

Cambridge Health Alliance Update

September 15, 2010
City's Health Committee



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Agenda

- Review of the Last Two Years:
 - Reconfiguration in exchange for funding commitment
- Status of funding commitment (Medicaid Waiver amendment)
- Current Initiatives



FY2009: Negotiations & Reconfiguration

- October 2008: CHA informed that \$40M in funding would be eliminated as part of the State's 9c cuts
- December 2008-January 2009: CHA actively met with the State to restore \$40M as well as receive funding commitment for FY10 and FY11 in exchange for CHA reconfiguring services
- February 2009: Hosted community meetings in Cambridge, Somerville, and Everett regarding reconfiguration plan
- February 2009: Reconfiguration plan approved by the CHA Board of Trustees & Hospital Board
- March 2010: Massachusetts filed Medicaid Waiver Amendment which includes both committed FY10 and FY11 funding:
 - FY 2010: \$85M (\$159M total)
 - FY 2011: \$78.5M (\$152.5M total).
- Waiver amendment has not yet been approved by CMS.
 - CHA is actively working with the State and Congressional delegation toward approval
 - Funding for both FY10 and FY11 have already been included in CHA's budget



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Reconfiguration

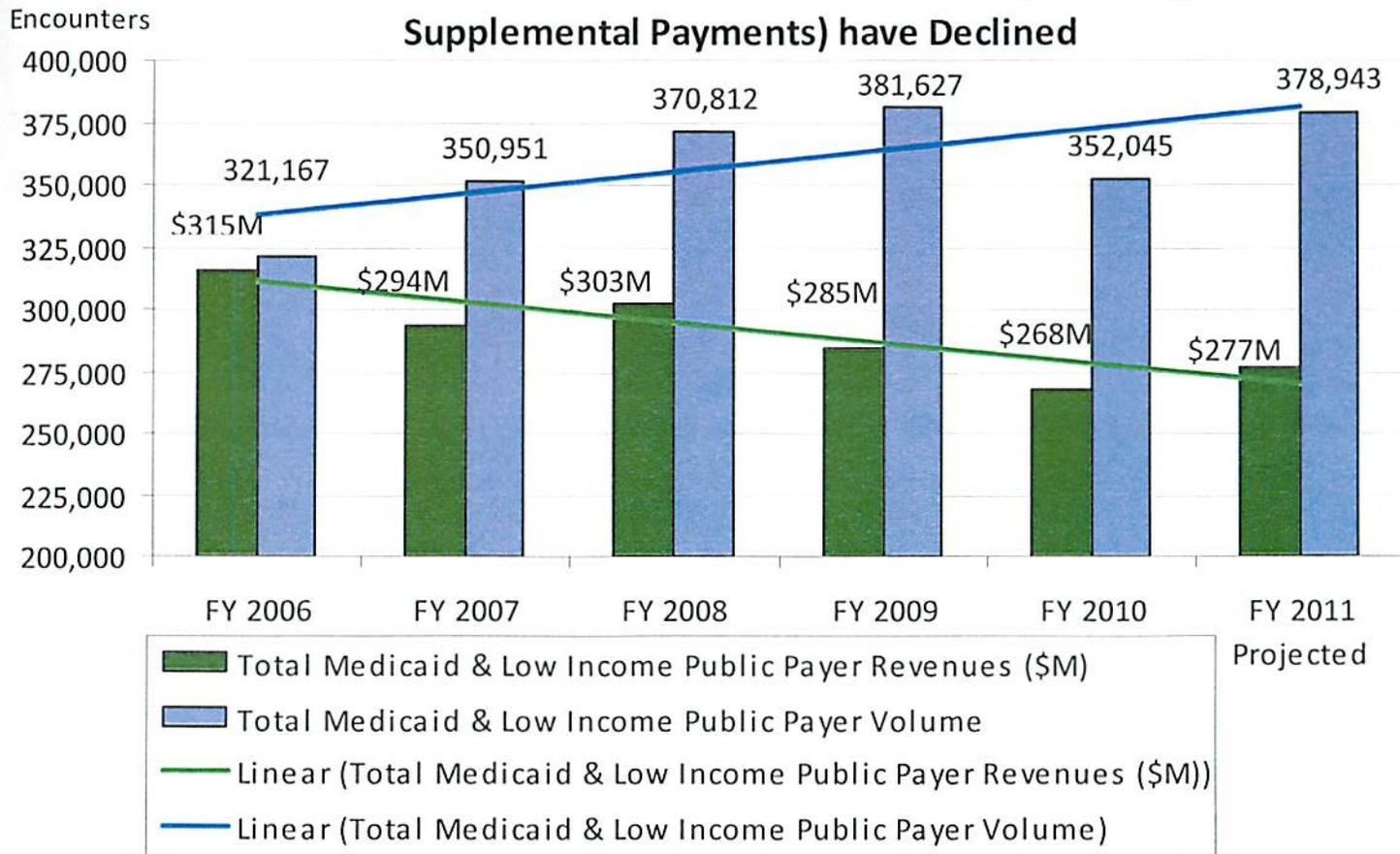
| January 2009 Reconfiguration | Prior Steps – 2008 – 2009 |
|--|---|
| Closure of 35 Adult Inpatient Psychiatry Beds (March/April 2009) | Closure of Transitional Care Units at 2 campuses |
| Closure of 26 Adult Inpatient Addictions Beds (June 2009) | Closure of Intensive Care Unit at Somerville campus |
| Closure of Inpatient Pediatric Unit (March 2009) | Closure of Senior Health Center |
| Closed 5 primary care sites and merging with other existing sites (May/June 2009). In addition, currently licensing Everett site. | Consolidated Off-Hour Surgery for 2 campuses |
| Redeploy Somerville campus to Ambulatory/Emergency Care Center (June 2009) & Convert Former Inpatient Facility to Administrative Use (Occupancy Fall 2010) | Implemented a Hiring Freeze |
| Consolidated Outpatient Mental Health Services (October/November 2009), focusing on CHA primary care patients and area residents (20% visit reduction) | Limited Capital Expenditures to Urgent Safety/Infrastructure/Consolidation Requirements |
| Closure of Everett Dental Clinic (April 2009) and Somerville Dental Clinic (June 2010) | |
| Consolidated 4 Specialty Clinics with other locations | |
| Increased Efficiency of Surgical Services | |



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CHA's Medicaid and Low Income Public Payer Patient Care Volumes have Increased while Associated Revenues (including Supplemental Payments) have Declined



Notes: Medicaid and Low Income Public Payer revenues include base net patient service revenue and supplemental funds. FY 2010 and FY 2011 revenues above reflect the funding requested in the Medicaid Waiver Amendment.



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Medicaid Waiver: Amendment & Renewal

Medicaid Waiver Amendment 2010 – 2011

- MA filed Medicaid Waiver Amendment on March 1, 2010.
- It Reflects Funding Agreement between the State and CHA associated with CHA's Services Reconfiguration in January 2009.

Incremental federal funds REQUEST:

FY 2010: \$85M (\$159M total)

FY 2011: \$78.5M (\$152.5M total).

- CHA is actively working with the State and Congressional delegation toward approval.
- Current Intensive Efforts are Focused on Expediting Federal Approval of the Amendment, including Strategic Work to Illustrate CHA's Reconfiguration & Transformation Path and Technical Efforts to Support Payment Claiming

Medicaid Waiver Renewal 2012 – 2014

- MA filed Waiver Renewal application on June 30, 2010.
1. It includes ongoing 3-Year CHA federal supplemental funding support with modest 1% annual increases (over FY 2011 levels)

WAIVER REQUEST:

FY 2012: \$154M

FY 2013: \$155.6M

FY 2014: \$157.1M

AND

2. Infrastructure Funds and Other Initial Steps toward a phased transition to an Accountable Care Delivery System with a Patient Centered Medical Home Model



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Current Initiatives

- Creating Patient-Centered Medical Homes (PCMH) and preparing for payment reform through development of Accountable Care Organizations
- Internal Global Payment Pilot
 - Network Health members/CHA Patients



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