Senate Health Policy Committee Senate Bill 713
Joseph "Chip" Johnston
Executive Director
Manistee-Benzie C.M.H. d/b/a Centra Wellness Network
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I am in support of S.B. 713 as changes within the health care industry and safety-net service delivery systems have been in effect for many years and continues to be driven by the industry itself. More attention has been given to the pursuit of a system that results in a healthier population in which the care is *widely accessible*, of *high quality*, and provided at a *lower cost*. A holistic approach to the care system is being pursued where people will easily receive early necessary services before deteriorating health conditions necessitate more expensive interventions.

"Transforming healthcare delivery" requires the collaboration and cooperation of multiple key players, including hospitals, doctors, private providers, and health plans. Yet, these players are often competitors, which can make collaboration a challenge. And with new retail and specialty clinics entering the market, it's even more important for all of the players to cooperate in order to succeed.

Two key strategies for future success payment innovation and population management:

- Payment innovation looks at how we can pay for healthcare to achieve better quality and cost efficiency. The traditional fee for service (FFS) model means a payment is made for each service rendered. Therefore, more services equates to more payment. Payment innovation strives for a "fee for value" (FFV), which pays providers based on quality and keeping patients healthy.
- Population management addresses the entire care "continuum", from wellness and preventive services to complex care. It uses a team approach to improve coordination across care settings and ensure the population gets the right care at the right time. This team approach is especially critical for managing high-risk, high-cost patients.

The transition is underway. Many payers, including Blue Cross Blue Shield of Michigan, have begun new contracting models that pay providers for population management and for patient outcomes...future success factors must include cultivating relationships, establishing shared goals with providers, and increased data sharing and transparency across partners."
Robert Mitchell, Organized System of Care, BCBS of Michigan

"Kaiser Permanente carefully coordinates the work done by primary care physicians, specialists, hospitals, pharmacies, laboratories, and others. This approach offers several advantages. It improves care quality, makes care delivery more convenient for members, and increases communication among all the people providing care. It also enables us to find efficiencies that reduce costs, improve or maintain quality, and allow for innovation."
Harold Wolf III, Vice President and COO, Kaiser Permanente

A March 2012 Health Services Advisory Group data demonstrated that general medical service utilization patterns showed that overall, at least 17 out of 20 (85 percent) of mental health consumers used preventive/ambulatory services. Frequent inpatient/ER users, in general, accounted for 6 to 7 percent of consumers in each mental health disability group, with at least one out of 11 inpatient or ER users being identified as frequent users.

Although much attention has been given to the primary care - urgent care systems, deeper transformations will inevitably result from collaborations by a range of different providers within the human services field in general and the health care field in particular. This would incorporate such areas as primary care, urgent care, mental health care, substance abuse treatment, dental care, children's care, elder care, and public health. With such an array of providers working together with the local safety-net governmental entities to share resources, the health of our population, the associated lower costs to the patient and the community, and with those savings being re-invested into the local providers it would inevitably deliver more and efficient services.

Without the addition of this language to clearly indicate to Community Mental Health Centers that they can (and I would argue MUST) work with private and public behavioral and physical health care partners that serves the population they are obligated to serve, services we will continue to be bifurcated and expensive both in human lives and inefficient service delivery.

A potential savings to the Medicaid health delivery system alone is estimated to between 2-5% or $45,555,000 to $114,000,000.00 annually.