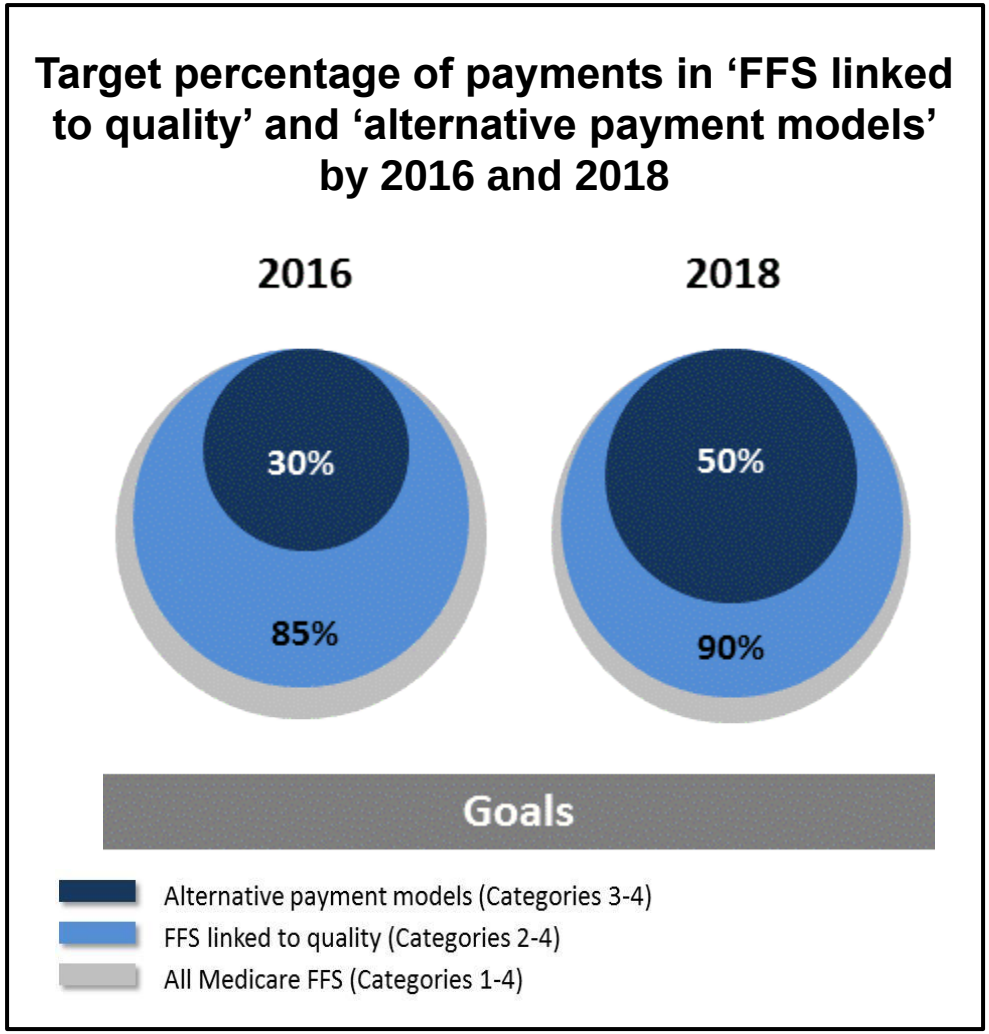
Centers for Medicare & Medicaid Services Regional Budget Payment Concept Request for Information

April 27, 2016

American Hospital Association

From Volume to Value

HHS Announcement



- **Triple Aim**
  - Better Care
  - Smarter Spending
  - Healthier People
- **Moving from volume to value**
  - Pay-for-performance initiatives
  - Alternative payment models

From Volume to Value

CMS Framework

Traditional FFS	Value-Based (Link to Quality)	Alternative Delivery Models	Population Health/ At Risk
	• Hospital VBP • Physician VM • Readmissions • HACs • Quality Reporting	• ACOs • Medical homes • Bundled payment • Comprehensive Primary Care initiative • Comprehensive ESRD	• Eligible Pioneer ACOs in years 3-5 • Global Budgets (Maryland hospitals)

Maryland All-Payer Model

Background

- **Maryland has been setting rates for hospital services since the mid-1970s through the Health Services Cost Review Commission**
- **Maryland hospitals are waived from the federal Medicare payment methods (the Medicare waiver)**
- **ALL payers in the state participate, making this a unique model for the country**

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Maryland All-Payer Model

New Model Demonstration

- Five-year demonstration for 2014-2018
- Facilitates the shift of hospital revenue to population-based payment such as hospital global budgets providing hospitals with the responsibility for managing cost of care for inpatient and outpatient hospital services
- All-payer total hospital per capital revenue growth ceiling capped at 3.58 percent
- Medicare payment savings must be a minimum of $330 million
- In addition, there are patient- and population-centered measures

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Regional Budget Concept

Request for Information

- **CMS seeking input on a concept that improves the delivery of patient-centered care and population health, reduces expenditures and includes a global budget**
- **Obtain input on the design of multi-payer, regionally-based payment approaches**
- **Build upon lessons learned from the Maryland All-Payer Model**
- **Responses should be submitted to: RegionalBudgetConcept@cms.hhs.org**
- **Due Friday, May 13, 2016**

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Regional Budget Concept

Global Budget

- **Prospectively establishes an annual budget for health care services delivered to patients by each participating provider**
- **Predictable revenue stream that could improve quality of care and cost efficiency**
- **Providers accountable for**
  - Spending associated with all (or most) health care services received by the population in a geographic area
  - Quality improvement at the individual and population levels
- **Multi-payer participation**

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Regional Budget Concept

Improve quality of care

including population health outcomes

Decrease health care cost

by providing clear revenue expectations so that providers may emphasize value-driven, rather than volume-driven care, and focus on transforming their health care system

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Regional Budget Concept

Key Considerations

- **Prospective budgets for specific geographic areas that may include Medicare and/or Medicaid savings**
- **Population health activities funded under the prospective global budget**
- **A potential rural hospital track that targets the specific needs and challenges of rural communities and providers**

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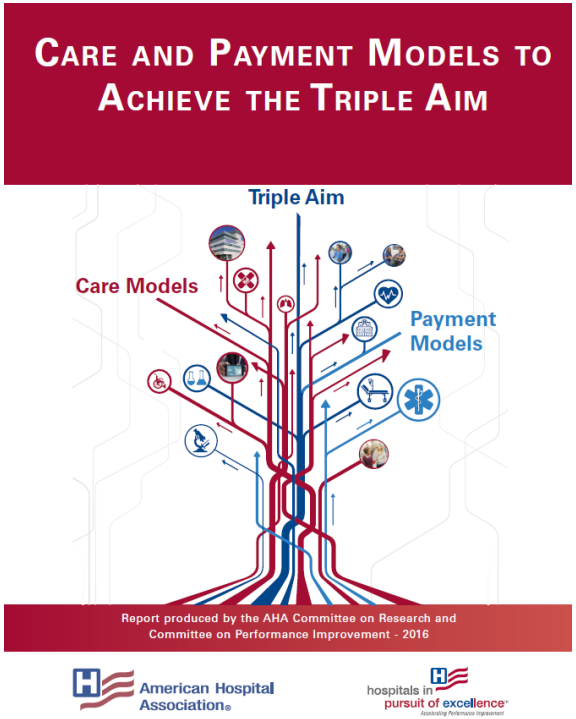
AHA Response

- **In progress…stay tuned**
- **Response will be guided by member feedback**
- **And the work of AHA work groups**
  - **AHA Committee on Research and Committee on Performance Improvement**
  - **AHA Task Force on Ensuring Access to Health Care in Vulnerable Communities**



AHA Response

Seven Principles for Redesign

1. Design the system with patients at the center
2. Empower patients with technology
3. Build care management and coordination systems
4. Integrate behavioral health and social determinants of health with physical health
5. Develop collaborative leadership and governance
6. Integrate care delivery into the community
7. Create a safe and highly-reliable health care organization

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AHA Response

Ensuring Access to Health Care in Vulnerable Communities Task Force

- Confirm the **characteristics and parameters** of vulnerable rural and urban communities by analyzing hospital financial and operational data and other information from qualitative sources where possible;

- Identify **emerging strategies, delivery models and payment models** for health care services in rural and urban areas;

- Identify **policies/issues at the federal level** that impede, or could create, an appropriate climate for transitioning to a different payment model or model of care delivery, as well as identify policies that should be maintained.

AHA Response

Ensuring Access to Health Care in Vulnerable Communities Task Force

- **Global budget model to cover all inpatient and outpatient services provided at a hospital**
- **Financial certainty and potentially fair payments for hospitals in vulnerable communities, as well as incentives to contain health care cost growth and improve quality**
- **Umbrella – providing a community with flexibility to provide care in a manner that best fits the circumstances**

Discussion Questions

1. **What types of providers would be interested in participating in this global budget concept? Specifically, should critical access hospitals be included?**

2. **What resources, support or other features would be necessary for rural hospitals or CAHs to participate in global budgets?**

3. **What can CMS do to help align partnerships between rural hospitals/CAHs and larger health care institutions that may provide support such as specialty care, information technology and quality improvement tools?**

4. **What population health activities should be incorporated?**

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