

MARYLAND ON THE LEADING EDGE: TRANSFORMING HEALTH CARE



Reform Objectives

Opportunity
for Maryland
to be a
**NATIONAL
LEADER**
in health care

CHANGE
the way we
pay for and
provide
health care

BUILD
on the great
system we have
and make it
even better:

- *More affordable*
- *Safer*
- *A healthier
Maryland*

History

- MARYLAND – only state where hospitals don't decide how much to charge for care payment
- “All-Payer” system of hospital payment
- A 40-year agreement with Medicare
- Allows Maryland to “waive” Medicare payment rules, set rates hospitals charge
- Can keep as long as we meet waiver “test”
 - Growth in Medicare spending per hospital stay less than the nation

History

But 40-year-old waiver “test” was out of date

OLD

Inpatient care



Medicare only



Cost of care per hospital stay



NEW

All hospital care

All payers

Cost of care per person overall

New Waiver

- The state of Maryland, hospitals, and insurance companies partnered
- Applied to the federal government for a 5 year “demonstration project”



Starts with Hospital Care



- Work together to slow growth in spending for hospital care
- Continue Maryland's unique way of setting hospital prices
- Change how hospitals are paid, to reward the right things

Lower Cost

Annual
hospital
SPENDING
CAP –
3.58% per
capita

Medicare
SAVINGS
TARGET –
\$330 million
over 5 years

GROWTH in
Maryland
spending
per capita
cannot
exceed
nation

Safer



REDUCE READMISSIONS: patients who return to the hospital within 30 days of discharge

Maryland ranks poorly (almost last) – **49 of 51** states and D.C.

Bring Maryland readmission rates to **NATIONAL AVERAGE** in 5 years

Better, **SAFER** care

Safer



REDUCE INFECTIONS AND COMPLICATIONS:
patients who get sicker while in the hospital

Maryland
rates of
infection
HIGHER
than nation

REDUCE
infections and
complications
by 30% in
5 years

Better,
SAFER care

A Healthier Maryland



Change how hospitals are paid to reward the right things

- Volume – NO; **Value – YES**
- Success under new spending caps requires volume control & cost reduction
- The key: population health management
- Care for patients in the community in lower cost settings; reduce unnecessary care

Challenges



- Never been tried or tested before
- Hospitals in serious financial condition – 30% losing money today
- New hospital spending limits tight
- Will require hospitals to redefine themselves
- Will require communities to work together to keep people healthy
- Will require patients and families to truly engage in their care

Opportunities



- Continue our unique hospital rate-setting system
- More equitable care for low income and uninsured people
- Should lead to slower growth in insurance premiums
- Lead nation in reforming health care
- Statewide focus on quality and safety

Next Steps



- Rate-Setting Commission to put in place all the details
- Hospitals to invest in IT, care coordinators, and more to help manage community health
- All eyes on Maryland

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