



# **Update on New All-Payer Model Implementation**

***Health Services Cost Review Commission***

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# Background



MARYLAND

# Approved New All-Payer Model

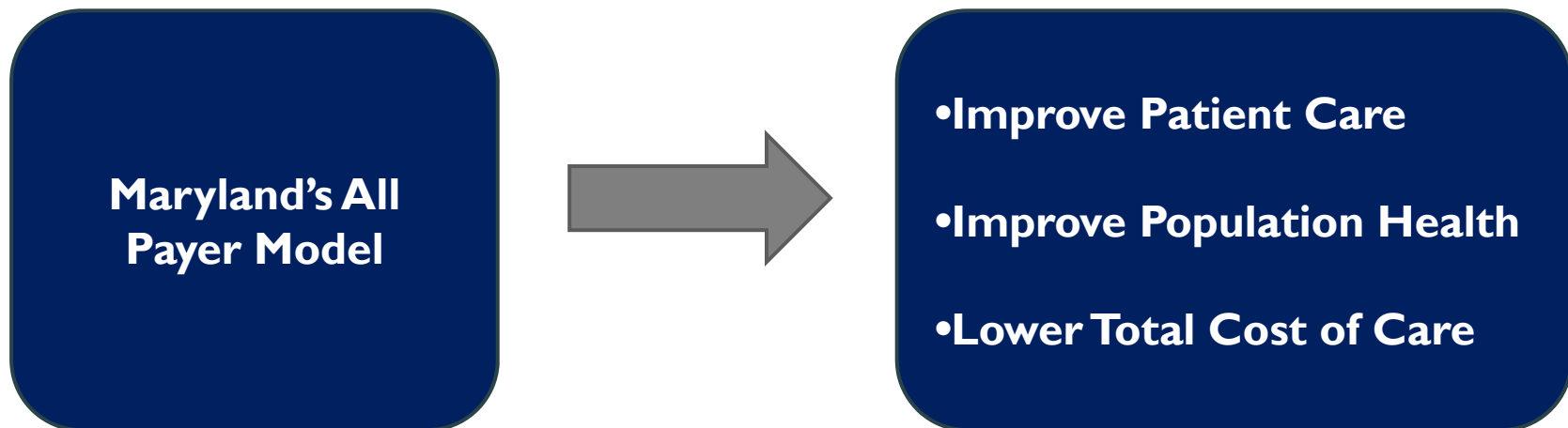
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- ▶ Maryland is implementing a new All-Payer Model for hospital payment
  - ▶ Approved effective January 1, 2014
- ▶ The All-Payer Model shifts focus
  - ▶ From **per inpatient admission**
  - ▶ To **all payer, per capita, total hospital** payment

# Shifts Focus From Providers to Patients

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- ▶ Unprecedented effort to improve health and outcomes, and control costs for patients
- ▶ Gain control of the revenue budget and focus on providing the right services and reducing utilization that can be avoided with better care



# Approved Model at a Glance

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- ▶ All-Payer total hospital **per capita revenue growth ceiling** of 3.58% annual growth
- ▶ **Medicare payment savings** of \$330 million over 5 years.
- ▶ **Patient and population centered-measures** and targets to promote care improvement
  - ▶ Medicare readmission reductions to national average
  - ▶ 30% reduction in preventable conditions under Maryland's Hospital Acquired Condition program (MHAC) over a 5 year period
  - ▶ Other quality improvement targets

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# Implementation Timeline and Update on Phase 1



# HSCRC Model Implementation Timeline



<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>

# Phase 1--Focus of Initial Implementation Activities

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## Results for Phase 1--Global Budget Model

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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
  - ▶ Uncompensated care reductions resulting from Medicaid expansion and reduction in MHIP assessments moderated revenue changes
- ▶ **On track to remain within overall 3.58% requirement for calendar year 2014, the first year of the new waiver.**
  - ▶ Uncertain on Medicare savings due to data lags
- ▶ **Hospital finances have stabilized and improved**

# Initial Public Engagement Process Accomplishments

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- ▶ Engaged broad set of stakeholders in HSCRC policy making and implementation of new model
  - ▶ Advisory Council, 4 workgroups and 6 subgroups
  - ▶ 100+ appointees
  - ▶ Consumers, Employers, Providers, Payers, Hospitals
  - ▶ Technical White Papers – 18 Shared Publically
- ▶ Established processes for transparency and openness
  - ▶ Diverse membership
  - ▶ Access to information
  - ▶ Opportunity for comment

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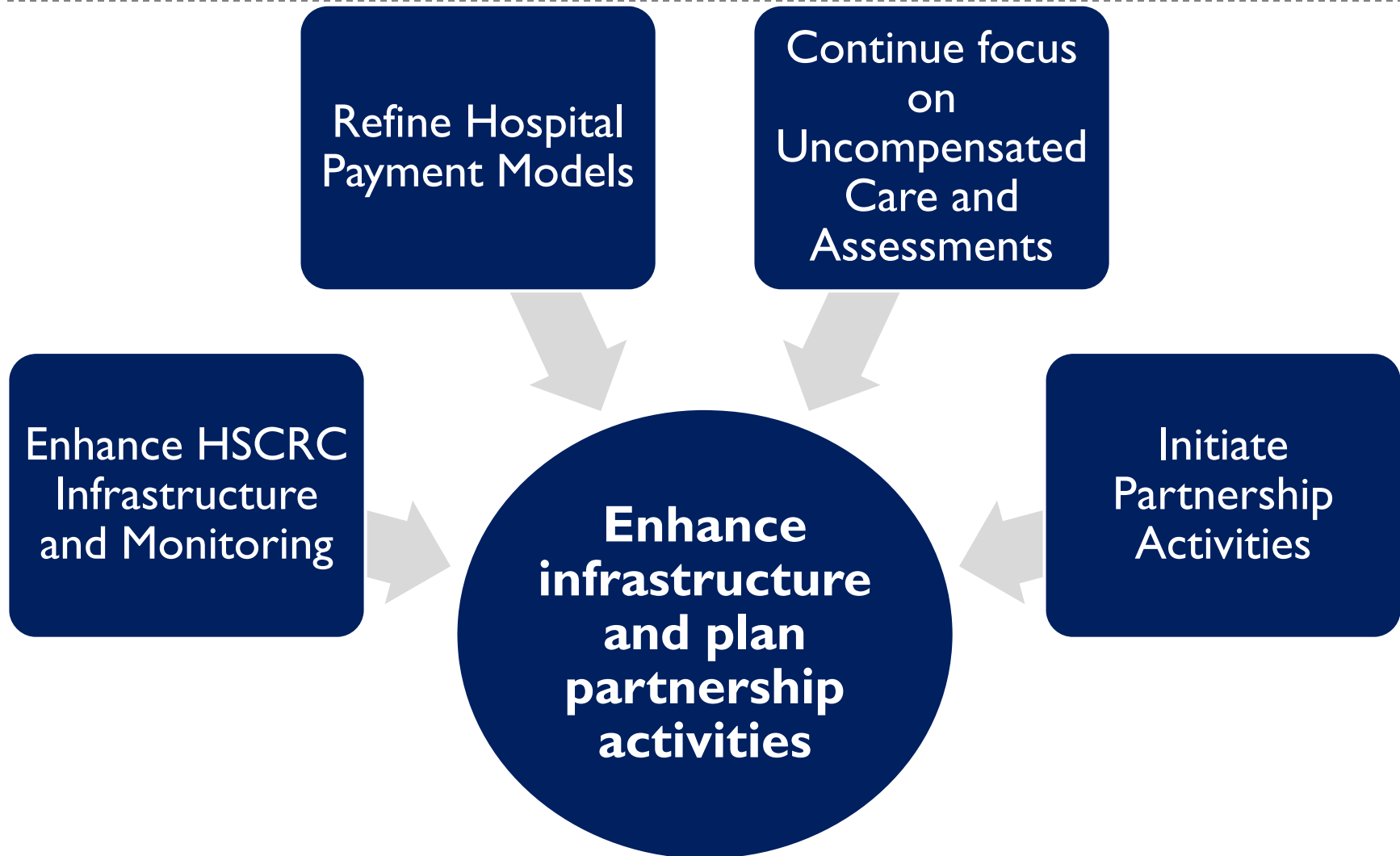
## Plans for Phase 2



MARYLAND

# Phase 2– Continuing implementation and planning during FY 2015

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# HSCRC Partnerships: Activities for Phase 2

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HSCRC can serve as a catalyst, convener, and partner along with other State agencies and stakeholders.

- ▶ **Clinical & Cost Improvement:** Support selected strategies for reducing potentially avoidable utilization, practice and cost variation, and supporting high needs patients
- ▶ **Physician and Other Provider Participation:** Support development and implementation of alignment/engagement models
- ▶ **Consumer Participation:** Support consumer engagement and skill development

# Public Engagement Approach – Phase 2

