Executive Director's Report

Health Services Cost Review Commission

September 9, 2015

All-Payer Model Implementation

Embarking on Year 2 of Model implementation, the HSCRC has worked closely with stakeholders to develop strategies on four key pillars of activity for clinical improvement: statewide infrastructure, alignment, care coordination and integration, and consumer engagement.

Last month, we heard from CRISP regarding statewide infrastructure activities. We also heard from one of the consumer task forces. This month, we will hear from consumer task forces for a second time and receive a status report on regional partnership activities.

The HSCRC staff has released the RFP for Competitive Implementation Plans, after gaining stakeholder input, relative to the .25% that the Commission approved for FY 2016. This amount will be added to rates based on a review of applications to be submitted. Competitive transformation implementation awards are intended to support investments and activities related to partnerships, strategies, progress, and vision for care coordination and provider alignment in the State. Competitive transformation implementation awards will be available to any Maryland acute care or specialty hospital that submits a successful bid. Applicants will need to show current readiness to implement as well as a short term impact on reducing avoidable utilization, improving quality, improving coordination of care, and achieving a return on investment. The aggregate amount available for these awards is up to 0.25% of statewide revenue. More information can be found at:

http://www.hscrc.maryland.gov/rfp-implement.cfm

Staff has also released to hospitals and stakeholders the reporting requirements for the Strategic Hospital Transformation Plans (STP) that are due on December 7, 2015. These plans will describe each hospital's short-term and long-term strategy to support the goals of the all-payer model, particularly as they related to care coordination, care transitions and alignment.

http://www.hscrc.maryland.gov/documents/HSCRC_PolicyDocumentsReports/PolicyClarification/2015/20150828-Strategic-Plan-Final-memo-v1.pdf

I want to thank Steve Ports for his tremendous efforts in working with the transformation support process and getting this RFP to completion.

Analytics Progress

HSCRC staff, CRISP, the St. Paul Group (HSCRC's case mix data vendor), and SSS (HSCRC's Medicare data vendor) have been working together to develop and execute strategies to make analytic information more readily available for care coordination and monitoring.

- CRISP has been working on patient level reporting, including the production of analytic data with flags of Potentially Avoidable Utilization. These data should be available in a "trial" format in October. This effort is focused on bringing analytics and information to support care coordination enhancements. This allows for leveraging analytic information that is used for both regulatory purposes by HSCRC and for care coordination and monitoring purposes by providers and payers.
- St. Paul will develop preliminary and final quarterly reports of market shift. These will be provided to all hospitals. We will release a timeline for this process in the near term.
- HSCRC staff has been working on utilization trend analysis that combines data from hospitals' case-mix data, and includes analytic information added to the case-mix data by CRISP, The St. Paul's Group, and HSCRC staff. Staff will begin presenting some of this data to the Commission today.
- HSCRC staff and SSS have been working on reconciling the Medicare claims and enrollment data used to support the Medicare savings calculation requirement under the All Payer Model. We are pleased to report that the reconciliation process is now complete. We expect that CMMI will release results in the near term.

The HSCRC staff, CRISP, and our vendors have made significant progress in advancing analytics to support implementation of the Model. The HSCRC staff strategy is to engage CRISP and vendor support for executing these data and monitoring reports so that we can meet the needs of providers and payers as well as our regulatory needs. We look forward to receiving feedback on this process and needs from the stakeholders.

Many of our staff as well as stakeholders have been involved in this effort, which has required a great deal of coordination and teamwork. I want to especially thank Sule Gerovich and David Romans for their efforts in moving this process forward. It is now HSCRC staff's intention to focus analytic efforts on the Total Cost of Care, Cost and Utilization Per Capita, Episode costs, advancing outcomes, performance and efficiency measures, and improving current models. In executing this effort, we will need to work closely with MHCC (the APCD data sets), DHMH-Medicaid, and Medicare data. Progress in these areas is needed for measuring success under

the existing All Payer Model as well as preparing for increased focus on total cost of care, comprehensive outcomes, and opportunities for improvement outside of hospitals.

Performance and Efficiency Measurement

As indicated above, HSCRC staff is preparing to work with stakeholders on evaluation and development of performance measures. These will include HSCRC's quality programs, risk adjustment approaches for attainment measures for readmissions and other PAUs, and appropriate efficiency and productivity measures for the new All Payer Model.

HSCRC has awarded a multi-year contract for professional services support of these efforts. The organization process for this work has begun, and we are in the process of fleshing out a work plan for this effort.

ICD-10

ICD-10 implementation is due to take place beginning October 1, 2015. Hospitals and payers have been busily preparing for implementation. HSCRC staff has interacted with MHA work groups and has discussed implementation readiness with the Maryland Insurance Administration. While hospitals and payers have made strides in readiness, there is concern that physicians are not uniformly well prepared for implementation. Also, HFMA reported in August that CMS Results for the final round of preparedness testing for the ICD-10 code set switch showed stagnant acceptance rates below the Medicare average.

The third round of end-to-end Medicare claims testing achieved an 87 percent acceptance rate, which was similar to the 88 percent rate achieved in the second round of testing, reported in June. However, the results continued to lag behind the average 95 percent to 98 percent standard fee-for-service Medicare claim acceptance rates.

HSCRC staff will stay in close contact with MHA and the Maryland Insurance Administration during implementation. If we become aware of situations where claims are not being processed, we will take appropriate steps in conjunction with the MIA.

The performance measures consultant recently engaged by HSCRC will work with us to evaluate the impact of ICD-10 on our data. It is possible that we will experience increased data resubmission or data lags resulting from the conversion.

Planning and Implementation of Integrated Care Network (ICN) Activities

Funding Administration

Staff and CRISP have executed addenda to the prior MOU that detailed the initial 90-day planning process for state level ICN infrastructure and support. These addenda are temporary so that work may begin and vendors may be obtained to continue the progress that has been made thus far. Staff will continue to work with CRISP to help in the development of the products or deliverables, timelines, benchmarks, and dashboards for continued transparency and accountability related to the ICN infrastructure and support, initially budgeted at $6.2 million.

Staff Focus

HSCRC staff is currently focused on the following activities:

- Completing the rate orders for rate year 2016. Many rate orders have been issued. All hospitals have received files with draft revenue and rate calculations. Several rate orders have not been issued because we are still awaiting some adjustments that require data from hospitals. There will be a final reconciliation of GBR/TPR and rate compliance, QBR performance, and the oncology market shift adjustment. We will update the budgets and rate orders as needed once these calculations are finalized.
- Reviewing radiation therapy, infusion and chemotherapy market shift adjustments with stakeholders.
- Continuing the focus on waivers, alignment models, and state level, regional and hospital transformation planning and implementation.
- Reviewing Certificate of Need (CON) and rate applications that have been filed.
- Moving forward on updates to value-based performance measures, including efficiency measures.
- Turning to focus on per capita costs and total cost of care, for purposes of monitoring and also to progress toward a focus on outcomes and cost across the health care system.
- As previously reported, staff has released an RFP for support of the Phase 2 application development and application process with CMMI, which will be focused on transitioning the All-Payer Model to a greater focus on the total cost of care.

Summary of Interim Reports of the Regional Transformation Planning Grants

Nancy Jaeckels Kamp and Deborah Gracey of Health Management Associates will summarize the interim reports of the Regional Transformation Planning Grants.