ASCENDIENT
Strategy • Planning • Feasibility

Maryland HSCRC

2021 STRATEGIC PLANNING RETREAT

maryland
health services
cost review commission

August 26-27, 2021

Introductions

Exercise: Round-Robin

Introductions

Exercise: Test Poll

Retreat Agenda

Day 1: The Maryland Model

- Engagement Rules and Process Summary
- Summary of External Considerations and CMMI Perspective
- Review of Stakeholder Input
- Key Takeaways
- Future Strategic Vision

Day 2: The Maryland Model (cont'd) & HSCRC

- Summary of Day 1
- Initiatives to Support Vision
- HSCRC: Review of Stakeholder Input
- HSCRC: Key Takeaways
- HSCRC: Actions to Support Vision
- Wrap-Up

Engagement Rules and Process Summary

Engagement Rules - Proposed

1. Everyone participates, no one dominates
2. One conversation
3. Stay at the strategic level (out of operations)
4. Listen to understand
5. Articulate hidden assumptions
6. Challenge cherished beliefs
7. Use the parking lot
8. No beeps, buzzes, or rings
9. …
10. …

Process Summary

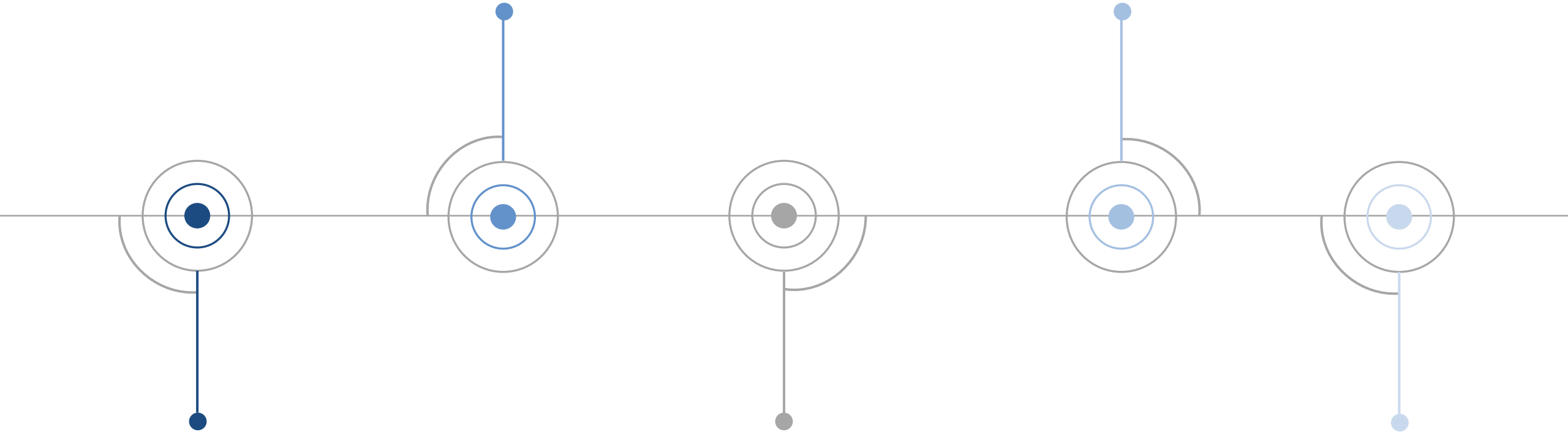
JUNE: Interviews with Commissioners and Staff

JULY: Web survey to external stakeholders

AUGUST: Commissioner and staff planning retreat

SEPTEMBER: Draft and finalize plan documents

OCTOBER: Presentation of plan documents

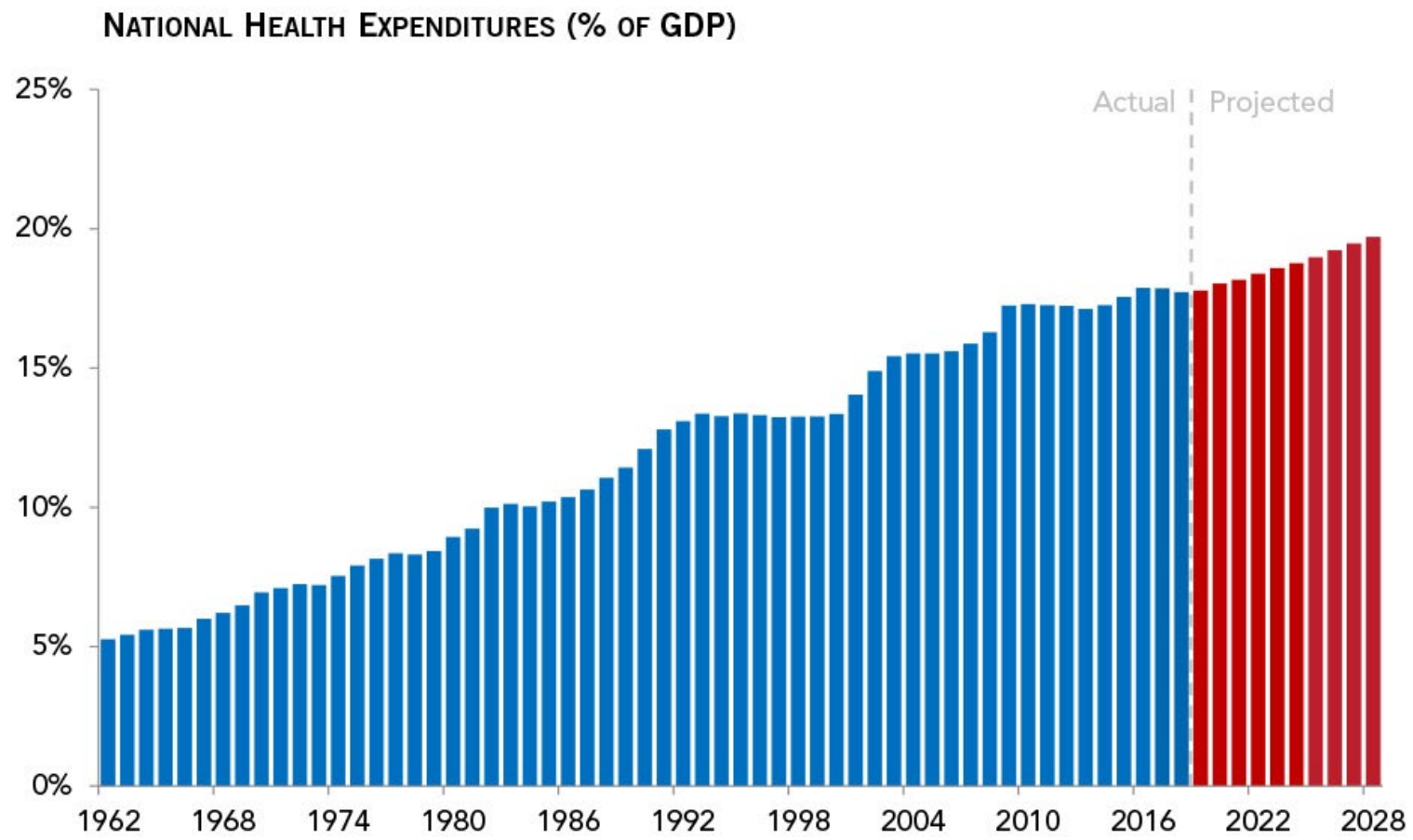


External Considerations

U.S. Health Expenditures

PETER G. PETERSON FOUNDATION

Healthcare costs in the United States have increased drastically over the past several decades



Healthcare costs are projected to make up **20%** of GDP by 2028.

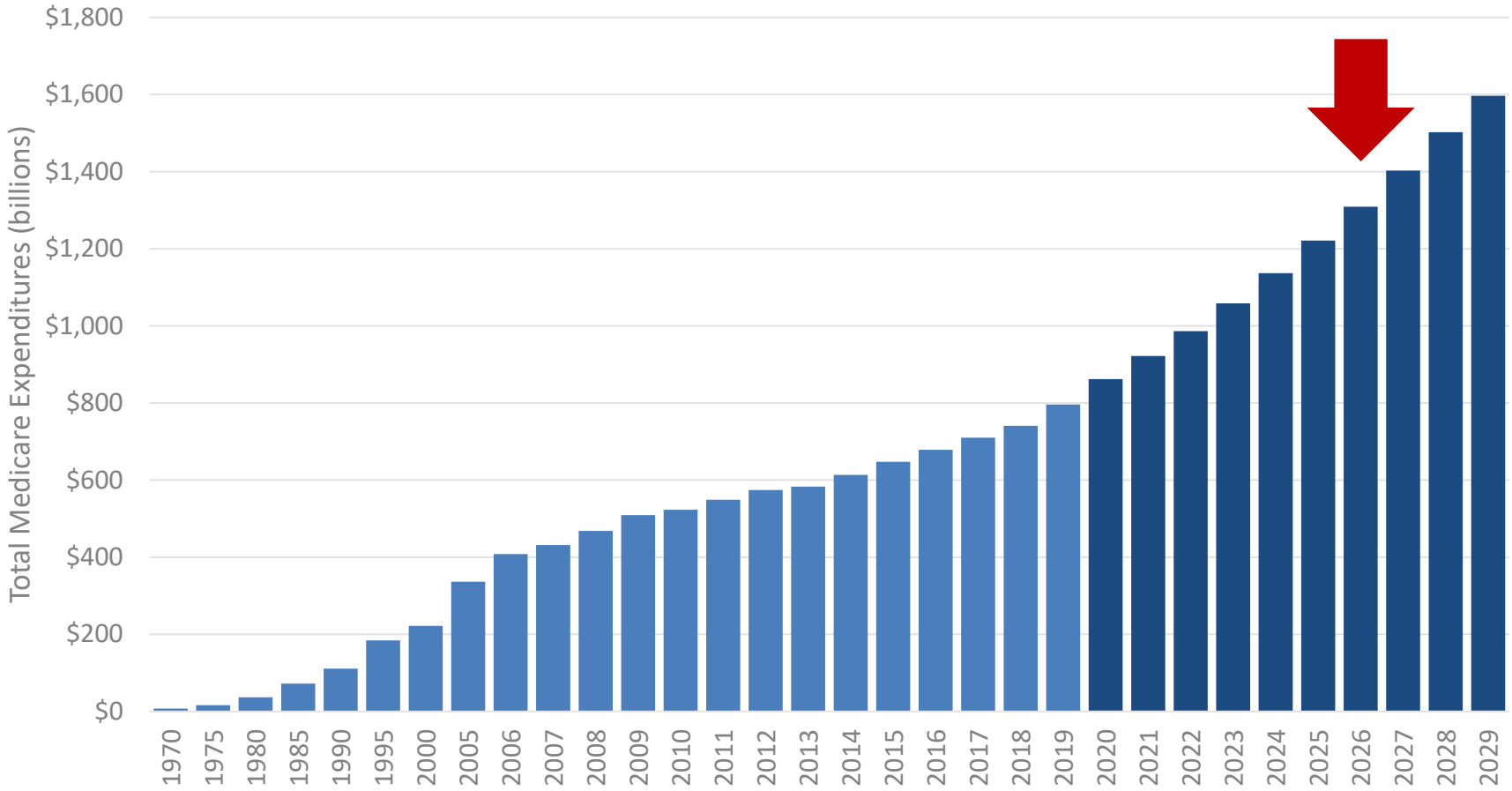
That's nearly three times more than other high-income OECD nations like the UK, Canada, Germany, Japan and Australia where health coverage is universal.

Source: Peter G. Peterson Foundation, 2020 Centers for Medicare and Medicaid Services, National Health Expenditure Data.

Medicare Insolvency

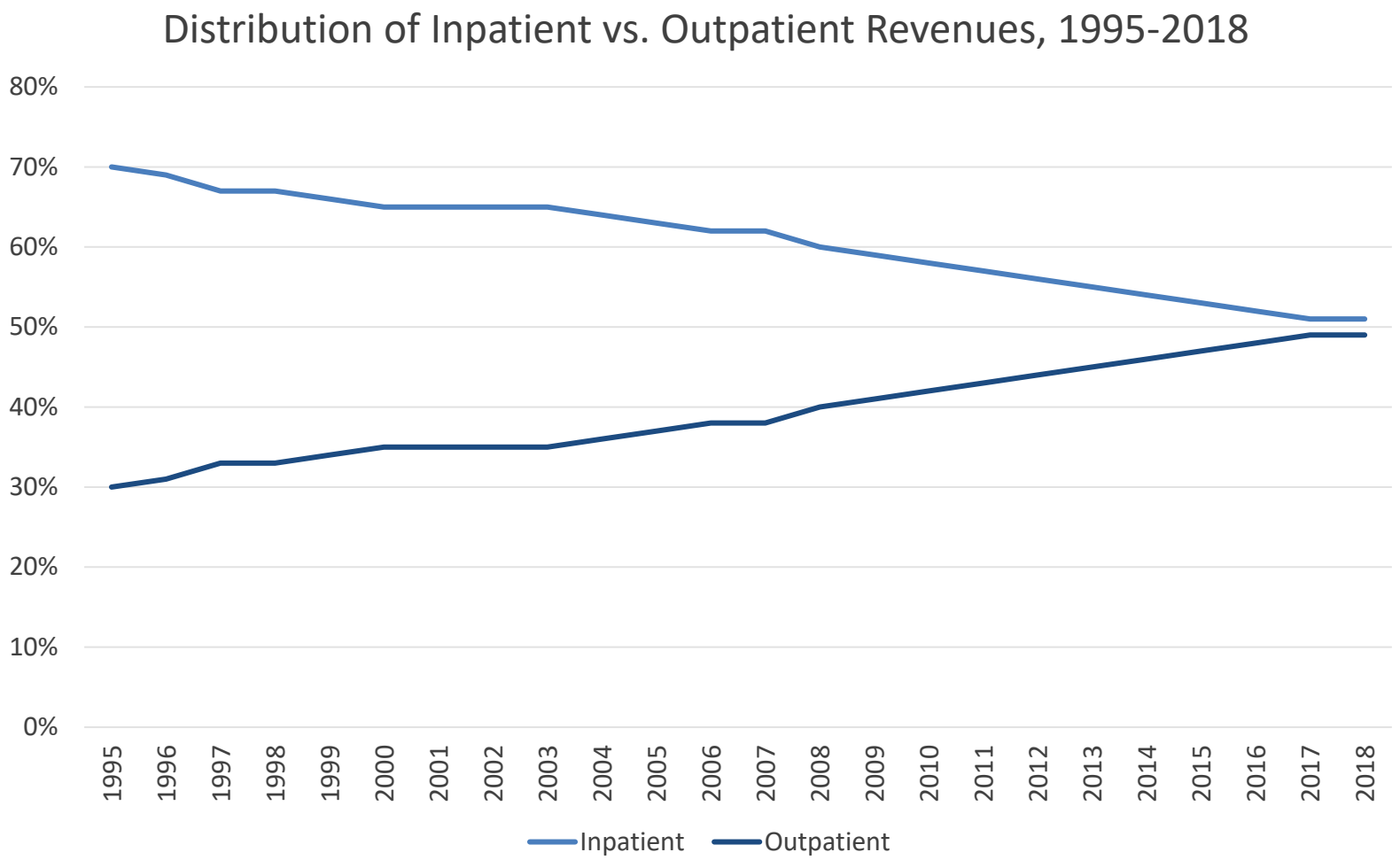
"Under current law, payments would be reduced to levels that could be covered by incoming tax and premium revenues when the HI trust fund was depleted."

Payment cuts in 2026?



Sources: 2020 Annual Report of The Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds, Table V.B1. Congressional Budget Office, The Outlook for Major Federal Trust Funds: 2020-2030

Site Neutral Payment



Site neutral payment policies on profitable outpatient services will devastate community hospitals. Modeling on even financially strong organizations with 3% margins today shows an erosion to more than (7%).

Source: American Hospital Association 2020 Hospital Statistics

Other State Models

	VT	PA	DE	MA	MD
Primary participants	Payers	Payers, Rural Hospitals	Payers	Payers, Hospitals	All payers, Hospitals
Year Initiated (Performance Year 0)	2017	2017	2019	1997*	1977
Quality/ Health Outcomes Targets	✓	✓			✓
Cost Growth Reduction Targets	< 3.5% growth/yr	< 3.38% growth/yr	Varies by year**	< 3.1% growth/yr	< 3.58% growth/yr
Cumulative Cost Savings Requirement		✓			✓
Primary Care Targets/ Redesign		✓	✓	⟳	✓
APM Adoption Targets	✓		✓		✓

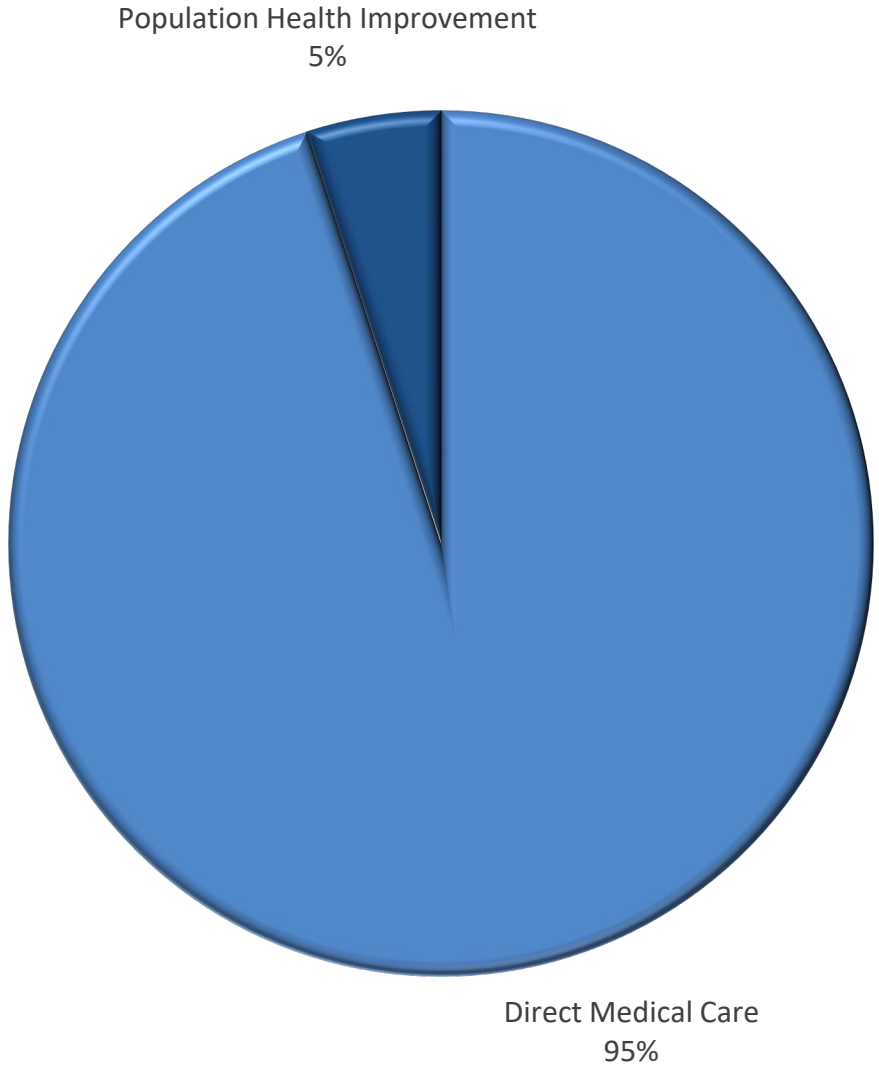
*Note: Massachusetts notes reflect MassHealth program.

** Commercial health insurance carriers will limit aggregate unit price growth for non-professional services based on the greater of a defined schedule or Core CPI + 1%.

U.S. Healthcare Spending by Type

Only **5%**

of healthcare spending focuses on population health improvement.

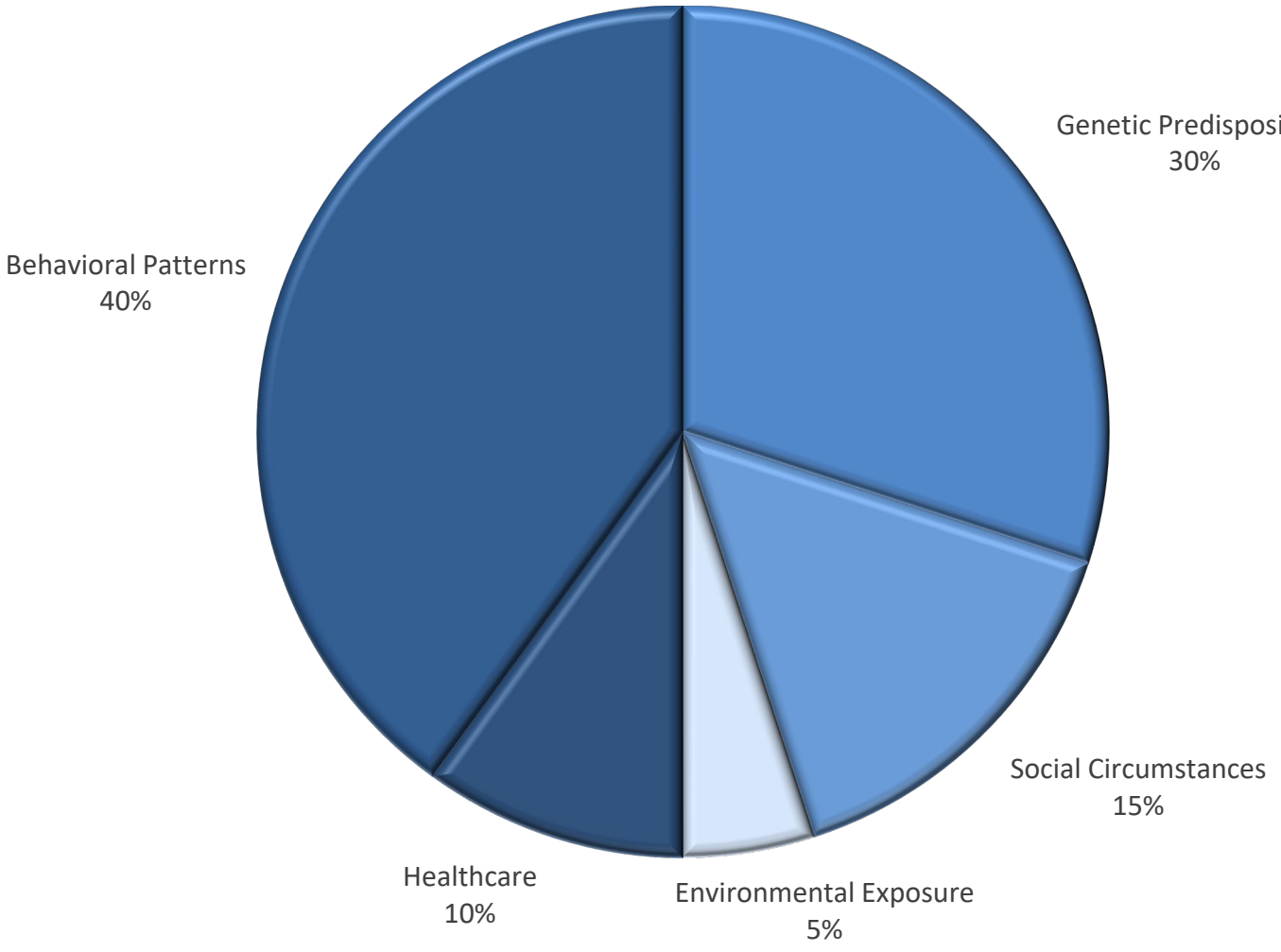


Source: "The Care for More Active Policy Attention to Health Promotion," Health Affairs, March 2002.

U.S. Drivers of Premature Death

Healthcare plays a minor role in reducing premature deaths.

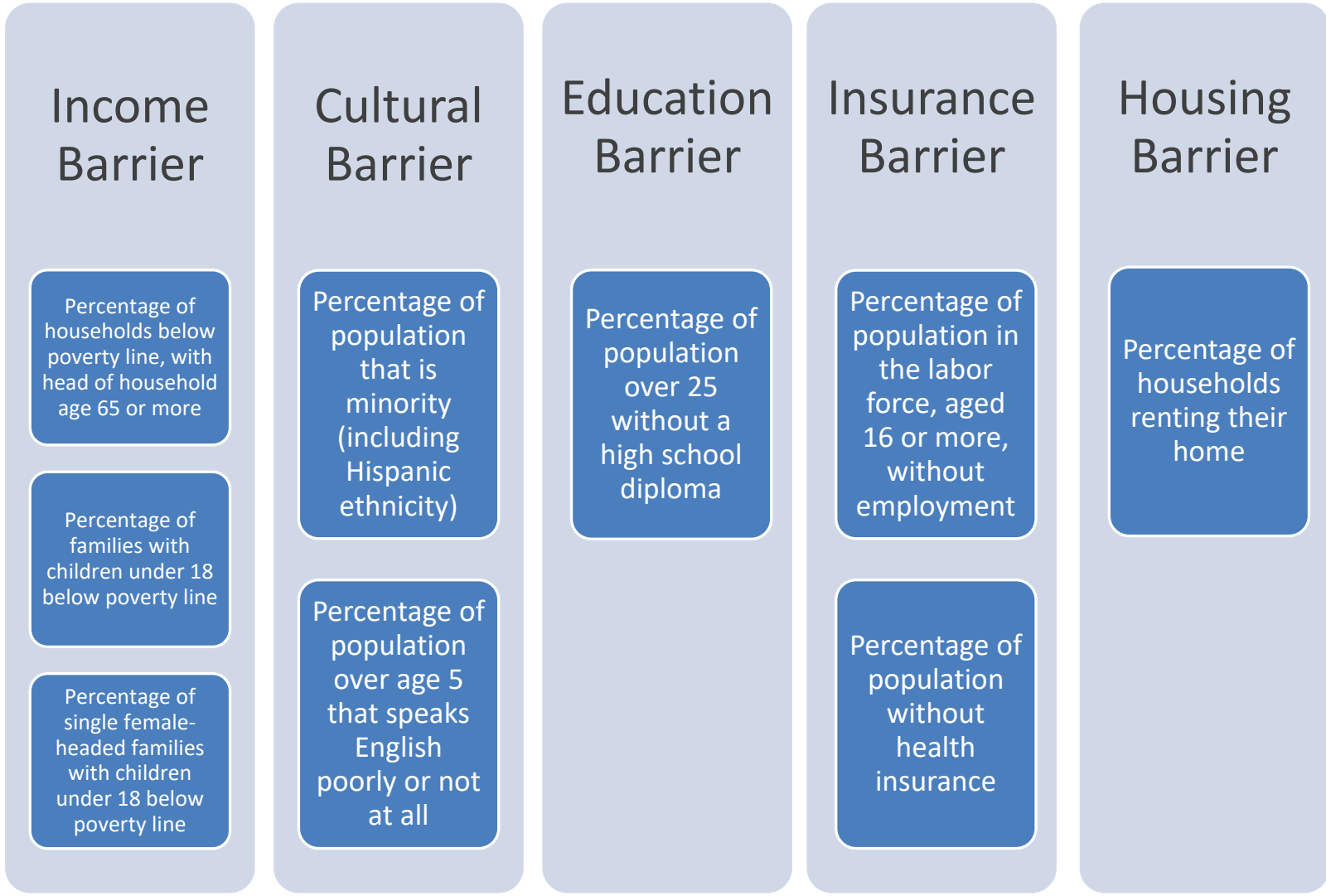
Proportional Contribution to Premature Death



Source: The New England Journal of Medicine

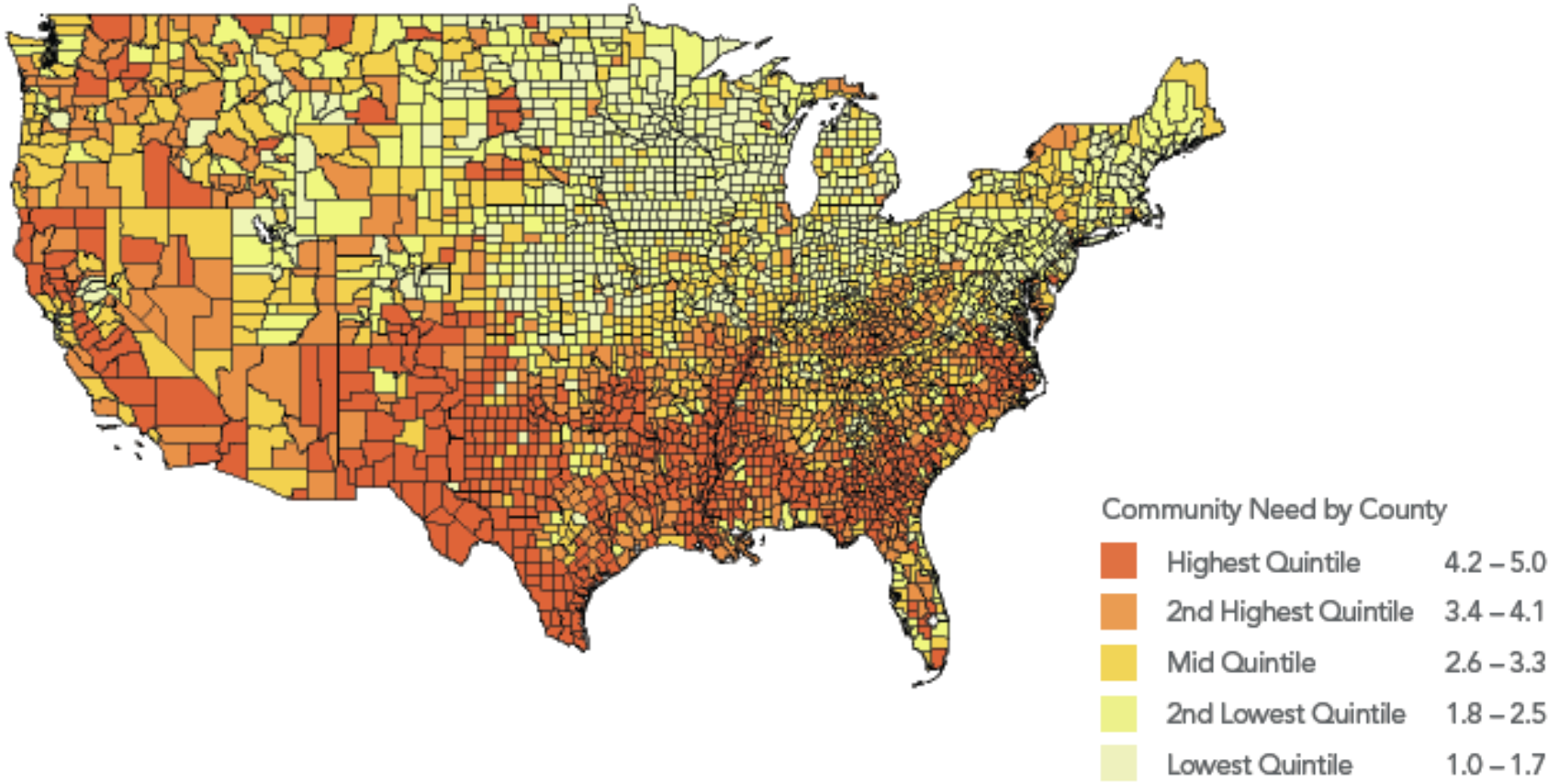
Introduction to Community Need Index (CNI)

- Nation's first standardized Community Need Index
- Identifies the severity of health disparity for every ZIP code in the U.S. based on multiple social and economic factors known to limit health care access
- Communities with a higher CNI are generally shown to utilize care at a higher rate...for example, admission rates of 5.0 CNI communities are 60% higher than 1.0 CNI locations



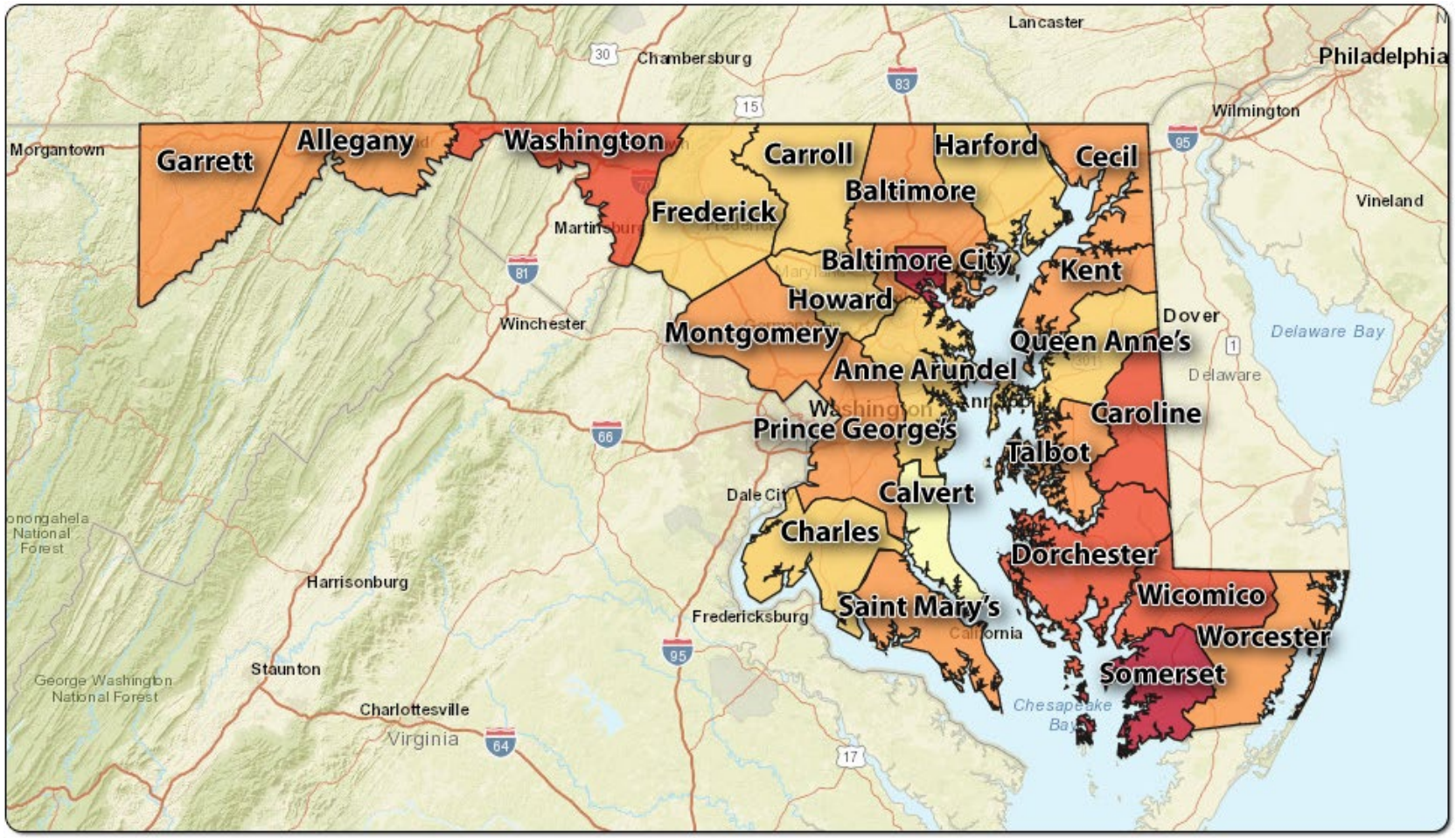
Source: Dignity and Truven Health Community Need Index

U.S. CNI by County



*Data used was from 2004, cited by Dignity Health's Improving Public Health & Preventing Chronic Disease
Source: Dignity and Truven Health Community Need Index

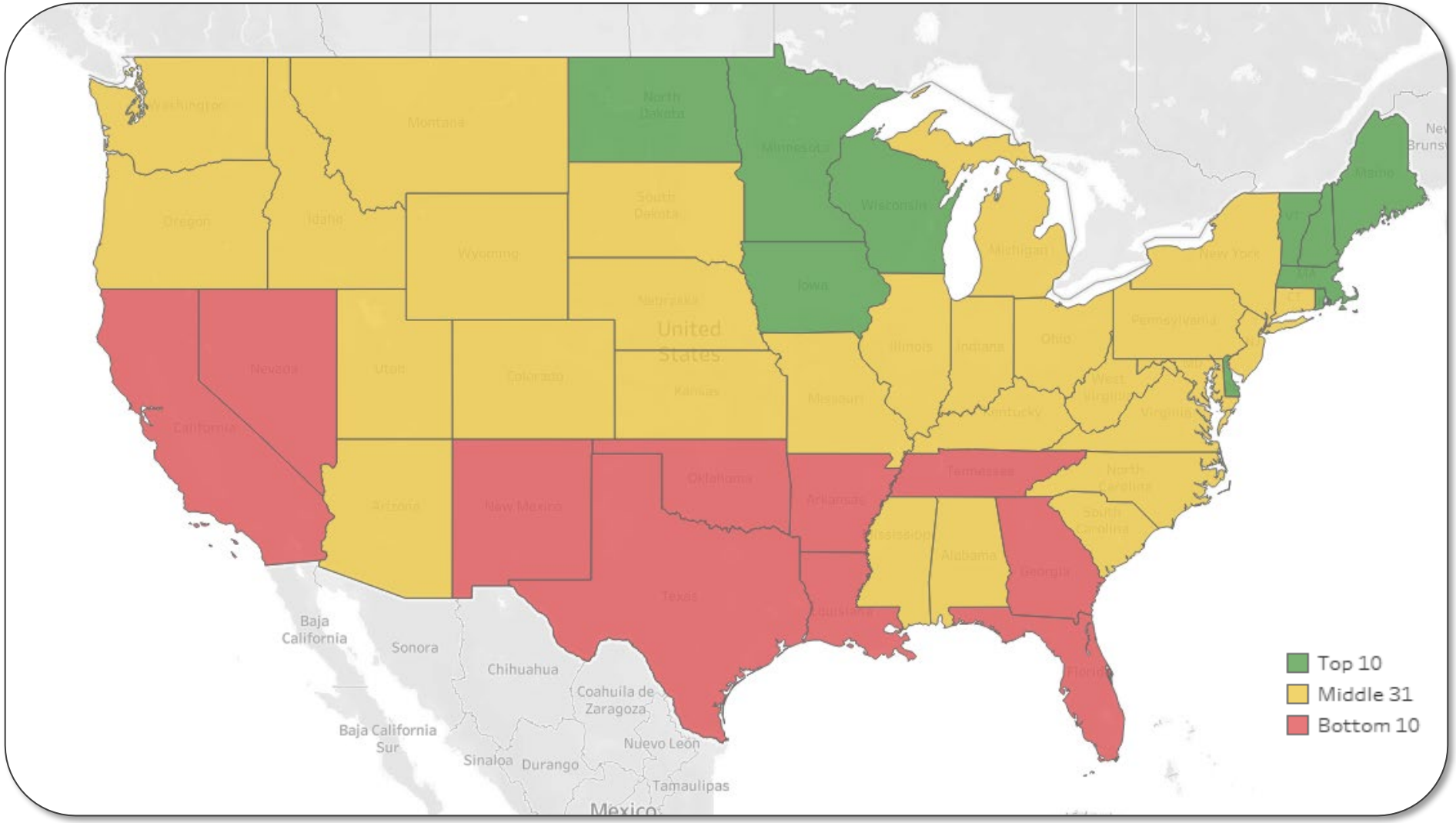
Maryland CNI by County



Community Need Index

- 4.2 - 5.0
- 3.4 - 4.1
- 2.6 - 3.3
- 1.8 - 2.5
- 1.0 - 1.7

AHRQ Health Care Quality Rankings by State



Source: Health Care Quality: How Does Your State Compare?. Content last reviewed April 2018. Agency for Healthcare Research and Quality, Rockville, MD. https://www.ahrq.gov/data/infographics/state-compare-text.html

Site of Care Shifts

Old but Growing

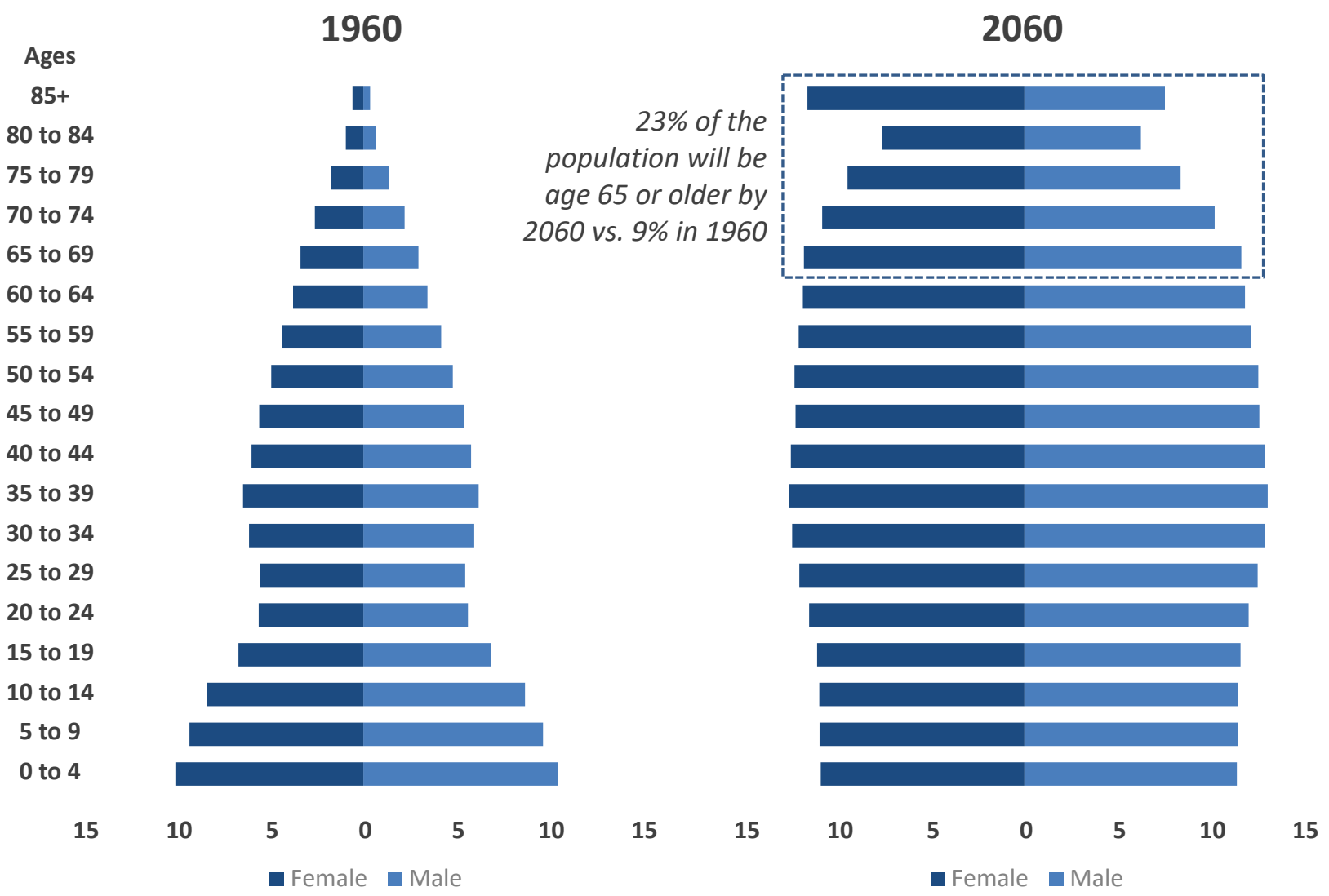
- Ambulatory surgical centers
- Long-term care and skilled nursing facilities
- Home health providers
- Infusion centers

New and Emerging

- Retail clinics
- Telemedicine
- Employer-managed health sites
- Mobile Integrated Healthcare-Community Paramedicine
- Hospital at Home

Source: BiopharmaDive.com

Population Dynamics



23% of the population will be age 65 or older by 2060 vs. 9% in 1960

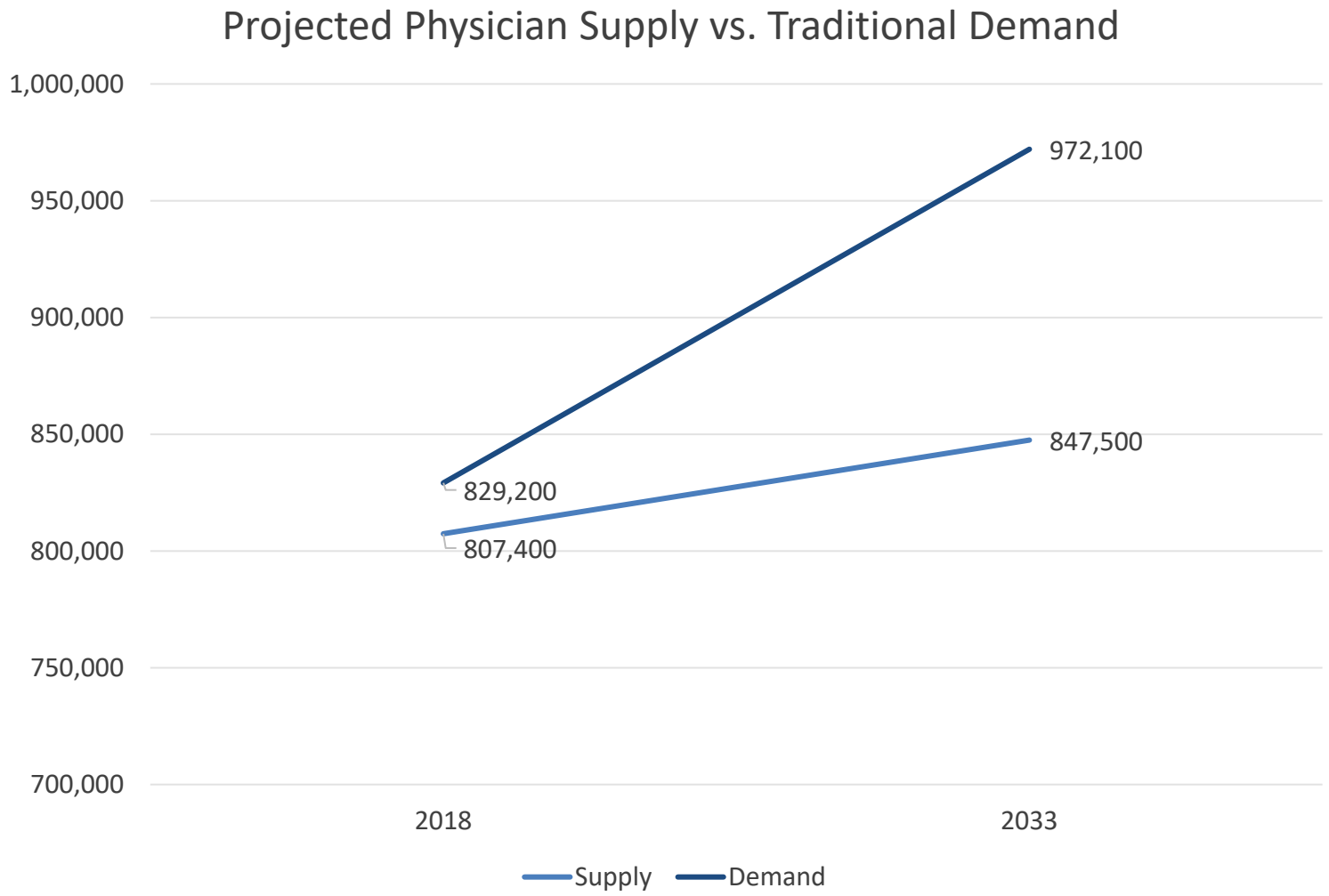
In **2012**, there were approximately **5 workers** for every person over the age of 65.

In **2020**, the ratio was **3.5 working adults** for every person over the age of 65

By **2060**, the ratio will be just **2.5 working adults** for every person over the age of 65

Source: United States Census Bureau; National Population Projections 2017

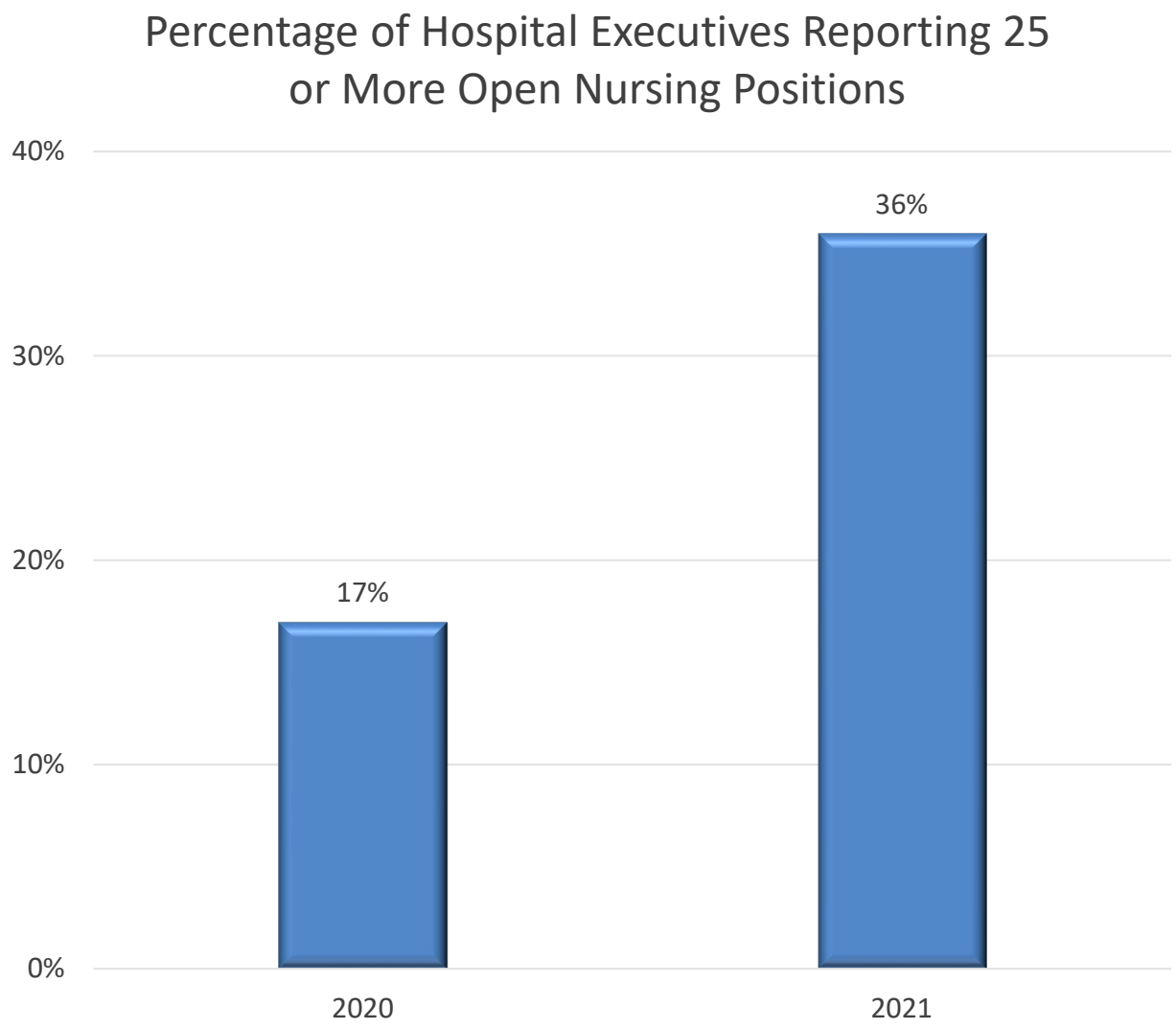
Projected Physician Supply and Traditional Demand



In 2019, **44.9%** of active physicians in the United States were age 55 or older.

Sources: AAMC, Primary Care Collaborative

Nurse Staffing Supply and Demand



In addition, **21%** anticipated more than 50 openings and **11%** predicted more than 100.

Source: Avant Healthcare

CMMI Perspective

CMMI Perspective: Performance

- Implementation Findings – Outcome Improvement Pathways:
  - Hospital and care partner pathway:
    - Global budgets are the strongest incentive for hospitals to transform care
    - Most hospitals participated in Hospital Care Improvement Program in 2019, with waning participation in 2020
    - Hospitals increased participation in Episode Care Improvement Program between 2019 and 2020
    - Most hospitals plan to participate in Care Transformation Initiatives in 2021
  - The primary care and Care Transformation Organization pathway:
    - Between 2019 and 2020, 468 primary care practices joined the Maryland Primary Care Program
    - In 2019, 78% of practices partnered with a Care Transformation Organization
  - The state accountability pathway:
    - In 2019, the state generated savings far in excess of the target
    - New initiatives through Regional Partnership Catalyst Grants will target population health goals
- Opportunities for Improvement:
  - Higher Medicare Part A and B spending per beneficiary than other states (2018)
  - Top quintile of states for rate of non-hospital spending
  - Not a top-performing state on quality metrics

Source: Evaluation of the Maryland Total Cost of Care Model: Implementation Report; July 2021

Summary: Key External Considerations

- Medicare insolvency
- Unsustainable costs
- Site neutral payment
- Site of care shifts
- Socioeconomic drivers
- Chronic disease
- Aging population
- Physician shortage
- Nursing shortage
- Transparency
- Accountability
- Insufficient and inaccessible primary care
- Political climate
- Lessons learned from other models

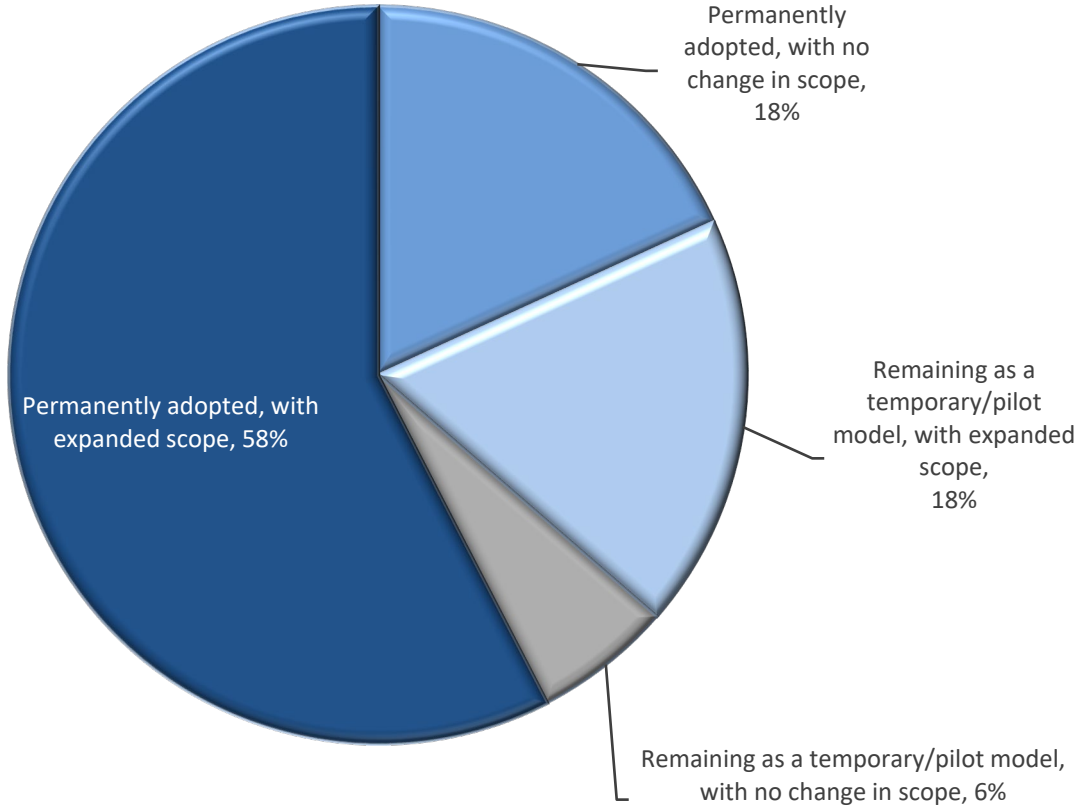
Review of Stakeholder Input: Web Survey Results

The Maryland Model

Web Survey Results: Ideal Future State

Most respondents consider the ideal future state of the Model to be permanently adopted with an expanded scope, with expanded scope preferred by 76% of respondents.

Looking ahead to the next 5-10 years, what do you consider to be the ideal future state of the Maryland Model?
n=33



Web Survey Results: Renewed Agreement with CMS

After the term of the current agreement, what should Maryland ask for in a renewed agreement with CMS?

- **Expand to non-hospital providers**
  "Ability to expand to non hospital - a GBR Plus or TPR 2.0 model. Start a pilot with health systems interested in including payment to home health, nursing homes and physicians under a GBR approach."

- **Incorporate metrics beyond cost**
  "Benchmark not solely focused on cost trend vs. national average. Perhaps consider cost beyond just Medicare, significant clinical conditions and/or cost of living."

- **Offer greater flexibility**
  "More flexibility on how to spend federal dollars in return for greater accountability on outcomes"

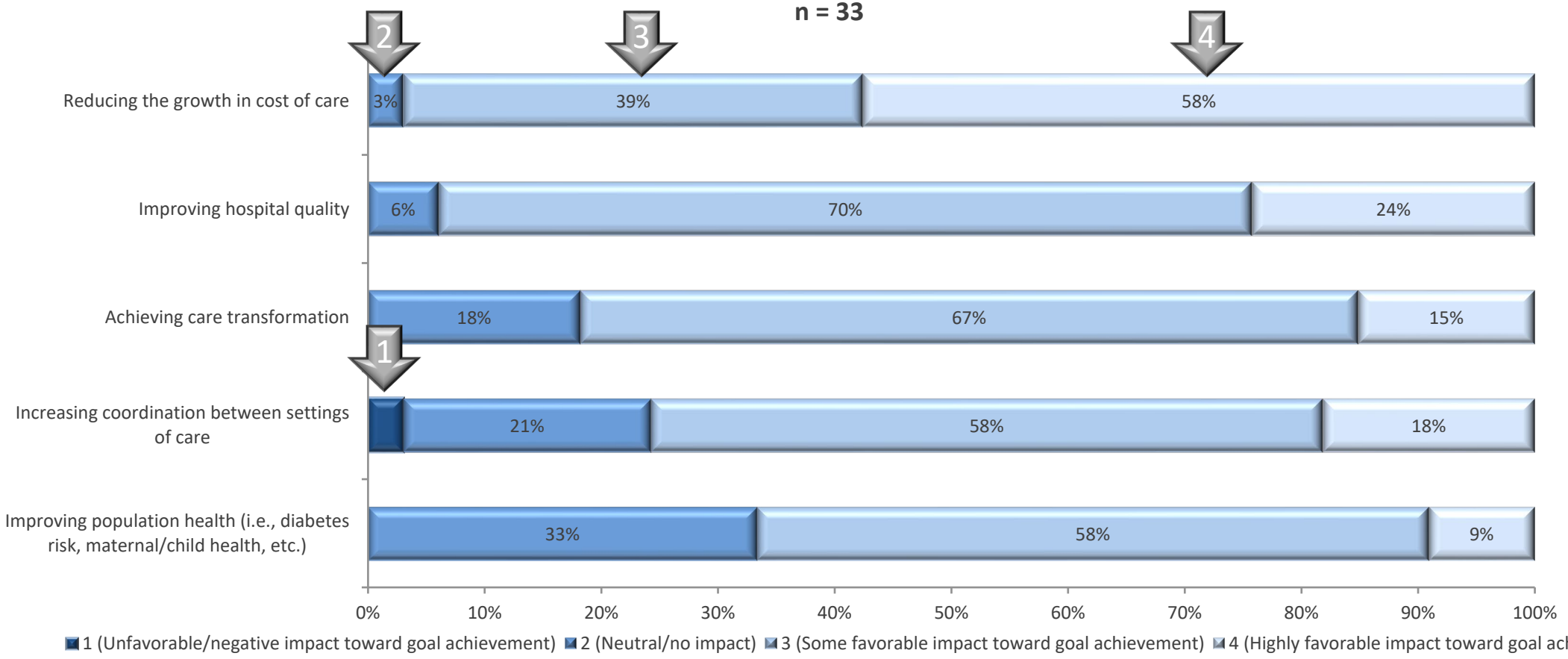
- **Incorporate population health considerations**
  "… Models that encourage investment in further community based support of social determinants, community health workers, food, transportation, housing."

- **Ensure targets are reasonable**
  "… We should seek a Medicare savings target that is reasonable, achievable and realistic to meet CMMI's expectations. The future savings target must include a construct that removes the year-over-year guardrails to allow for longer investments to spur care transformation."

Web Survey Results: Goal Achievement

Favorable impacts towards goal achievement were noted for all goals, with reduction in cost of care garnering the most favorable impact score on average.

On a scale of 1 to 4, how successful do you consider the Maryland Model to be in achieving the following goals?
n = 33

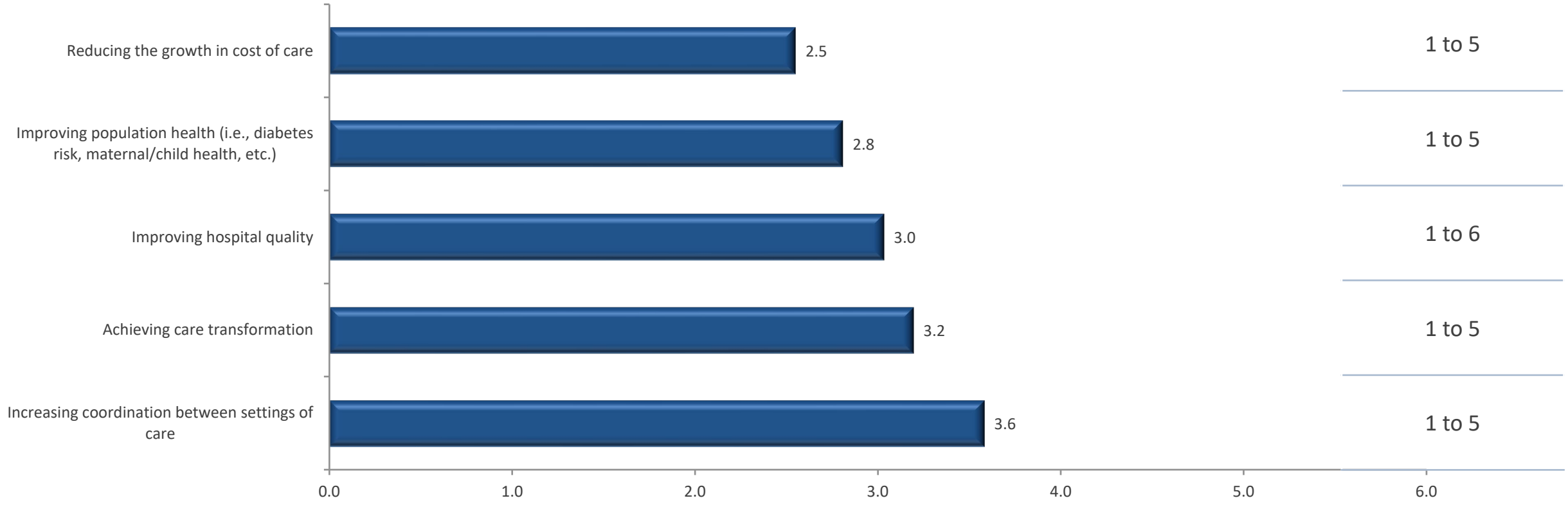


Average Score
3.5
3.2
3.0
2.9
2.8

Web Survey Results: Ranking of Priorities

Opinions related to the ranking of priorities varied by respondent as demonstrated by the large range assigned to each. No majority consensus was reached on any of the priority areas.

Rank the list of Maryland Model priorities from most important to least important
n = 32



Range of Ranking
1 to 5
1 to 5
1 to 6
1 to 5
1 to 5

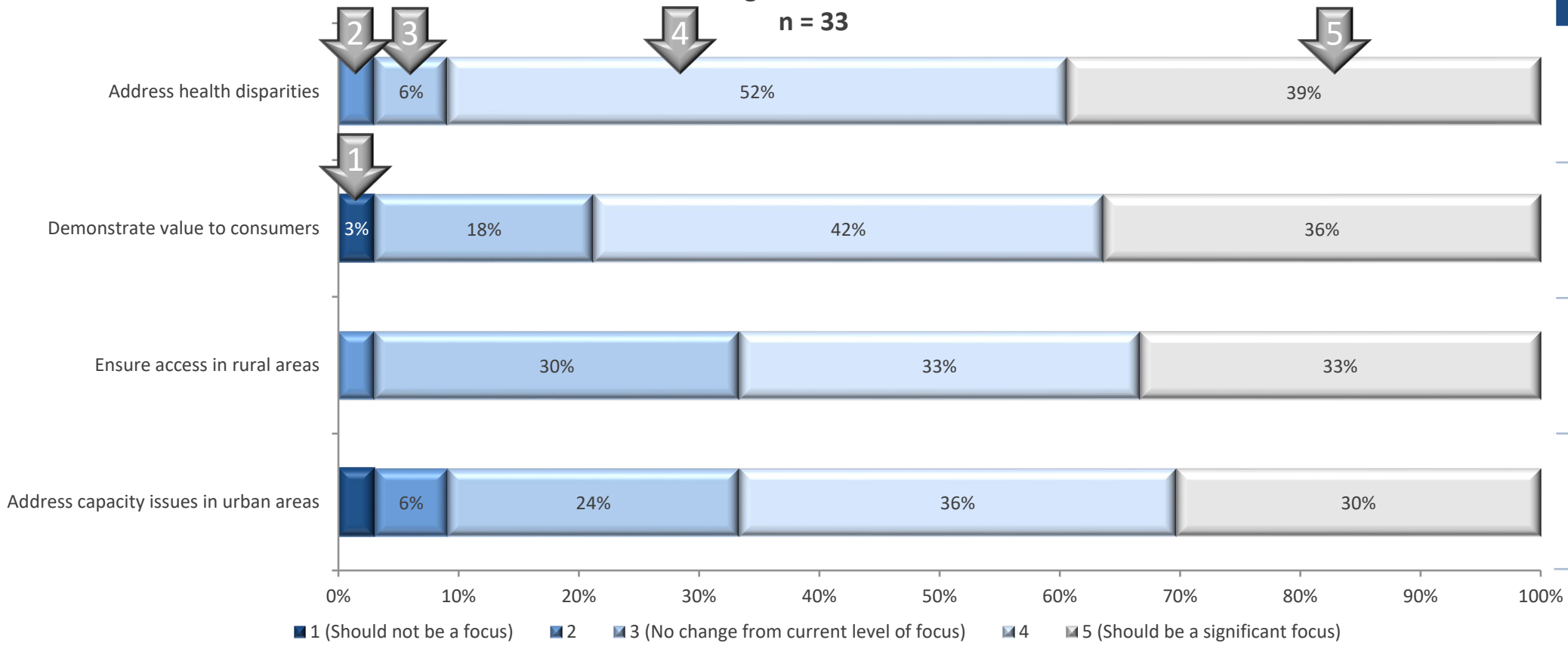
Note: Did not include "Other" response separately above; however, it was included in the actual ranking of priorities (1-6) so does have a minimal impact on results above.

Web Survey Results: Important Areas of Focus (slide 1 of 4)

Addressing health disparities was selected as the most important area of focus for strengthening the Maryland Model.

Recognizing that resources are not unlimited, please rate how important to strengthening the Maryland Model each of the following areas of focus should be:

n = 33



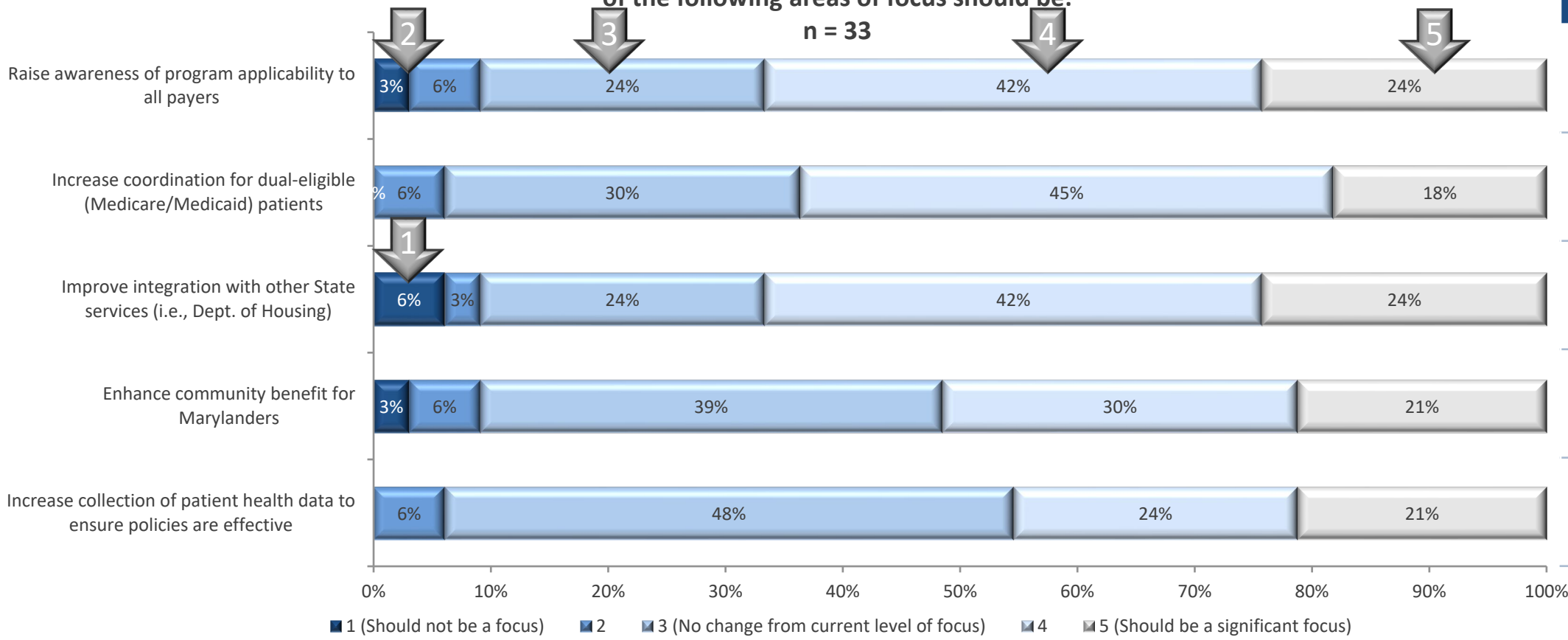
Average Score
4.3
4.1
4.0
3.9

Note: Did not include "Other" response choice in results.

Web Survey Results: Important Areas of Focus (slide 2 of 4)

Varying opinions exist relative to the importance of improving integration with other State services, although most respondents still believe that additional focus should be placed on this area.

Recognizing that resources are not unlimited, please rate how important to strengthening the Maryland Model each of the following areas of focus should be:
n = 33

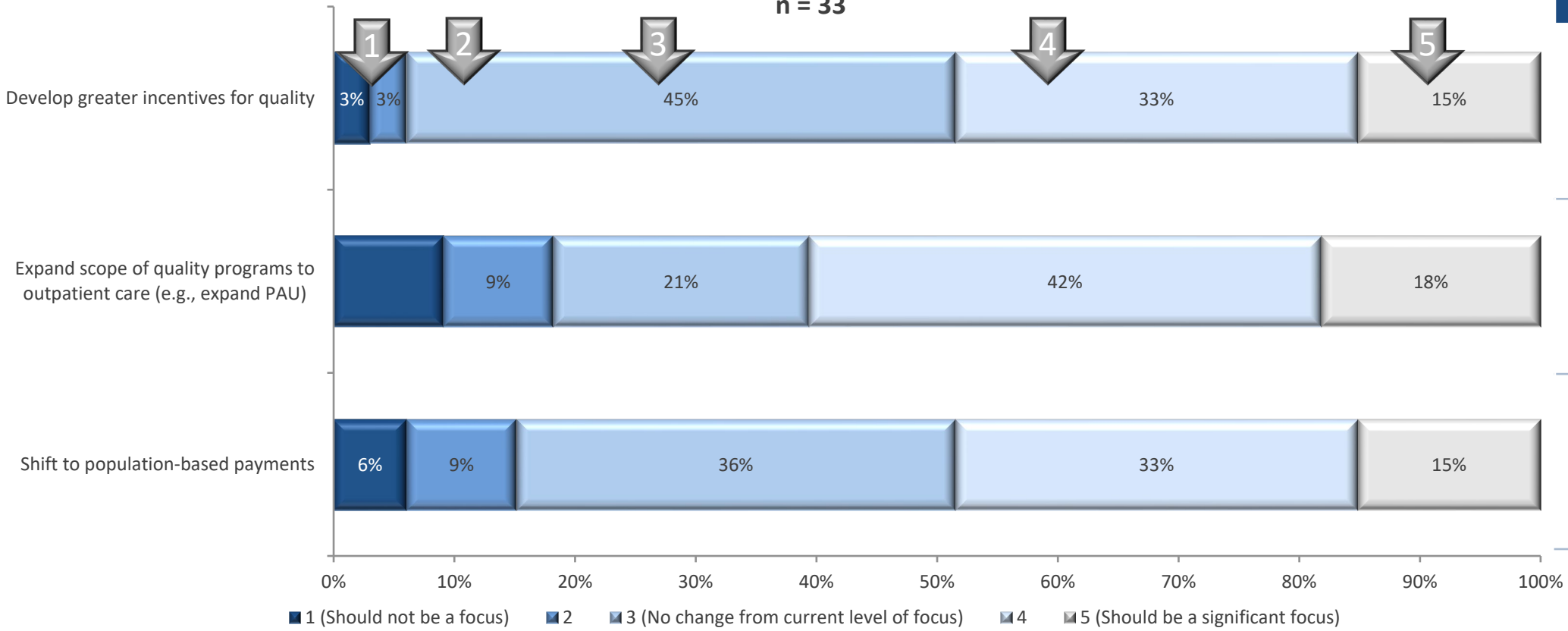


Average Score
3.8
3.8
3.8
3.6
3.6

Web Survey Results: Important Areas of Focus (slide 3 of 4)

Each of the following three focus areas were viewed similarly relative to the level of importance.

Recognizing that resources are not unlimited, please rate how important to strengthening the Maryland Model each of the following areas of focus should be:
n = 33

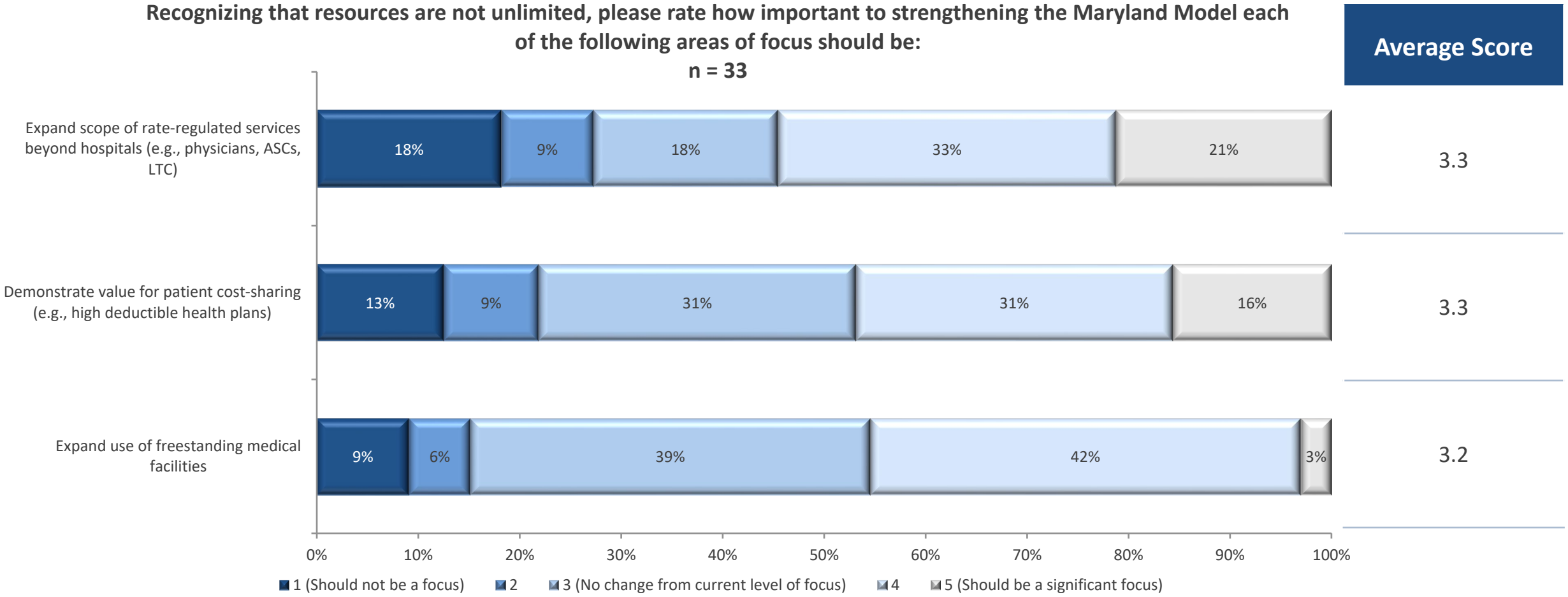


Average Score
3.6
3.5
3.4

Web Survey Results: Important Areas of Focus (slide 4 of 4)

Despite the following focus areas generating the lowest average scores, each still averaged a score based on at least maintaining the current level of focus.

Recognizing that resources are not unlimited, please rate how important to strengthening the Maryland Model each of the following areas of focus should be:
n = 33



One respondent did not provide a score for "Demonstrate value for patient cost-sharing (e.g., high deductible health plans)" – n=31 for this item.

Web Survey Results: Improving Long-term Success

If you could make only one change to improve the long-term success of the Maryland Model, what would it be, and why?

- Better coordination across hospitals and other settings, with particular focus on physicians
- Engage payers and share accountability through aligned reimbursement methodologies
- Focus on longer-term goals
- Fund public health infrastructure/reinvest in communities to support reducing the impact of social determinants

Web Survey Results: Pace of Care Delivery Transformation

How could HSCRC most effectively influence the pace of care delivery transformation in the State? What obstacles are you seeing to transformation currently?

13 of 29 responses (45%) referenced **expansion to non-hospital providers/broader stakeholders** in response to this question.

- *"There is little investment and involvement by Part B providers. The existing hospital models allowing sharing of incentives have little impact and hospitals end up driving the change instead of the provider. We need more models like EQIP where physicians contract directly with HSCRC/CMS to get them more involved and accountable and we need a better way to get the word out to them about these programs."*
- *"Expand grants programs to other provider types to encourage innovation and replication. No/low incentives for hospitals to share savings, innovate across the continuum"*
- *"Care transformation efforts and the success of the model is viewed largely as a hospital responsibility, however the entire state an[d] many stakeholders benefit from the Model. All stakeholders need to be engaged."*

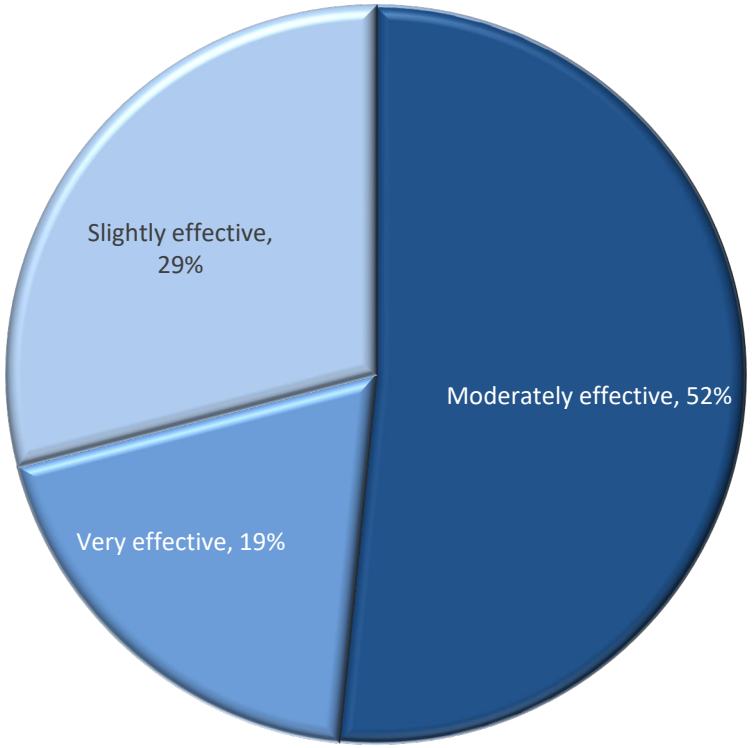
7 of 29 responses (24%) suggested addressing the **complexity of the model** in response to this question.

- *"Focus on just 2-3 specific areas to transform care, and revise policies to focus on those efforts. The current complex web of policies is unduly burdensome and does not produce the hoped-for benefits because honest efforts are diluted."*

Web Survey Results: Effectiveness

The majority of respondents believe Model policies are moderately effective at impacting health outcomes for all Marylanders.

How effective are Model policies and programs at impacting health outcomes for all Marylanders?
n=31

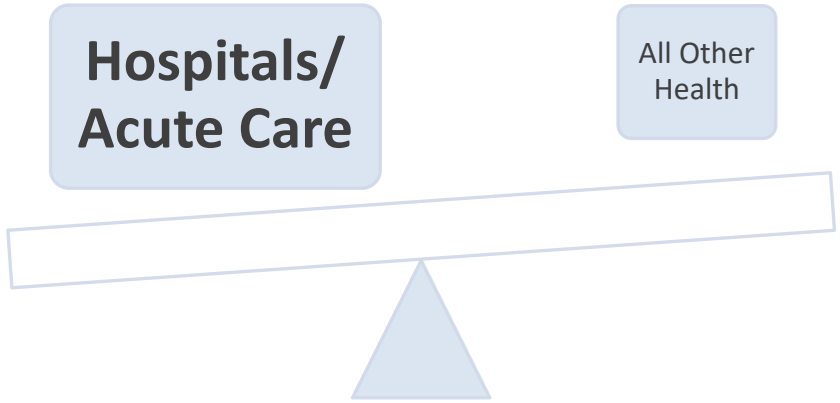


Review of Stakeholder Input: Interview Themes

The Maryland Model

Maryland Model Theme 1a: How hospital-focused should the Model be?

Interviewees indicated that the Maryland Model is very effective within its regulatory purview, based on the achievement of its defined goals. Consistently, this purview was described as very hospital-oriented. However, many suggested that the Model may need to evolve to accomplish broader population health goals.

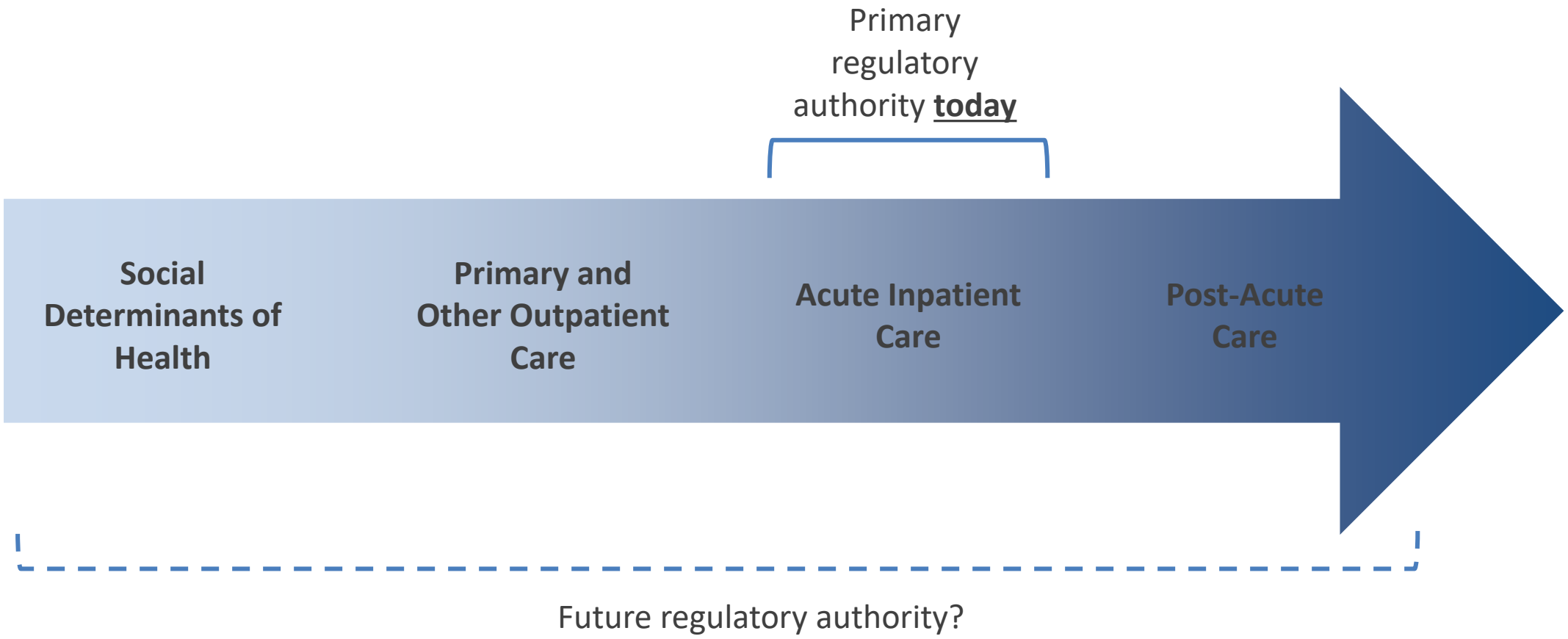


Supporting Concepts from Interviewees

- Financial and regulatory structure has “teeth” for hospitals.
- How do hospitals re-invest retained revenue?
- Current Model incentivizes care to move to less acute settings, where there is lower visibility into quality and outcomes.
- The Model provides limited regulatory authority for population health.
- The Model would require broader stakeholder engagement (i.e., other agencies, non-acute care providers) to achieve greater impacts on population health.

Maryland Model Theme 1b: How hospital-focused should the Model be?

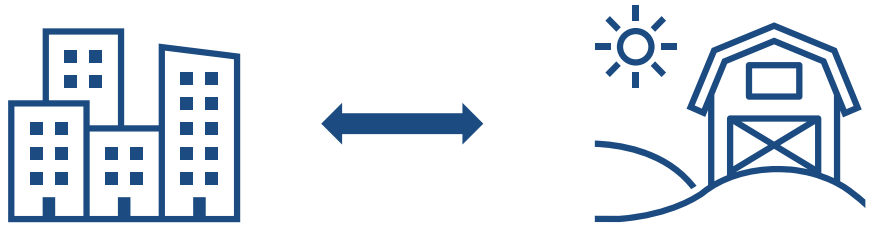
Interviewees indicated that the Maryland Model is very effective within its regulatory purview, based on the achievement of its defined goals. Consistently, this purview was described as very hospital-oriented. However, many suggested that the Model may need to evolve to accomplish broader population health goals.



Maryland Model Theme 2: How should the Model address health disparities?

Many participants raised considerations regarding health disparities and access to care during interviews. Interviewees noted considerations around capacity, achieving the "right" amount of care, and ensuring high-quality, equitable care.

Ensuring Capacity in Urban versus Rural Regions



Ensuring Network Adequacy

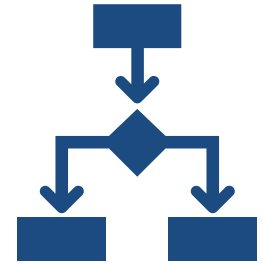
- What is the "right" amount of healthcare providers & facilities for a community?
- How do we incentivize lower volume without causing too many facilities to close?

Addressing Health Equity

- Chronic conditions
- Mental health
- Determinants of health

Enhanced Evaluation of Outcomes

- Community benefit reporting
- Outcome measurement



Maryland Model Theme 3: How can the Model best serve consumers?

Several interviewees raised concepts around consumerism – evaluating the Model through the lens of Maryland patients.

- Do Marylanders know about and understand the Maryland Model?
- What is the “value proposition” for consumers?
- How is the Model impacting cost-shifting to patients?
- Does the Model stifle innovation that could benefit consumers?
- Could dashboards or data be shared with Maryland consumers?

Other Interview Feedback

- **Most important goals of the Maryland Model**: Improving the quality of care, improving health, reducing cost of care, and achieving Model targets were typical responses.

- **Priorities for the next 10 years**: Most respondents mentioned achieving Model permanence as a major priority. Some interviewees brought up making the Model "work" for CMS by clearly demonstrating value. Other common themes included improving coordination of care across the continuum, reducing cost, increasing quality, and impacting population health and health equity.

- **Organizations most critical to success**: CMS/CMMI, MHA, MHCC, MD PCP, CRISP, MDH, and larger hospitals

- **Preferred methods of communication**: Most staff indicated they would prefer a larger meeting with a presentation or interactive session to share outcomes of the strategic planning process.

Day 2

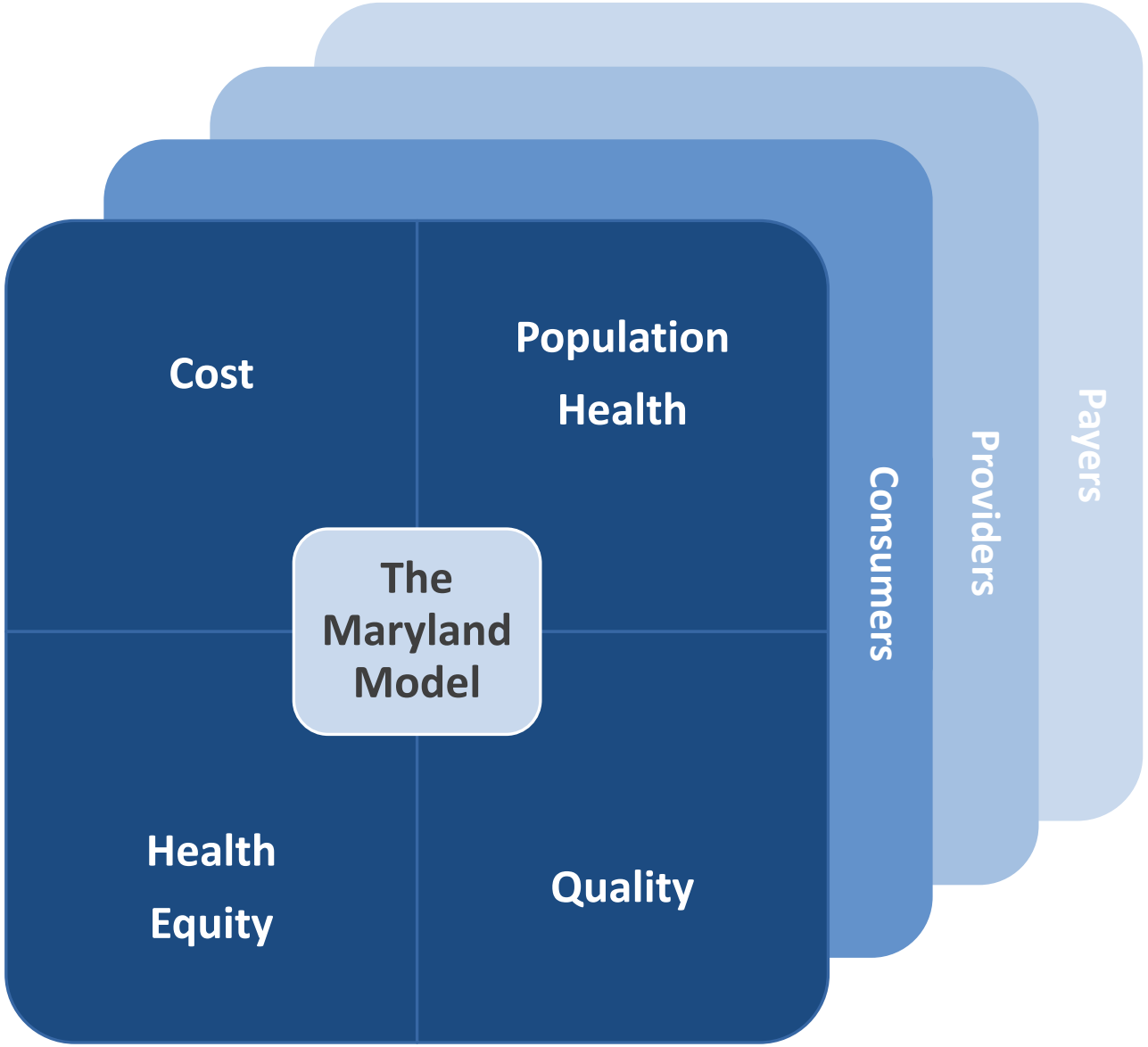
Retreat Agenda – Day 2

- Summary of Day 1/Strategic Vision
- Initiatives to Support Vision
- HSCRC: Review of Stakeholder Input
- HSCRC: Key Takeaways
- HSCRC: Actions to Support Vision
- Wrap-Up

Initiatives to Support Vision

Maryland Model

Initiatives to Support Vision



Review of Stakeholder Input: Survey & Interviews

HSCRC

Web Survey Results: Greatest Strengths and Weaknesses of HSCRC

What would you consider to be the greatest strength of the HSCRC?

- The ability to set rates across all payers
- The flexibilities demonstrated to assist the hospitals during the pandemic and in unique circumstances
- Collaboration and engagement with a variety of stakeholders
- Engaged, knowledgeable, transparent, and considerate staff with strong leadership

How would you say the HSCRC has fallen short in the past year or two? (What are its weaknesses?)

- Overall, significant improvements over recent years were mentioned.
- Varying opinions regarding the strength of the relationship between HSCRC staff and the industry were noted.
- The hospital-centric nature of the Model is a major weakness although not the fault of the HSCRC.
- Room for improvement as related to getting dollars to where they can spur the greatest innovation and ensuring that the pace of transformation is maintained and consistent.
- Several respondents highlighted issues with the volume and complexity of policies

Web Survey Results: Desired Information/Communications

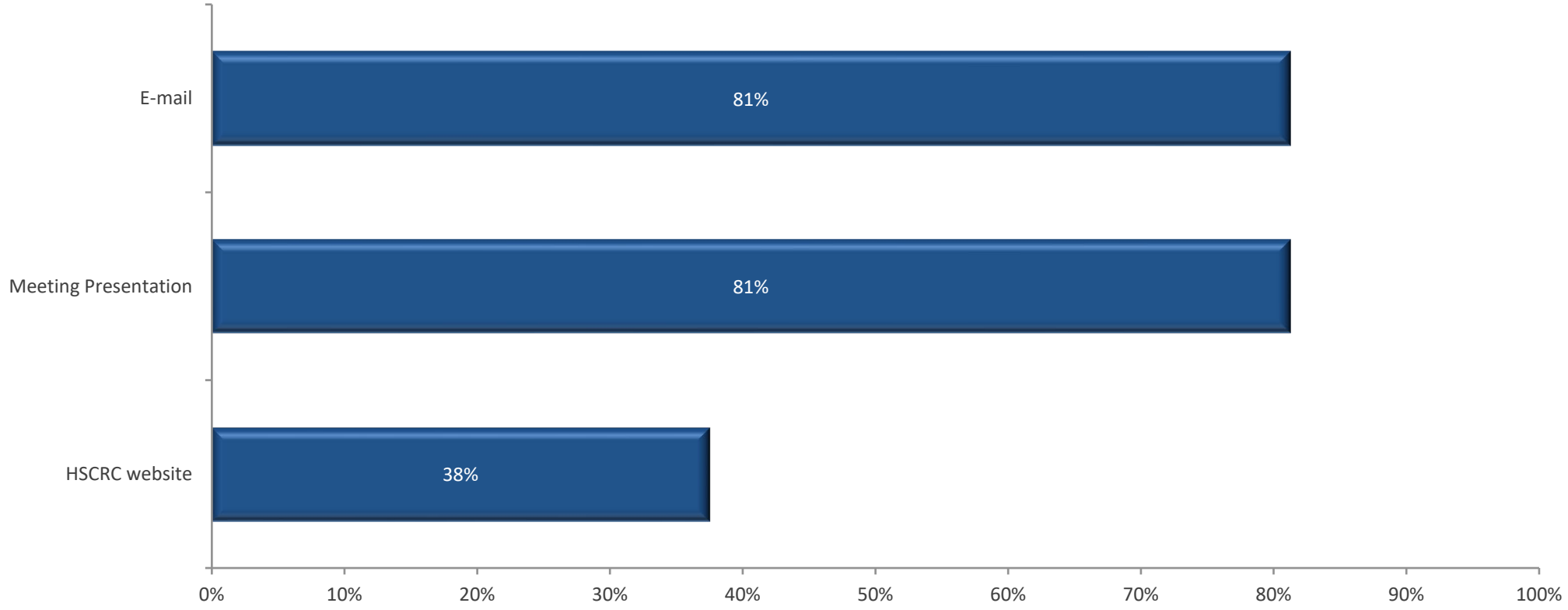
Are there certain types of information or communications that you do not currently receive from the HSCRC that you would like to? If so, what would those be and what frequency would be most useful?

- More than half of all respondents said there was no need for any changes to existing communication.
- Consolidate all information in an easy-to-get to format/website with focus on explaining how various policies and workgroups intersect
- Wider dissemination of existing materials is needed while tighter ongoing communication with those that are working closely with the HSCRC would be beneficial
- Regular email notifications with an annual update of contact lists

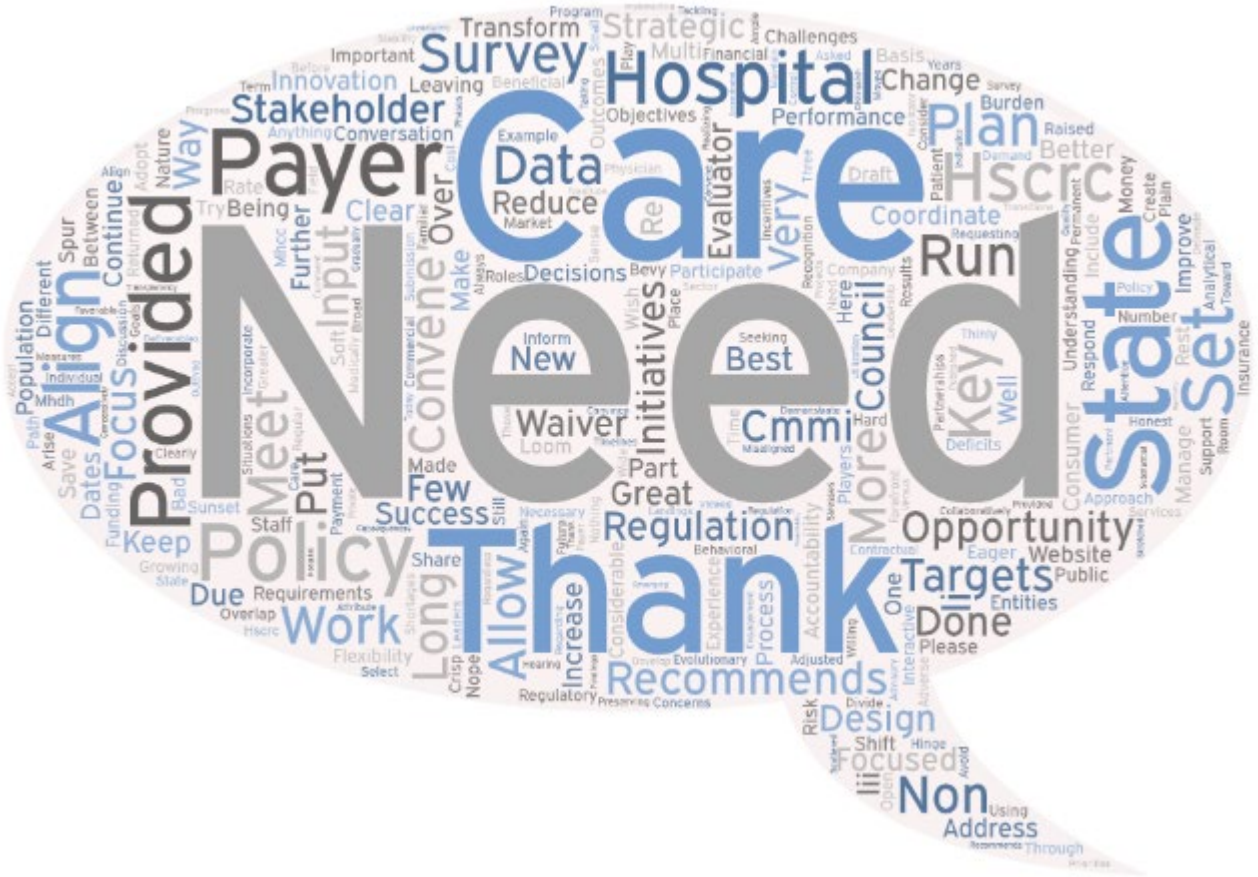
Web Survey Results: Strategic Planning Process Updates

Email and meeting presentations are the preferred methods of communication for strategic planning process outcomes/updates.

How would you prefer to learn about the outcomes of the strategic planning process? Choose all that apply.
n = 32



Web Survey Results: Other Considerations



Is there anything else you would like us to consider as we proceed with the strategic planning process for HSCRC?

- Creating an interactive website
- Developing better understanding of insurance company financial outcomes and population health initiatives
- Thinking of additional ways to increase funding to non-hospital entities and providers to encourage them to transform
- Ensuring that the consumer experience is at the forefront of decisions regarding care transformation
- Evolutionary system/adjustments will be needed

Other Discussion?