HSCRC Implementation of
Population-Based and Patient-Centered Payment Systems

Call for Papers

The Health Services Cost Review Commission (HSCRC) has an application under review with the Center for Medicare & Medicaid Services (CMS) for a new all-payer model and is now planning for implementation. The overarching change is to go from a system that bases control of cost on a per inpatient admission approach to a system that provides for control of cost on a per capita basis for both inpatient and outpatient hospital costs while requiring important care and health improvements. The implementation of the new Maryland system has the potential to serve as a national model, since managing per capita costs is based on the Three Part Aim of better health, better care, and reduced costs.

In order to achieve the goals of the new system, there will need to be substantial changes in policies and methodologies; the implementation of Maryland's modernized all-payer system will raise a number of technical and methodological issues. The HSCRC is seeking input from experts to guide its implementation activities through this call for papers and its ongoing public engagement strategy.

The HSCRC's public engagement strategy will convene an Advisory Council and Work Groups to provide input into the implementation work. The Advisory Council is charged with providing recommendations to the HSCRC on guiding principles for the implementation. Work Groups will be convened to provide recommendations on technical implementation issues. The purpose of the papers is to encourage individuals and organizations to actively participate in policy discussions in a well developed and fact-based manner. The goal is to have an informed dialogue in which the technical approaches and findings from different papers are discussed, refined and ultimately contribute to technical analyses that will support HSCRC policy decisions. The HSCRC will post all papers on-line and will develop a plan for encouraging dialogue and comment, which may be a part of the Work Group process, seminars or written comments.

All papers received in response to this call for papers will be shared with the HSCRC, Advisory Council members and Work Groups members. In addition, the HSCRC will post the papers on its implementation website.

Call for Technical Papers and Analyses

The HSCRC is requesting assistance from interested parties in the form of technical papers on several different topics. The purpose of the papers is to provide data analyses, policy analyses and background information to inform implementation decisions. The call for papers is for interested stakeholders, members of the research community and the general public who want to voluntarily contribute to the implementation planning.

Interested parties may respond to one or more of the topics below. The HSCRC will not provide compensation for the papers.

The authors should review Maryland's application for modernization of the all-payer model to ensure consistency among the papers and application. The application and information on the HSCRC's public engagement strategy can be found at hscrc.state.md.us. The papers should include a summary of the issue(s) and related problems; a detailed description of the proposed methodologies; the results and inputs of any analyses performed by the authors in easily accessible file format (i.e., Microsoft Excel or a similar format), as an appendix; and an assessment of the proposed method's implementation feasibility based on data that are currently available and an identification of any additional information that would be needed and how it could be acquired by the HSCRC.

Below is an initial set of topics for which the HSCRC is requesting technical papers. The HSCRC has identified four topics in the first group of papers, which should be addressed early in 2014. The timeline for the remaining papers in the second group is still in development. The Advisory Council and the Work Groups will have considerable input into the prioritization of issues and the schedules for the Work Groups. Given that these papers are likely to require significant analyses that will take time to complete, the topics are included in the call at this time.

The HSCRC recognizes that there may be some overlap among the issues identified. To the extent that stakeholders are responding to multiple issues, they may choose to address some of these issues collectively. Additionally, with any of the papers, submitters are invited to address some or all of the components of each paper. The HSCRC will update this call for papers as additional issues are identified.

First Group (papers due by January 10, 2014)

1. **Potentially Avoidable Volume**: A discussion and data analyses of different methodological approaches for measuring volume of services that could otherwise be avoided and techniques for incorporating measures in hospital payment methodology.

   The HSCRC has begun to consider strategies for distinguishing different types of volume change and how that could be factored into new payment methodologies. The HSCRC seeks input on what types of services could be considered potentially avoidable and what types of adjustments may be required. Specifically, input is sought on appropriate methodologies for identifying, measuring potentially avoidable volumes, such as ambulatory sensitive conditions, emergency department visits that could be served in other settings, avoidable inpatient admissions, and readmissions. HSCRC is also seeking input on how the measures can be incorporated into new hospital payment methodologies and the potential need for risk-adjustment.

2. **Methods for Monitoring Total Cost of Care**: The HSCRC is seeking papers to help identify methods for monitoring total cost of care and potential shifts from inpatient and outpatient settings to non-HSCRC regulated providers. The paper should address the feasibility of collecting and analyzing data and the potential sources of data and their timeliness.

3. **Service Area / Market Share**: An overview of methods and recommendations for defining hospital service areas and market share, and considerations for how service areas and market share should be factored into new payment models.

   The HSCRC seeks input on the techniques for defining service areas and calculating market share, including strategies for payment models that account for different types of volume changes and market share shifts. Input is also sought on: the best definitions of service areas and the sources of population data to support market share analyses; what services should be included in market share analyses and what are the best ways to account for changes in inpatient, outpatient and unregulated volume; the accuracy of zip code data and the challenges of using zip code data; and how to consider the utilization of Maryland residents and out-of-state residents.

4. **Gain Sharing and Other Physician Alignment Programs**: A legal, policy and operational analysis of the opportunities of and barriers to sharing savings and other physician alignment efforts, in order to align physician payment with the new hospital payment models and incentives.

   The paper should consider whether gain sharing or other physician alignment initiatives should be implemented on an all-payer basis and the how this might be accomplished. The paper may consider whether there are opportunities to use the current Alternative Rate Setting Methods (ARM) structure to foster gain sharing or other physician alignment programs, and whether other policy or regulatory changes are needed.

Second Group (paper due dates to be determined)

5. **Attribution**: A discussion of the different techniques that could be used to attribute patients and/or populations and considerations for how attribution models could be included in new hospital payment models. The HSCRC seeks input on the different factors that should be considered in developing attribution models, such as geography, physicians or product line. This paper should build on an overview of techniques for defining service areas and measuring market shares, and consider how

market share analyses and revenue allocation could be applied with attribution models.

6. **Variable Cost Factor**: An analysis of key variables and factors that should be considered in fixed and variable cost payment methodologies and the advantages and limitations of proposed approaches.

   The HSCRC seeks input on real examples of how fixed and variable costs are accounted for in payment systems, including how fixed and variable costs change over time, the impact of capacity on variable costs, and including changes in population or other influencing variables. Policy questions about how fixed and variable costs should be applied in accounting for market share shifts and/or charge per case methodologies should also be addressed.

7. **Efficiency and Value Measurement**: This paper should offer recommendations for how to measure efficiency and value in the new system. This measurement relates to the policy objectives of establishing payment levels that are reasonably related to the cost of providing services on an efficient basis and in accordance with the value concepts embodied in the new all-payer model proposed.

   The efficiency measures were focused on cost per case because the current system is measured based on cost per case. This paper should consider how efficiency should be measured in the new system, which may include cost per case, cost per episode, cost per condition, cost per capita, and other volume or population-based health measures. A cost per episode might also include post acute care costs that are incurred after a hospital stay. The paper could also address how a composite measure of performance can be created combining different domains of hospital performance such as quality, efficiency, and population health. For example, since the new system encourages improved health and improved care to reduce volume, the efficiency measures may take into account investments in better health and better care to reduce avoidable volumes and outcomes measures as evidence of better care. The paper could also address how to incorporate efficiency and value into the payment systems, and how to evaluate performance in the aggregate on a state-wide basis as well as hospital specific or for Medicare population.

8. **Payment Incentives for Quality-Based Reimbursement**: This paper should offer recommendations on how to measure and reward improved quality and better health through payment systems.

   The HSCRC has currently two quality based payment programs, which are based on both process and outcome measures. The application to CMS has specific

performance requirements for quality improvement and value-based payment that may have slight differences with the current HSCRC measurement for quality. In addition, new quality measures are being collected for outpatient services and there may be other measures that are not in the current programs. This paper should consider how to measure quality of hospital care, and how to incent improvements in health and quality. The paper should discuss the specific changes of measurement that might be warranted under a per capita model rather than a per case model. With respect to measurement, this paper should consider the domains to be measured, weightings, and methods of evaluation, such as performance versus self-improvement. Also, this paper should consider if and how quality measurement may evolve over time. With respect to payment policies, this paper should offer recommendation regarding level and distribution of payments, scaling methods, and how to build incentives into the payment system.

9. **Predictive Models for Uncompensated Care:** With the changes offered by the Affordable Care Act, uncompensated care is expected to decrease and the sources of uncompensated care are expected to change. Yet there will remain some individuals who do not enroll or are not eligible for insurance under the Health Benefit Exchange, particularly undocumented populations. In addition, some of the policies with high deductibles do not protect hospitals from incurring significant bad debts. The HSCRC uncompensated care policy has historically relied on a three year average analysis, which may need to be changed in the upcoming year given the magnitude of the changes that have occurred.

   The HSCRC seeks a paper on what factors to use in a predictive model that would be effective after July 1, 2014 , the sources of data for the model, and preliminary modeling analysis using those factors, including regression techniques and applications. The paper should also address how to measure charity care and bad debt policy and modeling approaches to include uncompensated care policy.

10. **Payment Models for Population Based Approaches:** Considerable efforts have been made to develop approaches for population based payment in Maryland. These models were developed to function in conjunction with the charge per case system. However, the new hospital all-payer model requires a fixed limitation in revenue growth. The HSCRC seeks papers and well developed examples using actual historical data regarding the approaches that would be appropriate for the new all-payer construct and the implications for measurement and management in the construct of a global statewide budget for revenue. The extent to which shared losses and stop loss should be used, and how those losses should be allocated to other hospitals across the system should be addressed.

11. **Financing Major Capital Projects:** The HSCRC seeks papers that discuss how major hospital capital projects should be addressed under the new hospital payment models. The paper should develop and model potential options, including the potential for a capital facilities allowance, and how any capital dollars would fit within the context of the overall revenue constrained system.

Submission Requirements

Interested partied should let the HSCRC know if they plan to respond to this call for papers to help plan for volume of papers that may be received. A brief letter of intent should be emailed to hscrc.stakeholders@maryland.gov by November 22, 2013. The email should let the HSCRC know the organization or individual who will be responding, what topics will be addressed and any contact information. Please note that it is acceptable for a single paper to address multiple topics.

The first group of papers (topics 1 - 3) are due by January 10, 2014. The deadline for the remaining papers will be determined later and posted at hscrc.maryland.gov. Final papers should be submitted to hscrc.stakeholders@maryland.gov. All papers should include an abstract of no more than 5 pages. All supporting data analyses and workbooks should be provided in an easily accessible file format (i.e., Microsoft Excel or a similar format).

All papers received in response to this call will be shared publicly and posted to the HSCRC website. Authors should be aware that the papers and supporting documentation will not be treated as confidential analyses and the HSCRC may seek additional comment from others. The HSCRC may contact the authors for further clarifications or to reproduce their results using HSCRC data sets.

Call for Work Group Background Papers

In addition to this technical call for papers, the HSCRC will also provide an opportunity for interested parties to provide background papers for each of the Work Groups. The call for background papers will be made when the HSCRC finalizes its charge to each of the Work Groups and the specific issues for their consideration are outlined.

Questions related to this call for papers should be directed to hscrc.stakeholders@maryland.gov.