



Maryland
Hospital Association

News Release

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Federal Government Approves Historic Proposal to Redefine Hospital Care in Maryland

Elkridge, Md. — The federal Centers for Medicare & Medicaid Services (CMS) has approved Maryland's historic proposal to make health care in the state more affordable and to continue Maryland's tradition of innovation in the delivery of quality health care.

The plan was submitted to CMS in September and was reviewed by several federal agencies on its road to approval. The plan seeks to make care more affordable by limiting the rate of growth in spending on hospital care in Maryland over the next five years. Improved coordination of patient care and overall population health are at its heart, and will be accomplished by groups of hospitals, doctors and others who come together to ensure that patients, especially the chronically ill, get the right care at the right time and in the right setting.

“This is the right thing to do for our patients and communities,” said Carmela Coyle, President & CEO of the Maryland Hospital Association. “The goals of this new system will be very challenging for hospitals as the ideas included have never been tried nor tested before on this scale; Maryland's hospitals will have to find ways to provide care at a lower cost than today, and in broadly different ways.”

All of these innovations are part of an agreement that updates Maryland's unique way of paying hospitals for the care they provide. Maryland is the only state in the country where hospital rates are set not by hospitals, but by an independent state agency, much like utility rates are set. This innovative and unique 40-year-old system has saved the state some \$45 billion in health care costs since its inception. The centerpiece of the system is a waiver from the federal Medicare program under which, based on certain conditions, Medicare agrees to pay Maryland's hospitals the same rates that the state sets for all others who pay for hospital care. The new plan preserves and modernizes the system by adjusting those conditions to reflect the way health care is delivered today and into the future, and provides hundreds of millions in savings for Medicare and Marylanders.

The key to the new waiver has been to creatively build on the state's current system, which was designed to ensure access to care for all who need it regardless of their ability to pay, stability for the state's health care system, and accountability and transparency in how the system is working, while complying with provisions under state law that call for efficiently operated hospitals to be financially sound. The new agreement updates the system to focus on spending targets that are tied to the state's economic growth, innovative tools to help hospitals achieve those targets while delivering the highest quality care, and the time to thoughtfully implement the changes required to

be successful. CMS will monitor the plan's success in achieving spending and quality targets, and the state's hospital rate-setting commission will implement and manage the new system.

“For four decades our unique system of paying for hospital care, and our partnership with state officials, the state rate setting commission, insurers, and others, has put Maryland at the forefront of innovation and equity,” said Coyle. “The key to meeting this new challenge and making the system a success will be an even closer collaboration among all our partners and our patients and communities as we embark upon a path that promises lower costs, higher quality, and a healthier Maryland. Maryland's hospitals know that this is a redefinition of the hospital as we know it, but it's the right thing to do for Maryland and we're up to the challenge.”

About the Maryland Hospital Association

The Maryland Hospital Association is the advocate for Maryland's hospitals, health systems, and their patients before legislative and regulatory bodies. Its membership is comprised of community and teaching hospitals, health systems, specialty hospitals, veterans' hospitals, and long-term care facilities. For more information, visit www.mhaonline.org.

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