



Minnesota Pay for Performance

where it comes from and where it is going

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Human Services
Chair, Governor's Health Cabinet**

Problem:

Minnesota Health Care Costs

- Average MN household pays \$14,000 per year in health care taxes, premiums, and out-of-pocket costs
- Insurance premiums increase 3.5 times faster than state's economy, wages
- Health care costs are breaking the back of state and local governments
- Quality varies
- Millions of dollars are diverted from education, roads, the environment, and other priorities

Governor Pawlenty Took Action

- Get state government's act together – formation of the Governor's Health Cabinet
- Use state leadership to create a buyer's alliance through a public/private partnership/ "Smart Buy" Alliance
- Make the system transparent: purchase quality, not quantity
- Government establishes environment for improvement – experts decide how

Getting state government's act together

- *Governor created the Health Cabinet in November of 2004 – a sub cabinet of six state department commissioners, representing \$4 billion annually, nearly 1/5 of Minnesotans of the state's health care purchasing dollars – to take on health care costs issues.*
- *His charge to us was simple: Use the buying power of the state, partner with the private sector to make substantive changes to Minnesota's health care purchasing.*
- *Goal: change cost structure will improve quality of services delivered.*

Partnering with Private Sector

“Smart Buy” Alliance

- ◆ The State of Minnesota
 - ◆ BHCAG
 - ◆ CEO Roundtable
 - ◆ Minnesota Business Partnership
 - ◆ Buyer’s Health Care Action Group
 - ◆ Minnesota Business Partnership
 - ◆ Minnesota Chamber of Commerce
 - ◆ Labor/ Management Health Care Coalition of the Upper Midwest
 - ◆ Employers Association
- Idea: Use the buying power of the state, along with partners in the private sector and union groups, representing 3/5 of the state’s population to make substantive changes to Minnesota’s health care purchasing systems and cost structures – improve health

QCare

- July 31, 2006 Governor Pawlenty signs Executive Order
- Quality Care and Rewarding Excellence (QCare)
 - ◆ QCare is a new quality standard program that will be used by the State of Minnesota in its health care purchasing policies to reward top performing providers while saving millions of dollars in health care costs.

QCare cont...

- The Commissioner of Human Services and the Commissioner of Employee Relations are directed to adopt and apply the QCare standards and align payments and incentives for all state purchased health care for over 700,000 covered lives.
- All future state contracts with health plans and health care providers must include new incentives and requirements for greater transparency of costs and quality of care delivered based on the QCare standard...

QCare will...

- Set stretch goals
 - ◆ 80% of diabetics will receive Optimal care by 2010
 - ◆ 90% of cardiac patients will receive Optimal care by 2010
 - ◆ 90% prevention
 - ◆ 100% hospital care for the following conditions:
 - Heart Attack, Heart Failure, Pneumonia Care and Leapfrog reporting
 - ◆ Adverse events from 105 never events to 50 by 2010
- Align measurement, reporting, incentives across all payers to increase signal strength to providers

Rapid, broad, consistent use across purchasers

- State government
 - ◆ Now \$4 billion annually, nearly 1/5 of Minnesotans
 - ◆ Executive order
 - Health Cabinet, Center for Health Care Purchasing Improvement
- Will include local units of government
- Private sector partnership
 - ◆ BHCAG
 - ◆ Smart Buy Alliance
 - ◆ Consumers

Partnering with Others

- “Smart Buy” Alliance
 - ◆ The State of Minnesota
 - ◆ BHCAG
 - ◆ CEO Roundtable
 - ◆ Minnesota Business Partnership
 - ◆ Buyer’s Health Care Action Group
 - ◆ Minnesota Business Partnership
 - ◆ Minnesota Chamber of Commerce
 - ◆ Labor/ Management Health Care Coalition of the Upper Midwest
 - ◆ Employers Association
- BTE Champions of Change
 - ◆ 3M
 - ◆ Carlson Companies
 - ◆ Central Minnesota Municipalities and Schools
 - ◆ DHS
 - ◆ DOER
 - ◆ Honeywell
 - ◆ GE
 - ◆ Medtronic
 - ◆ Target Corporation
 - ◆ University of Minnesota
 - ◆ Visant
 - ◆ Wells Fargo
- Local units of government
- Consumers and public

For further information, contact:

- ◆ Governor's Health Cabinet at <http://www.thehealthcabinet.com/>
- ◆ Health information clearinghouse at www.minnesotahealthinfo.org