Beyond the Headlines: the Future of Health Care Reform

MedChi House of Delegates
April 30, 2017

Maryland Hospital Association

Overview

- Federal health care landscape
- The Maryland All-Payer Model
- Where we go from here

Federal Landscape

Affordable Care Act

- Coverage mandates
  - Individual
  - Employer
  - Subsidies
- Insurance reforms
  - Exchanges
  - Non-discrimination
- Medicaid expansion
  - At federal expense

Federal Landscape

American Health Care Act

- Insurance market “fixes”
  - Cost sharing reduction payments
  - Lower premiums: state waivers
    - Community rating
    - Essential health benefits
- State innovation
- Medicaid restructuring
  - Block grants
  - Per capita caps

Medicaid Block Grants

Block Grants:

- Annual, fixed amount tied to a base year
- Frozen or indexed
- Do not take enrollment growth into account
- In the aggregate or by eligibility category
- May or may not have a state spending requirement
- Funding certainty for feds; shifts enrollment and cost risk to states

Medicaid Per Capita Caps

Per Capita Caps:

- Caps on federal spending per enrollee tied to a base year
- In the aggregate or by eligibility category
- Typically requires a state match
- Shifts risk of higher costs, but not enrollment, to states

Maryland All-Payer Model (Waiver)

- All-payer system
  - All pay same price for same service at same hospital
- Rate setting system
  - State commission sets hospital rates
- Federal Medicare payment rules had to be “waived”
- Brings over $2 billion per year to Maryland
- Entered into new demonstration with CMS in 2014; in year four of the five year agreement

Maryland Waiver Requirements

- **Three financial metrics:**
  - Annual hospital spending cap – 3.58% per capita
  - Medicare savings target - $330 million in five years
  - Growth in Maryland spending (hospital and non-hospital spending) cannot exceed the nation

- **Two quality metrics:**
  - Reduce 30-day readmissions to national average
  - Reduce complications by 30% in five years

- **Tells us what to do; not how to do it**
  - Maryland decision: hospital global budgets

Maryland Waiver Performance Dashboard

Cumulative Performance – Jan 2014 to Most Recent Data Available

Data contain summaries provided by the federal government that have been prepared for Maryland, but are not official federal data. Data are preliminary and contain lags in claims. There may be material differences in results when final data are received.

Triple Aim


Improving the patient experience of care
Improving the health of populations
Reducing the per capita cost of healthcare

New Incentives

Changes how hospitals are paid to reward the right things

- Success under the new rules requires
  - cost reduction
  - care for patients in the community
  - care in lower cost setting
  - reduce unnecessary care
  - care coordination
- The key: population health management

Population Health Management

Changes How Hospitals Think

- Do more to earn more → Rewards efficiency and quality
- Care for individual patient → Care for entire population
- Acute care → Ambulatory care → Community care
- Competition → Collaboration
- Hospital care → Health care

Population Health Management

Changes How Providers Interact

- Align incentives: physicians, nursing homes, hospitals
  - Employment
  - Joint ventures
  - Partnerships
  - Accountable Care Organizations
  - New options:
    - Hospital Care Improvement Program (HCIP)
    - Complex and Chronic Care Improvement Program (CCIP)
    - Other programs (e.g. post acute care alignment) to be developed

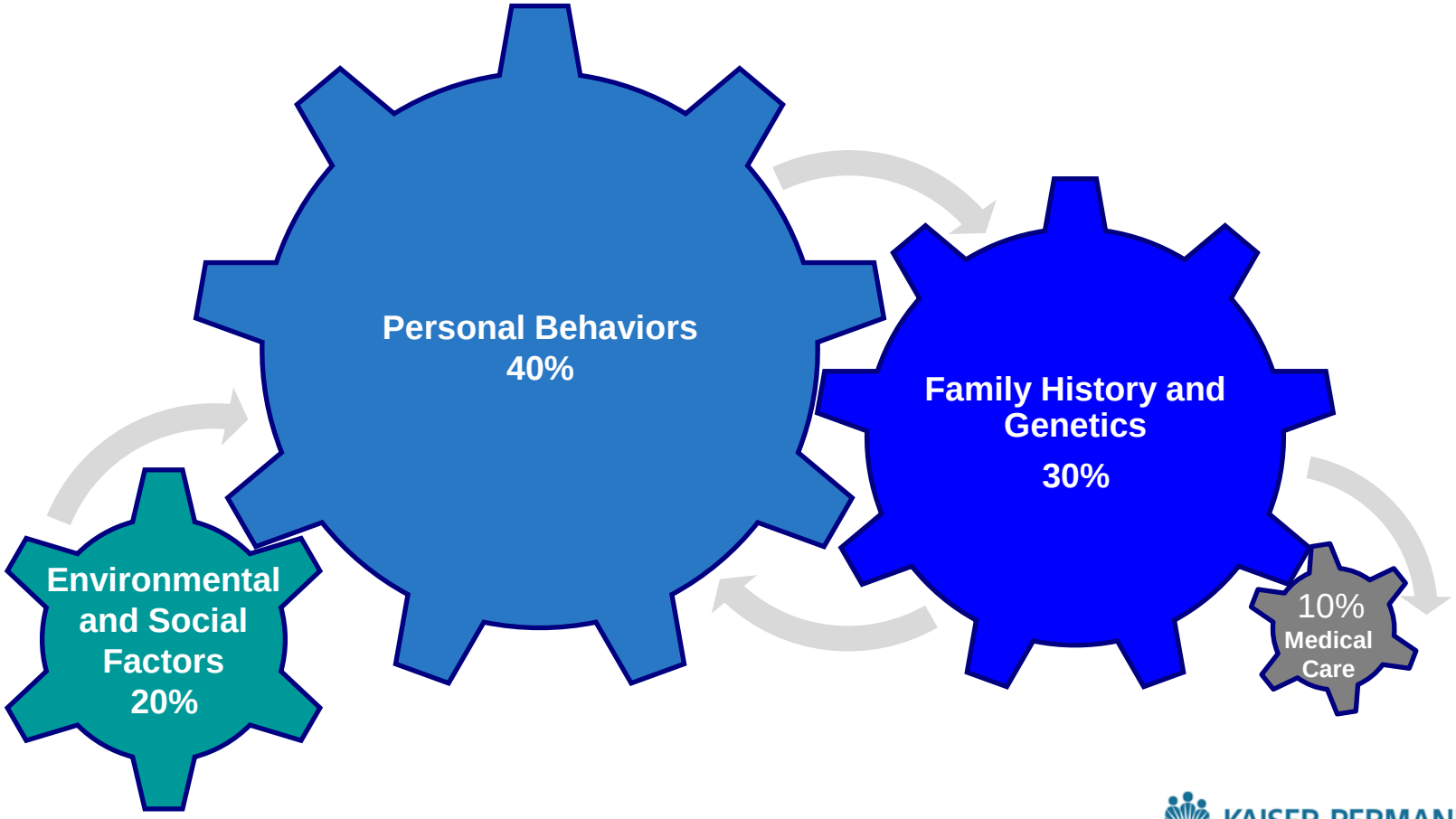
Population Health Management

Care Redesign Amendment

- Amendment to the Maryland model; approval imminent
- Can qualify Maryland as an advanced APM for MACRA
- Implementation protocols-program specifics (good)
- 51-page legal participation agreement (bad)
  - Significant hospital concerns; unwilling to sign as is
- Revised performance periods:
  - July 1 – Dec 31, 2017
  - Jan 1 – Dec 31, 2018
- Changes to agreement and basic program design
  - Which changes and how fast

Health is About More Than Clinical Care

Health is driven by multiple factors that are intricately linked – of which medical care is one component.



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Source: Determinants of Health and Their Contribution to Premature Death, JAMA

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