

MAIN STREET MONTANA PROJECT

A BUSINESS PLAN *For Montana by Montanans*

HEALTH AND WELLNESS KEY INDUSTRY NETWORK

Final Recommendations to Governor Bullock

PROBLEM STATEMENT 1

Need to Reduce the Rate of Escalating Healthcare Costs

Affordability of medical care is a central focus of national healthcare reform efforts and central to much of the discussion of the Health & Wellness KIN. According to recent data from the Centers for Medicare and Medicaid Services (CMS), health care spending in Montana grew by an average rate of 7.0 percent per year for the period 1991-2009.¹ Projections are for healthcare spending growth to average 5.8% in the coming decade.² Curtailing healthcare costs in Montana are even more imperative to this State's economy given Montana's aging population.

Reimbursement Systems that Disincentivize: Historically, healthcare reimbursement systems are fee-for-service based which reimburses practitioners for the volume of services provided. A key part of curtailing costs - particularly public sector healthcare expenditures - is shifting reimbursement systems toward paying for successful outcomes and the value of provided services instead of volume. Earlier this year, the U.S. Department of Health and Human Services announced that the Medicare system will boost the percentage of its payments devoted to alternative payment models stressing preventive care from 20 percent in 2014 to 50 percent in 2018. The State must take the lead if Montana's health and payment providers are to successfully adapt in a systemic way from a fee-for-service to a value-based reimbursement payment models that include sharing of cost-savings.

Performance measures appropriate for Montana must be developed for gauging the effectiveness of value-based service delivery. These measures will help guide the necessary reimbursement changes and can be modeled on quality metrics CMS has already developed.

As the shift is made from performance to value-based systems, it is also critical Montana health systems have the ability to track and influence the health and utilization of their service populations. A potential place to start is with services that have shown success in consumer behavioral changes such as imaging and laboratory testing.

The Health & Wellness KIN believes the Governor's Office is uniquely positioned to convene the key thought leaders and leading local professionals in health care to review price and performance data and pinpoint where costs can be reduced and care can be improved.

¹ Center for Medicare and Medicaid Services https://www.cms.gov/mmrr/Downloads/MMRR2011_001_04_a03-.pdf

² Center for Medicare and Medicaid Services https://www.cms.gov/mmrr/Downloads/MMRR2011_001_04_a03-.pdf

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Lack of Affordable Insurance for Employees: Escalating healthcare costs also make it difficult for employers, particularly small businesses, to provide insurance for employees. In 2015, the Milliman Medical Index reports the cost of healthcare for a typical American family of four covered by an average employee-sponsored preferred provider program was \$24,671 – more than doubled over the base decade and tripled that the costs in 2001. ³

Passage of the MT Health and Economic Livelihood Partnership Act was a dramatic step towards providing health insurance for Montanans, with 70,000 additional residents now eligible for coverage. However, many of Montana’s workers remain uninsured.

Statistics from the U.S. Census Bureau for 2014 show an estimated 13.8% of Montana’s full-time workers and 23.2% of part- time workers remain uninsured. ⁴

Nationwide, a Kaiser Family Foundation Study estimates almost three quarters of uninsured workers (71%) are self-employed or work for firms that do not offer health benefits.⁵ Of those who do work for firms that offer coverage, the most common reason given by workers for remaining uninsured was that the coverage was unaffordable. Between 2005 and 2015, total premiums increased by 61%, and the worker’s share has increased over by 83%, outpacing wage growth.⁶ Studies repeatedly demonstrate that the uninsured are less likely than those with insurance to receive preventive care and services for major health conditions and diseases leading to more costly procedures to address chronic conditions.

The State is already in a leadership role with the roll-out of the Health and Economic Livelihood Partnership Act and can spearhead efforts to assist employers on finding and structuring affordable health insurance for employees.

Healthcare Consumers Lack Information: Changing reimbursement systems and providing affordable insurance are only a part of the work which needs to be done to curtail costs. Another is equipping Montana healthcare consumers with the knowledge and resources to make effective health care choices. Research demonstrates that uninformed patients are less likely to use preventive services and manage their conditions, while being more likely to have unnecessary hospital admissions or visits to the emergency department. ⁷

³ Milliman Index <http://www.milliman.com/mmi/>

⁴ US Census Bureau Table: B27011 <http://factfinder.census.gov/>

⁵ “Adults Who Remain Uninsured at the End of 2014.” Kaiser Family Foundation.

<http://kff.org/report-section/adults-who-remained-uninsured-at-the-end-of-2014-issue-brief/>

⁶ Kaiser Family Foundation and Health Research and Educational Trust, 2015. 2015 Employer Health Benefits Survey.

<http://kff.org/report-section/ehbs-2015-section-one-cost-of-health-insurance/>

⁷ Kaiser Family Foundation <http://kff.org/uninsured/fact-sheet/key-facts-about-the-uninsured-population/>

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This is an area where the State is also best positioned to lead. The Department of Health and Human Services Primary Services Bureau already has the state-wide reach necessary to improve health-literacy and proven success in promoting preventive care. The Health & Wellness KIN members encourage public-private partnerships to expand program offerings and develop a web portal to inform Montanans on preventive health and community resources.

As part of expanding preventive care efforts, the Health & Wellness KIN sees a need for more community-based wellness programs including elementary and high school educational programs to teach Montana's youth about healthcare and the impacts of care decisions. Behavioral health education should be part of every wellness program offered. Special efforts should be made to provide programs in rural areas where access to care and health information is more limited.

Leveraging the State's position as the leader in a private-public partnership to offer more community wellness programming and education is the most effective way to increase the consumer's ability to make informed healthcare decisions.

Challenge in Sharing Information: Coordinated patient care and sharing of best practices improves healthcare quality while lowering costs. To improve cost-effectiveness, the Health & Wellness KIN members encourage joint public-private efforts to develop the infrastructure, platforms and media where Montana providers can share best practices and increase effective collaboration. Several factors make sharing healthcare information a challenge in Montana including the size of the state, access to reliable and adequate broadband services, lack of appropriate forums, and large differences in the capacity and resources of providers.

The Health & Wellness KIN members see the path to enhanced collaboration through infrastructure and technology investments.

Behavioral Health Services: In order to improve quality and outcomes for Montanan's mental and other behavior health care services must be integrated with the patient's physical health information. Addressing common disorders, such as depression and anxiety, substantially improves outcomes and experience of care when compared with treating a chronic medical condition alone. The work of other states in this area can serve as a starting point for developing a statewide behavior plan.

To address the rising costs, the State and Montana health systems must find effective incentives for Montanans to adopt healthier behaviors, provide education, promote collaboration, and change incentives for providers and MT employers to support value-based systems and collaboration. A wide-ranging, multi-pronged strategy as presented in the KIN Recommendation #1 is necessary for a substantive impact.

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KIN RECOMMENDATION #1

Address Escalating Healthcare Costs:

- Change physical and behavioral health reimbursements systems to value-based and develop outcome standards.
- Provide options for employers to provide affordable health insurance.
- Educate population to be prudent shoppers.
- Develop focus on community-based wellness programs including:
 - More educating at K-12 levels.
 - Including prevention education for mental health in messaging.
 - Exploring ways to serve folks at home particularly in rural areas.
- Increase collaboration through forums for providers, employers, payers, community members to share best practices, modeling / data on population health, resource sharing.
- Produce a statewide plan for behavioral care.

ECONOMIC DEVELOPMENT BENEFIT

The benefits of reducing the rate of escalating healthcare costs include:

- As Montana's population ages, stemming chronic care spending allows for sustainable health systems.
- Expanding insurance can improve provider revenues through less catastrophic and uncompensated care.
- Improved healthcare literacy allows consumers to make better, more efficient healthcare decisions.
- Community wellness programs reduce the rate of illness and disease and enhance productivity and quality of life.
- Better care coordination can lead to better quality of care and improved patient outcomes.

PROBLEM STATEMENT 2

Lack of consistent coordination of patient care

Montanans enjoy a high quality of medical care through the efforts of skilled healthcare professionals. Working to improve care transitions and coverage between healthcare systems and providers is another way to effectively improve the health of the State's residents and lower costs.

Many Montanans receive care from multiple healthcare providers; and many are covered by multiple insurance plans. Because these networks of care and coverage are not integrated, unnecessary costs are incurred through duplicated services, inconsistent care leading to complications and readmissions, and incomplete patient information and history.

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An ideal place to start examining care transition is with those Montana residents who qualify for both Medicare and Medicaid. These dual eligible individuals are essentially enrolled in two separate programs with separate coverage policies. Medicare covers most basic and acute health services including doctor visits and hospital care. Medicaid is used to cover benefits Medicare does not cover including long-term care, dental, and eye care, and is also used to pay for Medicare premiums and cost-sharing. According to research by the Kaiser Family Foundation, these dual eligible individuals are generally low-income senior citizens or those younger than 65 with disabilities or major, chronic health conditions.⁸ Many states have undertaken the work to align financing and administration for dual eligible beneficiaries and can serve as models for Montana.

KIN members also discussed the need for a State-lead study of the impacts of adjudicated versus non-adjudicated youth placements on health care services and costs. Research highlighted by the Justice Policy Institute has shown that community-based programs for youth are more cost-effective than incarceration for most youth while preserving public safety.

KIN RECOMMENDATION #2

Improve coordination of patient care (public and private):

- **Improve patient transitions between healthcare systems.**
- **Enhance coordination of care among providers to prevent duplicative or unnecessary services focusing first on dual-enrolled Medicaid/Medicare high-cost patients.**
- **Study the incentives and impacts on healthcare costs of juvenile judicial decisions such as placement in a secure facility versus community-based options.**

ECONOMIC DEVELOPMENT BENEFIT

The benefits of improved patient care coordination include:

- Increased administrative efficiencies.
- Short- and long-term cost savings from reduction in and duplication of procedures.
- Faster recovery time for patients.
- Avoidance of complications allows for better health and productivity in working age population.
- Reduced demand for high cost emergency services.

PROBLEM STATEMENT 3

⁸ <http://kff.org/tag/dual-eligible/>

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Licensing boards are incentivized to match needs

Licensing boards are essential to ensuring only those meeting the required standards enter and continue in the respective professions. The Health & Wellness KIN members have confidence that a number of improvements can be made to the selection of members and board processes to better meet industry needs without diminishing quality and safety.

KIN RECOMMENDATION #3

Re-orient Montana healthcare licensing boards:

- Change the focus of board appointments and board directives to work force development.
- Review statutes, ARM, processes to enhance and streamline licensing board work.
- Incentivize boards to be responsive and innovative.
- Provide greater support to licensing boards to promote innovation and enhance responsiveness.
- Enhance reasons for top Montana healthcare professionals to be appointees.
- Redesign board processes to keep industry partners engaged.

ECONOMIC DEVELOPMENT BENEFIT

The benefits of re-orienting licensing boards include:

- Improved quality of care.
- Increase in available and job satisfaction of healthcare workers.
- Reduced inefficiencies and enhanced predictability for healthcare professionals, health care systems, and state government.

PROBLEM STATEMENT 4

Inadequate numbers and types of healthcare workers to meet demand

Need for More Trained Healthcare Professionals: According to estimates produced by the Montana Department of Labor & Industry (DLI), the health care industry is projected to demand the most workers of all the State's industries, adding roughly 1,300 jobs every year through 2024.⁹

To help address this need, the State of Montana submitted and successfully received a \$14.9 million HealthCARE grant for healthcare workforce development. The HealthCARE grant has four principle objectives:

⁹ MT Employment Projections <http://lmi.mt.gov/media/97941/projections-pub-2015.pdf>

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HealthCARE Montana Grant Objectives	
Objective 1	Create statewide healthcare pathways characterized by stacked and latticed credentials and contextualized curricula.
Objective 2	Systemically address Montana’s nursing shortages and provide accelerated pathways to completion of nursing programs and bridges to BSN for adult learners.
Objective 3	Increase success for students by providing services that better prepare adult learners for success in the curriculum; accelerate credential completion; coach students in pathway navigation; and provide access to distance education.
Objective 4	Engage the healthcare industry, education, workforce programs and other stakeholders in statewide healthcare workforce transformation and strategic planning; curriculum development; on-the-job training and apprenticeship opportunities; rapid response cycle regional planning; and data driven approaches for demand-driven workforce development and education strategies.

The Health & Wellness KIN Members applaud the grant efforts and accomplishments already realized and ask that progress be regularly reported to members on all four objectives. KIN members also stress that systemic change must occur so that the programs initiated under HealthCARE can continue beyond the life of the grant.

Mentoring programs such as the program offered by the Montana Center to Advance Health Through Nursing¹⁰ are another way for the State to improve employee success and workforce retention. The Health & Wellness KIN recommends exploring financial and educational credit incentives for students and potential mentors to complete both apprenticeship and mentoring programs.

Promoting Healthcare Careers: Many Montana students are unaware of opportunities within the state to enter the healthcare profession. Promoting healthcare careers to K-12 students and providing healthcare certification opportunities to Montana high school students are two ways the State’s educational systems could increase student awareness and participation.

In order to address healthcare workforce needs, it is also important that the State publish regular reports that compare the number of high school and higher education healthcare graduates by program (including certifications) with the projections of need produced by the Montana Department of Labor and Industry. All projections need to be incorporate input and involvement from employers on actual needs (number of workers and type of profession).

¹⁰ MT Center to Advance Health Through Nursing <http://mtcahn.org/apin-grant/apin-mentoring-program/>

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Developing healthcare career pathways with accelerated time to completion, expanding apprenticeships and mentoring programs, increasing the availability and access to healthcare training and certification programs, and promoting healthcare careers to Montana's youth are all necessary to address Montana's current and future healthcare workforce needs.

Need for Technology: As the State moves from fee-to value-based healthcare, the Health & Wellness KIN see a need for a web portal with sufficient capacity to offer healthcare to rural populations, provide a means for patient engagement, increase provider collaboration, and allow for remote supervision, training, and mentoring of healthcare professionals.

Expansion of telemedicine capacity and use presents many benefits to Montana providers including: reduced health care delivery problems, decreased costs, improved care coordination, and fewer provider shortages.¹¹ Telemedicine is also very beneficially to patients offering greater accessibility and convenience.

The Health & Wellness KIN encourages the Governor to work through state and federal channels for significant broadband and technological investments in order to support telemedicine expansion.

Lack of Primary Care Physicians

A January 2013 article published by the Montana Department of Labor & Industry cited the following facts:

- Twelve counties have no Primary Care Physician (PCP), totaling 19,676 Montanans without a PCP in their county.
- 25% of all active Montana physicians are age 60 or older (higher than the national average) and face the possibility of retirement within the next five years.
- Approximately 421,416 Montanans—42%—live in counties with fewer PCPs than the national average.¹²

The article notes the source of Montana's shortfall in primary care physicians is rooted in lack of an in-state medical school. The Health and Wellness KIN recommends the State undertake a feasibility study on a Medical School in Montana.

KIN RECOMMENDATION #4

¹¹ American Telemedicine Association Report <http://www.americantelemed.org/docs/default-source/policy/50-state-telemedicine-gaps-analysis---coverage-and-reimbursement.pdf>

¹² MT Dept. of Labor & Industry Report

<https://www.doleta.gov/performance/results/AnnualReports/PY2012/Healthcare%20Labor%20Shortages%20and%20Potential%20Solutions.pdf>

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Enhance healthcare workforce development:

- Expand apprenticeships and mentorships particularly in rural areas and provide regular reporting on goals and achievements.
- Incentivize students to participate in apprenticeship and mentorships and make the Montana population aware of training opportunities.
- Increase Montana University System and Montana Department of Labor & Industry training and educational offerings.
- Promote healthcare career awareness to K-12 students. Provide certification opportunities for high school students.
- Provide regular reports that compare the number of high school and higher education healthcare graduates by program (including certifications) with the projections of need produced by the Montana Department of Labor and Industry incorporating input and involvement from the employers in establishing need to set the projections.
- Develop a web portal that gives access to population inside and outside of metro areas.
- Expand telemedicine opportunities. Use the technology to supervise, build capacity and provide mentorship.
- Assess establishing a medical school in Montana by conducting a feasibility study.

ECONOMIC DEVELOPMENT BENEFIT

The benefits of these healthcare workforce development efforts include:

- Increased quality of healthcare for all Montanans.
- Higher wages, profits, and revenues.
- Increased employee productivity and retention.

PROBLEM STATEMENT 5

Current systems disincentivize preventive care

Current healthcare delivery and payment systems are geared toward caring for the sick, doing little to keep people healthy in the first place. In 2012, half of U.S. adults had one or more chronic health conditions (heart disease, stroke, cancer, diabetes, obesity, and arthritis) and one in four had two or more.¹³ According to the Centers for Disease Control and Prevention, chronic diseases are responsible for 7 of 10 deaths each year, and treating people with chronic diseases accounts for 86% of our nation's health care costs.

The primary reason for preventive care programs is to increase the general health and well-being of the population. Certain preventive health programs (immunizations, smoking

¹³ Kaiser Foundation <http://kff.org/report-section/an-overview-of-medicaid-incentives-for-the-prevention-of-chronic-diseases-issue-brief-mipcd-grants/>

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cessation programs, and the use of aspirin by persons at high risk for cardiovascular disease) have been shown to have significant short-term cost savings in selective areas.¹⁴ For other areas such as screening for certain cancers, if long-run costs are considered, savings become more apparent when tabulating the cost of care for preventive services. The long-run costs associated with a lack of available preventive services outweigh the short-run direct costs of providing many of those services.

Better Incentives Needed for Providers to Offer Prevention Care Programs

As mentioned previously, the current healthcare delivery system relies heavily on a fee-for-service (FFS) payment method in which a provider is paid a fee for rendering a specific service. There are several problems with this current healthcare reimbursement system overall and specifically related to preventive health. First and foremost, a fee-for service (FFS) payment system does not encourage providers to consider the appropriateness of the services they render. FFS systems often reward providers for rendering unnecessary or low-value services while also offering disincentive to focus on preventive or palliative care. Essentially, providers are not adequately compensated for spending time with a patient whether it is to explore patient history, symptoms of illness, or chronic disease prevention. They are, however, overcompensated for ordering additional diagnostic tests, treatments, medications, and so on.

For Montana providers to offer / expand preventive care programs, meaningful incentives must be developed.

Barriers to Consumer Preventive Care

A number of significant barriers exist in providing effective preventive care, particularly to low-income and rural populations. Foremost is many consumers lack information on available preventive health programs at little or no cost. Covering preventive care is only as effective as consumers' knowledge of that coverage. A Kaiser Permanente Study of the Northern California market found that consumers don't know preventive care is covered - at least not people with high-deductible health plans.¹⁵

Similar to providers, there is also a need to explore the development of effective incentives that motivate consumers to engage in preventive health care. Research has shown that a mix of incentives targeted to both short- and long-term behavioral change is most successful in behavioral change. Incentives programs also need to be accompanied by tools, personalized

¹⁴ New England Journal of Medicine article <http://www.nejm.org/doi/full/10.1056/NEJMp0708558>

¹⁵ Kaiser Permanente <http://www.pubfacts.com/detail/23213148/In-consumer-directed-health-plans-a-majority-of-patients-were-unaware-of-free-or-low-cost-preventive>

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to individual learning styles and aptitudes, which allow employees to actively engage in self-monitoring and reporting.

Re-aligning the priorities of our healthcare system with provider and consumer incentives to include quality and efficiency in health services would result in a higher level of illness prevention, more accurate diagnoses/prognoses of conditions, more appropriate care, avoidance of adverse events, and improvements in follow-up to care. The Health and Wellness KIN sees the Governor's office as the natural convener of healthcare providers and payers to develop Montana-focused reimbursement incentives for preventive care.

Lack of Service and Price Transparency: For patients to become informed consumers of health care they must first understand the products and services they are receiving and the actual price the patient is charged. Montana should begin by researching systems developed by the State of New Hampshire's which is recognized as the national transparency leader.

Need for Population Health Models: Providers and policy makers would also benefit from population health modeling and projections allowing better targeting of programs and services based on demographic and lifestyle profiles. Along with health modeling, the State should work with providers to develop reporting of short- and long-term care healthcare costs and reimbursements, particularly as it relates to preventive care.

KIN RECOMMENDATION #5

Incentivize preventive care:

- Redesign payment systems to encourage preventative care program and service costs including Federal Medical Assistance Percentages (FMAP) funded and State General Fund mental health care costs.¹⁶
- Identify best practices that other States have effectively used to incentivize preventive care.
- Start a system for price transparency to help consumers understand costs.
- Use population health modeling / information for enhancing preventive care leading to shareable cost savings.

ECONOMIC DEVELOPMENT BENEFIT

The benefits of expanding preventive care include:

- Fewer chronic conditions increase worker productivity and longevity of employment.

¹⁶ The amount of Federal payments to a State for medical services depends on two factors. The first is the actual amount spent that qualifies as match-able under Medicaid and the FMAP. The **Federal Medical Assistance Percentage (FMAP)** is computed from a formula that takes into account the average per capita income for each State relative to the national average

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- Improved childhood health is linked to enhanced educational attainment and lifetime earnings.