

# Minnesota Health Reform Overview



Carol Backstrom

Minnesota Department of Health

August 18, 2010



# Bundled Payments

- Called “baskets of care” in Minnesota legislation; also known as episodes of care
- “Episode of care bundled payment pilot program” in PPACA
- Part of 2008 health reform package
- Today:
  - Focus on activities, challenges, opportunities

# Minnesota's Vision: Nation-leading Reforms

## **2008 Health Reform law contained:**

- Public health investment
- Market transparency
- Care redesign and payment reform
- Supporting activities
  - Coverage expansion, e-Health, administrative simplification, consumer engagement

# 2008 Reform: What wasn't included

- “Level 3” payment reform
- Intended to combine package pricing and provider peer grouping where:
  - Providers submit package pricing to public-private commission
  - Commission would then publish prices, payers would pay published package price

# Baskets of Care

## **Legislation required MDH commissioner to:**

- Establish uniform definitions focused on CAD, diabetes, asthma and depression
- Consider prevalence of health conditions, treatment costs and potential for innovation
- Establish quality measurements
- Offering/paying for baskets is voluntary

# Baskets of Care

- Through RFP process, MDH contracted with ICSI to staff and facilitate a process through which a steering committee and related subcommittees will identify and uniformly define seven baskets of care.
- Seven baskets included diabetes, adult and child preventive care, pediatric asthma, obstetric care, low back pain and total knee replacement

# Baskets: Challenges

- Operational, administrative issues
  - Manual billing (coding, grouping of services)
  - How do baskets fit into benefit structure?
- Contractual relationships
- Data portability (what happens when services provided across multiple systems?)
- Patient engagement

# Baskets: Opportunities

- Mechanism for discussion of functional status measures
  - E.G., Total Knee Replacement: Not just measuring “MRI usage;” instead focusing discussion on “Number of days back to work”
- Possible mechanism for care delivery learning collaborative
- Created opportunity for private market to consider own version of baskets/global payments for episodes

# Building Blocks

- Baskets of care, provider peer grouping (as well as health care homes, statewide quality reporting system and the Statewide Health Improvement Program) are foundational to further care redesign and payment reform efforts.

MINNESOTA'S  
**V**ISION  
*A Better State of Health*

[www.health.state.mn.us/healthreform](http://www.health.state.mn.us/healthreform)

