

# **RRIP RY2019**

## Preliminary Target Projections

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**Performance Measurement Work Group Meeting**

**February 15, 2017**

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# Outline

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- **Project national Medicare FFS rate**
- **Calculate Maryland Medicare FFS improvement target**
  - Update baseline to 2016
- **Convert Medicare FFS target to all-payer improvement target**
  - Update baseline to 2016
- **Next steps**

# Projecting National Medicare FFS Rate (1)

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- **Use historical data to estimate national FFS rate in 2017 and 2018**
- **Test a variety of methods**
  - Average annual % change from CY 2013 to CY 2016
  - Annual % change from CY 2015 to CY 2016
  - 12-month moving average
  - 24-month moving average
- **To create conservative targets:**
  - Choose method late that predicts lowest national rates
  - Simulate more aggressive changes in national rates

# Projecting National Medicare FFS Rate (2)

Year	National Medicare FFS Rate
2013	15.39%
2014	15.50%
2015	15.42%
2016 (estimated)*	15.26%



	Projections of National Rate	Basis for Estimate
<b>2017</b>	15.21%	Average Annual Change 2013 - 2016
	15.09%	Annual Change from 2015 to 2016
	15.29%	12-month moving average
	15.35%	24-month moving average

	Projections of National Rate	Basis for Estimate
<b>2018</b>	15.17%	Average Annual Change 2013 - 2016
	14.93%	Annual Change from 2015 to 2016
	15.30%	12-month moving average
	15.34%	24-month moving average

\* 2016 rate estimated by taking the percent change in the national rate from the October 2014-September 2015 time period to the October 2015-September 2016 time period and applying it to the 2015 rate.

# Setting Maryland FFS Target

## A. Maryland FFS Rate versus National Rate

Year	National Medicare FFS Rate	Maryland Medicare FFS Rate	Difference
2013	15.39%	16.61%	1.22%
2014	15.50%	16.47%	0.97%
2015	15.42%	15.95%	0.53%
2016 (estimated)	15.26%	15.59%	0.33%

## B. Percent Reduction Required in Maryland FFS Rate, Based on Various Projections of 2018 National Rate

	1.07 Percent Decrease (based on 2015-2016 trend)	1.5 Percent Decrease	2.0 Percent Decrease
2018 Target Rate	14.93%	14.80%	14.65%
Cummulative Reduction Required	-4.24%	-5.06%	-6.02%
Annual Reduction Required	-2.14%	-2.56%	-3.06%

# Setting All-Payer Target

## A. Maryland All-Payer Rate Trend

Year	National Medicare FFS Rate	Maryland Medicare FFS Rate	All-Payer Rate
2013	15.39%	16.61%	12.93%
2014	15.50%	16.47%	12.51%
2015	15.42%	15.95%	12.21%
2016 (estimated)	15.26%	15.59%	11.72%

## B. Construct Candidate Conversion Factors

MD Medicare FFS Change CY13-CY16	-6.1%
All Payer Readmission Change CY13- CY16	-9.3%
<b>Conversion Factor 1 (use difference)</b>	<b>3.19%</b>
<b>Conversion Factor 2 (use ratio of changes)</b>	<b>0.657</b>

## C. Develop 2017 All-Payer Improvement Target

	1.07 Percent Decrease (based on 2015-2016 trend)	1.5 Percent Decrease	2.0 Percent Decrease
Medicare FFS Reduction Target (2017)	-2.14%	-2.56%	-3.06%
<b>All-Payer Target (Factor 1)</b>	<b>-5.34%</b>	<b>-5.76%</b>	<b>-6.25%</b>
<b>All-Payer Target (Factor 2)</b>	<b>-3.26%</b>	<b>-3.90%</b>	<b>-4.65%</b>

# Next Steps

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- **Set scales for improvement and attainment**
  - **Improvement:**
    - Examine hospital-level distribution of one-year improvements in risk-adjusted rates
  - **Attainment:**
    - Use distribution of 2016 rates to set attainment benchmark (set at top 25 percent)
    - Same approach used for RY2018 scales
  
- **Examine data discrepancies**
  - **Differences between HSCRC FFS rate and CMS FFS rate**
  - **Assess impact on setting improvement targets**