



STATE OF MARYLAND

# DHMH News Release

Maryland Department of Health and Mental Hygiene

*Larry Hogan, Governor - Boyd Rutherford, Lt. Governor - Van T. Mitchell, Secretary*

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## **FOR IMMEDIATE RELEASE:**

### **Positive reception greets Maryland hospital-quality model's first year**

*New England Journal of Medicine article, CMS find success reducing cost growth*

**Baltimore, MD** (November 12, 2015) – Today, the New England Journal of Medicine released an article on Maryland's new All-Payer Model that is designed to encourage health system transformation by reducing barriers to coordinated and integrated care across providers and community service organizations. In the first year of the hospital model, The Centers for Medicare & Medicaid Services (CMS) found that quality at hospitals improved and that cost growth was constrained when compared with historic levels.

As a result of the new system, those who pay for hospital services in Maryland (such as individuals, business and insurers) are experiencing reduced hospital cost growth, and Maryland patients are receiving better hospital care with improved outcomes. Hospitals in the state are now more inclined to help patients after they are discharged to get appropriate care and services that they need outside of the hospital – so patients will not have to return to the hospital for that care. Under the new system, these types of results are good for both patients and hospitals.

The article showed the following during calendar year 2014 compared with calendar year 2013:

- Per-person hospital revenue growth was reduced to 1.47 percent – well below the targeted growth of 3.58 percent, which is the long-run growth rate of the state's economy;
- Medicare achieved savings of \$116 million, compared with the growth rate in the rest of the country, because of improved care and better utilization here in Maryland;
- Complications such as infections were reduced by 26 percent;
- Medicare readmissions here declined more than in the rest of the nation, but still did not meet State goals; and
- The percentage of hospital revenue under a value-based or population-based model exceeded the five-year goal of 80 percent.

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In January 2014, the State of Maryland and the CMS reached an agreement to modernize Maryland's all-payer rate-setting system for hospital services. This agreement represents one of the most expansive demonstration projects of its kind in the nation.

“Maryland’s new all-payer model provides Maryland with a unique opportunity to reduce health care costs to consumers, insurers and businesses by improving quality and by addressing patients’ needs more holistically,” said Health and Mental Hygiene Secretary Van T. Mitchell. “We are seeing some initial successes that we hope will translate into sustained improvements in population health and in health care for all Marylanders.”

John Colmers, Chairman of the Health Services Cost Review Commission, added “Maryland hospitals and their clinical partners are to be commended for their efforts in response to the new incentives in the system. We are also grateful to have a willing innovation partner in the CMS.”

Executive Director of the Health Services Cost Review Commission Donna Kinzer, said “This represents very good progress in the first year and shows the commitment that many hospitals have made toward improving population health. However, the greatest challenges are ahead of us as hospitals begin to create partnerships with community providers and organizations with the goal of viewing care and community services through the eyes of the patient.”

This initiative allowed Maryland to adopt new and innovative policies aimed at improving care, improving population health and moderating the growth in hospital costs. Transforming Maryland’s health care system to be highly reliable, highly efficient and a point of pride in our communities requires increased collaboration between health systems, payers, community hospitals, ambulatory physician practices, long-term care, and other providers, as well as public health and community-based organizations.

The agreement between Maryland and CMS, which went into effect on January 1, 2014, replaced Maryland’s 36-year-old Medicare waiver and aims to transform the state’s health care system to enhance patient care, to improve population health and to lower total costs. The Commission and the health department envision a health care system in which multi-disciplinary teams – including physicians and nurses, as well as individuals outside the medical model such as nutritionists, social workers, public health practitioners and community health workers – work with high-need/high-resource patients and their families to manage chronic conditions and to address functional limitations and socioeconomic determinants of health. The All-Payer Model operates in conjunction with a number of other endeavors currently under way in Maryland, including efforts to strengthen primary care and to coordinate hospital care with community care; to map and to track preventable disease and health costs; to develop public-private coalitions for improved health outcomes; and to establish regional partnerships.

More information on the State’s all-payer model can be found under the link titled “Maryland All-Payer Hospital System Modernization” at <http://www.hsrcr.maryland.gov/index.cfm>. The article may be found at <http://goo.gl/qHrwZj>.

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*The Maryland Department of Health and Mental Hygiene is the state government agency that protects Maryland's public health and also works to help Marylanders make better health decisions for better health outcomes. Stay connected: [www.twitter.com/MarylandDHMH](http://www.twitter.com/MarylandDHMH) and [www.facebook.com/MarylandDHMH](http://www.facebook.com/MarylandDHMH).*