# A GUIDE TO CHAPTER 224 (PAYMENT REFORM) FOR CLINICIANS


Clinicians UNITED

for affordable, accessible mental health services

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# A GUIDE TO CHAPTER 224 (PAYMENT REFORM) FOR CLINICIANS

Approved by the legislature and Governor Patrick in 2012, Chapter 224 (*An Act Improving the Quality of Health Care and Reducing Costs through Increased Transparency, Efficiency and Innovation*) sets goals for future growth of public and private health costs, creates new state entities to oversee health providers, and contains many provisions designed to promote changes in the delivery of health care and systems of payment for that care. Implementation of Chapter 224 will affect all health care providers in Massachusetts, including mental health clinicians.

There are several key elements of the law – including Cost Control and System Reforms, New State Entities, and other Behavioral Health Entities.

*Note: this summary provides a brief overview of the main provisions of Chapter 224. The Blue Cross Blue Shield Foundation has produced a comprehensive summary, as well as a Glossary of Cost Containment Terms.*

## Cost Control and System Reforms

A main goal of Chapter 224 is to control the growth of health care costs and enhance the quality of services through the adoption of new systems of payment and delivery system reforms, including efforts to better integrate care. These changes will likely require mental health clinicians to more closely coordinate care with other providers and lead to changes in reimbursement methods.

### *Cost Growth Benchmark*

The law sets a benchmark for growth of "total health care expenditures," defined as per capita expenditures (including insurance and out of pocket costs) from public and private sources. Starting in 2014 the growth rate benchmark would be equal to, or in some years (2018-22) 0.5 percentage points less than, the rate of growth in the overall Massachusetts economy, adjusted for business cycle fluctuations. Providers and insurers exceeding the growth benchmark would come under scrutiny from a new Health Policy Commission (see below) and could be subject to corrective measures.

### *Alternative Payment Methodologies*

Chapter 224 contains a variety of provisions to promote adoption of alternate payment methodologies, including:

- Creation of a certification process that would allow provider groups to become *Accountable Care Organizations (ACOs)*, in order to promote the use of integrated delivery care systems. To become certified as an ACO, provider groups would need to meet certain governance standards, have the capacity to coordinate payments across providers and use interoperable health information (HIT) technology, and provide health services across a continuum of care that includes behavioral health services. The Health Policy Commission could set additional rules in line with ACO goals that are defined in the law; these include promoting "integration of mental health, substance use disorder and behavioral health services with primary care."

- Development of a standard certification process for *Patient-centered Medical Homes*, entities that would coordinate all care for a patient. Among other requirements, health providers forming a medical home would need to "have the ability to assess and provide or arrange for, and coordinate care with, mental health and substance abuse services." A behavioral health provider could be certified as a medical home, but would need to arrange for primary and specialty care for patients. *[Note: ACOs are typically more hospital-based, while medical homes are populated largely by private practices.]*

- Changes and additions to current insurance law to promote use of selective networks and tiering of payments by provider and/or services; require insurers to assign a primary care provider to each member; and expand the use of telemedicine;

- A requirement that MassHealth, the state's Medicaid program, adopt alternative payment methodologies for care provided to the majority of enrollees, along with rate increases for providers that adopt these methodologies.

### *Other provisions*

Chapter 224 contains an array of other provisions, including:

- expansion of workplace wellness programs
- associated tax credit
- requirements for more transparency concerning provider and payer costs
- health workforce initiatives
- activities to promote use of electronic health records
- a new Prevention and Wellness Trust Fund to support community-based efforts to reduce preventable health conditions and promote wellness.

## New State Entities

Chapter 224 restructures existing state health care agencies and creates new boards and commissions to help implement the activities required in the law. Three main entities are:

*Health Policy Commission*

The Health Policy Commission (HPC) is a quasi-independent entity that will establish the health cost growth benchmarks and hold annual hearings to monitor cost trends. It will also certify Accountable Care Organizations and Patient Centered Medical Homes, and administer a Healthcare Payment Reform Fund, and has the power to review entities with costs that exceed growth benchmarks and require them to take corrective action.

The HPC is governed by a board of 11 members with different types of health care expertise and experience. One board slot is designated for someone with "expertise in behavioral health, substance use disorder, mental health services and mental health reimbursement systems." The HPC has established four committees to facilitate its work, including a Care Delivery and Payment System Reform committee that includes the HPC member who fills the behavioral health slot. The law requires

the director of the HPS to appoint an advisory council to the commission that represents a broad array of interests. For more information see the HPC website.

### *Center for Health Information and Analysis*

The Center for Health Information and Analysis (CHIA) will collect and analyze data from payers and providers in order to identify cost trends and otherwise support the activities of the HCP. The Center will also operate a consumer health information website that provides comparative cost and quality information.

### *Health Planning Council*

Chapter 224 created a Health Planning Council within the Executive Office of Health and Human Services that consists of the heads of state agencies that oversee health programs; the director of the HPC; and experts in health economics, health policy and planning, and health care market planning.

The Council is charged with developing a state health plan that identifies health resources and needs, and with making recommendations for future allocation of resources that are in line with the cost growth and quality improvement goals, including recommendations that support "efforts to integrate mental health, behavioral and substance use disorder services with overall medical care." The law directs the Council to assemble an advisory committee of 13 members with diverse health care interests.

## Other Behavioral Health Provisions

Two Chapter 224 provisions that focus directly on mental and behavioral health: the Behavioral Health Task Force and Mental Health Parity & Integration..

### *Behavioral Health Task Force*

Chapter 224 created a special task force to examine and make recommendations concerning mental and behavioral health and substance abuse disorder issues, including integration of behavioral and primary care health services and potential changes to payment for behavioral health systems. The Task Force submitted its report to the legislature in July, 2013. The report, which contains 29 recommendations, is available here.

### *Mental Health Parity and Integration*

Chapter 224 authorizes the Division of Insurance (DOI) to enforce state and federal mental health parity laws with respect to commercial insurers and requires DOI to promulgate regulations that require insurance carriers to "comply with and implement" federal and state mental health parity laws. Carriers are required to submit reports outlining how their health plans comply with these laws.