

States' Barriers to Innovation

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Barrier #1

Time & Resources to Innovate

- Those outside of government don't realize how busy the state is with the day-to-day activities.
- Possible solution: have dedicated staff to plan & accomplish innovative projects, drawing on the expertise of staff from various departments.
 - It doesn't have to be a lot: Governor Rendell created the Governor's Office of Health Care Reform, with 4 staff and no budget, funding from other agencies.
 - Accomplishments: CHIP expansion, HAI law, scope of practice, multi payer PCMH, RX for PA

Barrier #2

Medicaid waivers

- If needs legislation & not a political majority-beyond difficult.
- Budget neutrality creates issues if the savings come from a political force, e.g. DSH and Hospital Assoc.
- Budget neutrality can lead to multiple waivers by condition for home and community-based services to accommodate high cost users.
- Inflexibility of CMS. Supposed to be innovative demonstration programs.
- Solution? ACA seems to give states more flexibility and increased FMAP to innovate with health homes and rebalancing care.

Barrier #3

Myths About Antitrust

- Payers are often reluctant to come to meeting called by the state to talk about multi-payer initiatives to improve care because of antitrust fears.
- Solution: The Power of the State Exception to Antitrust.
 - Carefully supervised by the state
 - Purpose is to improve public health
 - Hugely powerful force for change in care if can get the payers aligned
- Rendell Administration used it to change payment for 900 PCPs for PCMH initiative.
- Corbett Administration is doing it in SW PA to have payers possibly pay for evidence-based behavioral health screening and interventions by integration specialists.

The Medical Guild System

- To reengineer the health care work force:
 - **CAN:** What do providers have the training and ability to do?
 - **MAY:** What may they do for whom under the law and are they tethered to some other providers' license.
 - **PAY:** If it can and may be done, is payment for it allowed?
- The Challenge: Finding the politically possible niches from doctors for other health care providers and then getting them paid for it. Successful strategies:
 - Coalitions of providers and payers to overcome campaign contributions and fear mongering of the medical society.
 - Condition it on something the doctors want such as tort reform or help with medical mal practice premiums.
 - Shuttle diplomacy: keeping the different professional interest groups mediating the issues late into the night with no one allowed to go home. Legislature will always pass scope of practice if there are no issues.

What innovations do states want to implement?

- The Win-Win innovations: Those that improve quality while significantly reducing the cost of care, especially for the state Medicaid or employee health programs.
 - Innovations that eliminate perverse financial incentives, e.g. paying for extra days of care for HAI
 - Innovations that target very expensive populations and the inability to manage the total care of that population, e.g. dual eligibles.
 - Innovations that guarantee immediate up front savings that will also improve the quality of care for consumers, e.g., CMS dual eligible demonstration.
 - Innovations without political blow back, e.g. patient-centered health homes.

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