Overview of Maryland’s All Payer Proposal

November 13, 2013
Proposed New All-Payer Model

• Request submitted to CMS and CMMI in March, update submitted to CMMI in October
  – Undergoing clearance
• Focus on new approaches to rate regulation
• Would move Maryland to an all payer, total hospital payment per capita test.
  – Shifts focus to population health and delivery system redesign
• Will require CMMI approval process before implementation
• Implementation activities underway for requested January 1 start date
Proposed All-Payer Model

- A **five year model** focused on improving health care quality, delivery of services, and the affordability of health care
- A **new approach to Maryland’s all-payer hospital waiver**—from Medicare payment per admission, to a new model that focuses on overall hospital expenditures
- **Strong incentives for better outcomes at lower cost**, moving to global and episode reimbursement models with strong incentives for improved quality and reductions of preventable utilizations and conditions
Maryland’s Hypothesis

Maryland’s All Payer Model

- Enhance Patient Experience
- Better Population Health
- Lower Total Cost of Care

- An all payer system that is accountable for the total cost of care on a per capita basis is an effective model for establishing policies and incentives to drive system progress toward achieving the three part aim.
Proposed Model at a Glance

• **All-Payer total hospital per capita revenue growth ceiling** for Maryland residents tied to long term state economic growth (GSP) per capita
  – 3.58% annual growth rate for 3 years

• **Medicare payment savings** for Maryland beneficiaries* compared to dynamic national trend. Minimum of $330 million in savings
  – Limited use of differential

• **Patient and population centered measures** and targets to assure care and population health improvement
  – Medicare readmission reductions to national average
  – Continued aggressive reductions in preventable conditions under Maryland’s Hospital Acquired Condition program (MHAC)
  – Many Others

*Includes services provided outside of Maryland
Creates New Context for HSCRC

- Align payment with new ways of organizing and providing care
- Contain growth in total cost of hospital care in line with requirements
  - Evolve value payments around efficiency, health and outcomes
- Priority tasks: Transition to population/global and patient-centered payment approaches for hospital services.
- Major data and infrastructure requirements
Maryland Proposes to Accelerate a Broad Range of Delivery Reform Efforts

- Accountable Care Organizations, with rules that can be established in Maryland on an all-payer basis.
- Readmission programs, which provide powerful incentives for improved coordination of care.
- Global budgeting, for rural hospitals that can gain net revenue with innovative partnerships with community physician and public health agencies.
- Gain-sharing between hospitals and physicians as patient outcomes improve and overall costs decline.
- Population-based budgeting, for suburban and urban hospitals shifting out of fee-for-service payment to accountability for health outcomes and cost.
What Does This Mean?

- New Model represents an unprecedented effort to improve health, outcomes and control costs.
- Focus shifts to gain control of the revenue budget and on providing the right volumes and reducing avoidable volumes.
- Potential for excess capacity will demand focus on cost control and opportunities to optimize capacity.
- Opens up new avenues for innovation.
2 Phases

• Phase 1 (5 years)
  – 2014-2018
  – Hospital inpatient and outpatient

• Phase 2
  – Proposal submitted end of 2016
  – Focus on controlling growth in total health spending
  – If approved, would begin in 2019
Proposal Integrates with Other Critical Health Reforms Underway

- Aligns hospital incentives with those of medical homes, a key feature of Maryland’s State Innovation Model proposal
- Aligns with work of Health Enterprise Zones (HEZs)
- Aligns with major investments made in information technology, including the state’s Health Information Exchange
- Aligns with public health goals of State Health Improvement Process

These efforts will come together in a Phase 2 proposal, to be submitted in Phase 1 Year 4. This proposal will further advance the three-part aim:

- Enhance Patient Experience
- Better Population Health
- Constrain Cost of Care Growth
State Innovation Model: Community-Integrated Medical Home

• Integration of a multi-payer medical home model with community health resources

• 4 pillars:
  1) Primary care
  2) Community health
  3) Strategic use of new data
  4) Workforce development

• Goal is for CIMH to be an umbrella program with certain programmatic standards that allows for innovations across payers
State Innovation Model: Community-Integrated Medical Home

Community Health:
- Local health departments
- Community organizations
- Social services
- Hospitals
- Other providers

Primary Care:
- Primary care physicians
- Nurse practitioners
- Allied health professionals
- Community pharmacists

Shared Data

Care Manager
Community health worker
Maryland Will Measure Success Across The Three-Part Aim

• Patient Experience of Care:
  – Measures include patient satisfaction, the effectiveness of care transitions, physician participation in public programs, and complication rates

• Population Health:
  – Measures include life expectancy, hospitalizations for ambulatory care sensitive conditions, primary and secondary prevention for cardiovascular disease, and behavioral health emergencies, including racial and ethnic disparities in these measures

• Health Care Costs:
  – Measures include overuse of diagnostic imaging, inpatient and outpatient costs, and total costs