All Payer Hospital System Modernization
Payment Models Workgroup

Meeting Agenda

June 2, 2014
2:00 pm to 4:00 pm
Health Services Cost Review Commission
Conference Room 100
4160 Patterson Ave
Baltimore, MD 21215

2:00	Introductions and Meeting Overview Donna Kinzer, Executive Director
2:05	Comments on Contract Recommendations Donna Kinzer, Executive Director
2:20	Presentation on Major Capital Projects Paul E. Parker, Director, Center for Health Care Facilities Planning & Development, MHCC
2:50	Update from Physician Alignment Workgroup on Gain Sharing and Shared Savings Robb Cohen, HSCRC Consultant
3:15	Initial Discussion of Future Role and Work Plan for Workgroup Donna Kinzer, Executive Director
3:30	Report on Status of Sub Groups Donna Kinzer, Executive Director
3:45	Comments from Public
3:55	Next Steps
4:00	Adjourn

ALL MEETING MATERIALS ARE AVAILABLE AT THE MARYLAND ALL-PAYER HOSPITAL SYSTEM MODERNIZATION TAB AT HSCRC.MARYLAND.GOV

HSCRC Payment Models Workgroup

Revised Draft Work Plan

Updated 5/30/14

Tentative Meeting Date	Meeting Goals
February 21, 2014 3-5	1. Review Workgroup charge and draft work plan 2. Discussion of New Model and Global Budget Methodology (HSCRC staff presentation and discussion) 3. Discussion of Factors to be Considered in Updates (HSCRC staff presentation and discussion) 4. Discussion of Factors to be considered in short term adjustments (HSCRC staff presentation and discussion)
March 13, 2014 1-4	1. Discuss Performance Measurement Draft Staff Recommendations and Payment Approaches (staff presentation and discussion) 2. Discussion on Balanced Update 3. Discussion of components, approach and principles for update factor and short term adjustments
March 20, 2014 9-11	1. Additional Discussion on Balanced Update 2. Discussion of components, approach and principles for update factor and short term adjustments 3. Presentation of Initial Uncompensated Care Analysis (HSCRC staff presentation)
April 3, 2014 3-6	1. Brief introductory presentation on Scaling 2. Brief introductory presentation on Demographic Adjustment 3. Additional Discussion and Finalize recommendation on components, approach and principles for update factor and short term adjustments
April Deliverable	**Report on components, approach and principles for Balanced Update and Short-Term Adjustments for May Draft recommendation to HSCRC**
April 23, 2014 9-12	1. Discussion of Uncompensated Care Policy 2. Discussion of balanced update and short term adjustments recommendations 3. Discussion of denials 4. Preliminary discussion of potentially avoidable utilization and guardrails
May Deliverable	**Report on uncompensated care policy recommendations**
May 5, 2014 2-5 (May 7 Draft recommendation to Commission)	1. Finalize balanced update and short term adjustments recommendations 2. Report from Performance Measurement Workgroup on Efficiency 3. Discuss and finalize Uncompensated Care Policy

May 19. 2014 2-5	1. Update on demographic adjustment 2. Discussion of principles for guardrails 3. Discussion of principles for market share 4. Discussion of prioritization of work
June Deliverable	**Report on balanced update and short term adjustments**
June 2, 2014 2-4	1. Presentation on major capital projects from MHCC 2. Comments on contract recommendations 3. Update from Physician Alignment Workgroup on shared savings/gain sharing 4. Initial discussion of future role and work plan for workgroup 5. Status of sub-groups
June 23, 2014 2-5	1. Discussion of transfers analysis and policy 2. Finalize recommendation on future role and work plan for workgroup
July 30, 2014 9-12	1. Discussion of transfers adjustment methodology 2. Global budget revenue/volume corridors
August Date and time TBD	1. Final transfer methodology 2. Discussion of market share analysis
August Deliverable	**Finalize Methodology on Transfers**
September/October Deliverable	**Draft Methodology on Market Share** **Draft Methodology on Guardrails**

Note: This is a preliminary work plan. It is possible that meetings or conference calls could be added or that some materials may be reviewed via email.

HOSPITAL CAPITAL PLANNING AND REGULATION UNDER THE NEW HOSPITAL PAYMENT MODEL

June 1, 2014

Certificate of Need (CON) and HSCRC

- CON regulation has historically served as gateway to consideration of rate adjustments for capital cost increases (historically, changes in charge per case)
- CON approval allowed for hospital project capital expenses to be considered through full rate review or partial rate review
- Rate adjustments considered by HSCRC in context of peer group experience
- Annual rate update accounted for “routine” capital expenses (not typically requiring CON approval)

How should this role of CON change?

- Fundamental role need not change
- A large proportion of hospital capital expenses are not CON regulated. Accounting for this "routine" spending can be addressed by HSCRC in updating hospital global budgets and revenue caps
- Major increases in capital expenses will continue to be accounted for in CON reviewable projects and "pledge" determinations
- Reforming CON regulation to "smooth" the pace of major capital investment could ensure the ability of HSCRC to live within revenue limits

Short-term – next 12 months

- Two of the five hospital projects in review today are docketed. The largest has asked for a pause in review. The other has not yet filed new financial schedules consistent with the new payment model.

- The other three are close to docketing. All have been required to have global budget agreements in place and corresponding re-based financial projections as a condition of docketing. One is planning to file a modified application.

- A service area-level need and impact assessment is underway which will provide the foundation for review of four of the five hospital projects currently in review. Three are Prince George's County hospitals. The fourth has substantial market share in Prince George's County.

Mid-term – 2014-2016

- Develop five year forecast of hospital capital spending, with specific identification of major projects requiring CON approval. Will require submission of five-year plans by hospitals.

- Assess impact of five year capital spending forecast on the five-year waiver model and its spending targets.

- Create new regulatory process with a planning and project prioritization phase (Phase 1) aimed at developing capital spending targets, consistent with HSCRC objectives. These priorities and targets will be used to create a long-term schedule for consideration of project CON applications. (Phase 2)

Mid-term – 2014-2016

- Update State Health Plan to reflect CON regulation within spending limits environment
- Need (including priority ranking of need), impact and cost-effectiveness will primarily be addressed in Phase 1 review
- The plan should assure a focus on performance criteria and reducing inappropriate levels of demand consistent with new payment model
- Viability and service-specific SHP standards will be an emphasis of Phase 2 (project) review. Should be more streamlined than historic project review.

Long-term – 2016 and beyond

- Further adapt CON regulation as necessary based on initial experience with two-phase process and next phase of HSCRC waiver (targeting overall per capita spending for health care services)

Questions

How does incorporating foreknowledge of hospital capital plans in the regulatory process affect competition among hospitals and hospital systems? Legal ramifications? Pros and cons?

Does the concept and process of considering “pledge” projects need to be reconsidered?

Can the global budgeting process and a longer-term process of priority ranking capital projects within budget limits replace much of the historic regulatory process used in CON regulation?

Maryland Health Services Cost Review Commission: Physician Alignment & Engagement Workgroup Report

June 2, 2014

Summary

- Non-Financial and Financial Alignment Recommendations
- HSCRC role as Regulator, Catalyst, and Advocate
- Consideration of what is possible today, versus what needs additional approvals, and need to encourage doing what is possible today, while removing necessary barriers to enable Population-Based approaches
  - e.g., encourage expansion of PCMH and other alignment initiatives outside of Medicare FFS, and currently approvable Medicare FFS approaches, while looking to broaden authority for gainsharing, bundled payments, and shared savings for Medicare FFS

Continuum of Payment Models & Features

Continuum of Accountability →

	Case-Based	Episode-Based	Population-Based
Payment Models	Gain Sharing	Bundling	Shared Savings / P4P
Examples	AMS / Gain Sharing ARMs	BPCI (outside MD) ARMs	ACOs, WMHS / P4P, Health Plans
Example Clinical Opportunities	Cardiology Cardiac Surgery Orthopedic Surgery Vascular Surgery All	Cardiology Cardiac Surgery Orthopedic Surgery Vascular Surgery Other Medicals Conditions Other Surgical procedures	CHF COPD Diabetes ESRD MH / SA Frail, Isolated, 5+ Chronic Conditions All
Example tactics	Supply costs Weekend productivity HACs	Care transitions / Post Acute / SNF Post discharge medication reconciliation Patient / Family Education Readmissions	Predictive modeling Health risk assessments Beneficiary / Caregiver education Prevention Community-based services High Risk DM / Care Management (Diabetes, CHF, COPD, ESRD) Medication management Reduce ER Admissions Palliative Care / Medicare Care Choices

Summary of Recommendations

- Non-Financial
  - HSCRC to serve as catalyst to encourage
    - Share infrastructure, analytics, and other resources
    - Improve hospital and provider reporting
    - Make the practice of medicine more efficient for providers
    - Promote broad awareness and education of the new model, and the resulting incentives

- Financial
  - HSCRC to serve as catalyst for hospitals to redo physician contracts from almost all RVU based to include Triple Aim incentives
  - HSCRC to work with industry to confirm ability to do P4P models without additional regulatory approval
  - Participate with MedChi and MHA in pursuing gainsharing model similar to model being used in New Jersey
  - HSCRC to serve as advocate for pursuing Maryland-specific ACO like option, which would provide Maryland hospitals and physicians increased flexibility to utilize the types of incentives allowed in ACOs to be applied within Medicare FFS, possibly starting with regulated dollars, and then expanding to all Medicare expenditures
  - HSCRC to serve as catalyst for encouraging and expanding the use of alignment models across all payers, and consistency regarding incentives

Payment Models
Future Role of Work Group and Work Plan

June 2, 2014

HSCRC
Health Services Cost Review Commission

HSCRC Model Development and Implementation Timeline

- Hospital global model
- Population-based
- Preparation for Phase 2 focus on total care model and costs

HSCRC
Health Services Cost Review Commission

HSCRC Public Engagement
Short Term Process Phases

- Phase 1:
  - Fall 2013: Advisory Council - recommendations on broad principles
  - January 2014- July 2014: Workgroups
    - Four workgroups convened
    - Focused set of tasks needed for initial policy making of Commission
    - Majority of recommendations needed by July 2014
- Phase 2: July 2014 – July 2015
  - Always anticipated longer-term implementation activities
  - July Workgroup reports to address proposed future work plan
  - Advisory Council reconvening

Public Engagement Process Accomplishments

- Engaged broad set of stakeholders in HSCRC policy making and implementation of new model
  - 4 workgroups and 6 subgroups
  - 85 workgroup appointees
  - Consumers, Employers, Providers, Payers, Hospitals
- Established processes for transparency and openness
  - Diverse membership
  - Educational phase of process
  - Call for Technical White Paper Shared Publically
  - Access to information
  - Opportunity for comment

Role of Workgroups

- Purpose of Workgroups is to encourage broad input from informed stakeholders
- Commission decision making is better informed with robust input from stakeholders
- Workgroups identify areas where there is consensus as well as areas where there are differences of opinion
- Non-voting groups

Current Process, Looking Forward

- Aggressive work plans needed to meet deliverable schedule
  - Time and resource intensive for HSCRC and stakeholders
  - Staff driven work plans and leadership needed for tight timelines
  - Coordination among groups sometimes challenging
  - Subgroups effective strategy to address more technical topics and coordination among groups
- Looking ahead to next phase:
  - Less frequent meetings would allow more time for analysis and review between meetings
  - Ad hoc subgroups effective in engaging stakeholders in development of implementation plans
  - Work plan may require different configuration of workgroups
  - Opportunity to engage stakeholders to lead different initiatives
  - More focus on outreach and education about new model

Payment Model Workgroup Products

(as of 5/12/14)

- Draft UCC Policy Recommendations
- Draft Update Factors Recommendation for FY 2015
- Draft Readmission Shared Savings Recommendation for FY 2015
- Final Report – Balanced Update and Short-Term Adjustments

Payment Models – Remaining Tasks

Summer/Early Fall Tasks

- Transfers
- Market Share
- Guardrails
- GBR Budget Revenue/Volume Corridors
- GBR Infrastructure Investment Reporting
- GBR Reporting Template

Fall/Winter Tasks

- Capital Policy
- 2016 UCC Policy
- Efficiency
- Gain Sharing and Shared Savings
- Post-acute Bundled Payment
- Evolution of Model
- Regional Collaboration
- Bundled Payments

Payment Models – Short-Term Subgroups

Transfers	• Review Data and Analysis for GBR Transfer Adjustments
Market Share	• Review Data and Methodology for Market Share Measurement
GBR Revenue/Budget Corridors	• GBR Contract Review
GBR Reporting Template	•Finalize GBR Reporting Template for Compliance
GBR Infrastructure Investment Reporting	• Policy and Reporting for Infrastructure Investments
Others As Needed	• TBD

Payment Models and Subgroups Work Plan

Month	June	July	August	September	October	November	December	2015 Q1	2015 Q2
Payment Models Work Group (WG) Meeting Dates	**6/23**	**7/30**							
***Transfers**			WG Report						
***GBR Revenue/Budget Corridors Subgroup Meetings**									
***GBR Reporting Template**									
***GBR Infrastructure Investment Reporting**									
***Market Share**					WG Report				
Guardrails					WG Report				
GainSharing and Shared Savings							WG Report		
Capital Policy								WG Report	
FY 2016 UCC					Progress Report				WG Report
Evolution of Model			Ongoing					WG Report	
Regional Collaboration							Input from Other Work Groups		
Bundled Payments									WG Report
*** indicates Subgroup convened and meeting schedules**									

Payment Models Meeting Schedule June-August

Meeting Dates	Meeting Goals
June 2, 2014 **2-4**	1. Presentation on major capital projects from MHCC 2. Comments on contract recommendations 3. Update from Physician Alignment Workgroup on shared savings/gain sharing 4. Initial discussion of future role and work plan for workgroup 5. Status of sub-groups
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Next Steps

- Finalize work plan
- Finalize subgroup members
- Convene subgroups