

# Drivers of Maryland FFS Medicare Savings 2013 to 2018

May 2019

# Background

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- ▶ Analysis based on comparison of Maryland trend to US trends in 5% sample in each cost bucket and differs from the \$273 M
  - ▶ Impact of differing US versus National mix between cost buckets is not shown
  - ▶ 5% sample does not tie to CMMI true national numbers used in overall scorekeeping
- ▶ Comparison is to US total with no risk adjustment or modification
  - ▶ Reflects overall scorekeeping approach
  - ▶ Benchmarking analysis will normalize better for those differences.
- ▶ Visit counts are based on same beneficiary and date of service and are intended as approximations
- ▶ IP reflects patient day count

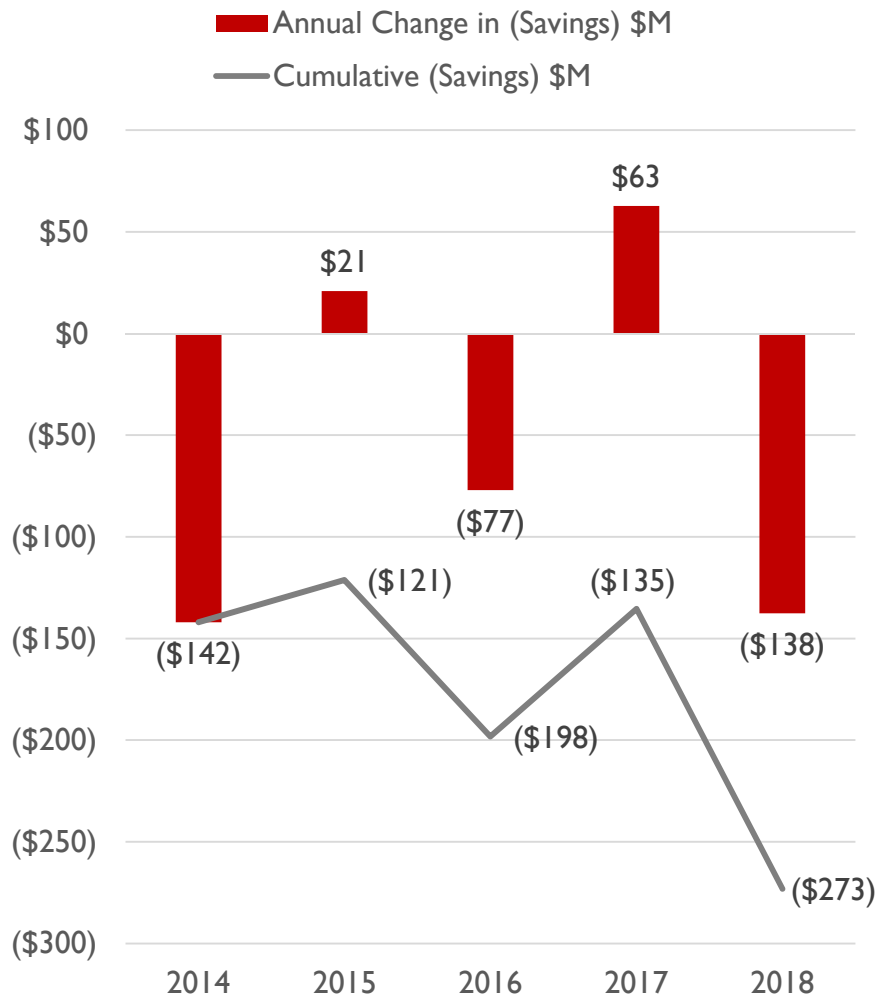
# Overview of Savings, 2013 to 2018

	% of MD Spend	National CAGR	MD CAGR	Run Rate (Savings) Cost, \$M	% of Savings
Inpatient Hospital	41.0%	0.2%	-0.6%	(\$153)	57%
SNF	7.4%	-1.3%	-2.1%	(\$29)	11%
Home Health	3.1%	-0.9%	2.2%	\$45	-17%
Hospice	2.0%	1.7%	5.2%	\$36	-13%
<b>Total Part A</b>	<b>53.5%</b>			<b>(\$101)</b>	<b>37%</b>
Outpatient Hospital	15.4%	6.7%	3.3%	(\$287)	106%
ESRD	2.4%	2.3%	1.4%	(\$10)	4%
Outpatient Other	1.1%	7.1%	4.9%	(\$14)	5%
Clinic	0.1%	9.1%	9.5%	-	0%
Professional Claims	27.4%	2.0%	3.1%	\$142	-53%
<b>Total Part B</b>	<b>46.5%</b>			<b>(\$169)</b>	<b>63%</b>
<b>Total</b>				<b>(\$270)</b>	<b>100%</b>

- ▶ Savings are driven by reductions in hospital spending and a shift to non-physician outpatient
- ▶ Observations:
  - Savings driven by IP and OP Hospital
  - Cost growth in positive areas like home health and hospice
  - OP hospital partially offset by increasing professional claims and likely reflects some place of service shift

Note: amounts above reflect change in each individual bucket, mix impact of different shares of each bucket would also impact overall savings, also amounts represent 5% sample data. Therefore will not tie to total actual savings of \$273.

# Run Rate (Savings) by Year



- ▶ While 2018 savings were favorable versus average performance the state's results have typically fluctuated by year
- ▶ 2018 total results are not atypical versus other positive years

# Savings, 2013 to 2017 vs 2017 to 2018

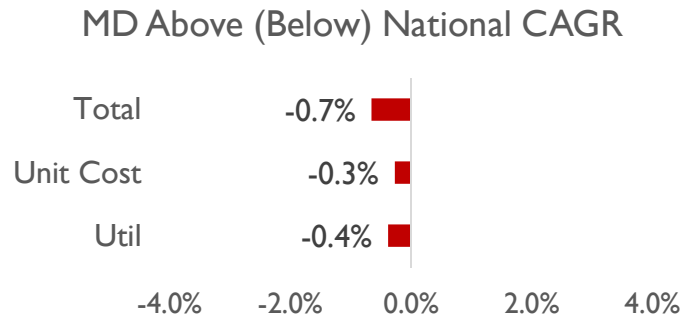
	2013 to 2017, Average		2017 to 2018	
	Average Run Rate (Savings) Cost \$ M	% of Savings	Run Rate (Savings) Cost \$ M	% of Savings
Inpatient Hospital	(\$24)	74.7%	(\$57)	40.6%
SNF	(\$5)	15.6%	(\$8)	6.0%
Home Health	\$10	-31.9%	\$4	-3.0%
Hospice	\$9	-27.8%	\$0	-0.1%
<b>Total Part A</b>	<b>(\$10)</b>	<b>30.7%</b>	<b>(\$61)</b>	<b>43.5%</b>
Outpatient Hospital	(\$43)	134.5%	(\$114)	80.7%
ESRD	(\$2)	6.1%	(\$2)	1.5%
Outpatient Other	(\$2)	7.3%	(\$5)	3.3%
Clinic	\$0	-0.7%	(\$1)	0.4%
Professional Claims	\$25	-77.9%	\$42	-29.5%
<b>Total Part B</b>	<b>(\$22)</b>	<b>69.3%</b>	<b>(\$80)</b>	<b>56.5%</b>
<b>Total</b>	<b>(\$32)</b>		<b>(\$141)</b>	
OP Hospital Net of Professional	(\$18)		(\$72)	

- ▶ Savings accelerated in IP and OP hospital in 2018 versus prior years
- ▶ Cost grew at a faster rate in professional although much less so than in OP hospital resulting in greater net savings
- ▶ Cost growth in home health and hospice slowed

Amounts may not add up due to rounding.

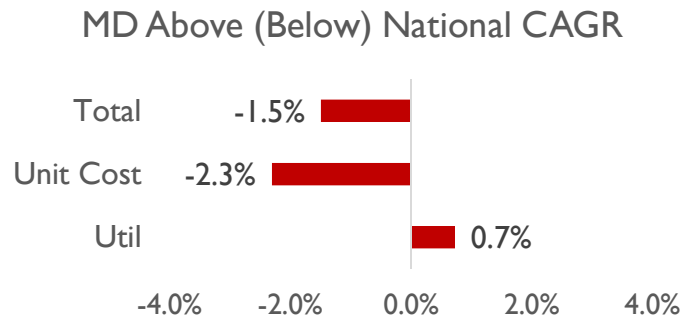
# Inpatient Cost Variation by Source

## 2013 to 2017 CAGR, IP Utilization and Cost Per Day



CAGRs	Utilization	Unit Cost	Total
MD	-3.1%	2.5%	-0.6%
National	-2.7%	2.8%	0.0%
<b>MD Above/(Below) National</b>	<b>-0.4%</b>	<b>-0.3%</b>	<b>-0.7%</b>

## 2017 to 2018 CAGR, IP Utilization and Cost per Day



CAGRs	Utilization	Unit Cost	Total
MD	-2.4%	1.8%	-0.6%
National	-3.1%	4.1%	0.9%
<b>MD Above/(Below) National</b>	<b>0.7%</b>	<b>-2.3%</b>	<b>-1.5%</b>

- ▶ Through 2017 Maryland both shrunk IP utilization faster and grew cost per day slower than the Nation. In 2018 the total advantage was larger but all in cost per day
- ▶ Admissions based calculations might result in a different story

# Program Impact on TKA

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- ▶ Total Knee Arthroplasty was taken off of the “Inpatient Only” List in 2018
  - ▶ Generated ~\$25M in Inpatient Savings from 2017 out of the total net of ~\$57M
    - ▶ Days per 1,000 fell ~23% in MD versus ~14% in US
  - ▶ \$25 M is gross impact, procedure moved to Outpatient Hospital
    - ▶ Staff is measuring the average cost of Outpatient Hospital/DME episode/Ancillary cost to calculate the net savings
- ▶ Maryland lost ground in some other areas (Extensive OR, Septicemia), as net day trend was unfavorable.

# MD vs Nation, OP Hosp. CAGR, '13 to '17

	2013 to 2017			MD Above (Below) National CAGR		Run Rate (Savings) Cost, \$M	% of Savings
	% of Spend	Utilization	Unit Cost	Total			
Part B Rx	19.0%	4.1%	-9.6%	-6.1%		(\$67)	36.3%
Imaging	12.4%	-1.3%	0.6%	-0.7%		(\$5)	2.7%
Proc-Major Cardiology	11.1%	-0.4%	-1.2%	-1.7%		(\$5)	2.5%
E&M - ER	10.6%	-0.2%	-9.9%	-10.3%		(\$63)	34.4%
Proc-Minor	8.6%	-1.3%	-2.3%	-3.7%		(\$16)	8.6%
E&M - Other	7.1%	-3.1%	-1.7%	-5.0%		(\$37)	20.3%
Proc-Major Other	5.9%	3.3%	-2.3%	1.0%		\$2	-0.9%
Proc-Endocrinology	5.4%	-0.8%	-0.4%	-1.2%		(\$2)	1.3%
Lab	5.2%	-1.1%	12.1%	11.0%		\$61	-33.6%
Proc-Ambulatory	4.7%	-4.6%	-0.3%	-4.9%		(\$11)	6.0%
Proc-Oncology	3.8%	-3.1%	0.9%	-2.2%		(\$8)	4.3%
Proc-Major Orthopaedic	2.4%	5.3%	-3.2%	2.1%		\$1	-0.4%
Proc-Eye	1.8%	-8.8%	2.8%	-6.4%		(\$5)	2.6%
Other Professional	1.7%	-4.5%	4.3%	-0.2%		(\$2)	0.8%
DME	0.2%	4.7%	-18.6%	-14.3%		(\$28)	15.1%
Proc-Dialysis	0.0%	-0.7%	8.2%	7.3%		\$0	-0.1%

- ▶ ~ \$172 M total with mix
- ▶ From 2013 to 2017 material hospital OP savings accrued in Part B Rx (unit cost), ER (unit cost), Other E&M (Both) and DME (unit cost)
- ▶ Only in Lab did MD cost growth outstrip US to a material degree

% of spend reflects 2018 MD amounts.



# MD vs Nation, OP Hosp. CAGR, '17 to '18

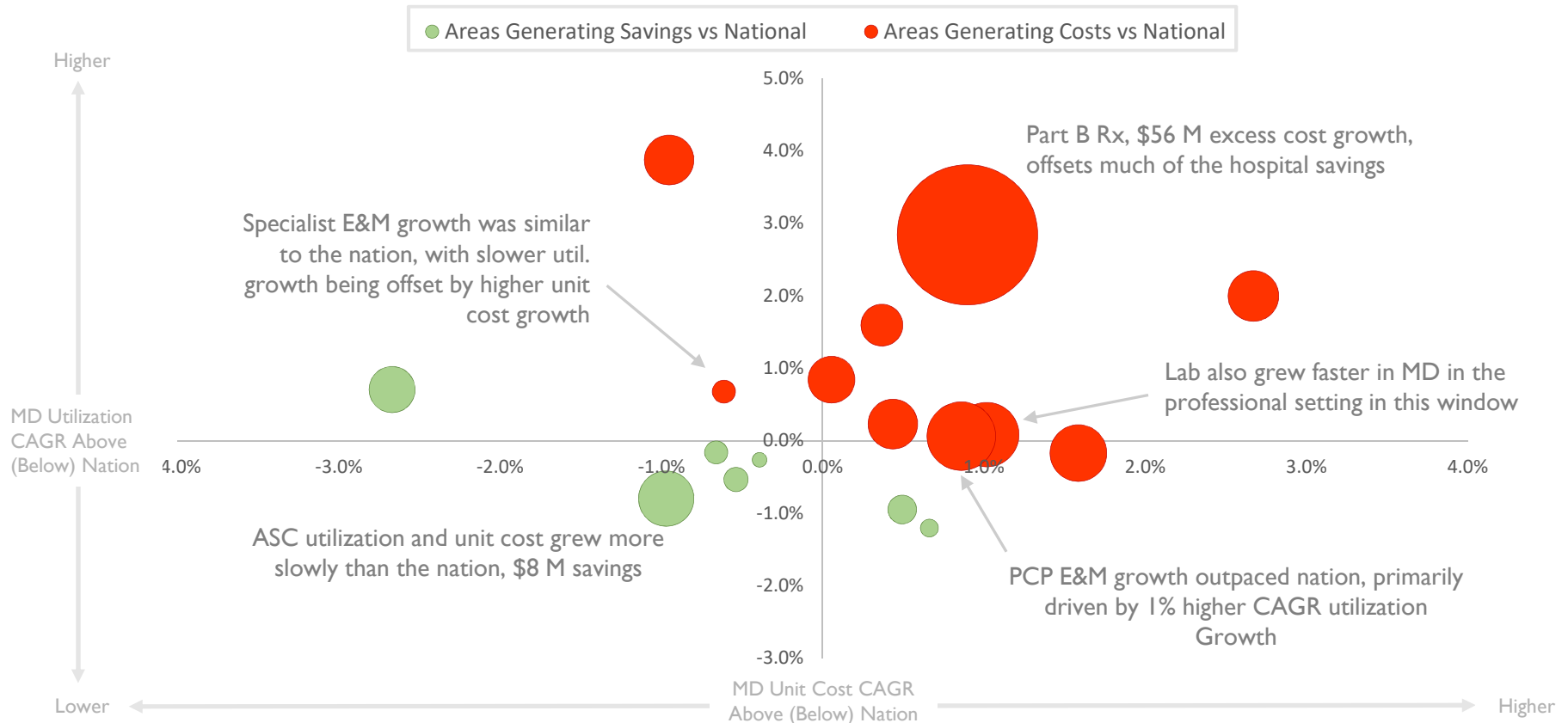
2017 to 2018		MD Above (Below) National CAGR			Run Rate (Savings) Cost, \$M	% of Savings
	% of Spend	Utilization	Unit Cost	Total		
Part B Rx	19.0%	-4.8%	-4.2%	-9.3%	(\$26)	28.6%
Imaging	12.4%	-8.9%	0.6%	-7.7%	(\$13)	14.7%
Proc-Major Cardiology	11.1%	-5.9%	-2.6%	-8.4%	(\$6)	6.4%
E&M - ER	10.6%	-17.3%	15.8%	-3.0%	(\$4)	4.9%
Proc-Minor	8.6%	-9.9%	3.3%	-6.1%	(\$7)	7.4%
E&M - Other	7.1%	-11.1%	3.4%	-7.2%	(\$13)	14.9%
Proc-Major Other	5.9%	-11.8%	7.3%	-4.6%	(\$2)	2.4%
Proc-Endocrinology	5.4%	-10.5%	1.1%	-9.2%	(\$5)	5.4%
Lab	5.2%	-8.1%	4.4%	-3.1%	(\$5)	5.8%
Proc-Ambulatory	4.7%	-15.6%	5.4%	-10.3%	(\$5)	5.9%
Proc-Oncology	3.8%	-14.7%	3.9%	-10.1%	(\$9)	10.3%
Proc-Major Orthopaedic	2.4%	17.6%	-9.8%	8.0%	\$1	-0.9%
Proc-Eye	1.8%	-15.7%	9.6%	-6.0%	(\$1)	1.1%
Other Professional	1.7%	-8.4%	-3.4%	-12.7%	(\$22)	24.9%
DME	0.2%	1.0%	54.8%	63.0%	\$28	-31.8%
Proc-Dialysis	0.0%	-27.5%	13.6%	-15.8%	(\$0)	0.1%

- ▶ ~\$114 M total with mix
- ▶ From 2017 to 2018 the savings were more widely distributed across different areas and improved utilization versus national played a larger role
- ▶ Part B Rx, and E&M Other continued to be significant drivers, while Other Professional, Imaging and Cardiology also contributed
- ▶ DME unit cost variance reversed eliminating gains prior years, this reflects changes in national DME reimbursement in 2018.

% of spend reflects 2018 MD amounts.

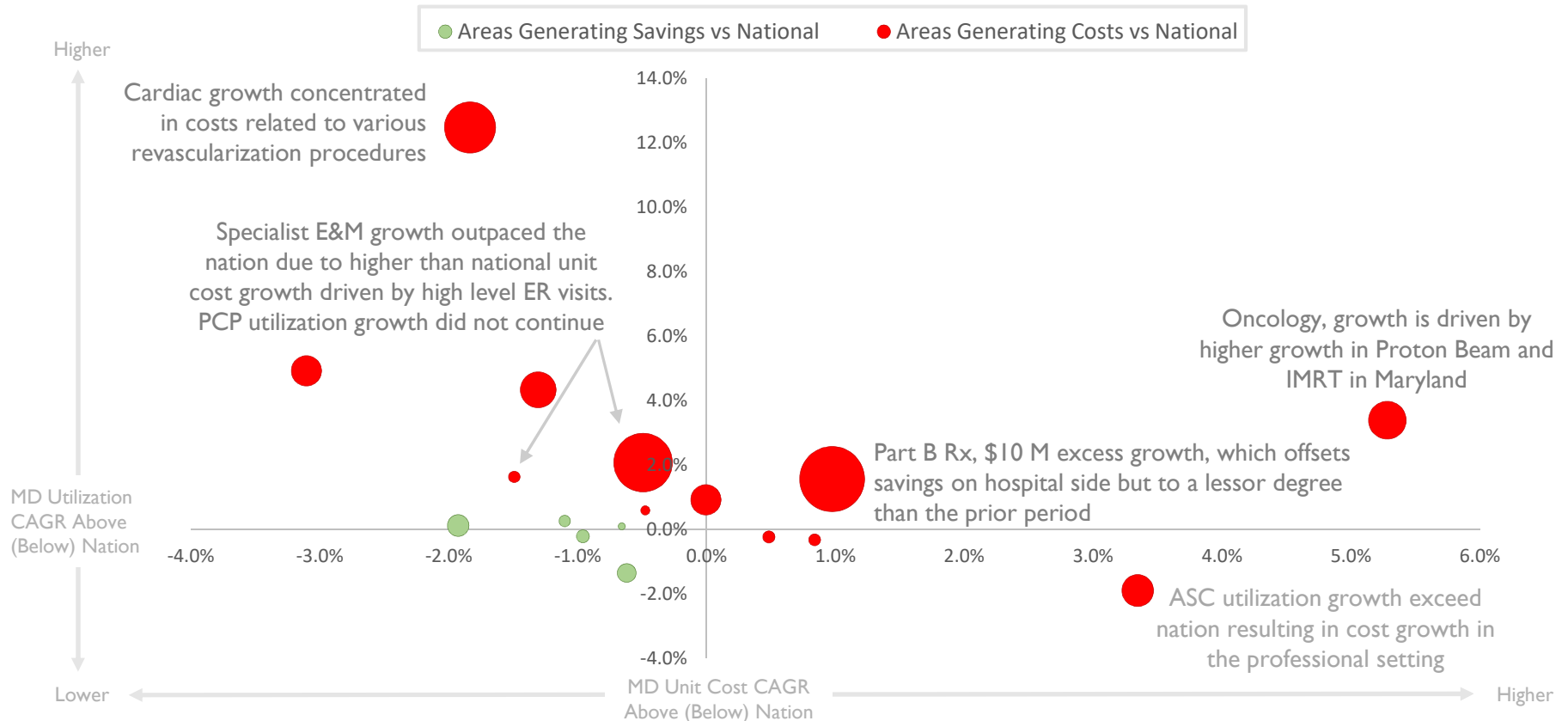
# MD vs Nation, Professional CAGR, '13 to '17

- ▶ Scatter indicates the MD CAGR above (below) national growth, size indicates amount of savings (green) or incremental costs (red) generated
- ▶ Graphic represents a total of approximately \$100 in excess growth that occurred from 2013 to 2017 in professional Part B costs. The largest red bubble represents ~\$50 M of excess growth.



# MD vs Nation, Professional CAGR, '17 to '18

- ▶ Scatter indicates the MD CAGR above (below) national growth, size indicates amount of savings (green) or incremental costs (red) generated
- ▶ Graphic represents a total of approximately \$35 in excess growth that occurred from 2017 to 2018 in professional Part B costs. The largest red bubble represents ~\$10M of excess growth.



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# Appendix: Professional Spend Tables



# MD vs Nation, Professional CAGR, '13 to '17

	2013 to 2017 % of Spend	MD Above (Below) National CAGR			Run Rate (Savings) Cost, \$M	% of Savings
		Utilization	Unit Cost	Total		
ASC	3.7%	-1.0%	-0.8%	-1.8%	(\$8.04)	-8.5%
Proc-Ambulatory	2.9%	-2.7%	0.7%	-1.9%	(\$5.58)	-5.9%
DME	6.4%	0.5%	-0.9%	-0.4%	(\$2.16)	-2.3%
Proc-Endocrinology	1.5%	-0.5%	-0.5%	-1.1%	(\$1.55)	-1.6%
Proc-Eye	1.7%	-0.7%	-0.2%	-0.8%	(\$1.40)	-1.5%
Proc-Major Orthopaedic	1.5%	0.7%	-1.2%	-0.6%	(\$0.86)	-0.9%
Proc-Dialysis	0.7%	-0.4%	-0.3%	-0.7%	(\$0.56)	-0.6%
E&M - Specialist	19.6%	-0.6%	0.7%	0.1%	\$1.38	1.5%
Proc-Major Other	2.1%	0.4%	1.6%	2.0%	\$4.61	4.9%
Proc-Minor	5.8%	0.1%	0.8%	0.9%	\$5.76	6.1%
Imaging	7.2%	0.4%	0.2%	0.7%	\$6.49	6.8%
Proc-Major Cardiology	1.7%	-1.0%	3.9%	2.7%	\$6.51	6.9%
Proc-Oncology	1.4%	2.7%	2.0%	4.7%	\$6.75	7.1%
Other Professional	7.4%	1.6%	-0.2%	1.4%	\$8.47	8.9%
Lab	9.1%	1.0%	0.1%	1.1%	\$10.95	11.5%
E&M - PCP	11.9%	0.9%	0.1%	0.9%	\$12.35	13.0%
Part B Rx	15.3%	0.9%	2.8%	3.8%	\$51.69	54.5%

# MD vs Nation, Professional CAGR, '17 to '18

2017 to 2018	% of Spend	MD Above (Below) National CAGR			Run Rate (Savings) Cost, \$M	% of Savings
		Utilization	Unit Cost	Total		
Proc-Major Other	122.6%	-1.9%	0.1%	-1.8%	(\$1.15)	-3.0%
Proc-Eye	83.6%	-0.6%	-1.4%	-2.0%	(\$0.87)	-2.3%
Proc-Endocrinology	84.6%	-1.0%	-0.2%	-1.2%	(\$0.42)	-1.1%
Proc-Major Orthopaedic	105.1%	-1.1%	0.3%	-0.9%	(\$0.32)	-0.8%
Proc-Dialysis	53.4%	-0.7%	0.1%	-0.6%	(\$0.12)	-0.3%
Lab	59.6%	-0.5%	0.6%	0.1%	\$0.20	0.5%
E&M - PCP	11.9%	-1.5%	1.6%	0.1%	\$0.33	0.9%
Proc-Ambulatory	79.6%	0.8%	-0.3%	0.5%	\$0.35	0.9%
Proc-Minor	78.2%	0.5%	-0.2%	0.2%	\$0.37	1.0%
Imaging	79.2%	0.0%	0.9%	0.9%	\$2.29	6.0%
Other Professional	102.7%	-3.1%	4.9%	1.5%	\$2.31	6.1%
ASC	57.5%	3.3%	-1.9%	2.2%	\$2.53	6.6%
DME	109.9%	-1.3%	4.3%	2.8%	\$3.20	8.4%
Proc-Oncology	90.5%	5.3%	3.4%	8.9%	\$3.57	9.4%
Proc-Major Cardiology	57.9%	-1.8%	12.5%	10.4%	\$6.56	17.3%
E&M - Specialist	165.0%	-0.5%	2.1%	1.6%	\$8.57	22.5%
Part B Rx	78.0%	1.0%	1.6%	2.7%	\$10.60	27.9%