Boston Medical Center Joins Blue Cross Blue Shield of Massachusetts Alternative Quality Contract

Hospital and community health centers agree to join innovative payment program

BOSTON — March 29, 2012 — Boston Medical Center (BMC) and seven affiliated health centers will join Blue Cross Blue Shield of Massachusetts' (BCBSMA) *Alternative Quality Contract* (*AQC*). The five year agreement combines a global budget with significant performance incentives based on nationally endorsed measures tied to quality, health outcomes, and patient experience. BMC will manage the growth in health care spending to a level that falls below BCBSMA's network average expense trend.

"The *AQC* has become a national model for payment reform and we are pleased that Boston Medical Center has committed to working with us in a deeper, more collaborative way to lower the cost and improve the quality of the care they deliver to their patients," said Andrew Dreyfus, President and CEO of Blue Cross Blue Shield of Massachusetts. "The agreement continues to validate that the *AQC* is an attractive model that can work for a variety of provider organizations—including urban hospitals and community health centers—that are committed to lower the cost and improve the quality of health care."

BMC works with an extensive network of community health centers in Boston, including seven that will participate in the *AQC* contract: Codman Square Health Center, Dorchester House Multi-Service Center, East Boston Neighborhood Health Center, Greater Roslindale Medical & Dental Center, South Boston Community Health Center, South End Community Health Center, and Upham's Corner Health Center. By joining the AQC, BMC is not only committing to improving the cost and quality of care for patients that seek care at Boston Medical Center—they are committing to work with the seven health center partners to improve the quality and cost of care for patients receiving their care in a health center setting. The *AQC* contract will also include Boston Medical Center's community-based primary care physicians who are part of the Boston University Affiliated Physicians (BUAP) group. These practices are in Boston's Back Bay and South End, Foxboro, Norwood, and Taunton.

"BMC's focus is providing high quality, affordable and accessible care to all our patients, and we work closely with our community health center partners to deliver on that high standard, whether it's here at the hospital or in the community," said Kate Walsh, BMC President and CEO. "Participating in this agreement together gives us an exciting opportunity to coordinate even more closely, and that will mean even better care for our BCBSMA patients."

"East Boston Neighborhood Health Center (EBNHC) provides a range of high quality services to the communities we serve. BMC is a key partner in efficiently and effectively meeting the full spectrum of our patients' health needs. Joining together in this agreement not only strengthens our ability to provide great care, it's a model for the kind of innovation in health care delivery we're all working toward," said John P. Cradock, EBNHC President and CEO.

This agreement brings nearly 800 additional physicians into the *AQC* who care for approximately 13,000 of BCBSMA's in-state HMO members. The *AQC* now has more than two-thirds of doctors in BCBSMA's in-state HMO network participating who provide care to approximately 76% of BCBSMA members.

With their significant gains in quality, *AQC* providers now significantly outperform the rest of BCBSMA's fee-for-service network on a comprehensive set of quality and outcome measures. This is particularly true in managing chronic illness, preventive care screenings and treating depression. Recent independent studies conducted by Harvard Medical School, published in the *New England Journal of Medicine*, and Brandeis University, published in *Health Affairs*, found that the *AQC* is achieving its twin goals of improving care and slowing costs.

These studies found that in the first year of the *AQC*:

- Medical spending was nearly 2% lower among physicians and hospitals participating in the *AQC* compared with those working in traditional fee-for-service contracts. Importantly, for physicians and hospitals with no previous experience in a global payment model, spending was 6% lower than that of providers in traditional fee-for-service contracts.[1]

- Quality of care among *AQC* providers was significantly higher than that of non–*AQC* providers in the BCBSMA network, especially for adults with chronic illness and for children.[1] Groups identified coordination of care for high-risk patients as a top priority and implemented several different initiatives to help reduce avoidable hospital admissions, readmissions and emergency department visits.[2]

- All groups identified quality improvement for patients as a top priority because the *AQC* offers much greater financial rewards for high quality than typical pay-for-performance programs.[2]

Blue Cross Blue Shield of Massachusetts (www.bluecrossma.com) is a community-focused, tax-paying, not-for-profit health plan headquartered in Boston. Celebrating our 75th anniversary in 2012, we 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 members first, we are rated among the nation's best health plans for member satisfaction and quality.

Boston Medical Center
Boston Medical Center is a private, not-for-profit, 508-bed, academic medical center located in Boston's historic South End. The hospital is the primary teaching affiliate for Boston University School of Medicine. Boston Medical Center emphasizes community-based care, with its mission to provide consistently accessible health services to all. The largest safety net hospital in New England, Boston Medical Center provides a full spectrum of pediatric and adult care services, from primary to family medicine to advanced specialty care and a network of 15 community health centers throughout Boston serving more than a quarter million people annually. By combining a commitment to uncompromising excellence with a commitment to caring for those most in need, BMC has become a national model of care, and caring, for all.

1. *New England Journal of Medicine*, "Health Care Spending and Quality in Year 1 of the Alternative Quality Contract," July 13, 2011.

2. *Health Affairs*, "Medical Group Responses to Global Payment: Early Lessons from the *'Alternative Quality Contract'* in Massachusetts," September 2011

3. Includes contracts signed in 2011 that begin in 2012 (Cooley Dickinson Hospital and Cooley Dickinson Physician Hospital Organization and Partners HealthCare)

For further information: CONTACT: Sharon Torgerson 617-246-2357 sharon.torgerson@bcbsma.com