



# Minnesota Health Reform Initiative

## Baskets of Care Frequently Asked Questions

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The Minnesota Department of Health and its contractor for the baskets of care project, the Institute for Clinical Systems Improvement, are committed to the community-driven nature of the baskets of care development process. We have developed a series of Frequent Asked Questions and answers to help interested individuals and organizations to better understand this initiative. Due to the iterative nature of the baskets of care development process, it is possible that these answers will continue to evolve as the work does.

### BACKGROUND INFORMATION

#### **What is a basket of care?** (updated March 2009)

The concept of baskets of care that was included in the 2008 health reform law seeks to bundle payments for a set of health care services together in ways that will create incentives for health care providers to cooperate and develop innovative ways to improve health care quality and reduce costs. The 2008 health reform law defines a “basket” or “baskets of care” as a collection of health care services that are paid separately under a fee-for-service system, but which are ordinarily combined by a provider in delivering a full diagnostic or treatment procedure to a patient. Each basket of care will be a “product” that consumers will be able to purchase. This product will need to balance uniformity for purposes of consistency and comparability with the ability of providers and payers to be innovative in providing effective, high quality and lower-cost care.

Although providers, payers, and consumers are not required to use baskets of care as a method of organizing health care service delivery or payment, the objective of the baskets of care concept is to encourage providers, payers, and consumers to think differently about health care service delivery.

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**What are the goals of baskets of care?** (updated March 2009)

The purpose of baskets of care are to uniformly define a scope and set of care components for a given condition, procedure, or episode of care. A general objective of the baskets of care concept is to encourage providers, payers, and consumers to think differently about health care service delivery. While the health care system currently pays for services on a per-service basis, baskets of care are intended to offer health care providers an incentive to be innovative in providing a given package of services in a way that supports effective, high quality, lower-cost care.

In addition to incentivizing innovation in the organization and delivery of those services, the uniform basket of care definitions will work towards the development of community standards and tools of comparability that are easily understood and accessible for consumers.

The seven initial baskets of care topics are representative of the wide range of possible baskets of care topics in that they can be categorized under the following broad headings: procedural, episodic or time-limited, chronic, and other. As a result, the seven initial baskets of care will be able to help us to better understand the feasibility and effectiveness of baskets of care in achieving a variety of objectives.

**Are baskets of care intended to reduce health care costs?** (updated March 2009)

In addition to encouraging innovation in the organization and delivery of effective and high quality health care services, the provision of lower-cost health care services is also an objective of the baskets of care concept. The baskets of care concept promotes better value through better health care outcomes and service (both clinical and patient experience).

**Does care delivered using a basket of care have to be clinic- and/or hospital-based?** (updated March 2009)

No; the baskets of care concept incentivizes innovative care delivery for a uniformly defined package of health care services. Because the innovative delivery of health care services is a goal of the baskets of care concept, care delivered outside of a traditional clinic- or hospital-based setting is possible.

**What is the relationship between baskets of care and health care homes?** (updated March 2009)

Both the baskets of care and health care home initiatives are important to the broader health reform context, but because they are still under development, the extent to which baskets of care and health care homes are mutually exclusive or complimentary concepts is not yet clear. At this point, we anticipate that individuals could participate in both a health care home and select a basket of care for

specific health care services. These transformational concepts are being explored simultaneously and we will discover more as we continue this exploration.

**How will baskets of care be evaluated?** (updated March 2009)

Because the 2008 health reform law includes a provision for the measurement of quality information on the baskets of care, the development process includes a measurement work group that will advise the Minnesota Department of Health on the development of a baskets of care performance measurement framework.

**How do baskets of care integrate with pay-for-performance programs? Will providers be rewarded for delivering high quality and efficient care through a basket of care arrangement?** (updated March 2009)

Though improved quality, better health care outcomes, and lower-cost care are all goals of the baskets of care concept, the 2008 health reform law does not require that baskets of care be included in any pay-for-performance programs.

**PROVIDER AND PAYER PARTICIPATION IN BASKETS OF CARE**

**Are providers and payers required to use baskets of care?** (updated March 2009)

No, providers and payers are not required to use baskets of care as a method of delivering and paying for health care services. Although providers and payers are not required to use baskets of care, the objective of the baskets of care concept is to encourage providers, payers, and consumers to be innovative and think differently about health care service delivery. The Minnesota Department of Health is confident that the opportunities for innovation in health care service organization, delivery, quality, and payment inherent in the baskets of care concept will yield invaluable insight.

**Are baskets of care just a way to define a rigid protocol for the delivery of care by providers?** (updated March 2009)

No; the baskets of care concept seeks to balance uniformity with innovation. The uniform scope and care components for each basket of care are meant to define a set of best practice health care services for a particular procedure, condition, or episode of care while allowing for the innovative organization and delivery of that care. The uniform baskets of care definitions will allow consumers to compare the baskets of care available to them from various providers and/or provider groups. The opportunity for innovation will allow providers to deliver care in the way that they think will lead to better outcomes and lower-costs. The baskets of care are being developed through an iterative community-driven process and are based on evidence and evidence-informed standards of practice.

**Why would providers and payers want to use baskets of care?** (updated March 2009)

Baskets of care will allow providers and payers to be innovative in the organization, delivery and payment of health care services. Baskets of care may provide an opportunity for health care providers and facilities that deliver higher quality care and prevent medical complications to be rewarded through cost savings that result from innovation.

**CONSUMER / PATIENT PARTICIPATION IN BASKETS OF CARE**

**Are consumers required to use baskets of care?** (updated March 2009)

No; the 2008 health reform law does not require patients, providers, or payers to use baskets of care.

**How does a person get in to or referred to a basket of care?** (updated March 2009)

Entry or enrollment in to a basket of care has not yet been determined. It is possible that multiple avenues for entry into a basket of care will be available, including self selection and referral from a provider, employer or health plan.

**Can a person enter and then leave a basket of care or be excluded from enrolling in a basket of care entirely?** (updated March 2009)

Because uniformity is one of the goals of baskets of care, and because patients sometimes have more complicated health care needs, it is possible that a person could be excluded from enrolling in a basket of care or from continuing to receive health care services through a basket of care after enrollment. Upon exclusion, a patient would continue to receive health care services through their normal health insurance coverage.

As part of their work in developing the baskets of care, the subcommittees may include recommendations for situations in which patients would be excluded from a basket of care. It may also be possible to have a situation in which care delivered through a basket of care could be interrupted due to an unexpected acute health care need, and then returned to following the resolution of the acute episode.

**Is it possible for a person to participate in and receive care through multiple baskets of care?** (updated March 2009)

Yes; receiving care through multiple baskets of care is possible. However, in the case where a person has health insurance coverage, access to baskets of care will be a function of that person's health insurance benefit design. For example, a person could have a preventive services basket of care and a total knee replacement basket of care.

**Are baskets of care meant to be a complete package of care for this topic / procedure / condition?** (updated March 2009)

Baskets of care are meant to be uniform sets of health care services that can be packaged around a particular topic, procedure, or condition; they are not meant to include the full array of all possible services. However, baskets of care are not intended to limit the care received by a particular patient. In addition to the basket of care component services, other health care services can be delivered by the provider, but they may not be reimbursed under the agreed upon basket of care package price. For someone with health insurance coverage, any additional health care services could be paid for via the existing fee-for-service model utilized by their insurance carrier.

**If I have Medicare, am I eligible for baskets of care?** (updated March 2009)

No; the baskets of care provision of the 2008 health reform law does not apply to services paid for by Medicare, state public health care programs through fee-for-service or prepaid arrangements, workers' compensation, or no-fault automobile insurance.

**PAYMENT FOR BASKETS OF CARE**

**How will baskets of care be paid for? Do baskets of care have to be paid for using the current fee-for-service structure?** (updated March 2009)

The law allows providers to begin using baskets of care in January 2010, but does not require them to do so. To the extent that payers elect to make the baskets of care available to beneficiaries, the law is explicit regarding requirements about payment for baskets of care. The law stipulates that there will be a single non-negotiable rate for each basket of care, but it does not require payers to contract for the baskets of care.

**Can consumers receive care through a basket of care arrangement and also through their traditional fee-for-service coverage?** (updated March 2009)

Yes; all health care services received outside of the health care services covered a basket of care would be paid for through the patient's existing health care coverage.

**Can the price of a basket of care change during the benefit period?** (updated March 2009)

No; once a price for a basket of care has been established, the health care provider or group of providers can not change the price of the basket of care during the designated care delivery time period.

**Will people with and without insurance be able to select and receive health care services through a basket of care?** (updated March 2009)

Yes; patients will be able to enroll in a basket of care regardless of insurance coverage. The baskets of care available to consumers with health insurance coverage will be a function of insurance benefit design.

**BASKETS OF CARE DEVELOPMENT**

**Following the development of the initial seven baskets of care, will more baskets of care be developed?** (updated March 2009)

The initial seven baskets of care will provide the opportunity for health care providers, consumers, and payers to evaluate the baskets of care concept. More baskets of care may be developed, but this has not yet been determined.

**Will there be a baskets of care pilot program?** (updated March 2009)

The 2008 health reform law does not include a provision for the piloting of baskets of care. The Minnesota Department of Health anticipates that the piloting of baskets of care would be a private sector activity, done at the health plan and provider level. In addition, because each of the seven baskets of care will likely test different issues of feasibility of care organization and delivery for the baskets of care concept, informal piloting by early adopters of baskets of care is possible.

**What are the next steps in the baskets of care development process?** (updated March 2009)

After the seven baskets of care subcommittees develop preliminary recommendations for the seven baskets of care scopes and care components, this information will be made available for public review in late March and public comment through April 6, 2009. Following the public comment time period, the seven subcommittees will reconvene to review the feedback and will review and revise their recommendations before presenting their final recommendation reports to the Baskets of Care Steering Committee in early June. Three additional work groups will also be convened to address communication and outreach, quality measurement, and administrative and operational issues. The Steering Committee will play an active role throughout the baskets of care development process.