



Aug. 9, 2012

Contact: Jeremy Drucker
Communications
651-431-2920

State gets federal approval for innovative health care payment reform

Minnesota can continue forward on effort to improve care for Medicaid enrollees while saving taxpayer dollars

Today the Minnesota Department of Human Services (DHS) announced federal approval to implement changes to the way it pays health care providers under the state's Medicaid program. These changes place increased emphasis on quality of care, health care cost and overall value.

The Health Care Delivery System (HCDS) demonstration, approved by the Centers for Medicare and Medicaid Services (CMS), is another step by the Dayton Administration to improve the way health care is purchased for Medicaid in Minnesota.

"Minnesota is moving full steam ahead when it comes to reforming our health system so that we pay for quality of care and outcomes for our clients, not just the quantity of procedures," said Human Services Commissioner Lucinda Jesson. "I'd like to thank our federal partners for their cooperation and support in this effort to provide better care for Minnesotans and greater savings to taxpayers."

Historically, publicly-funded health care programs in Minnesota have been either fee-for-service (paying providers per procedure) or managed care (paying a health insurance company to provide coverage). The HCDS demonstration projects will contract directly with providers in a new way that allows them to share in savings for improving quality of care and patient experience and reducing the total cost of care for Medicaid enrollees.

In this new model, people enrolled in Minnesota Health Care Programs will receive more coordinated care to improve their overall health, and health care providers will be paid based on the quality of care they provide to their patients and their ability to reduce the cost of care. This encourages providers to be innovative in how they provide care and allows them to focus on the quality of care versus the amount of care they provide.

"A key factor in reforming our health care system is working with doctors, hospitals and other providers to better coordinate care for patients. We need to look at patient care as a team effort with one overall shared goal of a healthy patient outcome," said CMS Acting Administrator Marilyn Tavenner.

-MORE-

“Through the health care law we have been able to start implementing these reforms in Medicare by rewarding doctors and other providers who are working together to coordinate care for their patients, which is both improving health outcomes and lowering costs. Now we congratulate Minnesota for pioneering reform in the Medicaid program, as the first state to be approved under a state plan to incentivize this coordinated approach to health care,” Tavenner said.

The department expects implementation of the initial demonstration projects later this year. They would include up to 150,000 enrollees in Minnesota Health Care Programs from both managed care and fee-for-service. Department staff is working on final negotiations with the first group of nine providers.