

VALUE-BASED CONTRACTING: THE MARYLAND MODEL

**A Bold Initiative to Control Cost Growth,
Improve Quality and Make People Healthier**



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Conflicts of Interest Disclosure

Mike Robbins has no real or apparent conflict of interest(s).

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NEW MODEL IS UNIQUE TO MARYLAND




**Healthier People &
Economically Sustainable
Health System**

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BIG GOALS: BETTER CARE, BETTER HEALTH




Individual Health Improvement

Accessability & Convenience

Efficiency & Affordability

Healthy Communities


WHOLE PERSON CARE

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SIX KEYS TO UNLOCK VALUE

1	Global Hospital Budgets	No incentive to deliver more than needed care
2	All-Payer Hospital Rates	Cost burdens shared equitably by all payers
3	Total Cost of Care Accountability	Hospitals each responsible for attributed lives
4	Shared Provider Incentives	Programs designed to align all care partners
5	Population Health Goals	Care for communities, not just individuals
6	Quality of Care Incentives	Hospitals rewarded for hitting quality targets

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1. GLOBAL BUDGETS REWARD EFFICIENCY

Preset annual hospital inpatient and outpatient revenue budget

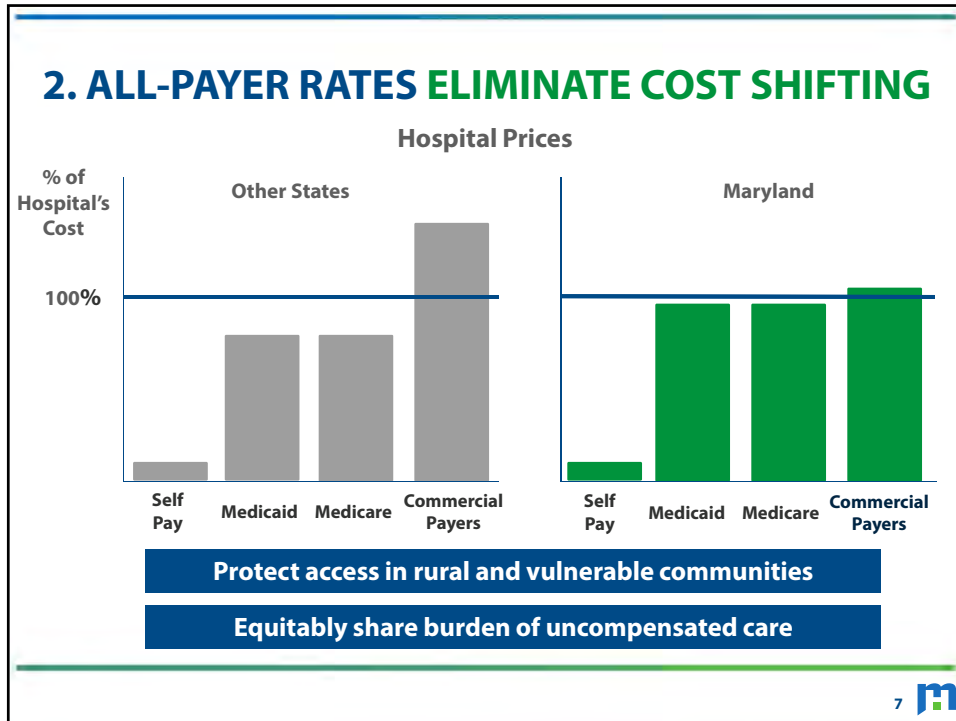
Incentivizes preventive care to avert hospital use

Hospitals may reinvest savings in prevention

Maintains quality controls to uphold performance

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3. TOTAL COST OF CARE RISK

- Medicare FFS beneficiaries attributed to hospital
- Target aggregate spend for all Parts A and B services
- Gain/Loss opportunity = 1% of hospital's Medicare revenue

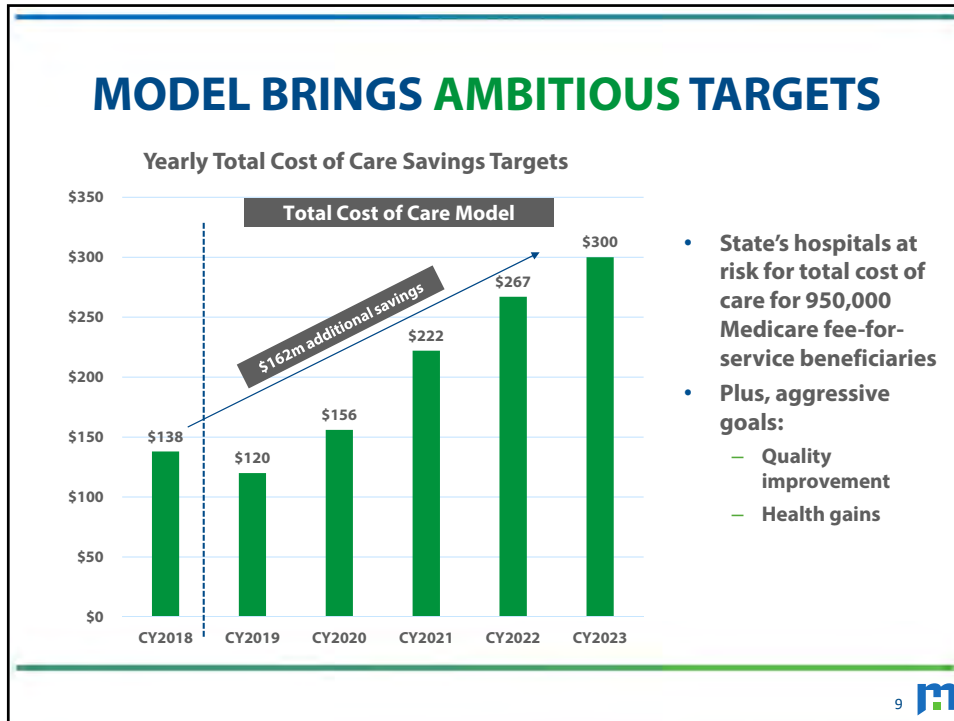
Promotes keeping people – and populations – well

Encourages partnering for whole-person, longitudinal care

Drives care to most appropriate, least costly settings

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4. SHARED INCENTIVES BOOST COLLABORATION

Finding Hospital Efficiencies

- **Goal:** Drive improvements and cost savings in hospital care
- **Players:** Hospitals and care partners practicing at hospitals
- **Benefit:** Physicians may share in efficiency gains

Hospital Care Improvement Program (eff. July 2017)

Managing Patients with Chronic Illness

- **Goal:** Enhance care management and coordination
- **Players:** Hospitals and community-based providers
- **Benefit:** Shared resources and information improve quality and reduce costs

Complex & Chronic Care Improvement Program (eff. July 2017)

Connecting Providers to Treat Episodes of Care

- **Goal:** Align care across all settings, with focus on care post-discharge
- **Players:** Hospitals and care partners across the continuum
- **Benefit:** Hospitals may share incentives with efficient partners

Episode Care Improvement Program (eff. Jan. 2019)

Primary Care Doctors Guiding Patients

- **Goal:** Restore focus on primary care
- **Players:** Primary care physicians and some specialists working with supportive organizations
- **Benefit:** Additional resources to support new modes of care delivery and performance improvement

MDPCP: Maryland Primary Care Program (eff. Jan. 2019)

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5. POPULATION HEALTH – BEYOND ONE PATIENT

PREVENT CHRONIC CONDITIONS

- Diabetes
- Heart disease
- ...more

REDUCE WIDESPREAD HARMS

- Falls in elderly
- Opioid overdoses

Promotes hospital investments in community-based care

Motivates integration of physical & behavioral care

Demands attention to social determinants of health

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6. INCENTIVES AIM TO RAISE QUALITY OF CARE

- Hospital incentives apply across all payers
- More than 7% of inpatient revenue at risk

End patient harms occurring in health facilities

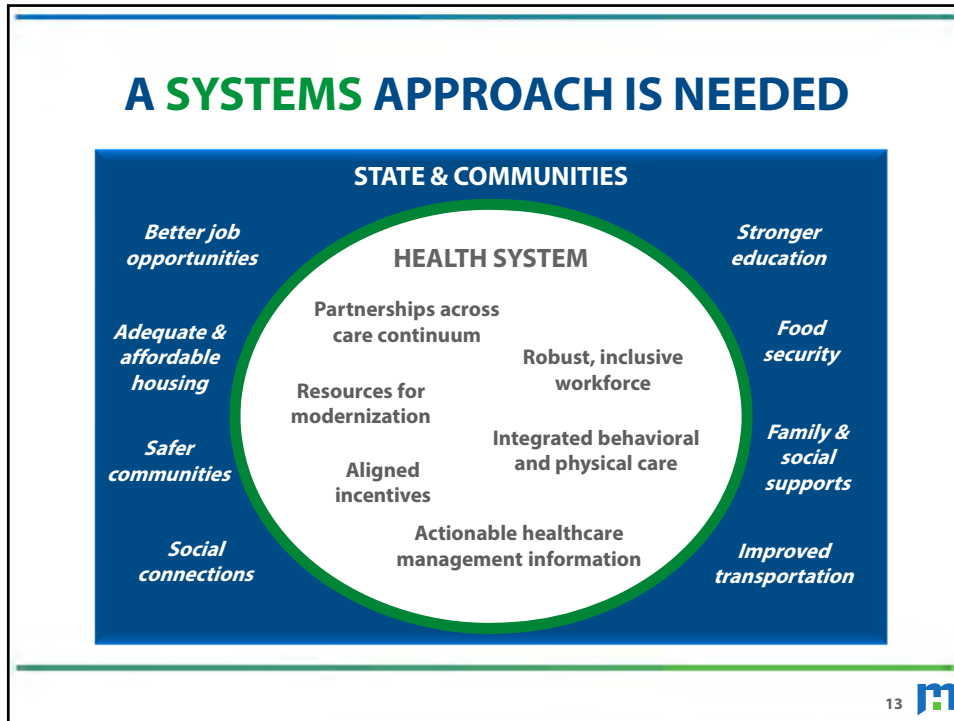
Reduce avoidable care ... for manageable conditions

Enhance coordination across care settings, and beyond

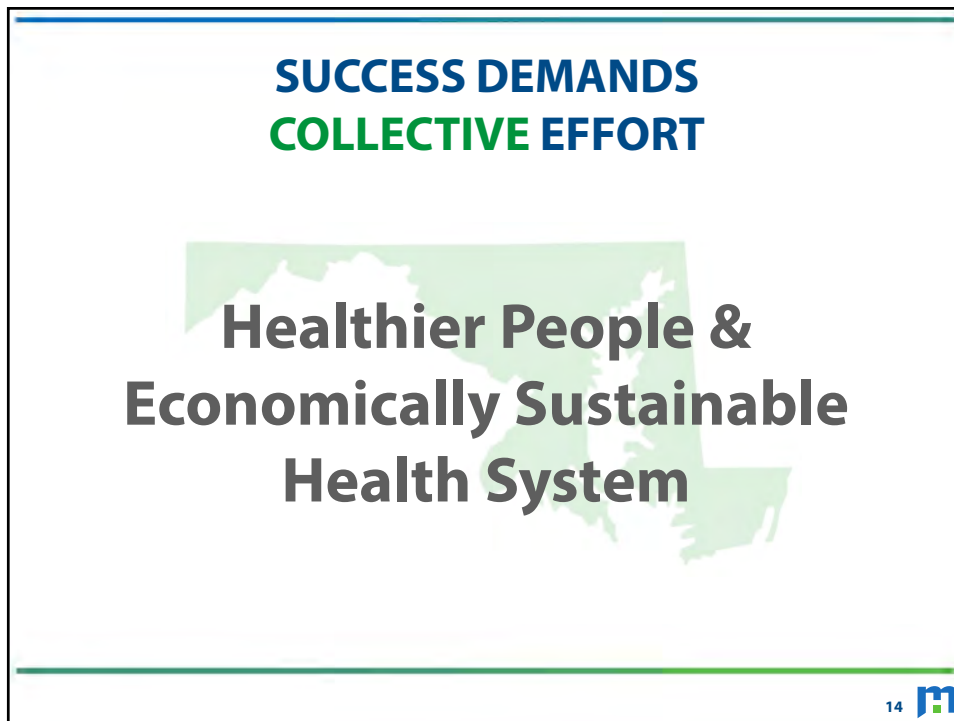
Engage patients in improving care experience and health

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Hospital Global Budgets: How They Work

- The Maryland Global Budget Revenue (GBR) agreements establish a fixed amount of regulated charges for each hospital. The cap was based on FY2013 experience, with certain adjustments and allowances for infrastructure investments for reducing avoidable utilization and investing in population health management

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Hospital Global Budgets: How They Work

- Under GBR, hospitals receive annual adjustments for:
 - Inflation
 - Change in markup (payer mix and UCC via the UCC pool)
 - Population/Demographics
 - Impact of Commission's Quality-Based Payment Programs
- There are no explicit adjustments for changes in:
 - Volume (I/P or O/P)
 - Case Mix/Severity

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Hospital Global Budgets: How They Work

- **GBR arrangements are designed to encourage efficient and effective service delivery**
 - Right patient, right time, right setting
 - Reduce or eliminate “potentially avoidable utilization” or PAU
 - PAU’s include several types of volumes: Readmissions, PPC’s and AHRQ’s Prevention Quality Indicators (PQI; Patients admitted for ambulatory sensitive conditions), 30 day observation and ED re-encounters, etc.
 - Deliver care in the lowest cost setting
 - Monitor and emphasize quality measures to prevent quality decline
 - Hospital billing: Fee for service, unit rates are adjusted up or down based on ability to change PAUs within total global budget

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Hospital Global Budgets: How They Work

- **Global Budget Model**
 - Provides fixed revenue base on an annual basis for inpatient and outpatient regulated revenue
 - Changes the long-standing incentives that have been in-place regarding volume
 - Maintains long-standing commitment to access to care through equitable funding of uncompensated care
 - Forces hospitals to rethink, and redesign, strategic and operating plans

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