



The Maryland State Medical Society

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MEDCHI RELEASES COMMENTS ON MEDICARE WAIVER APPLICATION

BALTIMORE, October 7, 2011 – Today the State's largest physician organization, MedChi, The Maryland State Medical Society, released comments on the State Medicare Waiver application. Maryland is the only state with an all-payer system of hospital finance, which is overseen by the Health Services Cost Review Commission (HSCRC). The State of Maryland, led by the Department of Health, is pursuing efforts to modernize this system. A new proposal must be accepted and approved by the Center for Medicare and Medicaid Services (CMS) in the U.S. Department of Health and Human Services.

First, and foremost, MedChi has been opposed to any bundling of physician professional fees in this waiver application. MedChi applauds the HSCRC for clearly limiting this waiver's applicability to facility fees for the first five years. MedChi CEO Gene Ransom wrote "this will ensure that the State can address issues relative to gain-sharing and other mechanisms for system reform in a manner that balances the risks and benefits of various approaches in an environment that does not create tension between facilities and physicians or otherwise causes unfair and an unjustified leverage by hospitals over the practice of medicine. "

MedChi raised two specific concerns relative to this application.

- The waiver document fails to provide a funding mechanism for the loan assistance repayment program. Maryland enacted a state specific loan repayment program in 2009 to address the well-documented physician shortage. Gene Ransom MedChi CEO explained "MedChi is extremely disappointed that the State did not utilize the waiver to advance a funding mechanism."
- Gain-sharing mechanisms and other payment mechanisms for incentivizing broad system reform should be developed through a stakeholder process that includes broad physician participation. While physician professional services are not included in the institutional reforms presented in this waiver, the waiver clearly reflects the State's interest in ultimately moving toward more comprehensive system reform that includes payment models and system designs involving services that are both institutional and community based. To that end, MedChi urges the HSCRC to immediately begin stakeholder consideration of gain-sharing mechanisms that create positive incentives for physician alignment with the institutional reforms reflected in the waiver. Absent a focused effort that commences concurrent with the new waiver implementation, hospitals may be incented to adopt policies that create unnecessary and counterproductive tension between physicians and institutions that could lead to increased costs, decreased quality and put at risk the success of the waiver.

Ransom went on to say "MedChi believes the proposed waiver application holds great possibility for positive reform that improves both cost trends and quality outcomes. However, its ultimate success relies on a critical balance of often competing interests. Physician involvement, alignment and support are essential if success is to be realized." MedChi looks forward to working on the issues of gain-sharing and physician incentives that must follow the submission of this application.

About MedChi

MedChi, The Maryland State Medical Society is a non-profit membership association of Maryland physicians. It is the largest physician organization in Maryland. The mission of MedChi is to serve as Maryland's foremost advocate and resource for physicians, their patients and the public health of Maryland. For more information, please visit www.medchi.org.