Lahey Clinic Joins Blue Cross Blue Shield of Massachusetts Alternative Quality Contract

Large group-practice is latest to join innovative payment program

BOSTON — May 14, 2012 — Blue Cross Blue Shield of Massachusetts and Lahey Clinic announced today that Lahey will participate in Blue Cross' Alternative Quality Contract (AQC), a global payment system designed to encourage cost-effective, patient-centered care. Under the five-year agreement, physicians will be paid for the quality, rather than the quantity of care they provide. They can also earn significant performance incentives for adhering to nationally endorsed quality, health outcome, and patient experience measures.

Nearly 600 Lahey Clinic doctors will care for 19,000 of Blue Cross Blue Shield of Massachusetts' in-state HMO members under this agreement. With the addition of Lahey Clinic, Blue Cross Blue Shield of Massachusetts now has more than three-quarters of its in-state HMO physician network participating in the AQC. These doctors care for approximately 77% of BCBSMA's members.

"The AQC is a national model for payment reform that's improving the quality of patient care while simultaneously slowing medical spending growth," said Andrew Dreyfus, President and CEO of Blue Cross Blue Shield of Massachusetts. "We're pleased that Lahey Clinic, with their strong track record of innovation and shared commitment to improving the quality and affordability of care, is the latest provider group to join our program."

Lahey Clinic, a physician-led, nonprofit group practice, is world-renowned for innovative technology, pioneering medical treatment, and leading-edge research. A teaching hospital of Tufts University School of Medicine, the Clinic provides quality health care in virtually every adult specialty and subspecialty. This includes: primary care to tertiary and quaternary care, including Level II trauma services; cardio and cerebrovascular surgery; cancer diagnosis and treatment services; as well as kidney, pancreas and liver transplantation. Lahey Clinic nurses have also achieved Magnet status from the American Nurses Credentialing Center, a recognition only achieved by 6% of American hospitals.

"Lahey Clinic is eager to demonstrate that it delivers high quality care in a very efficient manner under the Alternative Quality Contract. We're focused on delivering superb quality, service and value to the patients who entrust their care to us," said Howard Grant, J.D., M.D., President and Chief Executive Officer of Lahey Clinic. "We believe that the Lahey Clinic's tradition of a multidisciplinary, team approach will demonstrate superior quality and outcomes for our patients."

With their significant gains in quality, AQC providers are significantly outperforming the rest of Blue Cross Blue Shield of Massachusetts' fee-for-service network on 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.
- 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.

For more information please visit www.Lahey.org.

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

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