



# All Payer Model Progression Strategy Summary

September 2016

# Background

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- ▶ The All-Payer Model requires Maryland to submit a plan to CMS by December 31, 2016. The plan will address:
  - ▶ The All Payer Model's requirement to expand its focus to limit the growth in Medicare total cost of care (TCOC); and
  - ▶ The State's focus on limiting the growth in the Medicaid costs for dually eligible beneficiaries
  - ▶ A Primary Care Model that enables care transformation for Medicare beneficiaries and other payers
- ▶ Some strategies will require CMS approval and waivers before implementation and CMS will require changes
- ▶ This document provides a **high level overview of potential progression plans based on initial stakeholder input**
  - ▶ We are continuing to seek and incorporate stakeholder input

# CMS and National Strategy-Change Provider Payment Structures, Delivery of Care and Distribution of Information

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<u>Focus Areas</u>	<u>Description</u>
<b>Pay Providers</b>	<ul style="list-style-type: none"><li>• Increase linkage of payments to value</li><li>• Alternative payment models, moving away from payment for volume to incorporate value and care improvement</li><li>• Bring proven payment models to scale</li></ul>
<b>Deliver Care</b>	<ul style="list-style-type: none"><li>• Encourage integration and coordination of care</li><li>• Improve health</li><li>• Promote patient engagement</li></ul>
<b>Distribute Information</b>	<ul style="list-style-type: none"><li>• Create transparency on cost and quality information</li><li>• Bring meaningful health information to the point of care</li></ul>

## Major Impact of Federal Legislation Referred to as “MACRA” (Medicare Access and CHIP Reauthorization Act of 2015)

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- ▶ **Federal legislation referred to as MACRA dramatically alters physician reimbursement for Medicare**
  - ▶ Focuses on moving from volume to value
  - ▶ Physicians subject to potential payment reductions (or bonuses) up to 9% by 2022
  - ▶ Creates 5% bonus for physicians in Advanced Alternative Payment Models
- ▶ **Maryland will adapt its approaches to optimize opportunities for MACRA bonuses that can harmonize performance goals under the All-Payer Model**
  - ▶ Maryland will seek to qualify the All Payer Model as an Advanced Alternative Payment Model and to connect physicians who want to participate to the model

# Aging of the Population Will Have A Profound Effect on Utilization in Maryland

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- ▶ **18% of Maryland's population >65 years old by 2025**
  - ▶ 28% increase in proportion age >65 between 2015 and 2025
  - ▶ 41% increase in proportion age >65 between 2015 and 2030
  
- ▶ **Profound impact on federal and state budgets and delivery systems**
  - ▶ E.g. the 28% potential increase in utilization/spend by 2025 in Medicare/Medicaid for dually eligible
  - ▶ Need to make significant changes in delivery system and community services to address service needs
  - ▶ Reduce medically unnecessary care and improve chronic care management in community settings

# All-Payer Model Status

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- ▶ All Payer hospital revenue growth contained
- ▶ Medicare hospital savings on track/non-hospital costs rising—need to accelerate reductions in unnecessary and preventable hospitalizations to offset “investments” in non-hospital costs
- ▶ Quality measures on track
- ▶ Stakeholder participation contributing to success
- ▶ Delivery systems, payers, and regional partnerships organizing and transforming
- ▶ Generally positive feedback from CMS

# Care Redesign Amendment Coming Soon

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- ▶ Providers called for alignment strategies
- ▶ Care Redesign Amendment developed and currently in CMS review to allow hospitals to participate in Care Redesign with physicians, nursing homes, and others:
  - ▶ Access Medicare data
  - ▶ Amendment allows flexibility for additional care redesign programs
  - ▶ Allows hospitals to share resources and pay incentives based on savings to other providers
  - ▶ State working to align Amendment with MACRA requirements

## Plan Due to CMS By Dec 31

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- ▶ “Prior to the beginning of PY4 (2017), Maryland will submit a proposal for a new model, which shall limit, at a minimum, the Medicare per beneficiary total cost of care growth rate to take effect no later than 11:59PM EST on December 31, 2018”.



# Potential Timeline-2016

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- ▶ Develop progression plan for All Payer Model due to CMS by Dec 31, 2016
- ▶ Incorporate Three State initiatives:
  - ▶ Primary Care Model for Maryland to file with CMS by Dec 31, 2016 for possible implementation in Jan 2018
  - ▶ Dual Eligibles Model for implementation in 2019
  - ▶ Updated Population Health Plan
- ▶ Develop incentive approach for Medicare TCOC for implementation in 2017/2018
- ▶ Align with MACRA requirements
- ▶ Obtain stakeholder input throughout

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## Scope and Progression Strategies



# Progression Plan: Scope of Expenditures

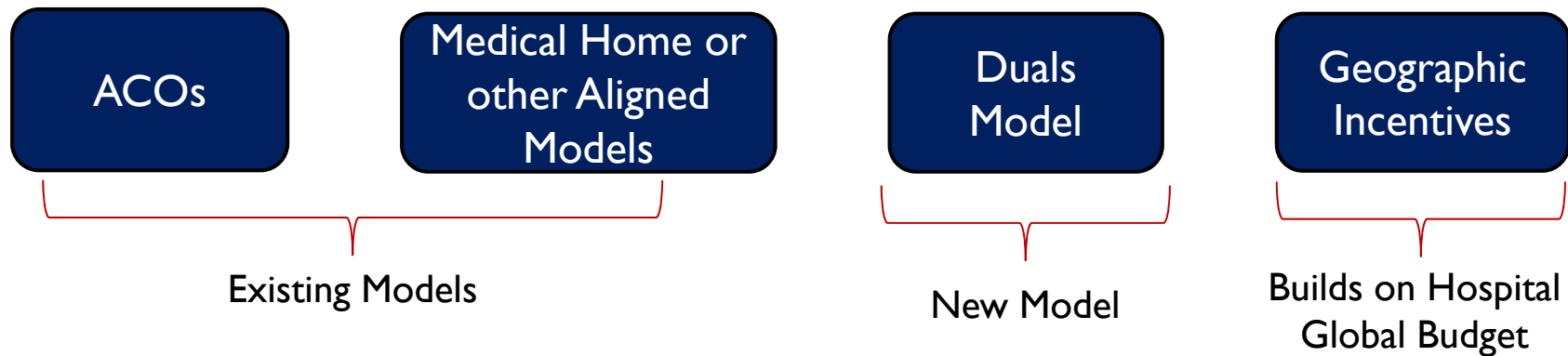
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## **Approximate CY 2015 Figures (for 6 million Marylanders, including 900K Medicare Beneficiaries)**

All Payer Hospital Revenues (including Medicare) For Maryland Residents	\$14.8 billion
Medicare Non-Hospital Spend and Other	\$4.4 billion
Medicaid Costs for Dual Eligible Patients	\$1.7 billion
<b>Total Costs to be Addressed in the Strategic Plan</b>	<b>\$19.9 billion</b>

# Overview of Progression Elements

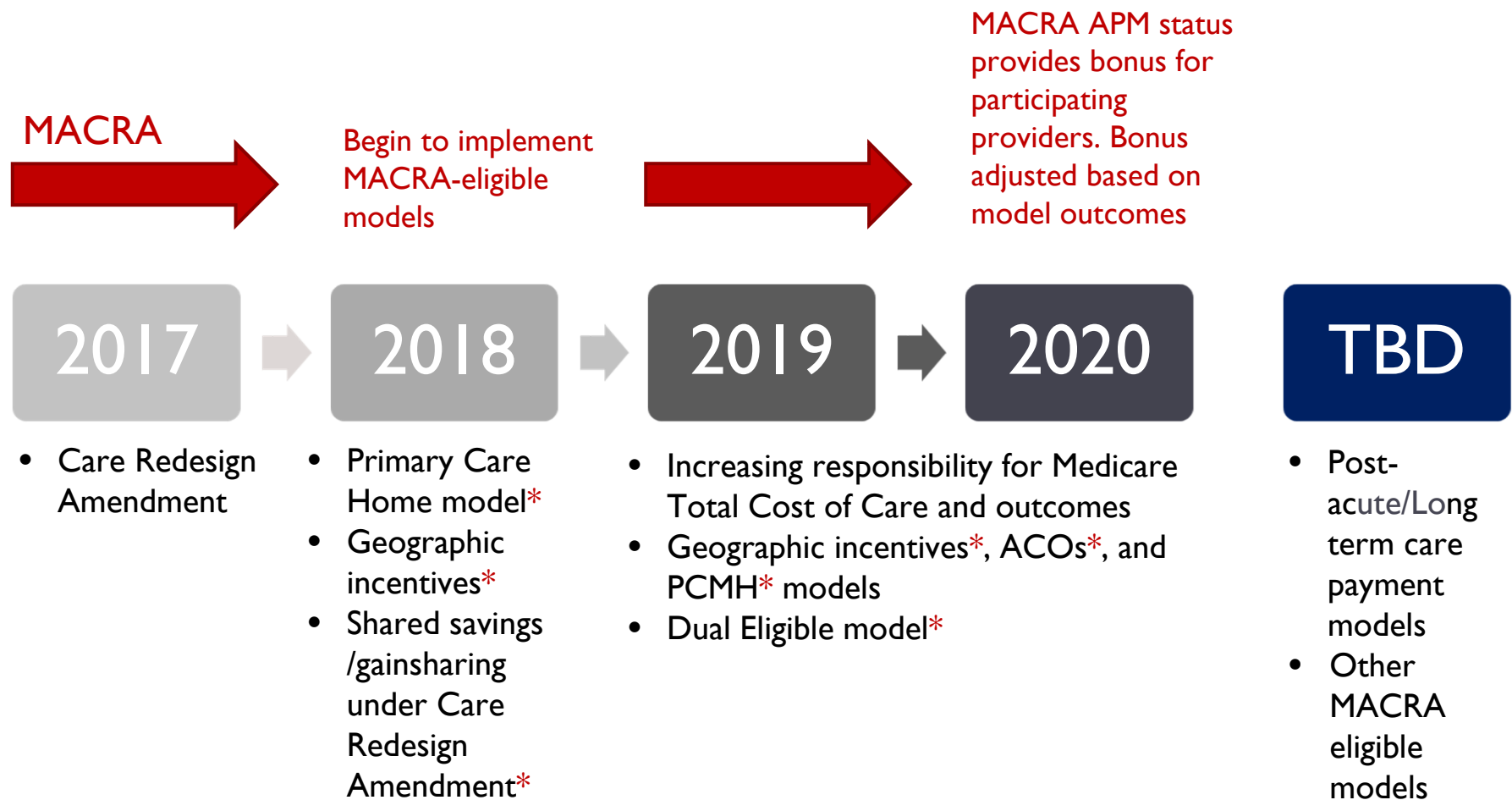
*Models that Support Responsibility for Cost and Outcomes of Medicare Fee-for-Service Beneficiaries*



*Supporting Payment/Delivery Approaches with All Payer Applicability*

Global Hospital Budgets and Regional Partnerships  
Amendment--Complex/Chronic Care, Hospital Care/Episodes  
Primary Care Home--Chronic care, Visit budget flexibility  
All Provider Incentive Alignment  
Post-acute and Long-term Care Initiatives  
Other MACRA-eligible programs

# Potential Timeline



## Request from the General Assembly

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- ▶ Supports for Care Redesign Amendment and shared savings/gainsharing between hospitals and other providers
- ▶ Continued supports for alignment and implementation resources
- ▶ Supports for new payment models approved by Medicare and the State
  - ▶ Care coordination
  - ▶ Primary care model(s)
  - ▶ Other models

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# Appendix



# Stakeholder Input

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- ▶ Advisory Council
- ▶ Numerous issue oriented key stakeholder meetings
- ▶ Workgroups
  - ▶ Performance Measurement
  - ▶ Payment Models
  - ▶ Consumer
  - ▶ Care Coordination
  - ▶ Dual Eligibles
  - ▶ Primary Care Council
  - ▶ Others



# Advisory Council Summary and Recommendations for Progression (July 2016)

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- ▶ Maintain focus
- ▶ Retain and strengthen the All-Payer Model
- ▶ Set targets and allow flexibility to meet them
- ▶ Acquire needed data and use data in hand
- ▶ Promote accountability
- ▶ Foster alignment
- ▶ Modernize governance and regulatory oversight
- ▶ Ensure person-centered care

# All-Payer Model Quality and Cost Performance CY 2014 and 2015

## Maryland Year 1 & Year 2 Performance

All-Payer Model Metrics			
Performance Measures	Targets	CY 2014 Results	CY 2015 Results
All-Payer Revenue Growth	≤ 3.58% per capita	1.47% per capita	2.31% per capita
Medicare Savings in Hospital Expenditures	≥ \$330m over 5 years	\$116m in CY14	\$135m in CY15 \$251m aggregate
Medicare Savings in Total Cost of Care	Lower than the national average	\$133m in CY14	\$80m in CY15 \$213m aggregate
All-Payer Quality Improvement Reductions in PPCs under MHAC Program	30% reduction over 5 years	26% reduction in CY14	33.34% reduction in CY15
Readmissions Reductions for Medicare	≤ National average over 5 years	0.21% gap decrease between Maryland & the Nation in CY14	0.70% gap decrease between MD & the Nation in CY15
Hospital Revenue to Global or Population-based	≥ 80% by Year 5	95% in CY14	96% in CY15

# Key Strategies Maryland is Considering

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- I. Continue and strengthen All-Payer Hospital Model
- II. Expand supports for high needs patients, reduce unnecessary hospitalizations
- III. Create a pathway for all providers to align with key goals of All Payer Model and create opportunities for federal MACRA bonuses for physicians
  - ▶ Begin to harmonize incentive systems
- IV. Incorporate Medicare patients into a Primary Care Home Model with tailored person-centered care, chronic care management, and with innovative payments that support new delivery approaches
- V. Develop other payment and delivery system changes (e.g. long-term and post-acute, other MACRA models, etc.)
- VI. Develop/support models that increase system-wide responsibility for Medicare and Dual Eligible total cost of care over time
- VII. Request federal waivers to enable more flexible use of post-acute and long term care resources
- VIII. Support data and implementation infrastructure needs