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**Minnesota's Medicaid reform initiative saves \$61.5 million in 2<sup>nd</sup> year**  
*Jesson announces new goal to expand innovation to 500,000 public program enrollees*

The Minnesota Department of Human Services' innovative Medicaid reform initiative, the Integrated Health Partnerships (IHP), delivered a dramatic \$61.5 million in savings in 2014, benefiting taxpayers while continuing to improve health care for low-income people.

On Friday, Commissioner Lucinda Jesson announced plans to extend the IHP and comparable value-based reforms to half of all Medical Assistance and MinnesotaCare enrollees – about 500,000 people – by the end of 2018.

“Minnesota's nation-leading Integrated Health Partnerships initiative is proving that it's possible to improve the quality of care patients receive, while reducing costs. I want to thank the Department of Human Services for their continued commitment to reform,” said Lt. Governor Tina Smith. “Building on the progress made during the past four years, Governor Dayton and I will continue to support reform efforts across state government.”

The IHP demonstration project continues to grow, reaching across the state and currently encompassing 16 providers, including several who specialize in caring for people with disabilities. The IHP was months early in meeting a three-year goal of covering 200,000 enrollees, about one in five people served by Minnesota's public health care programs.

“This initiative is improving our public health care programs while bringing costs down,” Jesson said. “We want to expand the Integrated Health Partnerships significantly so many more people in Medical Assistance and MinnesotaCare can benefit from the fresh new approaches this project is encouraging.”

Major savings in 2014, the initiative's second year, came from nine provider groups serving 165,000 Minnesotans. These providers are taking innovative steps such as providing more intensive primary care services and building stronger relationships with mental health care providers and community resources. Together, their efforts to better coordinate care led to double-digit decreases in hospitalizations and single-digit decreases in emergency room visits in 2014.

For example:

- A team of 24 community health workers who together speak five different languages provides culturally and linguistically specific care coordination at Hennepin County Medical Center, part of Hennepin Healthcare System. Community health workers teach patients about health and help navigate both health care and community services. Care coordination staff work with patients to identify needs such as housing and transportation and to develop a plan, goals and follow-up. They reach out to patients at homeless shelters, day centers and correctional facilities.
- The Northwest Alliance, a partnership between Allina Health and HealthPartners clinics, has implemented and expanded initiatives to improve population health and patient experience and to help make care more affordable, addressing inpatient, outpatient and community based services. Increasing access to mental health services is a focus, with innovative approaches such as linking people who visit the Emergency Department with urgent outpatient mental health appointments, integrating mental health care into primary care and adding therapy and psychiatry providers.
- Mayo Clinic Employee and Community Health has refocused on engaging patients in staying healthy, supporting wellness goals and managing chronic illnesses while improving quality of life. Expanded care teams are available at locations and times most convenient to patients. Community specialists and resources are integrated with physician-led primary care teams to provide timely access and the best care for patients.

The DHS initiative is built around a new payment model that prioritizes quality, preventive health care and rewards providers for reaching mutually targeted health goals. In contrast, the traditional payment system pays providers for the volume of care they deliver, rather than the quality of care they provide. In the IHP model, providers who deliver care for less than the targeted cost are eligible for a share of the savings. Some providers also share the downside risk if costs are higher than projected.

The IHP model covers both managed care and traditional fee-for-service care.

The 2018 goal also includes comparable value-based arrangements in Medicaid that hold providers accountable for both cost and quality.

Based on preliminary 2014 results, all nine provider groups participating in the IHP initiative last year will be eligible for a share of the savings. The 2014 results significantly improve upon the savings from the project's first year in 2013, which were also higher than originally projected. Final results for 2013 found that the original six providers together saved \$14.8 million that year, up from last year's initial estimate of \$10.5 million.

Minnesota is leading other states in implementing an Accountable Care Organization in its Medicaid program, with the goal of improving care.

The IHP initiative is a key component of a \$45 million federal State Innovation Model (SIM) grant, which is helping to drive health care reform in Minnesota. Several IHP participants have also received SIM-funded grants for their innovative efforts to improve health care.