MPA Framework:
Final Recommendation

October 16, 2019

HSCRC
Health Services Cost Review Commission

Overview of the MPA Framework

The Savings Component

- The Savings Component can be used to achieve the $300 million Medicare savings target on a Medicare specific basis.
- Staff do not recommend a cut for the first half of CY20.

The Reconciliation Component

- The Reconciliation Components will make payments for quantifiable Medicare TCOC reductions through Care Transformation Initiatives.
- The net reconciliation payments to individual hospitals will be offset across all hospitals to maintain net savings and incent participation.

- This is the new terminology that has replaced the MPA Efficiency Component (MPA-EC).

Comments on the Purpose of the Savings Component

- Stakeholders expressed support for the use of the MPA-SC to meet the Medicare savings targets.
  - All stakeholders agreed that the MPA-SC would not be necessary to meet the savings target in the first half of 2020
  - Some stakeholders emphasize that the MPA-SC should be paired with an emphasis on efficiency which would mitigate the impact on hospitals with high Medicare share

Commenter	Feedback	HSCRC Response
CareFirst	• Supported the MPA-SC • Noted their initial concerns had been satisfied by setting the update factor equal to the lesser of inflation and national Medicare TCOC growth for FY19	• None needed
MHA	• Suggested the MPA-SC could increase Medicare payments to hospitals	• HSCRC staff do not support the use of the MPA-SC to increase Medicare payments • Will reconsider the need for the MPA-RC Offset assuming universal and substantial participation in CTIs

Comments on the Principles of Reconciliation Component

- All stakeholders (JHHS, UMMS, AAMC, CareFirst, Rockburn, & MHA) expressed support for the general principles of the MPA-RC, which include:
  - Incentives to hospitals to develop care transformation initiatives and reduce Medicare TCOC
  - Understanding individual hospital effort and success at reducing TCOC
  - Identify and penalize free-riders

Comments on the Use of the MPA-RC Offset

- Some stakeholders expressed concern about the effect of the MPA-RC Offset.

Commenter	Feedback	HSCRC Response
JHHS	• Concern that hospitals 'unsuccessful' with their CTI would fund hospitals with successful CTI but standards unclear	• An unsuccessful CTI is one that does not produce any TCOC savings. Non-participating hospitals and unsuccessful hospitals will be treated equally.
UMMS	• Concern that hospitals 'unsuccessful' with their CTI would fund hospitals with successful CTI but standards unclear • Hospitals that serve populations with complex needs may be disadvantaged by a lack of opportunity to produce savings	
AAMC	• Exposure to the MPA-RC Offset should be capped	• HSCRC staff considers the offset necessary to address the free-rider problem but will monitor the impact and evaluate reducing the offset over time

Comments on the CTI Methodology

- Some commenters expressed their concern about limitations in the scope of the current CTI policy, including:

Comment	JHHS	UMMS	AAMC	CareFirst	MHA
Limiting triggers to claims-related events / Intent-to-treat Estimates	✓	✓			
Needing to include public health investments	✓	✓	✓	✓	
Lacking inclusion of other payers	✓		✓		
Using an earlier baseline than 2016	✓				✓

- The HSCRC staff recognize there are limitations with the current data availability (Medicare FFS claims back to 2016). The staff will work to expand the scope of the CTI policy by:
  - Inviting interested hospitals to give HSCRC access to their EHRs in order to create non-claims-based triggers
  - Inviting other payers to share their claims data in order to develop a similar approach
  - Working with stakeholders on modifications to the cost-reports to identify both CTI-related costs and large public health investments

Comments on CTI Timing and Approach

- Some stakeholders expressed concern about the timing and approach for finalizing the CTI process and requested the HSCRC staff:

Comment	JHHS	UMMS	MHA
Allow for more discussion of methodology, thematic groupings, triggering events, and episode durations before finalizing the policy	✓	✓	✓
Monitor performance rather than adding payments	✓	✓	
Discuss the overlap with other policies in more detail		✓	✓
Formalize CTI calculation methodology in a commission recommendation			✓

- The HSCRC will continue to discuss the methodology, CTI proposals, and discussion of the overlap with other policies through July 1st, 2020.
- However, HSCRC staff do not consider it feasible to delay an assessment of care transformation activities given that the timeline currently extends to July 2022, which is already towards the end of the TCOC Model.
- Staff has added detail on the CTI methodology in the appendix of the final recommendation and will release a stand-alone, comprehensive user guide.

Summary of Responses in Final Recommendation

- Inclusion of additional detail on the CTI methodology in Appendix 2
  - Explains the steps that will be taken to determine CTI savings
  - Further details will be available to the public through the CTI user guide and will go through TCOC Workgroup review and comment

- Offset - No change to current policy but plan to consider options potentially leading to future modifications through an amended policy prior to go live
  - Basing the offset on revenue at risk or the use of a cap but need to work through specifics to balance incentives and fairness.
  - Until substantial and universal CTI participation is demonstrated, the original MPA-RC offset will be assumed

Final Recommendations: MPA Framework

1. MPA-RC will be used to reward hospitals for Care Transformation savings (at up to 100% of savings) with reward payments offset across all hospitals.

2. Commission staff will continue to work with hospitals, providers, and other partners to develop Care Transformation Initiatives (CTIs). Qualifying CTIs will be made available to all hospitals to accelerate delivery system reform and encourage the sharing of best practices.

3. The Update Factor will be set to ensure that hospitals' Medicare payments do not exceed the Medicare total cost of care (TCOC) Guardrail, thereby constraining the growth of hospital costs for all payers in the system. No savings "cushion" will be provided to achieve Medicare savings, instead, the MPA-SC will be set to prospectively attain additional incremental savings necessary to achieve the $300 million Medicare savings target by CY 2023, if needed.

4. There will be no MPA-SC adjustment to hospital rates effective January 1, 2020 due to the total cost of care savings achieved through CY 2018.