



2017 ANNUAL REPORT



MISSION

The Maine Health Management Coalition
advances value in healthcare through
collaborative and engaged purchaser action.
Its members reward and support improvement
in quality, affordability, and service.

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CHAIRMAN'S MESSAGE FROM THE BOARD OF DIRECTORS

A lot has happened at the Maine Health Management Coalition in 2017! The healthcare industry has undergone change at a rate that few could have contemplated when the MHMC was founded more than 20 years ago. Maine is not immune to the issues being faced nationally, and the progress we have made over the last year is an evolutionary step in the organization's mission to remain a leader in driving the delivery of healthcare value for Maine purchasers.

During the last year, our Board of Directors voted unanimously to move to a purchaser-only Board of Directors; to adopt a new mission and vision; and to reinvent our programming to drive more value into Maine's healthcare system. We also hired a new CEO, Peter Hayes, whose able leadership will continue the transformative work we began under CEO Michael DeLorenzo, who is retiring in December 2017. To communicate these changes to our constituents, we established a new name and brand, which will be formally rolled out in the first quarter of 2018.

As we look to the future, we are excited to explore new pathways to demonstrate value to our members. In addition to initiatives like Rx group purchasing, the development of bundled payments and centers of excellence, and incentivizing high-value sites of care, we'll also be rolling out the results of our rebranding efforts during 2018.

Of course, a transition this significant is not without challenges, and the work we've done will position us well to be a catalyst for change in the Maine healthcare marketplace, both now and into the future. As we embark on a new year, it is my sincerest hope that you will join us in our quest for high-value healthcare for all of Maine!



Tom Ellis, MBA, CCP, PHR
Director, Total Rewards
The Jackson Laboratory

A photograph of a modern, minimalist conference room. The room features a long, white, rectangular table with a central recessed area containing two long, narrow, black rectangular vents. Black chairs are arranged around the table. The walls are white and feature a grid pattern of square recessed areas. The ceiling is white with a grid pattern of square recessed areas. The floor is white. The room is brightly lit, and the overall aesthetic is clean and professional.

“The work we’ve done will position us well to be a catalyst for change in the Maine healthcare marketplace, both now and into the future.”

CEO'S PERSPECTIVE

Michael DeLorenzo will be stepping down as interim-President & CEO on December 15th. Peter Hayes will take his place as President and CEO.

As the high cost of healthcare in the U.S. continues to challenge economic competitiveness, slows growth in personal incomes, and crowds out needed investments in infrastructure, transportation, and education, it is clear that we need to change how we pay for care. Instead of reimbursing providers for *activity* in our current fee-for-service system, we need a model that rewards and incentivizes providers for *results*.

But as purchasers seek more value for their healthcare spend, how do we move from talk to action? Bruce Bradley, a founding member of The Leapfrog Group, has observed that as funders of the healthcare economy, purchasers own the problem as much as anyone: it is their responsibility to pay for value by defining what they want, measuring it, and rewarding it.

Sounds easy in one sense, but very challenging in another.

“Engaged purchaser action to reward healthcare value is an essential missing piece.”

Transitioning from fee-for-service medicine to outcomes-based payment models will require a new level of leadership from purchasers. It will require purchasers to reject the status quo, choosing instead to spend their healthcare dollars in a way that creates the structural changes needed to transform how care is delivered. By joining with other like-minded employers and public trusts pursuing a value-based agenda, purchasers must abandon their familiar role as healthcare price-takers and instead embrace their collective responsibility to serve as healthcare market-makers.

The Maine Health Management Coalition reorganized to a purchaser-only Board in 2017 to reflect this new paradigm. While the organization's governance has changed, the Coalition's purchasers remain committed to collaborating with providers who embrace a shared vision of

moving to healthcare value.

As we head into 2018, the Coalition's Board has chosen a new name, brand, and CEO. These changes acknowledge the reality that measurement and quality improvement activities alone are not sufficient, and that engaged purchaser action to reward healthcare value is an essential missing piece. While there are no certainties or easy proven paths forward, we do know the current situation is not sustainable.

The following report highlights some initial ways that the Coalition will work to foster purchaser engagement and deliver results from a value-based agenda in 2018 and beyond. We hope you'll stay tuned and join us. The opportunities are truly exciting.



Michael DeLorenzo
President & CEO

APPROACH & RECENT HISTORY

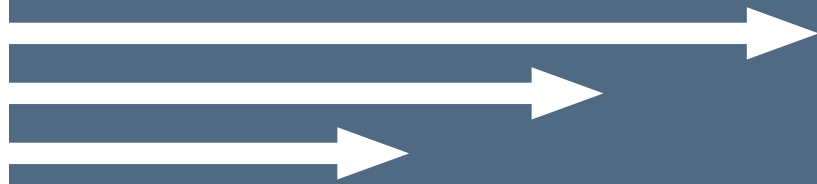
In 2017 the MHMC transitioned from a multi-stakeholder Board of Directors to a purchaser-only Board of Directors.

This past year has been one of transformation for the Maine Health Management Coalition. Since it was founded in 1994, the Coalition made its name through a nationally-recognized quality improvement and public reporting effort known as the Pathways to Excellence program. Governed jointly by purchasers and providers, the program made quality measures on Maine providers publicly available through its website, www.getbettermaine.org. While there is still work to be done, healthcare quality in Maine has measurably improved in the two decades since the Coalition's inception. However, healthcare quality is only one aspect of the Triple Aim, and advances in quality do not ensure improvements in efficiency, affordability, or service.

Given the Coalition's commitment to improving all facets of the Triple Aim, the organization launched an extensive self-

evaluation at the end of 2016 that continued into the beginning of this year. We held conversations with all our stakeholder constituencies, both individually and in groups, to gather feedback on the role the Coalition should play in Maine's healthcare market as it exists in 2017. In addition, we assessed the performance of numerous multi-stakeholder health improvement collaboratives as well as purchaser coalitions working to improve healthcare value around the country, seeking to understand both the opportunities and challenges for purchasers working to achieve the Triple Aim.

At the end of this self-evaluative process, the Board of Directors came to several conclusions. First, purchasers need an organization through which they develop one voice, advocate effectively for their collective interests, and define their expectations for provider accountability. To



that end, the Coalition's Board voted in March to transition the organization's governance from multi-stakeholder to purchaser-only. This new leadership structure allows purchasers to clarify not only what they want, but also how they are willing to support all stakeholders working to improve healthcare value in Maine.

Second, the Board concluded that the organization needs to focus on implementing value-based purchasing strategies that deliver tangible, measurable value. After examining programs around the country, the Board settled on three initiatives for 2018: (1) group purchasing of pharmacy benefits; (2) creating bundled, episode-based payment mechanisms delivered through

to-be-identified centers of excellence; and (3) identifying and promoting high-value sites of care.

Finally, the Board concluded that transparency must be aligned with—and supportive of—value-based purchasing efforts. This means that purchasers must have access to comparative information on health plan, ACO, and practice-level performance; price and utilization variability; and other key measures of quality, cost, and patient experience. While in the past www.getbettermaine.org has been successful at encouraging providers to publicly report on the quality of their care, it has had limited effect on driving the broader goals of the Triple Aim.

“Purchasers need an organization through which they develop one voice, advocate effectively for their collective interests, and define their expectations for provider accountability.”

KEY STRATEGIES

The Maine Health Management Coalition's membership has chosen three initiatives to focus on in 2018. They are:

Centers of Excellence & Bundled Payments

Costs for episodes of care can vary significantly around our state. For example, based on an analysis of Coalition member data, the median cost of knee replacements at Maine hospitals ranges from \$30,000 to \$50,000, with no correlation between cost and quality. In addition to the wide variation in cost, financial incentives in our current fee-for-service system reward the volume of services delivered, rather than well-coordinated, safe care with the best outcomes.

To address these issues, the Maine Health Management Coalition is working to create episode-based

bundles of care to be purchased at centers of excellence. This approach has been shown to lower costs, improve outcomes, and enhance patients' experience of care. The Coalition will work with willing Maine providers and payers to develop these bundles, including robust quality standards. Purchasers will be able to pay a bundled fee for all the services associated with an episode of care. In markets where centers of excellence are being utilized, purchasers are realizing significant savings on the highest quality services. Based on programs implemented by other coalitions and purchasers, the Coalition believes that centers of excellence and bundled payment programs create the right incentives to promote high-quality, efficient, coordinated care that can be purchased at a competitive price.



Rx Group Purchasing

Prescription drugs are among the top cost drivers for healthcare purchasers. One strategy that has shown significant savings at other coalitions around the country is group purchasing of pharmacy benefits. At the beginning of 2018 the MHMC will make a group purchasing program available to all members. Results from other coalitions indicate that leveraging the purchasing power of multiple purchasers and contracting with a transparent

pharmacy benefit manager (PBM) can generate substantial savings. The Coalition's group purchasing program will make those savings available to MHMC members. Participating members will be able to maintain their current formulary and benefit design if they choose; additional value-based strategies will be available for members interested in pursuing additional savings.

Sites of Care

For healthcare services like infusion therapy, imaging, urgent care, and physical therapy, there are dramatic differences in cost based on where the service is delivered. Purchasers have experienced substantial cost savings by encouraging patients to receive services in high-quality, more cost-efficient settings. Through detailed claims analysis and conversations with provider and health plan Coalition members, the

MHMC is working to identify the highest quality, most cost-efficient sites and services, and to increase opportunities for purchasers to redirect members to such settings when clinically appropriate.

PURCHASER LEADERSHIP

“A leader takes people where they want to go. A great leader takes people where they don’t necessarily want to go, but ought to be.” —**Rosalynn Carter**

Despite federal reforms and provider- and payer-led efforts to improve the value of healthcare, the U.S. healthcare system continues to fall short on delivering high-quality, affordable care. According to a 2014 report issued by The Commonwealth Fund, the U.S. ranks last among 11 other industrialized nations on most indicators of healthcare quality, and it costs American citizens nearly \$2,000 more per capita than the second-most expensive system in the world.

“Purchasers have the responsibility, and the potential, to drive quality improvement and cost efficiency”

In Maine, commercial employers and public trusts insure more beneficiaries than Medicare and MaineCare combined. They also pay for the difference between actual healthcare costs and Medicare and MaineCare reimbursement rates. MHMC members believe that commercial purchasers have the responsibility, and the potential, to drive quality improvement and cost efficiency by directing their dollars in ways that reward high-value systems and services.

To advance value, purchasers will work with those stakeholders who are willing to collaborate to promote high-value care. They will also buy services from health plans and providers that demonstrate measureable results across all components of the Triple Aim. Purchasers need to be bold and structure the marketplace so consumers can readily understand what their options really are—in terms of quality, cost, and treatments—and be incented to act on that understanding.

MEMBERSHIP

The Maine Health Management Coalition includes some of Maine's largest employers and public trusts, and its members purchase health coverage for more than a quarter of the commercially-insured population in the state. MHMC members consider their investment in the organization to be an integral part of their healthcare strategy. They rely on Coalition data and initiatives to provide real alternatives with collaborating brokers, plans, and providers to improve the efficiency of their healthcare spend through promoting the highest quality, patient-centered, affordable healthcare across the state. Through quarterly member meetings and other Coalition events like the symposium, MHMC members come together to share experience and best practices, hear from national thought leaders on purchaser strategies to improve healthcare value, align their actions to produce meaningful change in how healthcare is purchased, and advocate for needed change in the healthcare economy to drive broad population health.

While the MHMC is purchaser-led, the membership includes provider, payer, consumer, and affiliate members representing a broad swath of healthcare stakeholders who share the Coalition's vision for high-value, quality care. These constituencies are integral partners in the Coalition's work to reform how healthcare is paid for, and their participation in workgroups and member meetings provide important perspectives on how to design strategies that advance value for everyone in the state.



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JOIN US!

For information on becoming a member of
the Maine Health Management Coalition,
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www.mehmc.org