Overview of Global Budgets

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What is a Global Budget?

- Maximum total expenditure, by some or all payers
- Refers to a defined set of services
- Intended to limit total expenditures for care
Experience with Global Budgets

- Government-structured insurance systems, e.g. Canada

- Examples in the U.S. relate to specific payers:
  - Medicaid/SCHIP block grants
  - VA services
  - Medicare sustainable growth rate targets
Provider Incentives

- No direct incentives
- Incentives vary with "flow down" provider payment provisions
- In practice, experience suggests that global budgets:
  - Reduce or slow delivery of services
  - Create longer queues or waiting periods for services
Planning and Operating a Global Budget Implies…

- Regulation of provider payment and/or premiums
- Systems of monitoring and measuring cost in real time
- Ability to manage patient queues, without adverse impacts on outcomes
- Sustained political will