

June 2, 2016

The Honorable Nelson Sabatini, Chair
Health Services Cost Review Commission
4160 Patterson Avenue
Baltimore, MD 21215
Sent Via Email to Donna.Kinzer@maryland.gov

Re: June 2016 Hospital Update Factor

Dear Chairman Sabatini,

MedChi, The Maryland State Medical Society, on behalf of Maryland physicians makes the following comments regarding the hospital update factor currently under consideration by the HSCRC.

MedChi typically has not taken a position on the HSCRC update process. Historically, it has been seen as a hospital issue, but this view is changing as the impact and reach of the waiver evolves. MedChi strongly feels physician issues need to be considered as the update is developed given the fact the new waiver requires physician alignment and the next phase is intended to include us in some manner.

There are several factors that must be considered while the Commission decides what to do with the hospital update: the CMS blueprint requirement at the end of the year, MACRA, gainsharing and the alignment issues this past legislative session.

1. The waiver contract requires a blueprint for phase two by the end of the year. MedChi has consistently opposed a straight rate setting system for physicians. However, we have been willing and working with the HSCRC and others to create alignment with gainsharing and other economic incentives for physicians. It is clear nationally that value-based payment models driven by physician innovation have been the most successful with regard to achieving the goals of the Triple Aim. While the Maryland Hospital Association has suggested breaching the contract and not turning in the contractually required blueprint, MedChi disagrees with that position.

We would ask the State to present to CMS a blueprint that includes a plan on alignment for physicians and other community providers with hospitals based on gainsharing and other economic incentives. However, somewhat in contrast to past strategies, we feel that in addition to hospital alignment physicians should be able to develop and implement value based models independently of hospitals when necessary. The HSCRC, in its role as a facilitator, should consider the development of a model such as an innovation center that can provide funding, oversight and data analytics. This would allow for the accelerated deployment of the necessary provider alignment strategies that will be instrumental in the success of the future phases of the waiver.

2. The second and bigger issue for physicians is the Sustainable Growth Rate fix (SGR fix legislation also called MACRA). All physicians as a result of the federal MACRA legislation must be in an

advanced payment model (APM) by the end of the year, but several innovative payment models have not been allowed in Maryland as the result of our waiver. For example, the joint replacement innovation or (CJR) was not implemented in Maryland. The MACRA legislation presents a unique opportunity to align physicians and hospitals by linking payments to both quality and costs. Physicians are concerned that they will lose five percent or more on Medicare payments if Maryland doesn't quickly address this issue.

It is probable that the current waiver can be utilized to allow hospitals and providers to work as a team to meet the requirements stipulated under MACRA, particularly the MIPS program. In addition, potentially through an innovation center, alternative payment models (bearing more than nominal risk) can be piloted and deployed allowing providers with higher risk tolerance the opportunity to share in more of the upside potential created thru MACRA. **MedChi would ask that the HSCRC as well as other relevant stakeholders come up with a plan to address MACRA in Maryland and present those issues to CMS.**

3. Finally, we believe the alignment strategies already developed need to be addressed. The physician community as well as the Commission has been working with stakeholders in good faith for over two years on several gainsharing programs that are currently under consideration by CMS. **MedChi continues to support the two alignment programs, and required designation language. Any viable update must address the importance of supporting physician innovation and alignment.**

MedChi supports an update that covers the inflationary expenses of hospitals. However, MedChi urges the HSCRC to tie any update factor beyond the staff recommendation to the commitment of hospitals to make progress in these three important policy areas. MedChi would ask that the HSCRC articulate a plan to address these three issues as part of the update. We strongly believe that the waiver must provide the opportunity for physician led innovation and alignment.

Sincerely,



Gene M. Ransom, III
Chief Executive Officer

cc: Members of the HSCRC