

Blue Cross Blue Shield Of Massachusetts And South Shore Health System Launch Groundbreaking Pilot Program To Improve Patient Care And Lower Health Care Costs

Global budget payment model provides financial incentives for improving community health and reducing costs

BOSTON, Oct. 30, 2018 /PRNewswire/ -- [Blue Cross Blue Shield of Massachusetts](#) (Blue Cross) and [South Shore Health System](#) have launched a first-of-its-kind pilot program to improve patient care, slow the rise of health care costs, and change the way hospitals are paid.

This innovative program will move private health plan reimbursement for hospitals away from the *volume* of care they provide patients to the *value* of care they provide. Today, most hospitals are still paid based on volume, including a fee for each admission, test, and procedure. This "fee-for-service" approach often results in unnecessary medical care and an increased administrative burden, driving up costs without reliably improving patients' health.



The program breaks new ground in payment reform and is an important complement to the payment model Blue Cross has in place with the majority of Massachusetts physician groups, known as the Alternative Quality Contract or AQC. Under the AQC, Blue Cross pays doctors a set amount to care for their patients and rewards them when they meet certain quality standards. While the AQC has helped motivate hospitals to collaborate with physician groups on the goals of improving quality and reducing costs, the model—like other Accountable Care Organization (ACO) models locally and nationally—did not fundamentally change the volume-based payment incentives for hospitals.

Under the new program, which builds on the AQC, the financial reward system for a hospital will be tied to its success in working with physician groups in its immediate geographic area—even those affiliated with a different hospital—to provide high-quality, cost-effective care. A key factor motivating the approach is that patients are often treated in hospitals closest to where they live, even if their primary care physicians group is affiliated with a hospital located elsewhere. The model asks hospitals to be stewards of care in their community—collaborating with physicians in their geographic area to improve quality, outcomes, and cost for the patients they share, and rewarding them for their success in doing so.

"This is true, community-based population health," said Blue Cross President & CEO Andrew Dreyfus. "Blue Cross is committed to providing the data, support, and financial incentives to help hospitals improve care and lower costs for everyone who comes through their doors, regardless of primary care affiliation. We're confident this model will encourage hospitals to unleash the creativity to look at new and different ways of keeping their communities healthy. We're excited to partner with South Shore Health System on this innovative program, deepening our shared commitment to making quality health care affordable."

The program is designed to improve care coordination for South Shore Health System patients—regardless of whether their primary doctor is part of the Health System—and ensure that those patients are treated in the setting that is most appropriate for their needs, whether at their doctor's office, an urgent care center, the hospital, or their own home.

The Health System will work closely with its patients' primary care physicians to support their efforts in managing the cost, quality, and outcomes of care. This more collaborative approach aims to improve care for patients, decrease wait times in the Emergency Department, and enable South Shore Health System to reserve the hospital setting for patients with the most complex or acute health needs.

"What's so encouraging about this partnership is that the provider and the payer are finally coming together at the same table with the same goal: drive down costs without affecting quality of care," said South Shore Health System CEO Dr. Gene Green.

"Together, our aim is to redefine Total Medical Expenses and create a more sustainable approach to care that benefits our patients and Health System and serves as a model for future initiatives throughout the Commonwealth," added Dr. Green, who previously led a hospital that was part of a similar, state-run program in Maryland. "As an independent community health system, it's our responsibility to consistently innovate and grow in ways that make health care as accessible and cost-effective as possible. This model will not only create a better experience for patients, but it will also help improve clinical outcomes, lower expenses, and reduce the resource strain within the walls of our hospital. We look forward to what this initiative will do for our Health System and the future of care throughout the Commonwealth."

Nearly a decade ago, Blue Cross introduced the AQC, a first-of-its-kind payment program for physician groups that is currently one of the largest private payment reform initiatives in the United States and has become the blueprint for physician payment programs across the country. [Studies have shown that the AQC](#) has decreased health care costs and improved overall patient quality and health outcomes, including measures related to diabetes, cholesterol, and hypertension.

The pilot with South Shore Health System, which will last for three years, will allow Blue Cross both to test and refine the model as the insurer considers how to expand the program to other hospitals.

About Blue Cross Blue Shield of Massachusetts

Blue Cross Blue Shield of Massachusetts (bluecrossma.com) is a community-focused, tax-paying, not-for-profit health plan headquartered in Boston. We're the trusted health plan for more than 25,000 Massachusetts employers and are committed to working with others in a spirit of shared responsibility to make quality health care affordable. Consistent with our corporate promise to always put our 2.8 million members first, we're rated among the nation's best health plans for member satisfaction and quality. Connect with us on [Facebook](#), [Twitter](#), [YouTube](#), and [LinkedIn](#).

About South Shore Health System

South Shore Health System is a not-for-profit, tax-exempt, charitable health system that provides acute care, ambulatory care, and home health services to the 700,000 residents of Southeastern Massachusetts. It is the parent organization of South Shore Hospital, South Shore Medical Center, South Shore Visiting Nurse Association, Hospice of the South Shore, South Shore NeuroSpine, and other not-for-profit health organizations.

About the AQC

Launched in 2009, the AQC now includes more than 80 percent of the physicians in the Blue Cross HMO network. It is an innovative way to pay for care that focuses on promoting quality and rewards positive health outcomes. It is a crucial component of Blue Cross' agenda to make quality health care affordable for its members and employer customers and is the predominant contract model between Blue Cross and its network physicians and hospitals. The alternative payment model fosters shared responsibility for both improving care and moderating the unsustainable rate of increase in health care costs. The AQC is currently one of the largest private payment reform initiatives in the United States. Read more [about the AQC](#).

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For further information: Amy McHugh,
amy.mchugh@bcbsma.com, 617-246-2311 or Susan Griffin,
sgriffin3@southshorehealth.org, 781-624-8970



**South Shore
Health System**