UMass Memorial Health Care Joins Blue Cross Blue Shield of Massachusetts' Alternative Quality Contract

Largest health care system in Central New England is latest to join innovative payment program

BOSTON—February 27, 2013 - Blue Cross Blue Shield of Massachusetts (BCBSMA) and UMass Memorial Health Care, the largest health care system in Central New England and the clinical partner of the University of Massachusetts Medical School, announced today that UMass Memorial will participate in Blue Cross' Alternative Quality Contract (AQC), a global payment system designed to encourage cost-effective, patient-centered care. Under the four-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.

More than 1,400 UMass Memorial doctors will care for approximately 45,000 ofBlue Cross Blue Shield of Massachusetts' in-state HMO members under this agreement. With the addition of UMass Memorial, Blue Cross now has 82% of its in-state HMO primary care physicians, and 86% of specialists, participating in the AQC. These doctors care for approximately 85% of BCBSMA's in-state HMO membership.

"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 UMass Memorial, with their strong track record of innovation and shared commitment to improving the quality and affordability of care, has joined our program."

UMass Memorial Health Care is the largest health care system in Central New England, and its five hospitals—UMass Memorial Medical Center in Worcester, Clinton Hospital in Clinton, HealthAlliance Hospital in Fitchburg and Leominster, Marlborough Hospital in Marlborough, and Wing Memorial Hospital in Palmer—along with its physician group practice, comprise more than 1,400 physicians.

"Signing this contract with our partners at Blue Cross Blue Shield of Massachusetts is a demonstration of our commitment at UMass Memorial Health Care, to provide the highest quality care in the most efficient and fiscally responsible way," said Eric Dickson, MD, president and CEO of UMass Memorial Health Care. "The Alternative Quality Contract is important to our patients, our physicians, and the overall health care of the region."

Researchers at the Harvard Medical School (HMS) are conducting a multi-year study of the effects of the AQC on the cost and quality of patient care. The latest findings, which involve a review of the first two years of the AQC (2009 & 2010), found that the model has succeeded in lowering total medical spending while simultaneously improving the quality of care. In fact:

- Medical spending was 3.3% 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 10% lower than that of providers in traditional fee-for-service contracts.
- Improvements in ambulatory and chronic care quality measures were significantly greater in year 2 than in year 1 in every single measure. With their significant gains in quality, AQC groups now significantly outperform the rest of the 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.

This independent study was funded by The Commonwealth Fund, and published in the*New England Journal of Medicine* and *Health Affairs*.

About UMass Memorial Health Care
UMass Memorial Health Care is Central Massachusetts' largest not-for-profit health care delivery system, covering the complete health care continuum with UMass Memorial Medical Center, its academic medical center, member and affiliated community hospitals, freestanding primary care practices, ambulatory outpatient clinics, a rehabilitation group and mental health services. UMass Memorial is the clinical partner of the University of Massachusetts Medical School. To learn more about UMass Memorial, please visit www.umassmemorial.org, Facebook, Twitter and YouTube.

About Blue Cross Blue Shield of Massachusetts
Blue Cross Blue Shield of Massachusetts (www.bluecrossma.com) is a community-focused, tax-paying, not-for-profit health plan headquartered in Boston. 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 2.8 million members first, we are rated among the nation's best health plans for member satisfaction and quality.

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