Maryland Department of Health and Mental Hygiene

Health Enterprise Zones (HEZ) Summit:

Sustaining Social Determinants of Health Programs

New and Emerging Opportunities in Maryland for Addressing Social Determinants of Health:

Key HEZ Sustainability Questions

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David A. Mann, MD, PhD

Epidemiologist,

Office of Minority Health and Health Disparities,

Maryland Department of Health and Mental Hygiene

<u>Rationales for Sustaining Programs</u>

- **<u>Business Case</u>: $$ Return on Investment (ROI)**
  - **The reaper of the return should make the investment**
- **<u>Altruism/Philanthropy or Public Good</u>**
  - **When no clear $$ ROI results from the program**
  - **Sustainability requires perpetual subsidy**
- ***Question: Are insurers, providers (hospitals) or regulators (HSCRC) able to provide support to the HEZ components under a non-ROI rationale?***

ROI Rationale and Global Budgets

- **Implications of Global Budgets for SDH support:**
  - **Different concept of the "relevant cost"**
    - **Old fee-for-service: cost = price paid by payers for volume**
    - **New Global Budgets: cost = provider production costs**
  - **Different relationship of relevant cost to volume**
    - **Old FFS: payer cost tightly linked to volume**
    - **New GB: Δ production cost uncoupled from Δ volume**
    - **Don't confuse average cost with marginal cost**
  - **Who holds the "savings"?**
    - **Hospitals, Payers, both, neither?**
  - **Are the savings real or actuarial?**
    - **Is there real money saved that can be invested in SDH?**