



Chapter 305 of the Acts of 2008: An Act to Promote Cost Containment, Transparency and Efficiency in the Delivery of Quality Health Care

The Massachusetts Cost and Quality law, hailed as the “next step” in Massachusetts health reform, makes a number of changes to address health care costs and quality, including requiring transparency in health care costs and premium rates, statewide electronic health records, workforce development for primary care practitioners, and pharmaceutical industry reform. Below is a summary of the major pieces of the bill.

PHARMACEUTICAL INDUSTRY REFORM

The law creates a program for physicians and other prescribers, called **academic detailing**, that will provide information and education on therapeutic effects and cost-effectiveness of different prescription drugs. This program is aimed at enhancing prescribers’ clinical decision-making to increase the quality and value of care.

The law creates **strong pharmaceutical marketing restrictions**, including:

- New reporting requirements for pharmaceutical companies and medical device manufacturers to disclose to the Department of Public Health all payments and subsidies worth more than \$50 made to health care professionals. This information will be published on a state’s website.
- Providing the Department of Public Health authority to establish regulations at least as strong as those developed by the PHRMA *Code on Interactions with Healthcare Professionals*, which prohibits small gifts, travel payments, and restaurant meals to physicians.

IMPLEMENTATION OF ELECTRONIC HEALTH RECORDS

The law provides incentives and requirements to **establish statewide electronic health records by 2015**:

- The creation of an e-Health Institute for technology innovation and an Advisory Council to implement the use of electronic health records.
- A budget of \$25 million in funds to implement a statewide electronic health record system
- Physicians will be required to show competency in computerized physician order entry (for electronic prescribing and referrals) to be licensed in the near future.
- By 2012, hospitals and community health centers will be required to implement computerized physician order entry systems for licensure.
- By 2015, hospitals and community health centers will have to implement electronic health records to become licensed.

PRIMARY CARE WORKFORCE DEVELOPMENT

A major part of the law is centered on **recruitment, training and retention of primary care practitioners**.

The law:

- Creates the Health Care Workforce Center in the Department of Public Health to improve recruitment and retention of primary care providers.
- Allows the University of Massachusetts medical school to expand incoming classes for students entering primary care or working in underserved regions of the state.
- Provides tuition waivers for students focusing on primary care at UMass Medical who provide services in primary care or underserved areas for at least four years. Also creates an in-depth primary care learning program.
- Creates the Massachusetts Nursing and Allied Health Workforce Development Fund to increase training centers for nurses.
- Establishes a pilot program for health facilities to provide housing loans for health care professionals
- Directs the Massachusetts Medicaid program to examine the need to increase reimbursement rates or provide bonuses for primary care physicians.

- Requires all health insurance carriers to recognize care by nurse practitioners.

PAYMENT REFORM & CARE COORDINATION

The law contains payment reforms to **reduce preventable complications from medical errors** and to **streamline insurer billing and coding** to create a more efficient payment system. The law:

- Prohibits health care facilities from filing claims or being reimbursed for “serious reportable events”.
- Requires pharmacies to report any improper dispensing of pharmaceuticals that result in serious injury or death.
- Establishes a commission to develop uniform billing and coding standards for health care providers and insurers;
- Creates uniform billing and coding standards for all providers contracting with Medicaid.
- Requires private insurance carriers to use uniform billing and coding standards, as overseen by the Division of Insurance.
- A special commission on payment reform is charged with making recommendations to the Legislature for incentives and payments to providers that encourage delivery of appropriate and coordinated care with improved patient outcomes.
- The law creates a medical home pilot project in the Medicaid program, to create a program of patient education and care coordination for people with chronic health needs.

INCREASED TRANSPARENCY ON HEALTH CARE COSTS

The law creates new **data collection and hearing requirements for health care provider and insurer costs**, including:

- Requiring the Division of Health Care Finance and Policy to collect and analyze data from health providers on costs of health care.
- Requiring public and private insurers to submit data to the Division of Health Care Finance and Policy on premium levels, benefits and enrollment rates.
- Directing the Division of Health Care Finance and Policy to monitor the surpluses and reserves of health insurers and hospitals and determine the reasonableness of these amounts.
- Instructing the Division of Insurance to study the costs of medical malpractice coverage for health care providers.
- Requiring state agencies to report on use of state funds for health care, including by hospitals, community health centers and managed care providers, as well as quality outcomes and payment structure, to make recommendations to improve oversight of the use of state funds for quality health care.
- The law requires Division of Health Care Finance and Policy to hold hearings on provider and payer costs and trends, identify specific witnesses to testify on health care spending trends to examine increasing health costs.

IMPROVEMENTS TO HEALTH CARE QUALITY & EFFECTIVENESS

- Adds members to the **Quality and Cost Council**, which was created in Massachusetts’s health reform law in 2006, is charged with collecting data and making recommendations for cost containment and quality improvement.
- Details the information the Council should publish on it’s consumer health information website, directs the Council to create quality improvement goals that include the reduction of racial and ethnic health disparities, and specifies that the website must include data on healthcare-associated infections and serious reportable events.
- Requires Massachusetts to **compare the effectiveness of medical procedures, prescription drugs, medical devices and procedures**, based on existing models of comparative research in Great Britain and Germany.

ENHANCED PATIENT EDUCATION & COMMUNICATION

- Directs the Office of Health and Human Services to create an expert panel on End of Life Care, to make recommendations on best practices.
- Creates a public awareness campaign for End of Life Care planning and a pilot program to assess physician and patient and family communication in End of Life care directives.
- Creates Patient and Family Advisory Councils in each hospital in the state to advise hospitals on provider and patient communication and quality reporting measures.
- Requires hospitals to establish rapid response methods to allow medical staff and patients and family members to request immediate assistance if a patient is deteriorating.