



Maryland Health Services Cost Review Commission

Payment Workgroup Principles and Considerations for 2014 Updates

Prior Years' Factors and Considerations

- ▶ Factor cost inflation (Global Insights) minus/plus other policy adjustments
- ▶ Sequester impact
- ▶ Financial condition
- ▶ Waiver cushion
- ▶ Re-evaluation at midpoint in year
- ▶ Case mix growth
- ▶ Slippage
- ▶ Value and quality scaling
- ▶ Readmission shared savings reduction
- ▶ Volume methods
- ▶ Other factors

Core Principles

- ▶ Fair and reasonable
- ▶ Promotes the three part aim of the All-Payer Model (better care, better health, lower costs)
- ▶ The total costs of all hospital services offered by or through a facility are reasonable; The aggregate rates of the facility are related reasonably to the aggregate costs of the facility; and The rates are set equitably among all purchasers or classes of purchasers without undue discrimination or preference.

Possible Considerations

- ▶ Easy to understand
- ▶ Transitional nature
- ▶ Update differences between global and non-global revenues
- ▶ Trend vs inflation for global
- ▶ Compliance with All-Payer Model requirements for increase less than 3.58% per capita
 - Adequate cushion
 - Address infrastructure needs for care coordination
 - Relationship to Medicare
 - Relationship to Differential
- ▶ Relationship to contract policies
- ▶ Money follows the people, while not undermining the incentives of a global model and providing incentives for alleviating excess capacity in the system
- ▶ Considers other requirements (capital)
- ▶ Rewards value
- ▶ Promote regional and statewide cooperation and success
- ▶ Promote physician alignment