Maryland Health Services Cost Review Commission

Potentially Avoidable Utilization and Guardrail Policy

04/23/2014

HSCRC
Health Services Cost Review Commission

Guardrail Policy

- Ensuring Medicare Target
- Hospital specific adjustments
- Using Potentially Avoidable Utilization as the basis for guardrail policy
  - 0 inflation on PAU revenues
  - Shared savings policy based on target PAU reductions
- Other methodologies?

Potentially Avoidable Utilization: Unplanned Care

Definition of PAU:

"Hospital care that is unplanned and can be prevented through improved care coordination, effective primary care and improved population health."

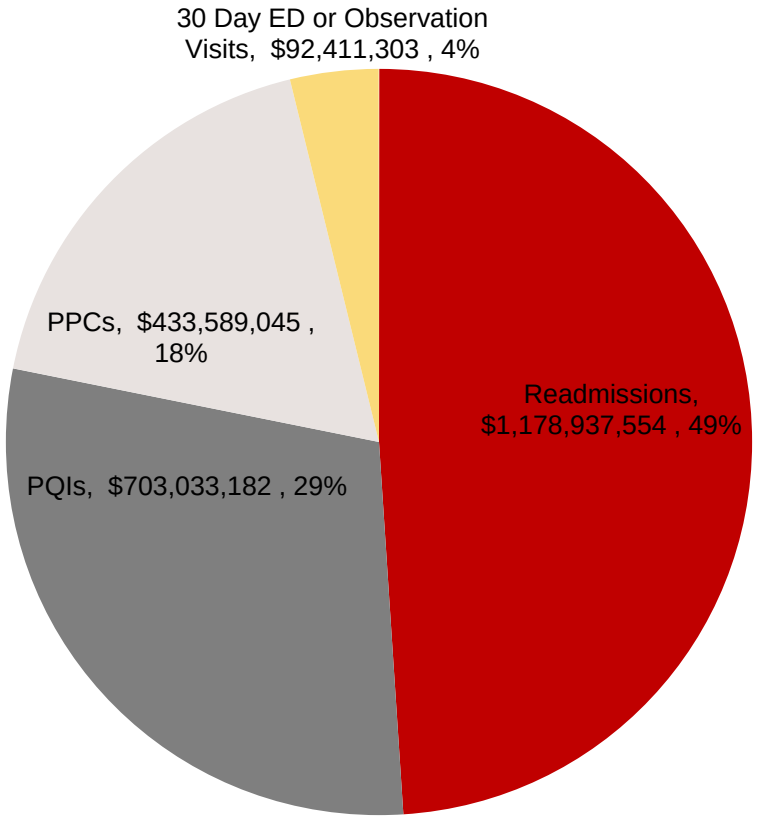
Reduce Avoidable Utilization By Improving Care

- Examples:
  - 30- Day Readmissions/Rehospitalizations
  - Preventable Admissions (based on AHRQ Prevention Quality Indicators)
  - Nursing home residents—Reduce conditions leading to admissions and readmissions
  - Maryland Hospital Acquired Conditions (potentially preventable complications)
  - Improved care coordination: particular focus on high needs/frequent users, involvement of social services

Work and Considerations up to date

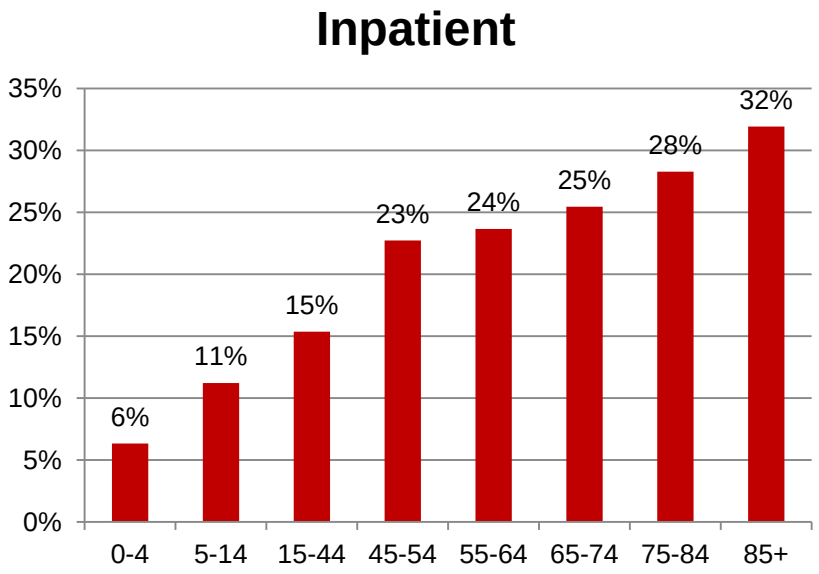
- Readmissions
  - Inpatient- All Hospital, All Cause 30 Day Readmissions using CMS methodology with adjustment for planned admissions
  - ED – any visit within 30 days of an inpatient admission
  - Observation- any observation within 30 days of an inpatient admission
- Potentially Avoidable Admissions/Visits
  - Inpatient- AHRQ Prevention Quality Indicators (PQIs)
  - Outpatient - TBD
- Hospital Acquired Conditions
  - Potentially Preventable Complications (PPCs)

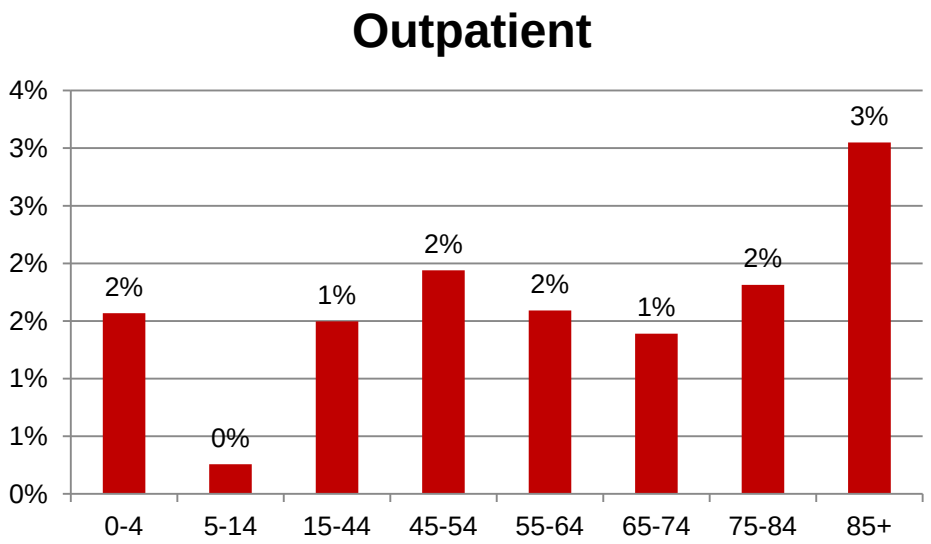
Distribution of Potentially Avoidable Utilization, FY2013



Note: Categories may overlap; Readmissions are based on ARR methodology adjusted for planned admissions.

PAU by Age





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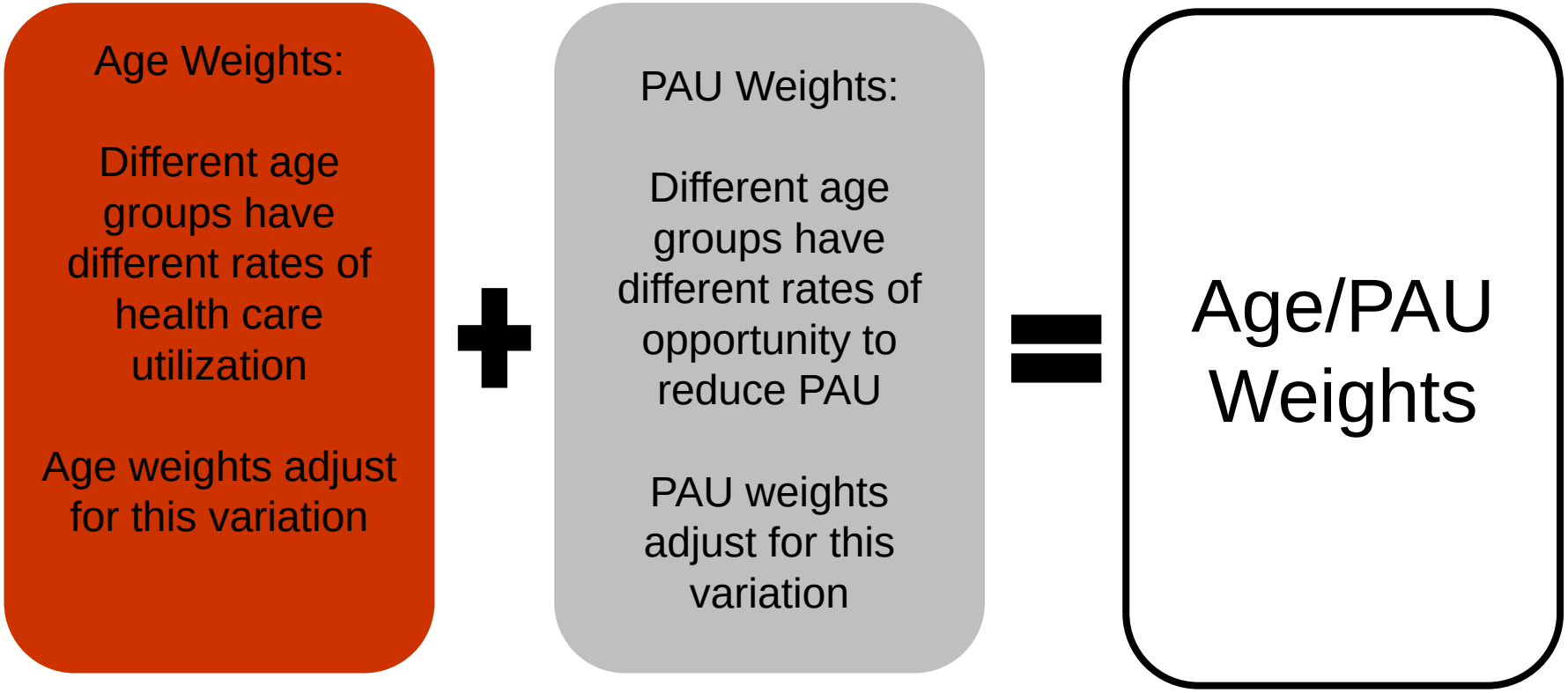
PAU Policy Approaches

- Demographic Adjustment
- Guardrail Policy
- GBR agreements

Age Weights and Potentially Avoidable Utilization(PAU)



PAU Adjustments in Demographic Volume

Cohort	Annual Growth Rate	Age Weights	Age Adjusted Growth Rate		PAU %	PAU and Age Adjusted Growth Rate	Final Weights Adjusted for PAUs
A	B	C	D=B*C		E	F=D*(1-E)	G=C*(1-E)
0-4	0.77%	0.68	**0.52%**		5%	**0.49%**	0.64
05-14	-0.07%	0.05	**0.00%**		4%	**0.00%**	0.05
15-44	-1.16%	1.63	**-1.89%**		9%	**-1.72%**	1.48
45-55	2.18%	1.21	**2.64%**		13%	**2.29%**	1.05
55-64	0.16%	1.46	**0.24%**		15%	**0.20%**	1.24
65-74	4.73%	2.21	**10.46%**		17%	**8.72%**	1.84
75-84	2.42%	3.14	**7.61%**		20%	**6.06%**	2.50
85+	1.32%	3.43	**4.52%**		25%	**3.37%**	2.56
Total	**0.67%**	**1**	**1.29%**		**14%**	**1.05%**	

PAU Adjustment in Demographic Volume

- Age weights:
  - Differential disease burden
  - Current high use rates
  - Current inefficiencies
- Restricts the growth of PAU
- Immediate implementation
- Consistent with lower Medicare targets
- Population-based

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