SENATE DOCKET, NO. 1521 FILED ON: 1/21/2011

SENATE . . . . . No. 486

The Commonwealth of Massachusetts

PRESENTED BY:

Gale D. Candaras

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying:

An Act concerning Medicaid and accountable care.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Gale D. Candaras	☐ *[District]* ☐
Jennifer E. Benson	*37th Middlesex*
Michael R. Knapik	☐ *[District]* ☐
Denise Provost	*27th Middlesex*
Benjamin Swan	*11th Hampden*

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SENATE . . . . . No. 486

By Ms. Candaras, a petition (accompanied by bill, Senate, No. 486) of Gale D. Candaras, Jennifer E. Benson, Michael R. Knapik, Denise Provost and others for legislation concerning Medicaid and accountable care. Health Care Financing.

The Commonwealth of Massachusetts

An Act concerning Medicaid and accountable care.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1. a. The office of Medicaid and the executive office of health and human Services (EOHHS) shall establish a 3 year Medicaid urban-area accountable care organization (ACO) demonstration project as provided in this act. Urban ACOs approved for participation in the demonstration project shall be non-profit organizations formed through the voluntary participation of local hospitals, clinics, health centers, primary care physicians, nurses, and public health agencies for the purpose of improving the quality, capacity, and accessibility of the local health care system for Medicaid beneficiaries residing in the region. Payments for services reimbursed by the Medicaid fee-for-service program to providers participating in an approved urban ACO demonstration-project shall be made to the urban ACO and distributed to the participating providers in accordance with a written plan approved by the office of Medicaid and EOHHS. The urban ACO demonstration project shall be developed in consultation with managed care organizations and other vendors that contract with the Medicaid program to provide health care services to Medicaid beneficiaries.

b. In developing the written plan for distributing payments for services rendered to Medicaid patients by participating urban ACO demonstration project providers, the office of Medicaid and EOHHS, shall consider payment methodologies that promote care-coordination through multi-disciplinary teams, including payment for care of patients with chronic diseases and the elderly, and that encourage services such as: (i) patient or family education for patients with chronic diseases; (ii) home-based services; (iii) telephonic communication; (iv) group care; and (v) culturally and linguistically appropriate care. In addition, the payment system shall be structured to reward quality and improved patient outcomes, particularly for high cost, high needs patients. The payment system may not increase costs to Medicaid for patients served by an ACO demonstration project beyond the benchmark cost of care for those patients if they were not served by an ACO.

25 c. Nothing in this act shall be construed to limit the choice of a Medicaid beneficiary to
26 access care for family planning services or any other type of healthcare services from a qualified
27 health care provider who is not participating in the urban ACO demonstration project.

28 d. The office of Medicaid and EOHHS shall begin implementing the urban ACO
29 demonstration project no later than July 1, 2011.

30 e. The office of Medicaid and EOHHS may certify up to five urban ACOs for
31 participation in shared savings programs that promote accountability for patient populations
32 residing in a designated urban area. Each such shared savings program will be operated as an
33 urban ACO demonstration project designed to coordinate the provision of health care items and
34 services paid for by Medicaid; to encourage investment in infrastructure and redesigned care
35 processes for high quality and efficient service delivery; and facilitate the development of
36 medical homes.

37 f. The office of Medicaid and EOHHS shall certify the urban ACO for participation in
38 the urban ACO demonstration project following its determination that the urban ACO meets the
39 requirements of this act and is designed to improve quality, cost, and access to health care by
40 Medicaid beneficiaries. Urban ACO demonstration project applicants must agree to be
41 accountable for the quality, cost, and overall access to care of the Medicaid beneficiaries residing
42 in the designated urban area for a period of no less than 3 years. For purposes of this act,
43 "designated urban area" shall mean a municipality or defined geographic area in which no fewer
44 than 5,000 Medicaid beneficiaries reside, or other threshold that the office of Medicaid and
45 EOHHS determine to be sufficient for reliable measurement of realized savings. EOHHS, in
46 consultation with the office of Medicaid, shall adopt regulations establishing additional criteria
47 required for participation in the urban ACO demonstration project.

48 g. An urban ACO demonstration project applicant must demonstrate that it is a non-
49 profit entity that has established a mechanism for shared governance. The urban ACO must have
50 a formal legal structure that allows the urban ACO to receive payments from Medicaid and any
51 voluntarily participating Medicaid managed care organizations and distributes payments for
52 quality improvement and for shared savings to participating ACO providers. Before receiving
53 payments, the urban ACO must submit a written demonstration project application for review
54 and approval by the office of Medicaid and EOHHS on how the payments will be used to
55 improve quality, expand access, and reduce cost for patients living in geographic region of the
56 ACO.

57 h. The Medicaid fee-for-service program shall remit payment to the participating urban
58 ACO after approval by the office of Medicaid and EOHHS of the ACO's written demonstration
59 project application for use of the funds and determination of the shared savings payment and
60 approved by the office of Medicaid and EOHHS using the methodology developed under Section
61 1(b) above.

62 i. The benchmark, against which savings are measured for each urban ACO, once
63 established, may only be changed once every 3 years. A portion of realized shared savings from
64 the urban ACOs may be used to offset increased health care expenditures by the Commonwealth
65 of Massachusetts and support the continued operation of this urban ACO demonstration project.
66 The percentage of shared savings to be (i) distributed to the urban ACO; (ii) kept by a
67 participating Medicaid managed care organization or other third party payer; and (iii) kept by the
68 Commonwealth of Massachusetts to support the administration of the program shall be
69 determined at the start of the demonstration project and every 3 years.

70 j. The percentage-of shared savings to be distributed or kept as described herein shall
71 be configured to: (i) ensure widespread participation by both urban communities and payers; (ii)
72 ensure that the Commonwealth of Massachusetts realizes meaningful savings; and (iii) ensure
73 that the demonstration project's annual administrative costs can be covered by year 3.

74 k. As used in this act:

75 "Primary care provider" includes, but is not limited to, a primary care physician, a
76 registered nurse, a primary care professional medical practice, a federally qualified or
77 community health center, and a primary care outpatient clinic operated by a general hospital.

78 2. The office of Medicaid shall, with assistance from EOHHS, evaluate the urban ACO
79 demonstration project annually to assess: whether cost savings are achieved through
80 implementation of the urban ACO demonstration project; the rates of health screening; the
81 outcomes and hospitalization rates for persons with chronic illnesses, and the hospitalization and
82 readmission rates for the frail elderly.

83 3. The secretary of EOHHS shall apply for such state plan amendments or waivers as
84 may be necessary to implement the provisions of this act and to secure federal financial
85 participation for state Medicaid expenditures under the federal Medicaid program. The secretary
86 of EOHHS may apply for participation in federal ACO demonstration projects that align with the
87 goals of this act.

88 4. The secretary of EOHHS shall report annually to the governor, and to the legislature,
89 on the findings and recommendations of the urban ACO demonstration project. After 3 years, if
90 the secretary of EOHHS finds the urban ACO demonstration project was successful in reducing
91 cost and improving the quality of care for Medicaid beneficiaries, the urban ACO demonstration
92 project may be expanded to include additional underserved communities and shall become a
93 permanent program.

94 5. The secretary of EOHHS shall adopt such rules and regulations as the commissioners
95 deem necessary to carry out the provisions of this act.

96 6. This act shall take effect upon enactment and shall expire 3 years after the effective
97 date, but the director of the office of Medicaid and the secretary of EOHHS may take such
98 anticipatory administrative action in advance thereof as shall be necessary for the
99 implementation of this act.