Health Services Cost Review Commission (HSCRC) and the All-Payer Model – HEZ Summit

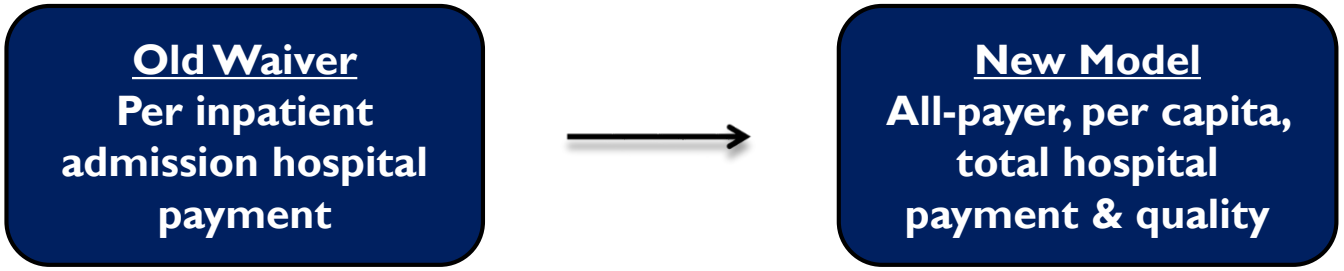
November 3, 2016

HSCRC
Health Services Cost Review Commission

Background: HSCRC and the All-Payer Model

Unique New Model: Maryland's All-Payer Model

- Maryland is implementing an All-Payer Model for hospital payment
  - Approved by Centers for Medicare & Medicaid Services (CMS) effective January 1, 2014 for 5 years
  - Modernizes Maryland's Medicare waiver and unique all-payer hospital rate system
  - Health Services Cost Review Commission (HSCRC) is leading the effort



- HSCRC back drop:
  - Oversees hospital rate regulation for all payers
  - Rate setting authority extends to all payers, Medicare waiver
    - Granted in 1977 and renewed under a different approach in 2014
  - Provides considerable value
    - Limits cost shifting- all payers share in medical education, uncompensated care, etc.

Approved Model at a Glance

- **All-Payer total hospital per capita revenue growth ceiling** for Maryland residents tied to long term state economic growth (GSP) per capita
  - 3.58% annual growth rate for first 3 years
- **Medicare payment savings:**
  - Minimum of $330 million in savings for Maryland beneficiaries compared to dynamic national trend
  - Total Cost of Care guardrail on all health care services
- **Patient and population centered-measures** and targets to promote population health 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
  - Many other quality improvement targets

All-Payer Model Status

- All Payer hospital revenue growth contained
- Medicare hospital savings on track/non-hospital costs rising—need to accelerate reductions in unnecessary and preventable hospitalizations to offset "investments" in non-hospital costs
- Quality measures on track
- Delivery systems, payers, and regional partnerships organizing and transforming
- Stakeholder participation contributing to success
- Generally positive feedback from CMS

Stakeholder-Driven Strategy for Maryland

Aligning common interests and transforming the delivery system are key to sustainability and to meeting Maryland's goals

Focus Areas	Description
Care Delivery	• Improve care delivery and care coordination across episodes of care • Tailor care delivery to persons' needs with care management interventions, especially for patients with high needs and chronic conditions • Support enhancement of primary and chronic care models • Promote consumer engagement and outreach
Health Information Exchange and Tools	• Connect providers (physicians, long-term care, etc.) in addition to hospitals • Develop shared tools (e.g. common care overviews) • Bring additional electronic health information to the point of care
Provider Alignment	• Build on existing models (e.g. hospital GBR model, ACOs, medical homes, etc.) • Leverage opportunities for payment reform, common outcomes measures and value-based approaches across models and across payers to help drive system transformation

Global Budget Incentives

Year 1 Accomplishments: Global Model Shifts Focus from Volumes

Former Hospital Payment Model: Volume Driven

Units/Cases

× **Rate Per Unit or Case**

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Hospital Revenue

- Unknown at the beginning of year
- More units creates more revenue

New Hospital Payment Model: Population and Value Driven

Revenue Base Year

× **Updates for Trend, Population, Value**

↓

Allowed Revenue for Target Year

- Known at the beginning of year
- More units does not create more revenue

What do Global Budgets mean

- Hospitals:
  - Incentive to reduce potentially avoidable utilization
    - Readmissions
    - Complications
    - Ambulatory sensitive conditions
  - Prevent new admissions:
    - Spearhead prevention
    - Collaborate with community providers
    - Help to address social determinants
- Payers
  - Reduced utilization
  - Predictability in overall hospital costs
  - Control on growth in hospital charges
  - Consistent with PCMH type programs

Regional Partnerships, and Implementation Awards

Hospital Rate Support to Implement Care Coordination Infrastructure

- FY 14 and FY 15 – Included $160 million in hospital rates to support care coordination for high needs patients
  - High Utilizing Patients with Chronically Needs
  - Medicare
- Support Care Transitions
  - 30-60 days after hospital stay
  - Discharge Planning and Follow-up
  - Coordination with Pharmacy, Physicians and Long-term Care and Post-acute Care
- Next Phase is to establish Partnerships around patients for both Transitions and Community-based Care Coordination
  - Regional Hospital Partnerships
  - Partnerships with Community Providers
  - Work Force Support

Overview of Regional Planning Grants

- The Commission authorized up to $2.5 million from hospital rates to be used for planning of regional partnerships
- Funds are to be used for partnership planning activities
  - Funds may be used for data analysis, operational/strategic planning, health IT/analytics planning, consultants, meetings, and related expenses.
- A Review Committee and the Commission approved 8 of 11 proposals for funding ranging from $200,000 to $400,000

Successful Bidders

Regional Group Name	Award Amount	Lead Hospital
Regional Planning Community Health Partnership	$ 400,000	Johns Hopkins Hospital(s)
Baltimore Health System Transformation Partnership	$ 400,000	University of Maryland Medical Center
Trivergent Health Alliance	$ 133,334	Western Maryland Health System
	$ 133,333	Frederick Regional Health System
	$ 133,333	Meritus Medical Center
Bay Area Transformation Partnership	$ 400,000	Anne Arundel Medical Center
NexusMontgomery	$ 300,000	Holy Cross Hospital
Howard County Regional Partnership for Health System Transformation	$ 200,000	Howard County General Hospital
U of M Upper Chesapeake Health and Hospital of Cecil County Partnership	$ 200,000	University of Maryland Upper Chesapeake
Southern Maryland Regional Coalition for Health System Transformation	$ 200,000	Doctors Community Hospital
Total	$ 2,500,000	

Implementation Grantees

- In June 2015, the Commission authorized up to 0.25% of total hospital rates to be allocated to deserving applicants under a competitive Healthcare Transformation Implementation Grant Program.
  - "Shovel-ready" projects that generate short-term ROI and reduced Medicare PAU
  - Involve community-based care coordination and provider alignment and not duplicate care transitions and prior infrastructure funding
- In June, 9 of 22 proposals were awarded in Round 1

Recommendations

Partnership Group Name	Award Request	Award Recommendation	Hospital(s) in Proposal
Bay Area Transformation Partnership	$4,246,698.00	$3,831,143.00	Anne Arundel Medical Center; UM Baltimore Washington Medical Center
Community Health Partnership	$15,500,000.00	$6,674,286.00	Johns Hopkins Hospital; Johns Hopkins – Bayview; MedStar Franklin Square; MedStar Harbor Hospital; Mercy Medical Center; Sinai Hospital
GBMC	$2,942,000.00	$2,115,131.00	Greater Baltimore Medical Center
Howard County Regional Partnership	$1,533,945.00	$1,468,258.00	Howard County General Hospital
Nexus Montgomery	$7,950,216.00	$7,663,683.00	Holy Cross Hospital; Holy Cross – Germantown; MedStar Montgomery General; Shady Grove Medical Center; Suburban Hospital; Washington Adventist Hospital
Total Eldercare Collaborative	$1,882,870.00	$1,882,870.00	MedStar Good Samaritan; MedStar Union Memorial
Trivergent Health Alliance	$4,900,000.00	$3,100,000.00	Frederick Memorial Hospital; Meritus Medical Center; Western Maryland Hospital Center
UM-St. Joseph	$1,147,000.00	$1,147,000.00	UM St. Joseph Medical Center
Upper Chesapeake Health	$2,717,963.00	$2,692,475.00	UM Harford Memorial Hospital; UM Upper Chesapeake Medical Center; Union Hospital of Cecil County
Total	$42,820,692.00	$ 30,574,846.00	

Next Steps

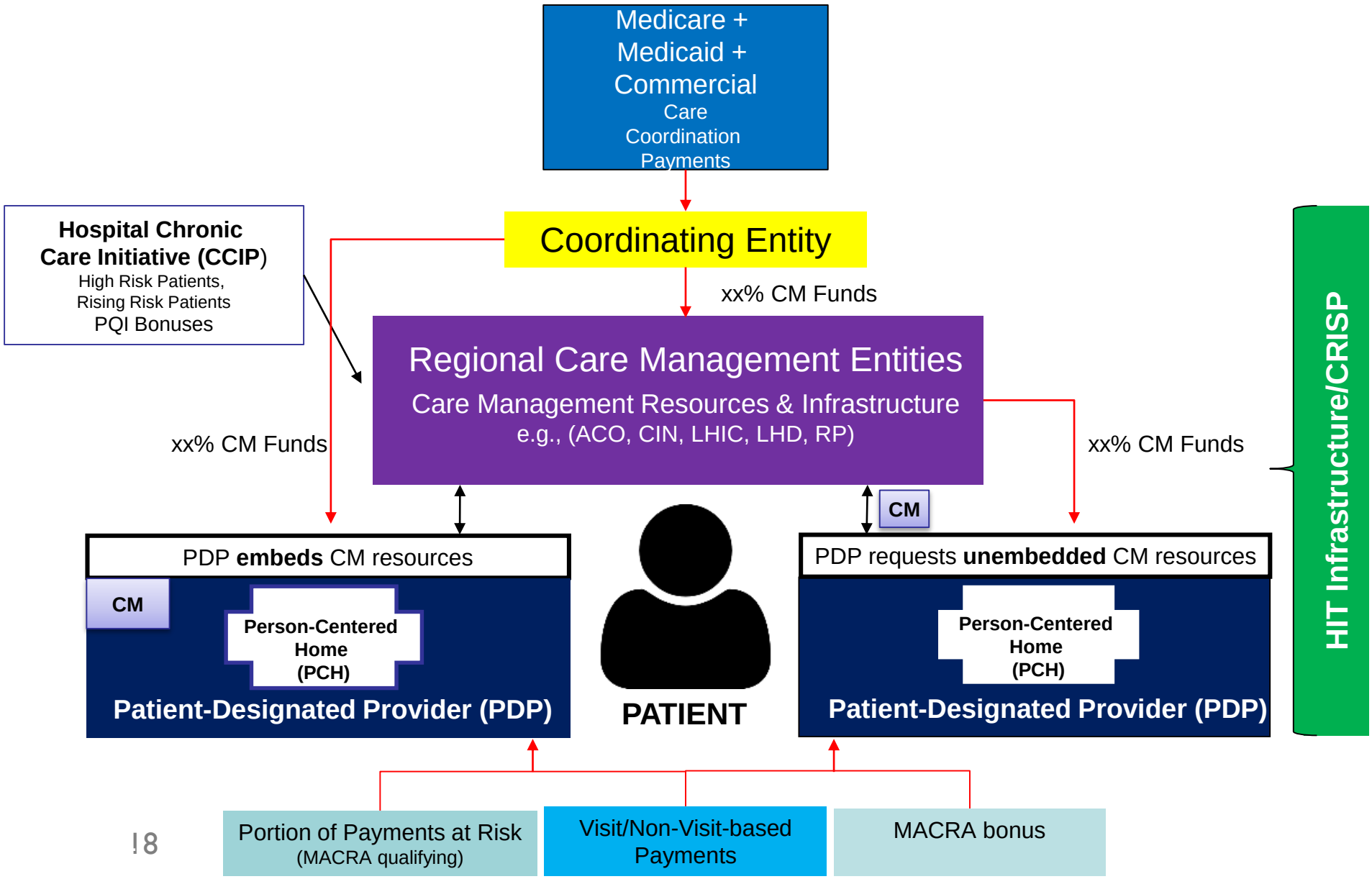
- HSCRC will monitor the implementation of the awarded grants through additional reporting requirements.
- HSCRC is also recommending that a schedule of savings be remitted to payers through the global budget on the following schedule.
  - (Savings represent the below percentage of the award amount)

FY2018	FY2019	FY2020
10%	20%	30%

  - A Second Round of partial rate funding was provided to 5 proposals
    - Efficacious individual projects
    - Support promising regional Partnerships

Partnership Group Name	Award Request	Award Recommendation	Hospital(s) in Proposal - Purpose of Award
Calvert Memorial	$ 361,927.00	$ 360,424.00	Calvert Memorial Hospital
Lifebridge Health System	$ 6,751,982.00	$ 1,350,396.00	Carroll Hospital Northwest Hospital Sinai Hospital - 24-hour call center/care coordination hub - Efforts to enable seniors to age in place - Tele-psychiatry capability expansion
Peninsula Regional	$ 3,926,412.00	$ 1,570,565.00	Atlantic General Hospital McCready Memorial Hospital Peninsula Regional Medical Center - Inter-Hospital Care Coordination Efforts - Patient Engagement and Activation Efforts - Crisfield Clinic - Wagner Van
Totally Linking Care – Southern MD	$ 6,211,906.00	$ 1,200,000.00	Calvert Memorial Hospital Doctor's Community Hospital Fort Washington Medical Center Laurel Regional Hospital MedStar Southern Maryland Hospital MedStar St. Mary's Hospital Prince George's Hospital Center - Support the continuation of the regional partnership - Reinforce care coordination with special focus on medication management - Support physician practices providing care to high-needs patients
West Baltimore Collaborative	$ 9,902,774.00	$ 1,980,555.00	Bon Secours Hospital St. Agnes Hospital University of Maryland Medical Center UMMC – Midtown Campus - Patient-related expenditures - Care Management Teams, particularly focused on primary care - Collaboration and sharing resources with community providers
	$27,154,371.00	$ 6,461,940.00	

Maryland Primary Care Model



Key Elements of the Model

- **Primary Care Home/ Patient-designated Provider** –
  - The most appropriate provider to manage the care of each patient, provides preventive services, coordinates care across the care continuum, and ensures enhanced access.
  - Practice – means an individual provider or group of providers that deliver care as a team to a panel of patients. Practices may span multiple physical sites in the community
- **Regional Care Management** – Organization that coordinates and provides resources for care management within a region- leveraging existing resources such as ACOs, CINs, LHICs and other regional healthcare programs
- Coordinating Entity- State sponsored, advisory board managed entity for accounting and program analytics
- **Incenting Value-based Care**
  - Payers
    - CM Funding
    - Funding for Quality and Utilization Improvement
    - Upfront non-Visit based payments- facilitates alternative care delivery
  - Hospitals - chronic Care bonus pool alignment with community
- **Population Health Management/HIT** – key data exchanged to all care participants through CRISP, using tools and analytics for risk stratification, improved care, and efficient connection to other services

How Can HEZs participate?

- Contact awardees and participating hospitals
  - Show data on hospital utilization
  - Work with CRISP and the hospital on accessing data for the population
- If patients in HEZs have multiple chronic illnesses and have a high proportion of Medicare patients, there is an incentive for hospitals to work with organizations that can help with:
  - Care Coordination Activities
  - Provider Alignment
  - Addressing Social Determinants