Maryland’s New All-Payer Model: What a Revolution Feels Like

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The New All Payer Model

- Growth in hospital revenues capped at 3.58% a year plus population growth.
- Larger savings for Medicare ($330 million over 5 years compared to growth for the rest of the country).
- Global revenue caps for all hospitals in the state for almost all hospital programs except physicians.
- Proposal due in 2017 to extend the model to all health care costs in Maryland.
The Fundamental Theorem

The required savings can be achieved by

- Reducing care that is bad for patients such as healthcare-acquired conditions, readmissions, and prevention quality indicator admissions, and

- Increasing care that is good for patients such as prevention, effective management of chronic disease, and care that is responsive to patient and family preferences.
Monthly Risk-Adjusted Readmission Rates

Note: Based on final data for January 2013 - June 2014 and preliminary data for July -September 2014.
Monthly Risk-Adjusted PPC Rates

Note: Based on final data for January 2013 - June 2014 and preliminary data for July - September 2014.
HSCRC Core Mission

- Core mission is to set rates that allow an efficient hospital to be profitable and to assure that the services justify the rates – that is, are of adequate quality.
- Uses an advisory council and workgroups to help it find the best ways.
- HSCRC has responsibility and statutory authority to make this model work financially.
Limits of the Core Mission

- HSCRC does not have the statutory authority to require some activities that are vital to clinical success of the new all-payer model.
  - Alignment of physician and hospital incentives
  - Coordination of care among providers
  - Use of patient-owned care plans
- In these areas HSCRC can only succeed by working with stakeholders and State agencies as a convener, catalyst, and partner.
HSCRC Partnerships

- **Care Coordination:** Support short- and long-term strategies to integrate care for the most vulnerable and for all patients.

- **Clinical Improvement:** Support selected strategies for reducing useless/hazardous services.

- **Consumer Voice:** Support consumer engagement and skill development.

- **Physician Participation:** Support implementation of physician alignment/engagement models.
Organization for Planning: Phase 2

Advisory Council

HSCRC Commissioners & Staff

HSCRC FUNCTIONS

Payment
Payment Models Workgroup

Performance Improvement
Measurement Workgroup

PARTNERSHIP ACTIVITIES
Multi-Agency and Stakeholder Groups

Care Coordination Workgroup

Consumer Engagement, Outreach & Education Workgroup

Alignment Models Workgroup
End