



# Maryland Health Services Cost Review Commission

All Payer Model Implementation Update to the Advisory Council

November 12, 2014

# All-Payer Model Overview

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- ▶ The goal is a health care system that enhances patient care, improves health outcomes, and lowers costs.
  - ▶ Consumers, employers, and government purchasers benefit from the new Model
  - ▶ The Model builds on decades of access and equity in health care payment and delivery by modernizing our "all-payer" rate setting system for hospital services
- ▶ **Cost requirements of the model**
  - ▶ All-Payer total hospital per capita annual revenue growth ceiling of 3.58%
  - ▶ Medicare payment savings of \$330 million in savings over 5 years relative to national growth rate
- ▶ **Quality requirements**
  - ▶ The aggregate Medicare 30-day unadjusted, all-cause, all-site readmission rate will be reduced to the corresponding national rate over five years
  - ▶ An annual aggregate reduction of 6.89% in Potentially Preventable Conditions (PPCs) over five years will result in a cumulative reduction of 30%
  - ▶ Numerous outcomes and quality indicators measured and monitored

# The Advisory Council

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- ▶ **Advisory Council Charge:**
  - ▶ Advising the Commission on implementing the Model as approved by the federal government. The Council is offering real-world advice and practical guidance to support the successful implementation of this comprehensive and complex initiative.
- ▶ **Recommendations from the January Advisory Council Report**
  - ▶ Focus on meeting the early Model requirements
  - ▶ Meet budget targets while making important investments in infrastructure and providing flexibility for private sector innovation
  - ▶ HSCRC should play the roles of regulator, catalyst, and advocate
  - ▶ Consumers should be involved in planning and implementation
  - ▶ Physician and other provider alignment is essential
  - ▶ An ongoing, transparent public engagement process is needed

# Results of Phase 1 Implementation

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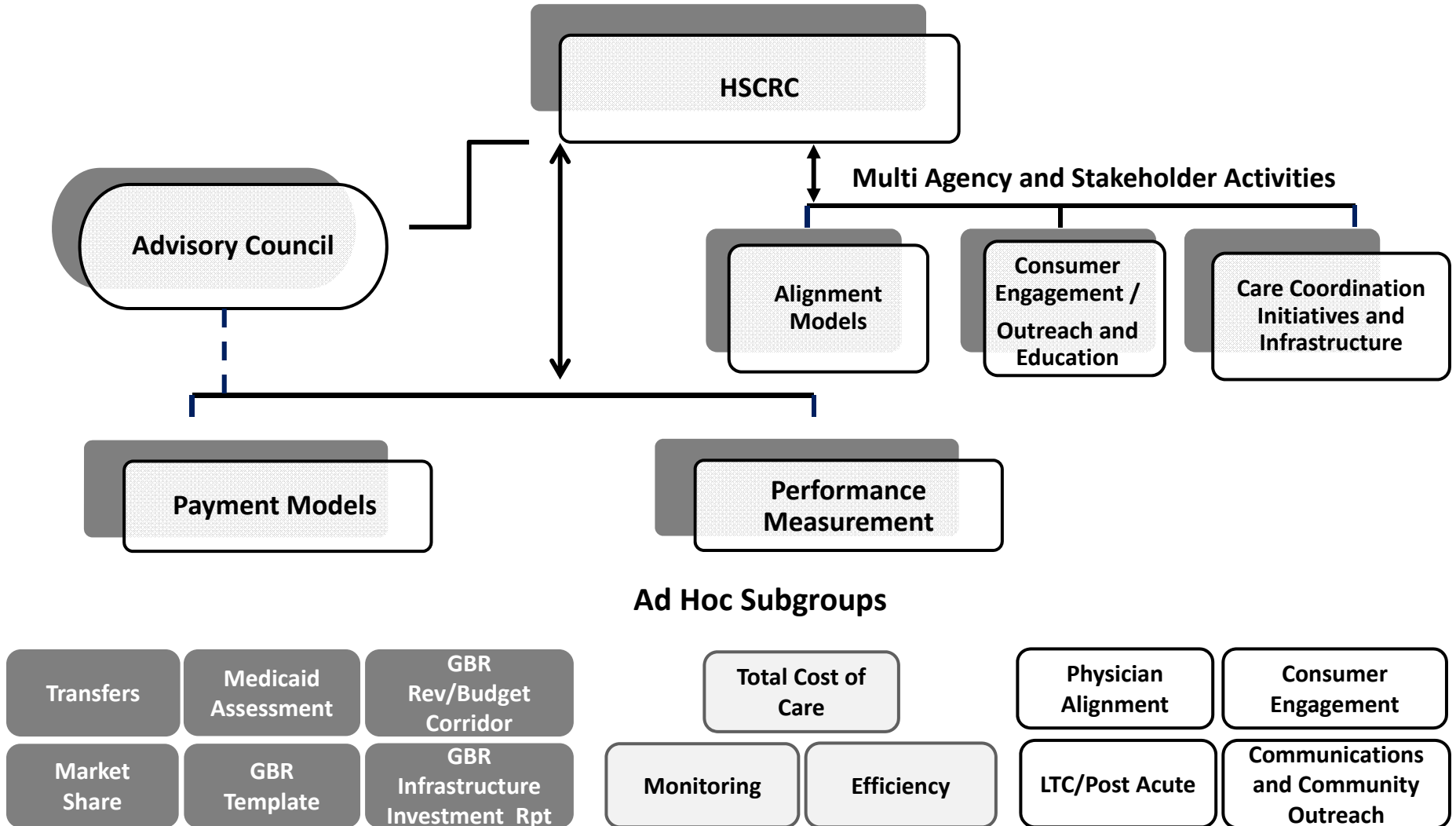
- ▶ All hospitals on global budgets
  - ▶ More than 95% of hospital revenues under global budgets
  - ▶ Key quality payment policies adapted to new Model
- ▶ Hospital financial condition improved
- ▶ Monthly monitoring to track progress
  - ▶ Results within limits of all payer requirements
- ▶ Engaged 100+ stakeholders in implementation work groups

# Implementation Timeline and Focus



<p>Bring hospitals onto global revenue budgets</p>	<p>Identify, monitor, and address clinical and cost improvement opportunities</p>	<p>Implement additional population-based and patient centered approaches</p>	<p>Develop proposal to focus on the broader health system beyond 2018</p>
<p>Begin public input process: advisory council and work groups</p>	<ul style="list-style-type: none"> <li>•Enhance models, monitoring and infrastructure</li> <li>•Formalize partnerships for engagement and improvement</li> </ul>	<ul style="list-style-type: none"> <li>•Evolve alignment models and payment approaches</li> <li>•Increase focus on total cost of care</li> </ul>	<p>Secure resources, and bring together all stakeholders to develop approach</p>

# Public Engagement Process – Phase 2



## Phase 2- Regulatory Focus

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- ▶ Employ Medicare data
  - ▶ Evaluating and refining monthly reports from CMMI on Model performance
  - ▶ Accessing preliminary Medicare data files while waiting for more detailed claims data
- ▶ Develop market share adjustments
- ▶ Implement additional uncompensated care savings from enrollment under the ACA
- ▶ Update quality programs for FY 16
- ▶ Develop updates for FY 16
- ▶ Develop and streamline reporting to support global budget monitoring and compliance
- ▶ Finalize Medicaid savings approach for assessment evaluation

## Phase 2- Planning for Model Evolution

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- ▶ Evolving market share approaches
- ▶ Focusing on adjustments for shifts in patients between hospitals and unregulated sites
- ▶ Measuring efficiency and reasonableness of rates in a per capita model
- ▶ Strengthening use of quality, outcomes, and consumer input in rate setting and payment
- ▶ Measuring and reporting on total cost of care, including non-hospital care, in conjunction with MHCC



## Phase 2- Partnership Activities

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- ▶ Gaining more consumer input and engagement
  - ▶ Organizing efforts with consumer leadership to recommend approaches
- ▶ Supporting care integration and coordination
  - ▶ Working with the field to develop and implement strategies to:
    - ▶ Support the provision of effective care to high need patients and high risk individuals
    - ▶ Promote common tools and approaches
    - ▶ Promote regional coordination and optimization of community resources
- ▶ Aligning payment incentives of hospitals and other providers
  - ▶ Working in partnership with MHA and MedChi on gain sharing strategies
  - ▶ Developing conceptual model for Integrated Care Networks
  - ▶ Confirming ability to scale pay for performance models in different regions of the state
  - ▶ Beginning focus on post acute and long term care

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# Appendix—Phase 1 Implementation



# Global Budget Model Overview

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- ▶ **The key aspects of the Global Budget:**
  - ▶ Fixed revenue base for 12 month period (Unit rates are raised or lowered to maintain budgeted levels of revenue)
  - ▶ Retain revenue related to reductions in potentially avoidable utilization (PAU)
    - ▶ Invest savings in care improvement
  - ▶ Annual update factors– inflation and population/demographic changes
  - ▶ Annual quality adjustments
  - ▶ Adjustments for shifts to other hospitals or unregulated settings (approach under development)

# Phase 1- Public Engagement Process

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- ▶ Engaged broad set of stakeholders in HSCRC policy making and implementation of new model (see appendix)
  - ▶ Advisory Council, 4 workgroups and 6 subgroups
  - ▶ 100+ appointees
  - ▶ Consumers, Employers, Providers, Payers, Hospitals
- ▶ Established processes for transparency and openness
  - ▶ Diverse membership
  - ▶ Educational phase of process
  - ▶ Call for Technical White Papers – 19 Shared Publically
  - ▶ Access to information
  - ▶ Opportunity for comment

# Products of the Work Groups in Phase 1

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- ▶ **Payment Model**
  - ▶ Uncompensated Care Policy Recommendations
  - ▶ Update Factors Recommendation for FY 2015
  - ▶ Readmission Shared Savings Recommendation for FY 2015
  - ▶ Final Report – Balanced Update and Short-Term Adjustments
  - ▶ Review of Transfer Adjustment Policy
  - ▶ Review of Total Cost of Care Reporting Template
  - ▶ TPR GBR Agreement Revision Recommendations
  - ▶ Market Share Adjustment Policy Guiding Principles
  - ▶ Draft GBR Reporting Draft Report
- ▶ **Performance Measurement**
  - ▶ Maryland Hospital Acquired Conditions Recommendations
  - ▶ Readmissions Reduction Incentive Program Recommendations
  - ▶ Report on Efficiency
  - ▶ Draft Report on Population Based, Patient Centered Performance Measurement
- ▶ **Data and Infrastructure**
  - ▶ Data Requirements for Monitoring All-Payer Model
- ▶ **Physician Alignment and Engagement**
  - ▶ Current Physician Payment Models and Recommendations for Physician Alignment Strategies under the All-Payer Model