long-stay ED visits (more than 8 hours) for pediatric patients were related to a mental health condition
- Greater access to after-hour care options is strongly associated with lower ED use

Total statewide ED visits decreased slightly in 2014

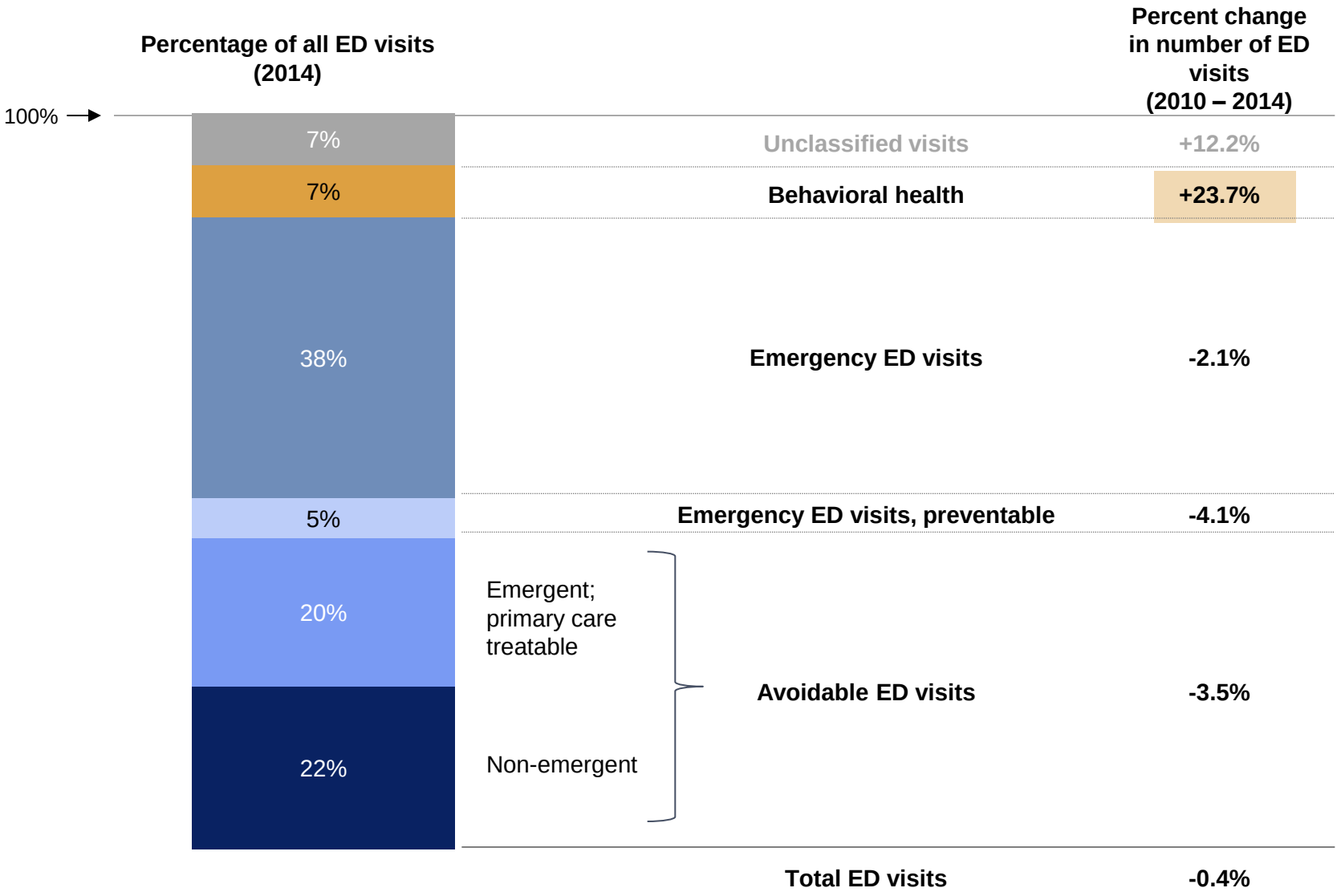
Total number of visits among Massachusetts residents



Note: ED visits limited to MA residents with non-missing sex and age information

Source: HPC analysis of Centers for Health Information and Analysis case mix ED database, FY2010-FY2014

Behavioral health ED visits grew significantly between 2010 and 2014

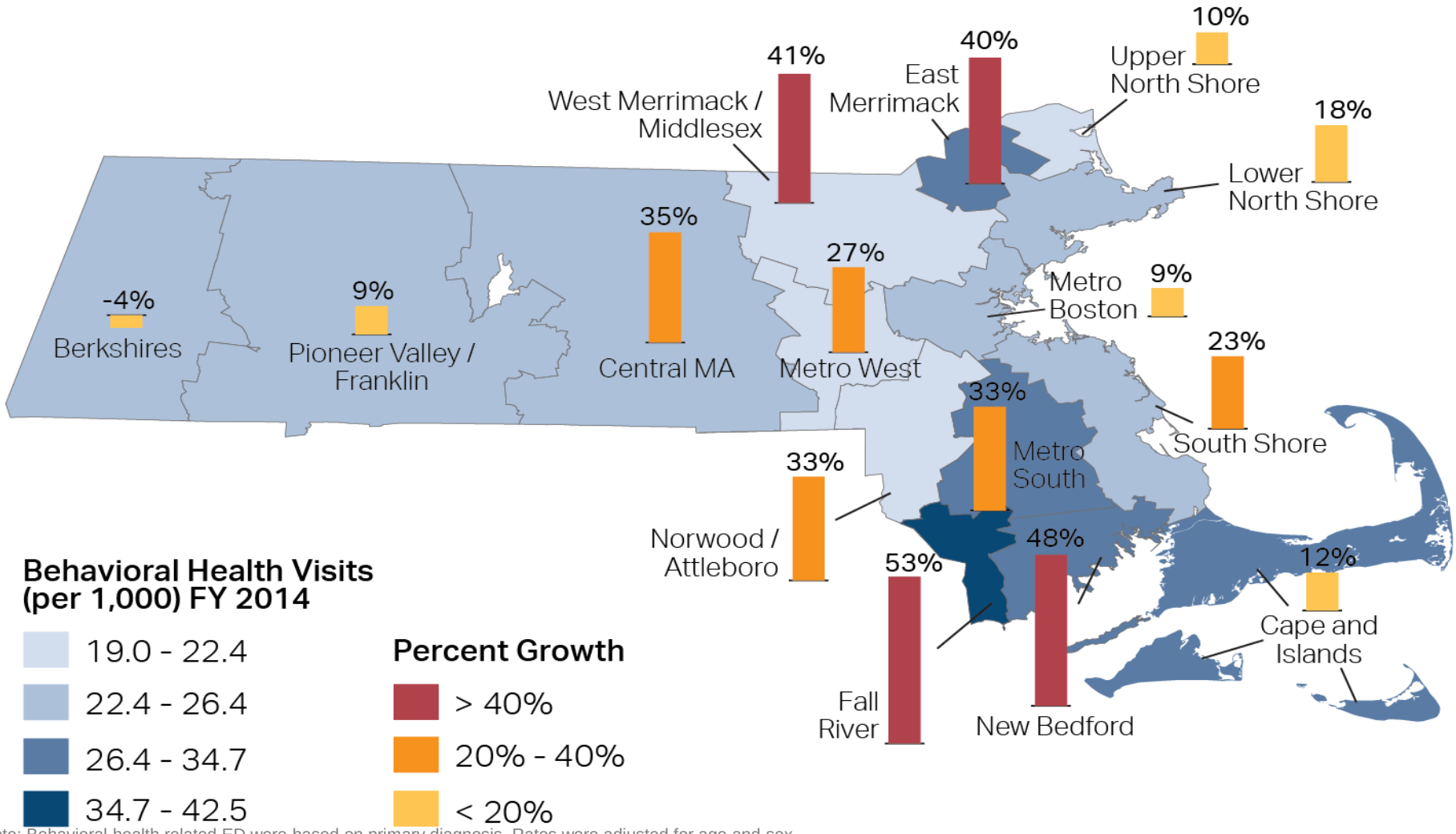


Note: Definition for avoidable ED visits based on NYU Billings Algorithm

Source: NYU Center for Health and Public Service Research; HPC analysis of Centers for Health Information and Analysis outpatient ED database, FY2010-FY2014

Behavioral health-related ED visits skyrocketed in a few regions

Per-capita visit rate (shaded) and percent growth in visit rate, 2010-2014 (vertical bars)

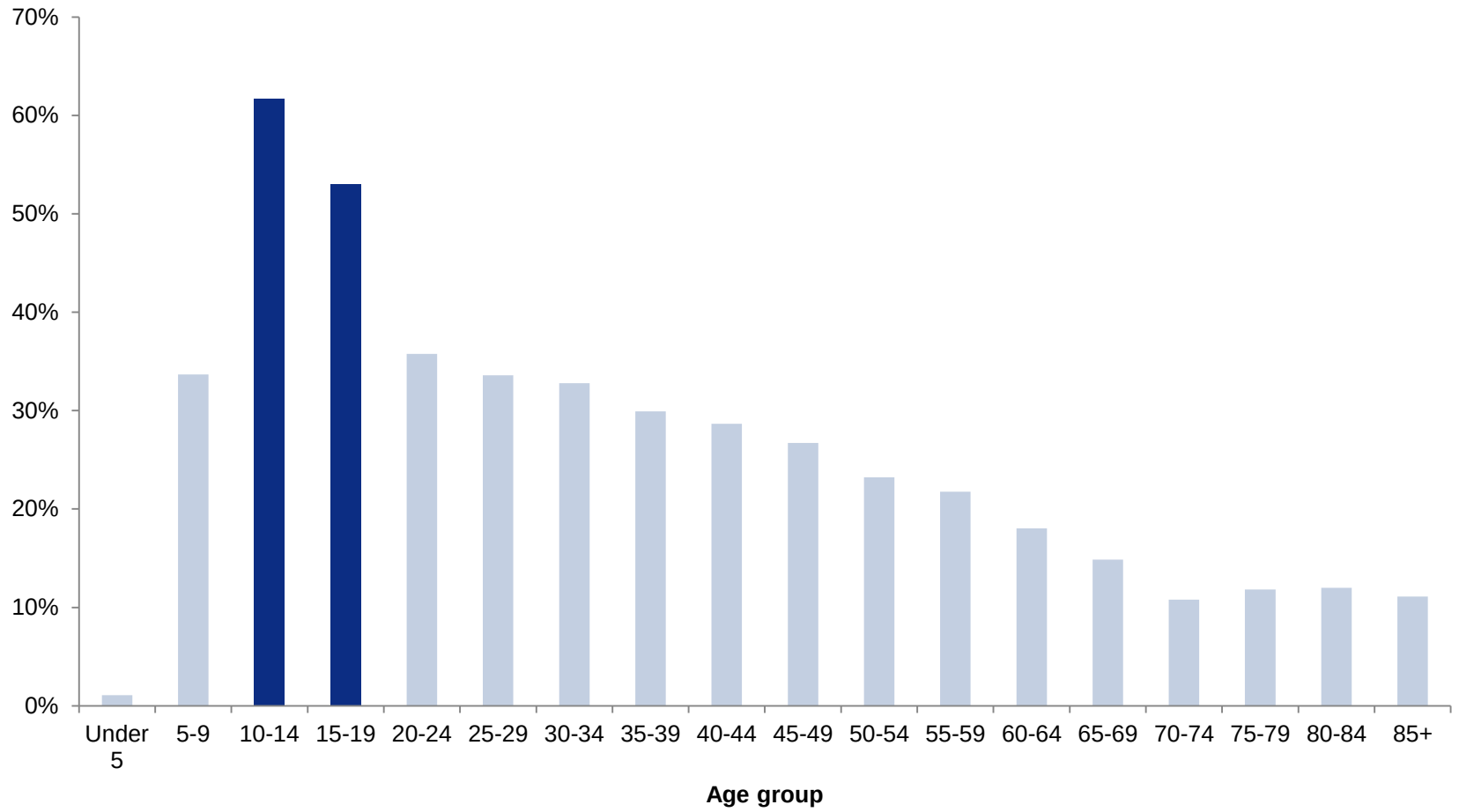


Note: Behavioral health related ED were based on primary diagnosis. Rates were adjusted for age and sex.

Source: NYU Center for Health and Public Service Research; HPC analysis of Centers for Health Information and Analysis outpatient ED database, FY2010-FY2014

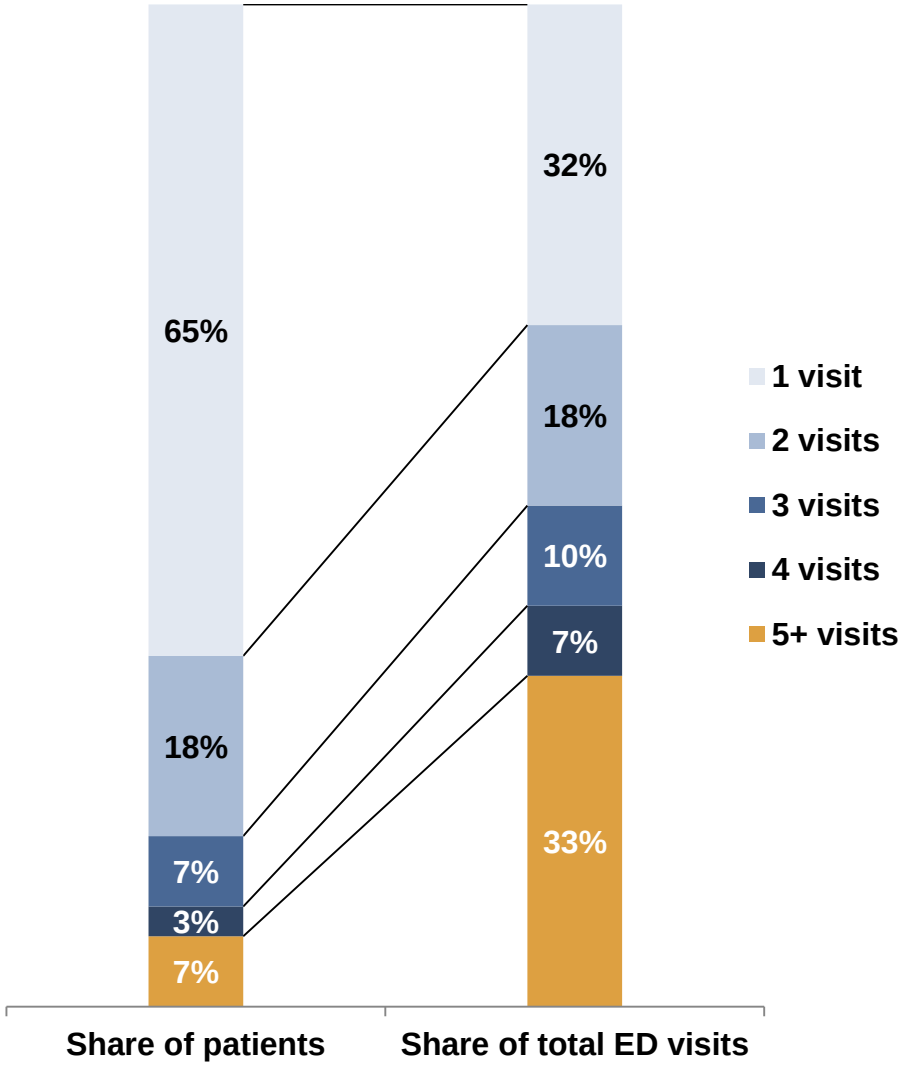
Most long-stay mental health-related ED visits were among teens in 2014

Percent of long-stay (>8 hrs) ED visits that are mental health-related



Source: HPC analysis of Centers for Health Information and Analysis case mix ED database, FY2014

7% of patients accounted for one-third of ED visits in 2014



Note: Unique patient ID were identified using SSN, birthdate, and sex

Source: HPC analysis of Centers for Health Information and Analysis outpatient ED database, FY2014

A high share of ED visits stem from poor access to care after-hours

Among Emergency Department (ED) visits in the past 12 months

40%

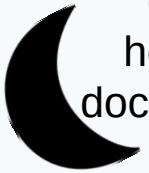
Of recent ED visits were for a non-emergency condition

60%

Of recent emergency room visits were unable to get an appointment at a doctor's office or clinic as soon as needed

76%

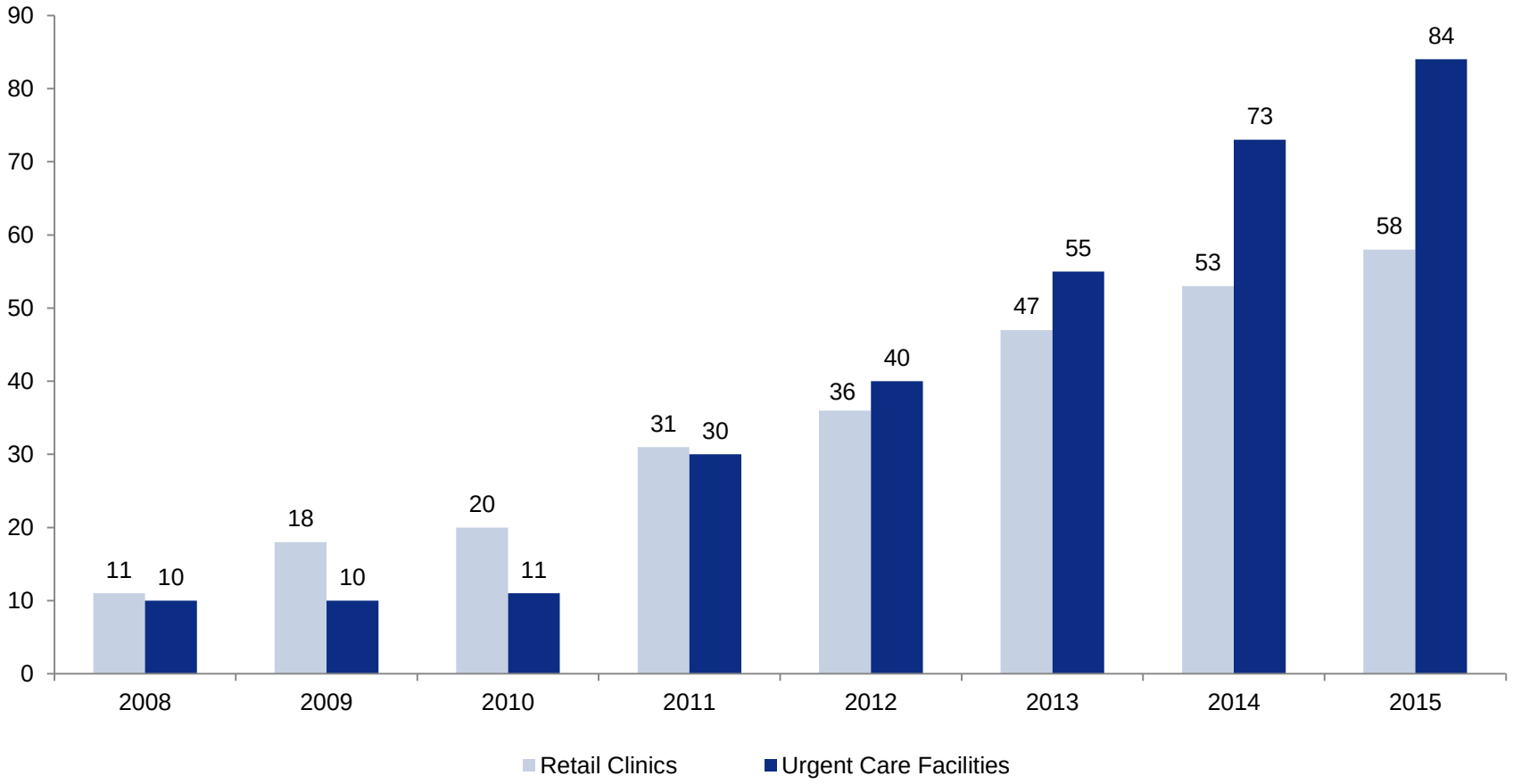
Of recent emergency room visits was for care after normal operating hours at the doctor's office or clinic



Note: A non-emergency condition is one that the respondent thought could have been treated by a regular doctor if one had been available.
Source: 2014 Massachusetts Health Insurance Survey

Retail clinics and urgent care facilities have expanded dramatically

Number of facilities in Massachusetts

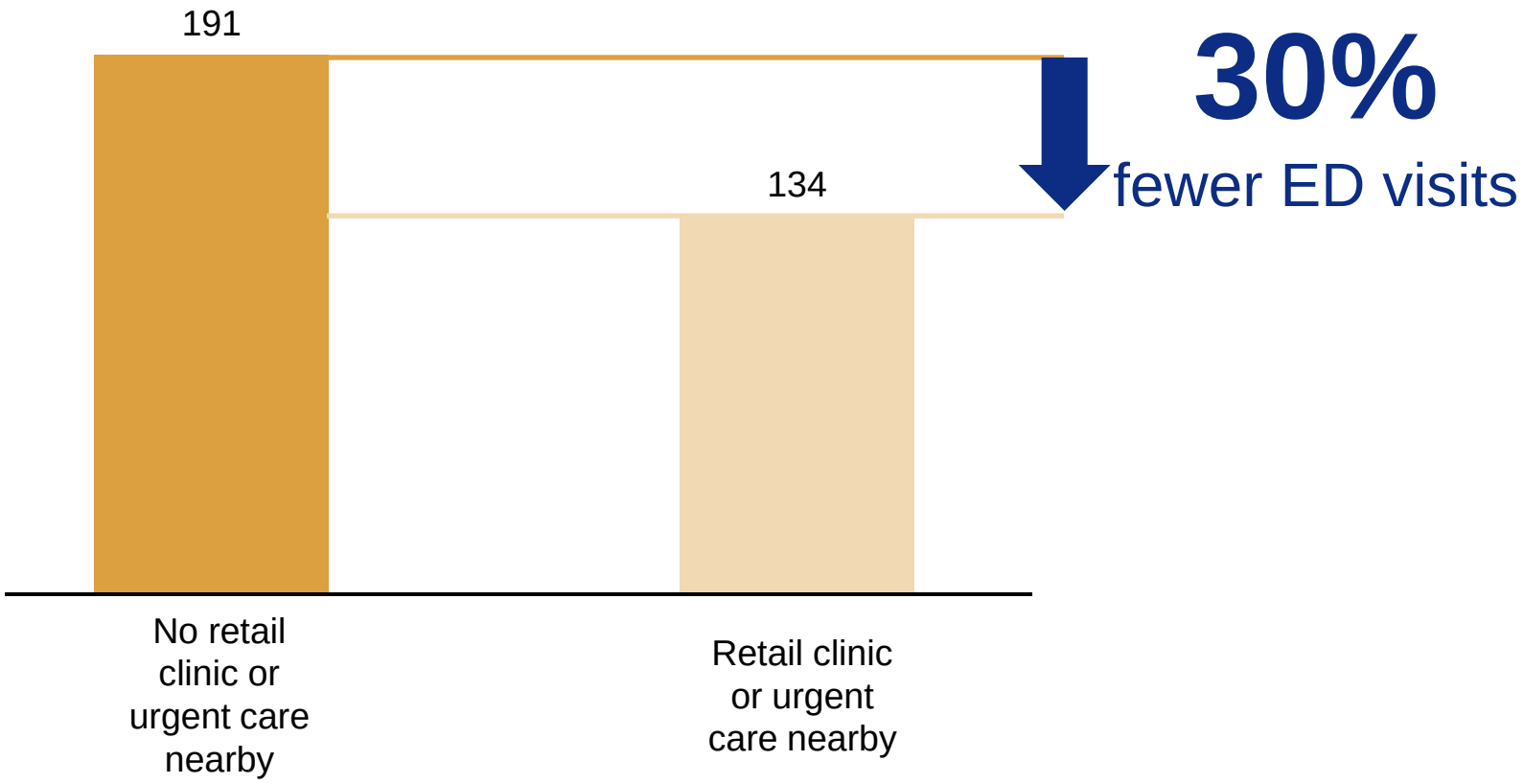


Retail clinics, located in retail stores, are typically staffed by nurse practitioners and treat a limited range of health conditions, such as minor infections and injuries. Annual data from CVS.

Urgent care centers typically are freestanding physicians' offices with extended hours; on-site x-ray machines and laboratory testing; and an expanded treatment range, including care for fractures and lacerations. Annual data from NPI Registry.

Presence of nearby retail clinics and urgent care centers is associated with lower ED use

Annual ED visits per 1,000 residents



Note: Alternative sites include retail clinics and urgent care centers that were accessible in 2014. Residents shown all live within 5 miles of an emergency department. Residents who do not live within 5 miles of an emergency department are excluded from figure.

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Finding:

Alternative Payment Methodologies

Alternative payment methods

Previous findings

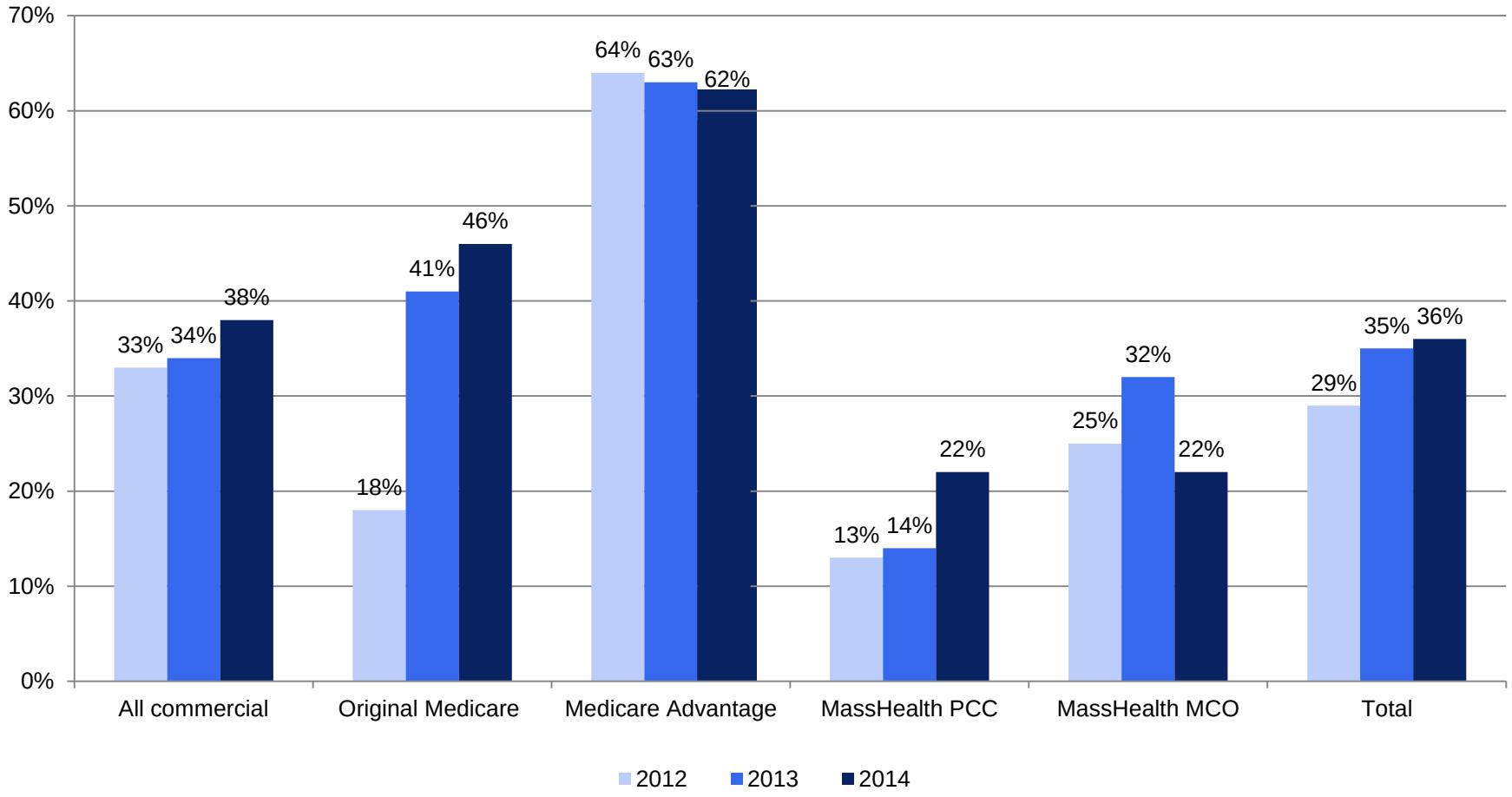
- Alternative payment methods offer incentives that support value and reward high-quality care
- For commercial payers, APM coverage was 61 percent in HMO, ~1 percent in PPO
- To advance APMs, payer/provider coalition developed attribution method in 2014
- Recommendations in 2014 Cost Trends Report
  - All payers should use APMs for 60 percent of HMO lives in 2016
  - Coalition should expand to include more members
  - All members should begin introducing APMs into PPO in 2016, with goal of reaching one third of PPO lives in that year

New findings/market developments

- Between 2013 and 2014, commercial payers made limited progress in extending APMs, with HPHC the one exception
- In 2014, APM rates in HMO exceeded 60 percent for three largest commercial payers.
- In 2015, BCBS and four providers committed to extending APMs to PPO in 2016
- Also, more payers are including BH spending in APM contracts
- In coordination with HPC, MassHealth initiated work groups to establish guiding principles for a MassHealth ACO
- At the hearings, providers continued to emphasize the need for cross-payer alignment in APMs

Little overall growth in APMs

Alternative payment method (APM) coverage by payer type, 2012-2014



Source: HPC, 2014 Cost Trends Report. Center for Health Information and Analysis, 2015 Annual Report, 2015 APM data. CMS program data, downloaded 2015.

Very little progress yet in PPO, although recent announcement from payer/provider coalition is promising

APM coverage by payer, HMO and PPO, 2014

	HMO members as percent of all members	Percent of HMO members covered by APMs	PPO members as percent of all members	Percent of PPO members covered by APMs	Percent of all members covered by APMs
BCBS	53%	91%	47%	0%	48%
HPHC HPI	71%	65%	27%	0%	46%
Tufts/Network	67%	60%	33%	11%	44%
Other	33%	34%	55%	3%	13%
Total	**52%**	**69%**	**44%**	**2%**	**38%**

Source: CHIA 2015 Annual Report, and HPC analysis of CHIA 2015 Annual Report APM data book

Alternative payment methods

Possible 2015 recommendations for discussion

1. Extend APMs to Medicaid, PPO and self-insured products

2. Improve APMs though:
   - Moving away from historical spending in budget
   - Payer alignment of technical elements including risk adjustment, quality measures
   - Inclusion of behavioral health spending in risk budget

3. Increase rates of bundled payments from payers and within provider systems