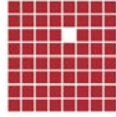




American Academy of Pediatrics
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Maryland Chapter



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MDCSCO
MARYLAND/DISTRICT OF COLUMBIA
SOCIETY OF CLINICAL ONCOLOGY

July 30, 2012

The Honorable Joshua Sharfstein, MD
Secretary, Department of Health and Mental Hygiene
201 West Preston
Baltimore, MD 21201

Re: New payment models and the waiver

Dear Dr. Sharfstein:

The various physician groups and MedChi understand the need for better management of healthcare costs, improved quality of care, and the need for payment reform.

There is no better evidence to demonstrate the Physician/MedChi commitment to this cause than the recent announcement of three Maryland ACOs co-sponsored by MedChi that were approved last week. However, as Maryland moves forward with new payment models and modernizes the waiver we want to stress to policymakers the need to be careful with any bundled payment programs that affect payments for professional services.

Organized medicine recommends the following principles with regard to bundled payment programs in Maryland:

- Continue the current Total Patient Revenue and Preventable Readmission facility fee bundling programs.

- Inclusion of gain sharing with physicians as a new tool for facility fee bundled payment programs.
- Use measures in the waiver that ease and increase participation in the Medicare ACO program.
- Support of new programs and innovations to create incentives to improve Medicaid in the unregulated outpatient system.
- That special tort protection be granted to physicians in bundled payment models. The cost and risk of defensive medicine must be addressed.
- Bundled payment programs for professional services would create tension between hospitals and physicians, and negative incentives for the system, increase costs, and generally increase the risk to the waiver, and should not be implemented.

We hope to be involved in the waiver process with regard to this issue and the Governor's physician loan program. As you are know, we started that process with the meeting we had at MedChi with HSCRC staff a couple of weeks ago. Please keep us informed and let us know how we can help in your attempts to protect and improve Maryland health care.

Sincerely,



Harry Ajrawat, M.D.
President
MedChi, The Maryland State Medical Society



Scott Krugman, M.D., FAAP
President
Maryland Chapter, American Academy of Pediatrics



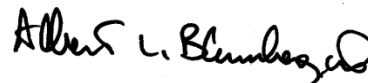
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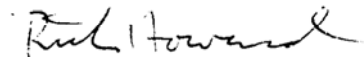
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CC: Maryland Congressional Delegation
Health Services Cost Review Commission