

THE FIRST PREVENTION TRUST: THE MASSACHUSETTS EXPERIENCE

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Presenter Disclosures

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The following personal financial relationships with commercial interests relevant to this presentation existed during the past 12 months:

No relationships to disclose

Our Health Spending Mismatch

- The New England Health Care Institute cites research showing **that 88% of our health is determined by our environment and our behavior** – not by the health care we receive.
- **7 out of every 10 deaths** among Americans each year are caused by chronic diseases such as heart disease, cancer, stroke and diabetes.
- **75% of health care dollars** in Massachusetts go toward treating preventable chronic diseases

Health Care Spending and Health Determinants

DISCREPANCY BETWEEN HEALTH DETERMINANTS AND SPENDING

Category	Sub-category	Percentage
Factors Influencing Health	Health Behaviors	50%
	Environment	25%
	Genetics	25%
National Health Expenditures	Medical Services	96%
	Prescription Drugs	4%

Factors in Care 100%

\$1.7 Trillion

SOURCE: CDC, Blue Sky Institute, University of California at San Francisco, Institute of the Future, 2009

Prevention Works

- 2011 study showed that a 10 percent increase in local public health spending leads to significant decreases in infant mortality and deaths from cardiovascular disease, diabetes, and cancer.
- 5 percent cut to the rate of chronic disease growth would save Medicare and Medicaid \$5.5 billion annually by 2030.
- In Massachusetts, every \$1 dollar in spending on prevention is estimated to save \$7 dollars in the return on investment.

Prevention and Health Reform in MA

- **Apr '06: Chapter 58** – *Extends Access to Coverage*
 - Created Health Care Quality and Cost Council
 - Includes appropriations for DPH
- **Aug '08: Chapter 305** – *Reforms to Address Cost & Quality*
 - Created Special Commission on the Health Care Payment System
- **Jul '09: Special Commission Final Recommendations Issued** – *Recommendation to reform payment methodologies*
- **Oct '09: Health Care Quality and Cost Council Final Report** – *"Fully integrated cost containment strategy" including prevention and DPH funding*
- **Feb '11: Governor Patrick Files Payment Reform Legislation**
- **Aug '12: Chapter 224 – Payment Reform Bill**
 - Created Prevention and Wellness Trust Fund

Integrating PH into Payment Reform: Questions

- How to ensure community-based prevention into public conversation and, ultimately, legislation?
 - Create program based on successful initiatives and driven by data.
- Write standalone legislation or respond to others' proposals?
 - Standalone legislation with goal of rolling into larger vehicle.
- Dedicate funding?
 - Yes.
- Specify funding source?
 - Yes.
- Organize support around overarching goals vs. specific program and financing?
 - Both

Prevention and Cost Control Trust – H1498

- Sponsored by Rep. Jason Lewis and Sen. Harriette Chandler
- Competitive grants awarded to communities and groups of communities
- Take proven strategies to scale (e.g., lessons from Mass in Motion, Community Transformation Grants)
- Oversight Board will document the most prevalent and costly health conditions each year and identify evidence-based interventions
- \$75 million/year – at least 80% in competitive grants

Criteria for Financing

- Sustainable; unlikely to be diverted to other uses
- Sufficient to impact health care costs and population health (e.g. not mini-grants)
- Logical link between funding source and cost savings
- Administrative simplicity
- Politically viable in current climate

Financing Options Explored

- Assessment on health insurers
- Remove exemption on sugar-sweetened beverages
- Raise cigarette tax
- Close tax loophole on other tobacco products
- Broad-based revenue increase (e.g., sales, income tax)
- Other healthcare-related fees/assessments
- Budget appropriation
- Casino licensing fees
- Bonding

H1498 – Financing

Assessment on health insurers

- Builds on the model currently used to support the purchase of childhood vaccines
- Ties prevention structurally to the healthcare financing system
- Utilizes existing administrative mechanisms
- Aligns those paying with those who stand to benefit financially from the program's success

Other Financing Options Explored


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Two Streams

- Create drumbeat on the concept of prevention in payment reform
- Push a specific financing proposal

**The Need for Prevention in Payment Reform:
Evidence for Reducing Costs & Improving Health Outcomes**
BRIEFING AND PRESS CONFERENCE

May 3, 2011
Room 437
State House
10:00am



Featuring:

- Dr. Brenda Spellman, PhD, Health Policy Center, the Urban Institute, Washington DC
- Philip Edmundson, William Callagher Associates
- Dr. Christina Economos, PhD, Tufts University
- Mary Giannetti, Fitchburg Mass in Motion
- With remarks by Rep. James Lewis, Sen. Richard Moore, and Sen. I Lavette Chandler

Sponsored by
Massachusetts Public Health Association
Health Resources in Action
Health Care for All
Boston Public Health Commission

More information: Markie.Kilho@hpa-ma.org


Supporters

- More than 100 active legislators
- Legislative Prevention for Health Caucus
- Mayors and town managers
- Local public health officials
- Philanthropic, business, and labor leaders
- Healthcare leaders
- Statewide and local organizations

Outside - Built external pressure

- Several events: press conferences, rallies, lobby days
- Series of “mini-lobby days” to educate/engage Reps and Senators
- Open letter to legislators from civic leaders – over 300 signatures
- Earned media, including event coverage, LTEs, and Op-Eds (including from mayors)
- Organized support in key districts
- Broad set of allies: faith groups, mayors, business

SUCCESSFUL PAYMENT REFORM DEPENDS ON PREVENTION



PROBLEM

1 Each year, we lose billions due to preventable disease.

Cost of Preventable Health Conditions in Massachusetts

Productivity losses stemming from disability	\$2.0 billion
Medical treatment costs for diabetes	\$4.3 billion
Productivity losses due to asthma	\$3.7 billion
Transportation costs for cardiovascular disease	\$3.5 billion
Chronic-related medical costs	\$3.8 billion

SOLUTION

1 A modest investment in prevention could reduce our disease burden.

A \$200/person investment in prevention within a population could result in significant reductions. Targeted investments would be even more cost-effective.

2 Reducing our disease burden modestly could save us billions every year.

Massachusetts health savings 1 year from a 5% reduction in diabetes and hypertension

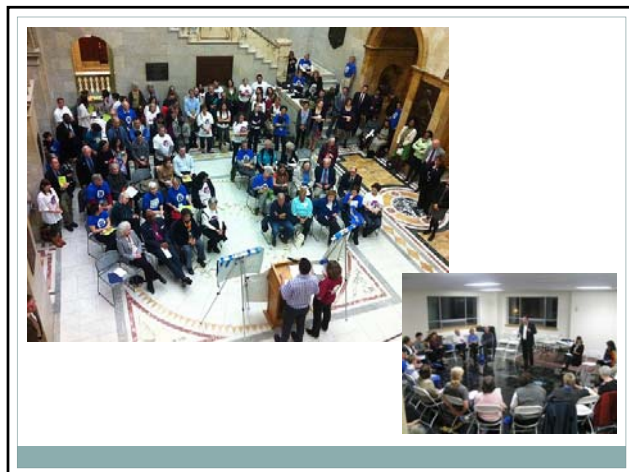
Private Insurer and Other Payer Savings	\$147.7 million
Medicare Savings	\$102.6 million
Medicaid Savings	\$133.0 million
Total Savings	\$383.4 million


OPPORTUNITIES

- Payment Reform**
Prevention can help accomplish our goal of aligning payments with quality health outcomes. If we miss this chance, it won't come again anytime soon.
- Return on Investment (ROI)**
Trust for America's Health & The Urban Institute estimate that a \$200/person investment in proven prevention strategies in MA would yield an ROI of \$3.5 in that first 10 years. If we wait 5 years, we'd \$2 in 10-20 years.
- Public Support**
More than 500 civic leaders have called for a strong focus on prevention in payment reform, including mayors and town managers, healthcare leaders, philanthropists, labor, and business leaders; top public health officials; and national, state, and local organizations.

The Progressive Business Leaders Network writes, "Without a strong focus on prevention, we won't reduce medical costs significantly regardless of how we pay for them. Health and economic development are inseparably linked... (healthcare costs) are very real barriers to job growth."


For more information, contact Madeline Minkus, Massachusetts Public Health Association: 877-363-7471, minkus@mgah.org






THE ALLIANCE FOR BUSINESS LEADERSHIP

“Without a strong focus on prevention, we won’t reduce medical costs significantly regardless of how we pay for them. Health and economic development are inextricably linked... [Healthcare costs] are very real barriers to job growth.”



Call for new wave of health care reform

Focus on wellness & sickness prevention



Thursday, 12 Apr 2012

Chelsea Lee, 27News State News Correspondent

BOSTON (AP) — In the week after the release of a report that says the health care system in Massachusetts is struggling to pay for the care of people with chronic diseases, health advocates are calling on lawmakers to step in to help. They say the system is broken and that the state must do more to help people with chronic diseases. They say the state must do more to help people with chronic diseases. They say the state must do more to help people with chronic diseases.

Health advocates say new fund needed to improve public health in Massachusetts

Money to come from insurer tax



Massachusetts Gov. Deval Patrick, right, talks with a group of health advocates at a news conference in Boston. From left: Patrick and the other participants are calling for a new wave of health care reform. The group, which includes health advocates and civic leaders, is lobbying for a new wave of money, possibly funded by a tax on insurers, that would pay for programs to treat preventable diseases such as diabetes, asthma, and heart disease that are taking medical costs.

The Boston Globe

Opinion
FEBRUARY 28, 2012

Health care vs. sick care: Why prevention is essential to payment reform
By Thomas H. Madden and Paula Adamson



Laura Udo, Boston Globe

The president and Congress recently set the stage for health care reform by passing the Affordable Care Act and providing a one-year extension of the health care reform. The foundation of our current health care system is the treatment of illness rather than the promotion of good health. If we created the conditions to make it possible for people to take better care of themselves, countless medical conditions such as Type 2 diabetes, certain cancers, heart disease, and obesity could be prevented. Chronic disease such as these — many of which are preventable — make up 75 percent of the state's skyrocketing health care expenditures. Local public health interventions that promote healthy living can play a significant role in preventing these diseases and avoiding costly medical care.

Massachusetts spends more than \$60 billion on health care costs each year and seems ready to pass significant health care reform this session. But re-aligning health care payments without addressing the root cause of many illnesses is short-sighted and will not be sufficient to contain costs. According to a 2011 study by the Urban Institute, known for its economic modeling of our landmark health reform law, our state could save billions in

The Herald News

Opinion
Tuesday, May 22, 2012

Guest Opinion: Health care vs. sick care: Why prevention is essential to payment reform
By Will Flanagan, Mayor of Fall River

The Massachusetts Legislature is set to debate major legislation that would overhaul the Commonwealth's health care delivery and payment system. A key provision of this legislation, the Prevention Trust, provides an important opportunity to reduce health care costs by preventing people from developing the costly health conditions that are driving up our premiums. The Trust would fund community-based prevention programs that drive down costs by keeping our citizens healthy. As Congress plans round after round of cuts to federal public health funding, it's time for Massachusetts to step up and invest in our health.

The foundation of our current health care system is the treatment of illness rather than the promotion of good health. Fully 97 percent of our health care dollars are spent caring for people once they've become sick, and only 3 percent are spent to prevent diseases from developing in the first place. If we created the conditions to make it possible for people to take better care of themselves, countless medical conditions such as Type 2 diabetes, certain cancers, heart disease, and obesity could be prevented. Chronic disease such as these — many of which are preventable — make up 75 percent of the state's skyrocketing health care expenditures. Local public health interventions that promote healthy living can play a significant role in preventing these diseases and avoiding costly medical care.

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ISSUE BRIEF

Bending the Obesity Cost Curve in Massachusetts:

REDUCING BODY MASS INDEX RATES BY FIVE PERCENT COULD LEAD TO HEALTH CARE SAVINGS OF MORE THAN \$5 BILLION IN 10 YEARS AND \$14 BILLION IN 20 YEARS.

Obesity rates have grown dramatically in Massachusetts over the past 15 years, and are on track to grow significantly into the next 20 years. However, if we take action, using evidence-based strategies to reduce obesity rates and encourage physical activity, we could significantly reduce rates of obesity-related disease and reduce health spending. A new analysis by the Trust for American Health (TAH) and the Harvard School of Public Health (HSPH) found that if we reduce the

obesity rate from 20.0% (BMI) to 18.7% (BMI), we could save \$5 billion in health care costs in 10 years and \$14 billion in 20 years. This potential savings is based on the assumption that obesity rates in Massachusetts are similar to those in other states with similar obesity rates. The analysis also found that obesity rates in Massachusetts are similar to those in other states with similar obesity rates.



MASSACHUSETTS TOTAL OBESITY-RELATED HEALTH SPENDING BY YEAR 2010-2020: Predicted (blue solid), 5% BMI reduction (red dotted)

2010 2015 2020

Y-axis: \$ Billion (0 to 4500)

JUNE 2012
Prevention Institute, Prevention Project

Legislative Letter to Conference Committee

Sincerely,
Joan Ferraro
Massachusetts State Representative



The Boston Globe

Cost-control bill aims to reduce illnesses

By Kay Lazar, Globe Staff, August 01, 2012

A coalition of consumer and public health groups praised the inclusion of money in the health cost control bill adopted by lawmakers Tuesday to pay for programs to stem chronic illnesses such as diabetes, asthma, and heart disease that are fueling the growth of medical costs.

The \$60 million earmarked over the next four years for the Prevention and Wellness Trust, believed to be the first such state based prevention fund in the nation, will be paid for by a tax on insurers and an assessment on some larger hospitals.

Under the expansive prevention program, communities, health care providers, regional planning agencies, and health plans will vie for grants, to be awarded by the state's Department of Public Health, to battle preventable illnesses.

Supporters, who long lobbied for money to be dedicated to disease prevention as part of cost control legislation, called the bill groundbreaking. "This keeps Massachusetts at the forefront of health policy," said Madeline Ribble, policy director at the Massachusetts Public Health Association.

Health Care for All, a Boston-based consumer group, said in a statement that the legislation "will begin to move us away from a sick care system and toward a true health care system that is aligned and focused on keeping us healthy."



Final Financing=\$225m

- Assessment on health plans (total=\$60m)
- Assessment on acute hospitals with more than \$1 billion in net assets and less than 50 percent of revenue generated by public payers (total=\$165m)

To fund...

- Prevention Trust: \$60 million over 4 years
- health information technology: \$30 million
- struggling community hospitals: \$135 million

Looking Forward

- Integration/coordination of primary and secondary prevention
- Laying the foundation for reauthorization of funding
- Meeting cost savings goals
- Strong communications strategy
- Moving the needle toward primary prevention
- Plan for the long haul