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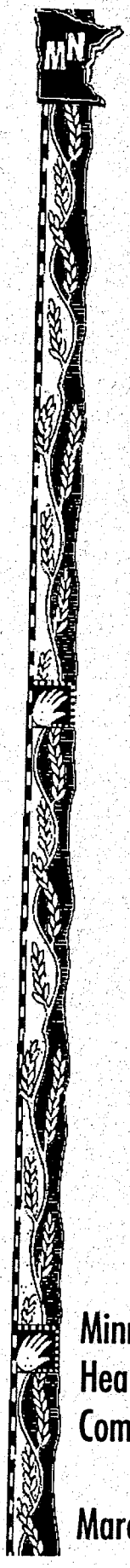
# The Use and Distribution of Health Care Technology in Minnesota




Minnesota
Health Care
Commission

March 1994

Pursuant to 1993 Minn. Laws Chap. 345
Art. 4 Sec. 6

# THE USE AND DISTRIBUTION OF HEALTH CARE TECHNOLOGY IN MINNESOTA

**Providing information that will lead to appropriate and cost-effective use of medical technology in Minnesota**

**Minnesota Health Care Commission**
**March 1994**

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# THE USE AND DISTRIBUTION OF HEALTH CARE TECHNOLOGY IN MINNESOTA

## INTRODUCTION

This report responds to a 1993 mandate of the Minnesota Legislature. It defines terms specific to technology use and distribution; describes the current role of the Health Technology Advisory Committee (HTAC); sets forth the need for HTAC to address the use and/or distribution of health technologies; and delineates the interrelation between HTAC, the Integrated Service Networks (ISNs), the Regulated All-Payer Option (RAPO), and various state-sponsored health care reform activities. In addition, the report includes recommendations on the future role of HTAC and suggests changes in programs and activities that may be necessary to ensure that the use and distribution of health technology in Minnesota is consistent with the state's access, quality, and cost containment goals.

This report was drafted while the ISN and RAPO Implementation Plan was being developed. The Minnesota Health Care Commission (MHCC) intends to closely monitor the implementation and development of ISNs, RAPO, and other state-sponsored health care reform activities. As health reform activities develop further, and as HTAC gains experience in evaluating technologies, it may be necessary to reconsider issues presented in this report.

# CONCLUSIONS

- HTAC's current role is to conduct evaluations of specific technologies and their specific **use and application.** In the course of conducting evaluations, HTAC may obtain information useful to those responsible for addressing the **distribution** of technology.

- Knowing the extent to which a particular technology provides a clinically-effective advantage over alternative technologies can enhance the quality of care within a health care system, maximize its efficiency, and optimize its expenditures.

- HTAC serves as an objective, Minnesota-specific source of technology evaluation information for those involved in state-sponsored health care reform activities and for various stakeholders to use in formulating policy decisions related to the use and distribution of technologies (e.g., consumers, health care providers, and health plan companies).

- As ISNs, RAPO, and other health care programs develop, and as HTAC gains more experience in evaluating technologies, MHCC, in consultation with HTAC, will be able to more clearly define HTAC's role with respect to the use of technology and to determine the extent to which HTAC should address the distribution of technology.

- While most of the time the new incentives in the reformed health care market will ultimately lead to appropriate distribution of technologies, in some cases stakeholders will benefit from the opportunity to engage in a public discussion of collaborative approaches to the distribution of certain technologies. This "public forum" approach may also be beneficial in addressing distribution of facilities and functions.

- The Minnesota Health Care Commission (MHCC) will convene or facilitate regional or statewide forums as needed.

# STATUTORY CHARGE

The 1993 MinnesotaCare Act provides:

> The health care commission, in consultation with the health technology advisory committee, shall submit a report to the legislature and the governor by January 15, 1994, regarding the necessity of a health technology advisory committee to address the use and distribution of health technology under a system of *integrated service networks* with *global limits on growth*, and in a *regulated all-payer system.*
>
> The report may also include recommendations for the future role of the health technology advisory committee, and further changes, programs, or activities that may be necessary to ensure that the use and distribution of health technology in Minnesota is consistent with the state's *cost containment goals*. In preparing the report, the health care commission shall consult with the medical technology industry in Minnesota for its input and reactions. [Laws of Minnesota 1993, Chapter 345, Article 4, Section 6]

The Act also provides:

> The health technology advisory committee shall recommend to the minnesota health care commission and the commissioner methods to control the diffusion and use of technology within the regulated all-payer system for services provided outside of an integrated service network. [Minn. Stat. §62J.152]

# THE USE AND DISTRIBUTION OF HEALTH CARE TECHNOLOGY IN MINNESOTA

## MINNESOTA'S HEALTH CARE REFORM EFFORT

Health care cost containment has been undertaken as part of a comprehensive reform effort to improve the affordability, access, and quality of health care for all Minnesota residents. The central goal of Minnesota's cost containment plan is to slow the rate of growth in health care spending by at least ten percent a year for each of the next five years. **Global limits on growth, integrated service networks (ISNs)**, and a **regulated all-payer option (RAPO)** form the basis for meeting this goal.

- **Global limits on growth:** Under the state's system of global limits on growth, health care spending will not be allowed to increase at a rate higher than global limits established by the Commissioner of Health. The global growth limits are enforced through overall limits on ISN costs and through regulation of non-ISN prices and utilization.

- **ISNs:** ISNs are a new type of health coverage product that will be accountable for the quality, accessibility, and cost of health care and will be allowed flexibility to adapt and innovate strategies to optimally address these issues. ISNs will be responsible for providing a full array of health care services for a fixed price, thus creating incentives for participating providers and health plans to become more efficient. The ISNs will compete with one another and with health insurance companies operating in the regulated all-payer option for market share. Efficient ISNs will be successful and rewarded with market share; less efficient ISNs will have to improve or risk losing market share.

- **RAPO:** The RAPO will be a standardized payment and utilization review system that will be used by all payers for services provided outside of ISNs. Fees and utilization review requirements will be adjusted as necessary to keep cost increases for non-ISN services under the statutory growth limits.

These concepts are intended to provide the health care market with the opportunity to develop strategies that will allow it to optimally and efficiently deliver health care. Inherent in these strategies are powerful incentives to appropriately use and distribute technology.

# HEALTH TECHNOLOGY ADVISORY COMMITTEE (HTAC)

The 1992 MinnesotaCare (HealthRight) Act, as amended by the 1993 MinnesotaCare Act, requires that "the Minnesota health care commission shall convene an advisory committee to conduct evaluations of existing research and technology assessments conducted by other entities of new and existing health care technologies." Technologies are defined as "including high-cost drugs, devices, procedures, or processes applied to human health care such as high-cost transplants and expensive scanners and imagers" [Minn. Stat. §62J.15, Subd. 1].

The legislature defined the terms "evaluate," "evaluation," and "evaluating" to mean "the review or reviewing of research and technology assessments conducted by other entities relating to specific technologies and their specific use and application." [Minn. Stat. §62J.15, Subd. 1a]. The legislature also set forth a process for evaluating technology that permits HTAC to "collect and evaluate studies and research findings on the technologies selected for evaluation from as wide a range of sources as needed, including, but not limited to: federal agencies or other units of government, international organizations conducting health care technology assessments, health carriers, insurers, manufacturers, professional and trade associations, nonprofit organizations, and academic institutions. The health technology advisory committee may use consultants or experts and solicit testimony or other input as needed to evaluate a specific technology" [Minn. Stat. §62J.15, Subd. 4].

HTAC conducts evaluations of specific technologies and their specific use and application [Minn. Stat. §62J.15, Subd. 2]. The term application refers to the patient's clinical characteristics or condition for which a technology is used.

For example, HTAC is currently evaluating tissue plasminogen activator (tPA):

- **Specific technology:** tPA
- **Specific use:** To dissolve blood clots.
- **Specific application:** For patients with acute myocardial infarctions.

In completing technology evaluations, HTAC is to take into consideration safety, clinical effectiveness, improvement in health outcomes, and cost effectiveness [Minn. Stat. §62J.15, Subd. 3]. These terms are defined as follows:

- **Safety** means a judgment of the acceptability of risk of using a technology in a specified situation [Minn. Stat. §62J.03, Subd. 9].

- **Clinically effective** means that the use of a particular medical technology improves patient clinical status, as measured by medical condition, survival rates, and other variables, and that the use of the particular technology demonstrates a clinical advantage over alternative technologies [Minn. Stat. §62J.03, Subd. 2].

- **Improvement in health outcome** means an improvement in patient clinical status, and an improvement in patient quality-of-life status, as measured by ability to function, ability to return to work, and other variables [Minn. Stat. §62J.03, Subd. 7].

- **Cost effective** means that the economic costs of using a particular technology to achieve improvement in a patient's health outcome are justified given a comparison to both the economic costs and the improvement in patient health outcome resulting from the use of alternative technologies [Minn. Stat. §62J.03, Subd. 5].

## DISTINCTION BETWEEN USE AND DISTRIBUTION

The distinction between the terms "use" and "distribution" is critical. "Use" refers to the act of employing a technology. "Distribution" refers to the frequency of occurrence and geographic positioning of technologies. These and related definitions are set forth on the following page and explored further on pages 8, and 9.

HTAC has been charged with evaluating existing research and technology assessments conducted by other entities of new and existing health care technologies. In its current role, HTAC addresses appropriate use but not appropriate distribution.

The central distinction between evaluating appropriate use and evaluating appropriate distribution is that the evaluation of appropriate **use** DOES NOT take into consideration the specific community that is employing or may employ a given health care technology.

## DEFINITIONS: USE AND DISTRIBUTION OF TECHNOLOGY

**Technology:**
The 1992 MinnesotaCare (HealthRight) Act, amended by the 1993 MinnesotaCare Act, defined "**technologies**" as including high-cost drugs, devices, procedures, or processes applied to human health care such as high-cost transplants and expensive scanners and imagers. [Minn. Stat. §62J.15, Subd. 1]

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**Application:**
"Application of technology" refers to the patient's clinical characteristics or condition for which the technology is employed.

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**Use:**
"Use of technology" refers to the act of employing a technology.

**Appropriate Use:**
The determination of "appropriate use" takes into consideration the:

- **Application** of a technology; **and**
- **Technology's** level of demonstrable safety, clinical effectiveness, ability to improve patients' health outcome, and cost effectiveness for the delineated patient characteristics or condition; **and**
- **Criteria for the safe and beneficial employment of the technology** in relation to such things as patient volume, personnel, facilities, outcome success rates, outcome management, data reporting, research, and education.

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**Diffusion:**
"Diffusion of technology" refers to the **general** movement of technology from the research and development environment into the health care community (i.e., the continuum from academic and research environments to the health care community).

**Distribution:**
"Distribution of technology" extends the concept of diffusion, and refers to the frequency of occurrence and geographic positioning of technologies (i.e., number of technologies and where they are located).

**Appropriate Distribution:**
The determination of "appropriate distribution" has a community-based orientation. It takes into consideration the factors related to appropriate use, **and** also takes into consideration:

- **Community cost effectiveness** of the technology in relation to the patient need existing for a given technology in sufficient numbers in the community to justify its cost; **and**
- **Community access** to the technology in relation to such things as patient transportation and geographical barriers.

## APPROPRIATE USE

### Application

As a starting point, HTAC selects not only a technology to evaluate, but also a specific application of that technology. For example, autologous bone marrow transplant (ABMT) as a treatment **for patients with acute lymphocytic leukemia** is well-accepted within the health care community. ABMT as a treatment **for patients with breast cancer** is controversial within the health care community and HTAC is considering this application for evaluation.

### Safety, Clinical Effectiveness, Ability to Improve Health Outcomes, and Cost Effectiveness

In its evaluation of a technology and its specific application, HTAC reviews research and technology assessments for information on the technology's level of demonstrable safety, clinical effectiveness, ability to improve health outcomes, and cost effectiveness.

### Criteria for the Safe and Beneficial Use of the Technology

A health care technology is not an isolated entity; it is used by human hands in a health care environment. In its review of research and technology assessments, it may become apparent to HTAC that in order for the technology to be clinically effective, providers need to meet certain minimum standards. National and regional specialty groups may delineate minimum standards criteria for the safe and beneficial use of the technology in relation to such things as patient volume, personnel, facilities, outcomes, success rates, outcome management, data reporting, research, and education. For example, research has shown that clinical effectiveness of some highly technical procedures, such as heart transplants, is largely dependent on the surgeon's experience with the procedure in terms of patient volume in a given time period.

## APPROPRIATE DISTRIBUTION

The determination of appropriate distribution has a community-based orientation.

### Appropriate Use

The first step in evaluating appropriate distribution of a given technology is to have information relative to that technology's appropriate use. This information will assist in determining whether -- given the technology's level of demonstrable safety, clinical effectiveness, ability to improve health outcome, and cost effectiveness -- a given provider has the ability to meet minimum standards criteria for the safe and beneficial employment of the technology.

> *For example, if a technology is just emerging on the scientific horizon and has yet to demonstrate clinical effectiveness, that technology may need to be performed in a specialized research center, by highly trained health care personnel (e.g., gene therapy and heart transplant). The question that would need to be answered in each of these examples is whether a provider had the personnel, patient volume, and facilities that would optimize the safe and beneficial use of the technology.*

### Community Cost Effectiveness

Community cost effectiveness of a technology refers to the issue of whether the patient need for a given technology exists in the community in sufficient numbers to justify the cost.

> *For example, technology X costs one million dollars. In order for X to be used safely and be beneficial for patients, a provider should use the technology on a minimum of 100 patients per month. If there are 200 patients in need of X, it may be considered financially justifiable to have two Xs. However, it may prove to be community cost effective to have only one technology X to serve the 200 patients (provided that quantity of patients can be served safely).*

### Community Access

Community access to the technology refers to issues related to such things as geographical barriers and patient transportation.

> *Using the previous example, given a wide geographic spread of patients, having only one technology X for 200 patients may create a barrier to access. The alternatives could be to purchase another technology X or to provide an outreach transportation program to bring patients to the technology.*

# NECESSITY OF HTAC TO ADDRESS USE AND DISTRIBUTION OF HEALTH TECHNOLOGY UNDER A SYSTEM OF ISNS AND IN A REGULATED ALL-PAYER OPTION

According to the 1993 statutory charge, MHCC, in consultation with HTAC, is to submit a report on the **necessity** of HTAC "to address the use and distribution of health technology under a system of integrated service networks with global limits on growth, and in a regulated all-payer system." [Laws of Minnesota 1993, Chapter 345, Art. 4, Sec. 6]

Central to Minnesota's health care reform initiative is cost containment. Statewide limits on health care spending and greater competition in the marketplace will create incentives for health care systems to develop self-correcting mechanisms to become more efficient. Previously, many functions of health care were perceived as revenue producing, and were often described in terms of how much revenue was generated. Under a system of competitive pressure and cost controls, these revenue centers are also viewed as cost centers, and will be scrutinized for how they impact patients' health outcomes and how they affect health care costs.

With new pressures to become more efficient, it will be imperative for health care providers and health carriers to examine the appropriate use and distribution of health technology. Technology contributes substantially to the health and well-being of all Minnesotans. Sweeping advancements in the delivery of health care and rising health care costs, however, require that informed choices be made regarding the use and distribution of health care technologies.

Given the significance of health care innovation, the legislature mandated that MHCC convene an advisory committee to evaluate existing research and technology assessments conducted by other entities of new and existing health care technologies [Minn. Stat. §62J.15, Subd. 1]. In its current role, HTAC addresses appropriate use, but does not directly address appropriate distribution. It is envisioned that HTAC technology evaluations will be used by providers, health carriers, consumers, and purchasers to guide their decisions about health care treatment and coverage. Thus, HTAC evaluations do not themselves bar, screen or control use and distribution of technology, but serve as a tool to guide decision making.

## IMPORTANCE OF CONDUCTING EVALUATIONS

HTAC conducts evaluations of specific technologies and their specific use for patients with given clinical characteristics or a given condition. In making a determination of appropriate use HTAC takes into consideration safety, clinical effectiveness, ability to improve health outcomes, and cost effectiveness.

Technology evaluation can act as a cogent bridge between the research and development of a technology and its appropriate use in health care systems. Faced with the immediacy of a sick patient and the remote possibility that a new intervention may prove beneficial, it is the rare patient, family, or physician who does not want to act. As a result, an innovation that makes theoretical sense may become established practice before it is determined that it can make a significant contribution to a positive health outcome. Using a technology without established benefit could expose a patient to unnecessary health risk and possibly keep the patient from undergoing an alternative treatment that could prove beneficial. The evaluation process can expedite the expanded use of technologies with demonstrable benefit and encourage the early abandonment of those with minimal benefit.

The systematic evaluation of technologies can yield information for both clinical decision-making and policy formulation. Knowing the extent to which a technology can provide a cost-effective advantage over an alternative technology can serve to enhance the quality of health care delivered by a health care system, maximize its efficiency, and optimize its expenditures.

## NECESSITY OF HTAC TO CONDUCT EVALUATIONS

### Membership

HTAC members represent the diverse sectors of the health care industry as well as different geographic areas of Minnesota. Each member brings to the table unique expertise on a wide range of technology-related issues. Collectively, the membership provides an objective, Minnesota-specific perspective that might not otherwise be achieved and a unique public forum for presenting and examining technology related issues. These characteristics make HTAC a valuable source of information for those involved with and affected by Minnesota's health care reform efforts.

### Prioritization Criteria for Technology Designation

HTAC developed prioritization criteria for designating technologies for evaluation which were incorporated into the 1993 MinnesotaCare Act [Minn. Stat. §62J.152, Subd. 2]. There are a large number of new and existing technologies that potentially could be evaluated by HTAC. These technologies have varied levels of controversy within the medical or scientific community, cost implications, and other issues of importance, which must be considered in the selection process.

HTAC compiled a list of over 100 technologies for evaluation and by using the developed prioritization criteria was able to efficiently narrow the list to ten technologies.

### Criteria for Technology Evaluation

HTAC has adopted specific criteria for evaluating technology; safety, clinical effectiveness, ability to improve health outcomes, and cost effectiveness. By having standardized criteria,

HTAC will approach each technology evaluation consistently. Likewise, stakeholders will know what information will be considered. Consequently, HTAC's process for evaluating technology will not only be consistent, but also efficient.

Technology assessments are conducted by a variety of organizations. Although a number of assessments may be available for any given technology, many of these assessments are conducted by stakeholders with a vested interest in the outcome. Stakeholders often develop their own criteria to select and evaluate technologies. In some cases, the individual stakeholder's criteria may not coincide with HTAC's criteria for selecting and evaluating technologies nor be consistent with the state's access, quality, and cost containment goals.

**Minnesota-Specific Source of Information**

Technology use can be affected directly and indirectly in a number of ways ranging from funding levels for technological research and development, to consumer and purchaser demands, to health benefits design. As market incentives change, those involved in state-sponsored health care reform activities, providers, health care plans, consumers, medical device manufacturers, and other stakeholders will need to address technology within the context of Minnesota's health care reform environment. The ability of each of these groups to effectively address technology issues will be enhanced by having objective, Minnesota-specific information.

Few technology assessments are conducted exclusively for the Minnesota population. HTAC conducts evaluations of existing national and international research and assessments and interprets the results of their evaluations in terms of Minnesota-specific data.

**An Advisory Resource:**

HTAC serves as an advisory resource for those responsible for clinical decision making and policy formulation. HTAC's legislative charge indicates that its evaluations may be used by those involved in and affected by health care reform activities.

HTAC evaluations may serve as a resource for ISNs, group purchasers, employers, government programs (Medical Assistance, General Assistance Medical Care, MNCare), and the regulators of RAPO to use in making coverage, contracting, purchasing and reimbursement decisions. HTAC also provides valuable information that can be used by the Practice Parameters Advisory Committee (PPAC) and other organizations in developing practice parameters; by health care providers in making decisions about the appropriate use of technology; by consumers in making decisions about treatment; and by medical device manufacturers in developing and marketing new technologies.

**Appropriate Distribution of Health Technology**

HTAC's primary role is to address the appropriate **use** of technology, not the appropriate **distribution** of technology. However, HTAC will play a significant role in addressing distribution by providing information for others to use in making informed decisions regarding appropriate distribution. The appropriate use of technology must be addressed before appropriate distribution can be addressed. In fact, evaluating the appropriate use of a technology will, in many cases, also address the distribution of that technology. For example, HTAC evaluations may contain information about the patient volume required to ensure the safe and beneficial use of a technology. Therefore, HTAC information may be used to draw conclusions regarding the number of patients required to support a technology within specific geographic boundaries ("sizing").

**HTAC's Advisory versus Regulatory Role**

Previous regulatory approaches were examined, including the certificate-of-need (CON) programs of the late 1970's and early 1980's. These regulatory approaches have been judged by HTAC, by other organizations, and in the literature, to have been largely ineffective. HTAC's current role is not to regulate the use and distribution of technology, but to act as an expert advisor regarding the wealth of available technology information.

# POTENTIAL FUTURE ROLE OF HTAC

As ISNs, RAPO and other health care reform programs develop, and as HTAC gains experience in evaluating technologies, the Minnesota Health Care Commission will continue to develop HTAC's role in addressing the appropriate use of technology and determine the extent to which HTAC will address the appropriate distribution of technology. As the Commission develops HTAC's role, certain changes may be required to enable HTAC to improve its ability to conduct technology evaluations and to produce evaluations that will contribute to achieving health care reform goals.

This report reflects HTAC's interrelation with health care reform activities, its future role, and suggestions for change. Discussions regarding state-sponsored health care reform activities have taken place as programs are being developed. In some cases, suggestions have been based on assumptions that might not hold true over time. As health care reform programs and activities develop, it may be necessary for the Commission to reconsider some of its suggestions for change.

## HTAC TECHNOLOGY EVALUATION REPORTS

HTAC's technology evaluations should, to the extent possible, be available consistently throughout all state-sponsored health care reform activities. State-sponsored health care reform activities that may affect the use and distribution of technology should be coordinated so that discrepancies in health services are kept to a minimum. More specifically, HTAC evaluations should lead to equitable results in that patients with similar clinical characteristics receive the optimal level of treatment and coverage. To the extent possible, technology evaluation reports should be used in connection with policy decisions and as a guide for prudent actions. HTAC should serve as a source of information on technology related issues, with the recognition that other sources will continue to provide beneficial technology-related information.

## DISTRIBUTION OF TECHNOLOGY

HTAC's current role is limited to evaluating the appropriate **use** of specific technologies. The appropriate use of a technology must be evaluated before appropriate **distribution** can be addressed. Therefore, HTAC's technology evaluations will form the basis of any activities relating to the distribution of technology.

Technology evaluations will provide valuable information to guide decisions about appropriate use of technology. The MHCC believes that the new market incentives under a reformed health care system will prompt stakeholders to make use of this new information to utilize technology more efficiently and cost-effectively. In the case of most technologies, the combination of market incentives and the existence of Minnesota-specific technology evaluations will lead to the appropriate distribution of technology as individual stakeholders respond in their own spheres within the marketplace. In some cases the technology evaluations and market incentives may result in greater interest of the various stakeholders in sharing technologies or coming together to plan for the most effective distribution of technologies. However, antitrust laws and the lack of a public forum to discuss statewide and regional issues relating to the distribution of technologies, may make it difficult for stakeholders to respond to the new market incentives. The MHCC has concluded that a voluntary process is needed to give stakeholders the tools they need to facilitate regional and statewide planning for the distribution of technology when they conclude that such a planning process would be helpful.

The MHCC formed the Technology Distribution Task Force to address the need for a forum to facilitate collaboration to achieve distribution of technology that is consistent with the state's cost containment goals. After initial discussion, it became apparent that several "technologies" of concern did not fall within HTAC's statutory definition of technology. For example, specific concerns were raised regarding the distribution of large capital expenditures (e.g., trauma centers, neonatal intensive care units, cardiac catheterization labs). These activities clearly do not fall within HTAC's statutory definition of technology, but rather, may comprise several individual technologies as defined by statute. Consequently, the task force concluded that two distinct distribution issues must be addressed. The first issue relates to technologies that fall within HTAC's statutory definition. The other issue, yet to be specifically defined, involves the regional and statewide distribution of facilities and functions. Each issue may require different types of analysis and involve different timelines and stakeholders.

Based on the work of the Technology Distribution Task Force, the MHCC developed a preliminary framework for an open forum for stakeholder discussion concerning the distribution of technology, facilities and functions. The overall goal of the forum is to facilitate community-wide collaboration to lead to appropriate, quality, and cost-effective distribution. MHCC favors a non-regulatory, formal but voluntary process for health plans, purchasers, and/or providers to come together and plan for the regional distribution of technology. Technologies would be selected from those presented by HTAC, the Regional Coordinating Boards, and individual stakeholders as well as those that arise out of the Department of Health's review process for major spending commitments. The specific criteria for selecting technologies will be developed in the future, but technologies will have to meet a threshold test of being safe, effective and having potential beneficial use.

## PUBLIC FORUMS

MHCC intends to proceed with convening or facilitating public forums for the discussing the distribution of technologies, facilities, and functions, as the need arises. The public forums will be an open, voluntary, non-regulatory and public process for regional and statewide discussion. The public forums will include the participation of consumers, employers and other group purchasers, providers, health plan companies, and the health technology industry. Opportunities for public input from other interested persons and organizations will also be provided. Participation will be voluntary, and collaboration agreements or distribution plans that may be developed through this process will not be mandatory or binding. We expect that the recommendations resulting from the public forums may be considered by the Commissioner of Health for purposes of the antitrust exception process and the process for reviewing major spending commitments, but they will not be binding on the Commissioner.

The MHCC will develop criteria for selecting specific technologies, facilities, and functions for discussion in public forums, and will establish procedures and ground rules for discussion and the development of recommended agreements or distribution plans. The MHCC may also appoint advisory committees to facilitate discussion and planning, and may request that the Regional Coordinating Boards serve as, or convene, regional public forums. The MHCC believes sufficient authority already exists in the MinnesotaCare laws to proceed with the public forums, but legislative authorization may be requested during the 1993 legislative session.

## INTEGRATED SERVICE NETWORKS

Competitive ISNs will have significant market incentives and accountability that will assure optimal patient access to technologies. If the cost containment strategy works as designed, issues relating to appropriate use and distribution of technology will naturally resolve themselves through competitive market forces. This strategy is just now being implemented, and there is no experience with which to gauge potential effectiveness of this market based approach. This strategy must be given the opportunity to work without regulatory interference.

The most recent ISN and RAPO Design and Implementation Plan indicates that each ISN may determine its own credentialing standards and other criteria for determining which providers will be included in its network. HTAC evaluations may include information useful to the ISNs in establishing credentialing standards and other criteria. For example, HTAC evaluations may contain information relating to minimum standards criteria such as patient volume, personnel, facilities, and/or success rates that may be required to ensure the safe and beneficial use of a technology.

## REGULATED ALL-PAYER OPTION

Fee schedules are intended to accomplish cost containment goals within RAPO just as global limits on spending growth are intended to achieve cost containment goals within ISNs. The fee schedules for services rendered under the RAPO will be based on the Medicare Resource Based Relative Value Scale (RBRVS) using a Minnesota-specific conversion factor. The regulators of RAPO may use HTAC evaluations to address issues associated with setting fee schedules for services that encompass new technologies. HTAC evaluations may also be used by RAPO providers, purchasers, and payers in making technology related decisions.

The MHCC, in consultation with HTAC, was charged with providing recommendations to control the diffusion and use of technology within the RAPO for services provided outside of an integrated service network. HTAC reviewed and commented on the technology recommendations developed by Mathematica Policy Research Inc., the Minnesota Department of Health's consultant on the design of a regulated all-payer option. HTAC discouraged Mathematica from recommending a regulatory approach to the use and distribution of technology and will continue to provide input as necessary. The Minnesota Health Care Commission has concluded that, to the extent possible, the diffusion and use of technology within RAPO should be addressed in the same manner as technology issues are addressed in the ISNs.

The regulators of RAPO should be encouraged to use HTAC evaluations to address the diffusion and use of technology within the RAPO. HTAC will provide consistent information to those involved in state-sponsored health care reform activities.

## STANDARD BENEFITS SET

In its draft ISN/RAPO Implementation Plan, the Minnesota Department of Health has proposed a process to periodically update a benefits set that would be standard for all ISNs and RAPO payers. The proposal suggests that new information, such as HTAC technology "assessments" (evaluations), should be taken into consideration in creating and modifying the benefits set.

## REGIONAL COORDINATING BOARDS (RCBS)

Six separate regions have been designated for purposes of implementing the cost containment plan and other initiatives. According to their legislative charge, each Board is to advise the Commissioner of Health and MHCC on issues of quality, accessibility, and affordability of health care. RCBs are valuable forums for regional discussions of issues relating to the distribution of technology within their own regions. As the Boards address these issues, particularly those pertaining to quality, accessibility, and distribution, they may use HTAC's technology evaluations. In the future, HTAC may become more actively involved in assisting the RCBs in addressing the distribution of technology. For example, an RCB may ask HTAC to reevaluate certain aspects of a completed evaluation in order to provide the RCB with information needed to discuss the distribution of a technology within its region. As MHCC develops a forum to facilitate planning for the appropriate distribution of technology, it will also consider whether any changes may be required in the RCB's legislative charge relating to the distribution of technology.

## DATA INSTITUTE

In conducting its first technology evaluation on tissue plasminogen activator, HTAC attempted to obtain data on the incidence and prevalence of acute myocardial infarction for the Minnesota population. HTAC obtained mortality data from the Minnesota Center for Health Statistics and has requested claims data from the Metropolitan Healthcare Council and the Foundation for Health Care Evaluation. Although this data was helpful, it did not provide HTAC with complete information regarding the Minnesota population.

The Data Institute will be an integral part of the ISN's quality control efforts. The Data Institute will collect information from the ISNs on quality and the Minnesota Department of Health will use the information to develop report cards. Currently, the report card function requires information regarding key indicators (e.g., childhood immunizations, mammography screening). The report card function may provide information useful to HTAC such as the rates or incidence of the conditions related to these key indicators and thereby enable HTAC to draw more specific conclusions regarding technologies.

HTAC may use information from the Data Institute to track the increase or decrease in technology use or the rate of growth in expenditures related to the introduction of new technology. This information may help HTAC identify technologies appropriate for evaluation. In the future, the Data Institute will be a source of information on medical service usage by Minnesotans and will enable the HTAC to provide more precise information relating to the use and distribution of technology. The Data Institute may also provide information that would compel HTAC to reexamine certain aspects of completed evaluations and enable it to provide more current information relating to appropriate distribution.

## PRACTICE PARAMETERS ADVISORY COMMITTEE (PPAC)

PPAC is charged with developing a process to review, approve, and disseminate practice parameters in order to promote the most effective courses of treatment. The appropriate use of a technology is often a component of a practice parameter. PPAC and HTAC use similar resources and often solicit input from the same stakeholders. For example, in conducting technology evaluations, HTAC considers guidelines and protocols. In addition, both PPAC and HTAC solicit input from physicians through the Minnesota Medical Association.

The practice parameters developed by PPAC and the technology evaluations produced by HTAC will be disseminated through the Information Clearinghouse and, in many cases, will be used by the same stakeholders. Therefore, HTAC and PPAC should be encouraged to coordinate activities in order to avoid duplication of efforts, to increase the likelihood of selecting technologies and conditions that overlap, and to ensure that stakeholders are not provided with potentially conflicting information.

## INFORMATION CLEARINGHOUSE

Consumer expectations, payer coverage decisions, and provider decisions should, to the extent possible, be based on similar information. In order to encourage the consistent interpretation of HTAC's technology evaluation reports, information should be directed to various audiences in a manner meaningful to each audience. The Information Clearinghouse should provide user-friendly summaries of HTAC's evaluations and disseminate evaluation reports to the appropriate specialty groups. If the Information Clearinghouse is to direct its activities exclusively to consumers, a separate information dissemination function may need to be considered for HTAC's evaluations as the expertise required to disseminate information to consumers may be quite different than that required to serve other audiences.

## MAJOR SPENDING COMMITMENTS

The 1992 HealthRight Act provides that the Commissioner of Health be notified of any major spending commitment in excess of $500,000. The reporting and retrospective review process allows the Commissioner to monitor major expenditures and encourage collaborative arrangements. As this process is developed, HTAC's technology evaluations may be used by the Commissioner to aid in the retrospective review of technologies. The Commissioner may also ask MHCC, in consultation with HTAC, to submit specific recommendations for purposes of retrospective and prospective review of major expenditures [Laws of Minnesota 1993, Chapter 345, Article 4, §4]. It is the opinion of MHCC that the Commissioner should be limited to the retrospective review of major expenditures. If the Commissioner should institute a more regulatory approach to monitoring major expenditures and encouraging collaboration, such as a prospective review process, the Commissioner should be encouraged to use HTAC's evaluations.

## MEDICAL EDUCATION AND RESEARCH COSTS (MERC)

Innovation makes a substantial contribution to the relatively low cost of health care and the health status that Minnesotans enjoy. As health care market incentives change, the positive environment for health care innovation in Minnesota must be maintained. HTAC technology evaluations may be used to formulate questions pertinent to medical education, research and innovation by identifying education and research needs within the health care community.

Technology use and distribution can be affected by funding levels for research and education. Conversely, HTAC evaluations may impact medical education and research, and consequently, the development of new technologies. Therefore, HTAC should be apprised of MERC Task Force activities and have an opportunity to provide input on decisions that may impact medical education and research.

## LIABILITY PROTECTION

Various state-sponsored health care reform activities are not required to use HTAC's evaluations. As HTAC produces evaluations and is able to determine how they are applied in connection with clinical decision-making and policy formulation, it may become necessary to consider whether some form of liability protection for those using HTAC's evaluations would be appropriate.

## CONSUMER REPRESENTATION

A specific question has been posed as to whether it would be appropriate for HTAC to add a consumer representative. HTAC unanimously agrees that its current membership is appropriate in view of the technical nature of its legislative charge. HTAC must continue to serve primarily as an expert resource and focus on the appropriate use of technology. Consumer representation on MHCC, which is ultimately responsible for HTAC's activities and products, will ensure that consumer perspectives are well represented.

## HTAC'S PERMANENT STRUCTURE

The MHCC must also consider what HTAC's permanent structure should be after MHCC is dissolved. MHCC intends to thoughtfully examine this issue, however, it would be premature to do so at this time. The current reporting relationship is working well and absent a compelling reason to change the current structure, HTAC should remain a committee of MHCC.

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