GBR Infrastructure Report – Template Update for FY16

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Purpose of Reports

- "The purpose of this report is to inform the HSCRC and other stakeholders, including the Center for Medicaid and Medicare Services (CMS), on the amounts and types of investments that all acute hospitals in Maryland are making over time to improve population health. The report will also advise HSCRC, stakeholders, and CMS on the effectiveness of these investments in furthering the goals of the All-Payer Model. The reports will be available for any interested stakeholder."
- Therefore, please include all expenses for the current fiscal year associated with population health investments that began no earlier than FY 2014.
  - List of excluded expenses remains the same.

GBR Infrastructure Dollars

- GBR Infrastructure provides monies for investments for patients with the goals of improving care and improving health while also reducing avoidable utilization.
- Intent of these monies is to accelerate the development of care coordination.
  - Focus on investments that can reduce PAU in short term.
- Partner with existing local/community health resources or links with statewide infrastructure (Community Providers, LHICs, CRISP, etc.)
- Present and track viable outcomes/metrics to evaluate effectiveness of investments.

Background

- Areas of focus for FY16 reports:
  - Clarification on what expenses to report
  - Improved categorization
  - Process and outcome measures
  - Staffing for Care Transitions and Care Management

Process and Outcome Metrics

- Process metrics per each investment.
  - At the request of the Commission.
  - How hospital is evaluating the efficacy of individual investment.
- Outcome metrics per each investment.
  - Instead of reiterating quality outcomes in each investment, please note if investment will influence particular quality outcome.
- Outcome metrics at the conclusion of the report.
  - Broader discussion of progress toward quality outcomes.

Report Template and Submission Process

- HSCRC will publish final Reporting Template with accompanying memo and instructions by the end of April.
- FY 2016 report will be due from all hospitals 90 days after the end the State fiscal year
- Questions can be directed to Andi Zumbrum

Readmission Reduction Incentive Program Draft FY 2018 Policy

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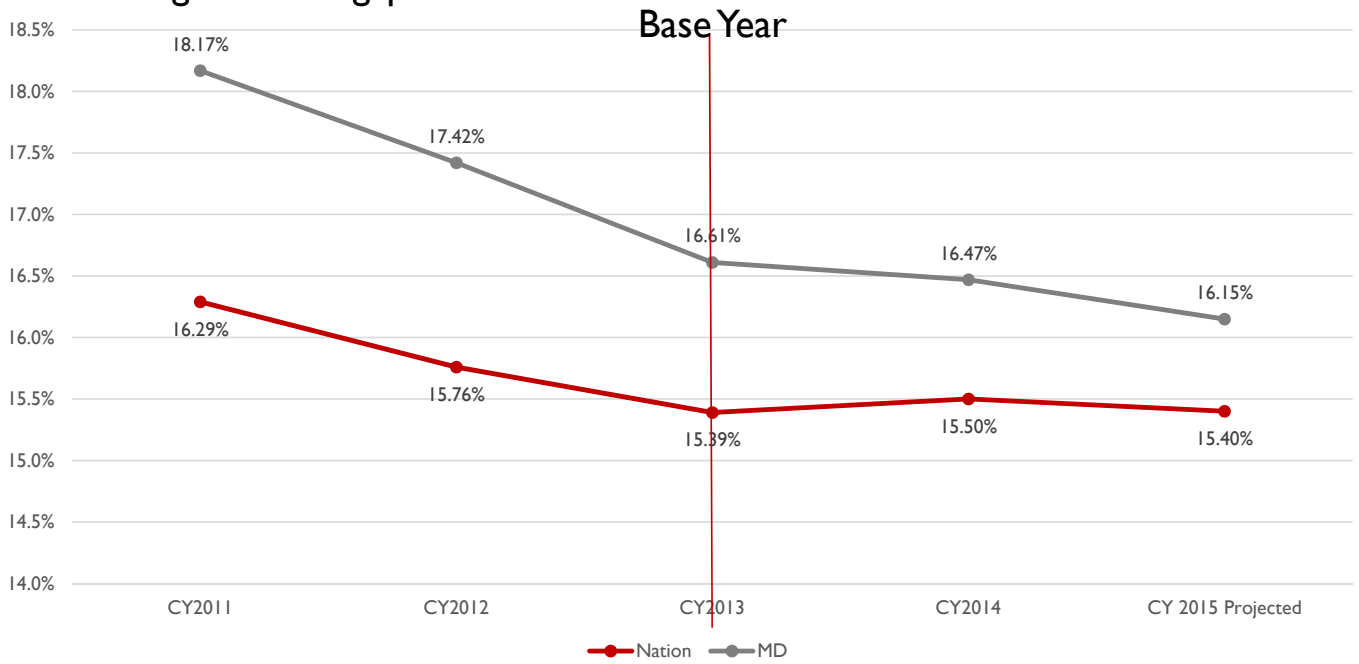
RRIP Background

- Started in CY 2014 performance year with 0.5% inpatient revenue bonus if a hospital reduced its case-mix adjusted readmission rate by 6.76% in one year.
- Last year
  - Improvement target was set at 9.3% over two years (CY 2015 compared to CY 2013 rates)
  - Rewards scaled up to 1% commensurate with improvement rates
  - Penalties scaled up to -2% were introduced for hospitals that were below the improvement target commensurate with improvement rates
  - Continue to evaluate factors that may impact performance and meeting Medicare readmission benchmarks

Medicare Benchmark: At or below National Medicare Readmission Rate by CY 2018

Maryland is reducing readmission rate faster than the nation. Maryland is projected to reduce the gap from 7.93% in the base year to 4.87 % in CY 2015*. Our target for the gap is 4.75% difference.



*HSCRC and CMMI staff identified an ICD-10 issue impacting readmission rates and are working on resolutions. Trends prior to ICD-10 indicate that Maryland meets the Medicare target.

Calculation of CMMI Medicare Readmission Test

BASE YEAR RATES

CY 2013 National Medicare Readmission Rate	A	15.39%
CY 2013 MD Medicare Readmission Rate	B	16.61%
MD vs National Difference	C=B-A	1.23%
Annual Reduction needed to Close the Gap	D=C/5	0.25%

PERFORMANCE YEAR CALCULATIONS

	National % Annual Change	National Rate	MD-National Difference	MD Target Rate	MD Actual Rate	MD-National Difference	MD % Annual Target	MD % Actual Change
A	B	C	D=1.23 % (-0.25%*2)	E	F	G=F-C	H	I
CY14	0.71%	15.50%	**0.98%**	16.47%	16.47%	**0.97%**	-0.84%	-0.85%
CY15-Estimated using Nov. Trend	-0.38%	15.44%	**0.73%**	16.17%	16.11%	**0.67%**	-1.82%	-2.17%
CY 15-Estimated using Dec. Trend	-0.59%	15.40%	**0.73%**	16.14%	16.16%	**0.75%**	-2.02%	-1.89%

Analyses of Issues Discussed in FY 2017 Policy

- Medicare vs All-Payer Targets
- Relationship between overall admissions (denominator) and readmission rate
- Impact of Socio-economic and Demographic Factors
- Impact of Observation stays
- Diminishing impact to reduce readmissions as readmission rates are lower

RRIP proposals for FY 2018

- MHA proposal combines improvement and attainment into a single payment adjustment
- Carefirst proposal blends 50/50 actual readmission rate with indigenous adjusted readmission rates
- Payment adjustments based on readmission rates (attainment) needs further considerations for;
  - Readmissions at out of state hospitals- use Medicare ratios
  - Impact of patient's socio-economic factors – Hospitals who are gaining from adjustments are loosing from improvement rates.
  - Benchmarks: Staff recommends the highest benchmark rather than the state average readmission rate.

Draft Recommendations for the RRIP Policy

- For RY 2018
  - The RRIP policy should continue to be set for all-payers.
  - Hospital performance should be measured better of attainment of improvement
  - Set attainment benchmark at the state top-quartile readmission rate in the most recent performance period.
  - Set the reduction target at 9.5 percent from CY2013 readmission rates
- For RY 2017 apply the same methodology outlined above based on 9.3 reduction target as approved by the Commission last year.
- Staff will evaluate the appropriate risk adjustment in May to finalize the recommendation.

FY 2017 Improvement and Attainment Scale

Improvement Scale			Attainment Scale		
All Payer Readmission Rate Change CY13-CY15	Over/Above Target From Target	RRIP % Inpatient Revenue Payment Adjustment	Out of State Adjusted CY 2015 All-Payer Readmission Rate	Over/Above Target From Target	RRIP % Inpatient Revenue Payment Adjustment
A	B	C	D	E	F
LOWER		1.00%	Lower		1.00%
-18.00%	-8.7%	1.00%	11.04%	-8.7%	1.00%
-17.00%	-7.7%	0.89%	11.16%	-7.7%	0.89%
-16.00%	-6.7%	0.77%	11.28%	-6.7%	0.77%
-15.00%	-5.7%	0.66%	11.40%	-5.7%	0.66%
-14.00%	-4.7%	0.54%	11.52%	-4.7%	0.54%
-13.00%	-3.7%	0.43%	11.64%	-3.7%	0.43%
-12.00%	-2.7%	0.31%	11.76%	-2.7%	0.31%
-11.00%	-1.7%	0.20%	11.88%	-1.7%	0.20%
-10.00%	-0.7%	0.08%	12.01%	-0.7%	0.08%
-9.30%	0.0%	0.00%	12.09%	0.0%	0.00%
-8.00%	1.3%	-0.14%	12.25%	1.3%	-0.14%
-7.00%	2.3%	-0.25%	12.37%	2.3%	-0.25%
-6.00%	3.3%	-0.36%	12.49%	3.3%	-0.36%
-5.00%	4.3%	-0.47%	12.61%	4.3%	-0.47%
-4.00%	5.3%	-0.58%	12.73%	5.3%	-0.58%
-3.00%	6.3%	-0.69%	12.85%	6.3%	-0.69%
-2.00%	7.3%	-0.80%	12.97%	7.3%	-0.80%
-1.00%	8.3%	-0.91%	13.09%	8.3%	-0.91%
0.00%	9.3%	-1.02%	13.21%	9.3%	-1.02%
1.00%	10.3%	-1.13%	13.34%	10.3%	-1.13%
2.00%	11.3%	-1.23%	13.46%	11.3%	-1.23%
3.00%	12.3%	-1.34%	13.58%	12.3%	-1.34%
4.00%	13.3%	-1.45%	13.70%	13.3%	-1.45%
5.00%	14.3%	-1.56%	13.82%	14.3%	-1.56%
6.00%	15.3%	-1.67%	13.94%	15.3%	-1.67%
7.00%	16.3%	-1.78%	14.06%	16.3%	-1.78%
8.00%	17.3%	-1.89%	14.18%	17.3%	-1.89%
9.00%	18.3%	-2.00%	14.30%	18.3%	-2.00%
Higher		-2.00%	Higher		-2.00%

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Readmission Measure

- RY 2018 Measure Changes:
  - Update Planned Admission Logic v4
  - Revise transfer logic to count same and next day admissions as transfers
  - Remove rehabilitation cases (using type of daily service) due to ICD-10 issues
  - Suspend oncology cases (using APR-DRGs)

- RY 2017 current readmission rates are preliminary:
  - ICD-10 issues related to rehab
  - Data will be refreshed to run final report

Rate Year (RY) 2017 Potentially Avoidable Utilization Savings Policy Draft Recommendation

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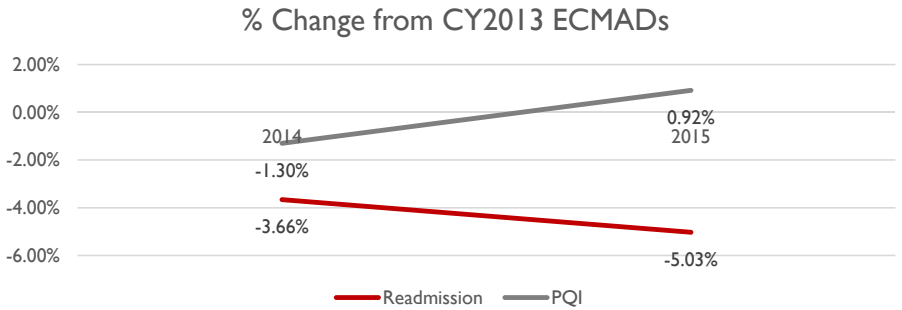
Background

- Ensure savings to the purchasers from incentive programs and satisfy exemption requirements from Medicare programs
- Started in RY 2014 in conjunction with the Admission Readmission Revenue (ARR) Program
- All-Payer Model moved the payments to global budgets
  - RY2016 Policy remained the focus on readmissions because of concerns over progress in readmissions reductions
  - Aligned the readmission measure from same hospital readmissions to any hospital within the state
  - Capped the reductions to statewide average for hospitals that are above the 75th percentile on the percentage of Medicaid discharges for those over age 18

Proposed Changes to the Savings Policy

- Align the shared savings with Potentially Avoidable Utilization in the market shift adjustments
  - Add Prevention Quality Indicators (PQI)*
  - Readmissions are counted at the receiving hospital
  - Add observation stays lasting 23 hour or longer to inpatient discharges



*Developed Agency For Health Care Quality and Research http://www.qualityindicators.ahrq.gov/modules/pqi_overview.aspx
Also known as Ambulatory Care Sensitive Conditions, that is conditions for which good outpatient care can potentially prevent the hospitalization.

RY 2017 PAU Savings Draft Recommendations

- Align the measure with the PAU definitions used in the market shift adjustment
- Set the value of the PAU savings amount to 1.25 percent of total permanent revenue in the state, which is a 0.65 percent net reduction in RY 2017.
- Cap the PAU savings reduction at the statewide average reduction for hospitals with higher socio-economic burden.
- Evaluate further expansion of PAU definitions for RY 2018 to incorporate additional categories of unplanned admissions.
- Evaluate progress on sepsis coding and the apparent discrepancies in levels of sepsis cases across hospitals, including the need for possible independent coding audits.

PAU Savings State-Wide Calculation and Hospital A Example

Table 1: Calculation of Statewide PAU Savings		
Total Approved Permanent Revenue	A	$15.2 mil.
Proposed Net PAU Savings %	B	-0.65%
Proposed Net PAU Savings ($)	C=A*B	-$98.9 mil
State PAU %	D	11.99%
State PAU $	E=A*D	$1.8 mil.
PAU Net Reduction %	F=C/D	**-5.42%**
Hospital A Total Revenue	G	$500 mil.
Hospital A Total PAU $	H	$40 mil.
Hospital A Total PAU %	I	8.0%
Hospital A PAU Savings $	J=H*F	-$2.1 mil.
Hospital A PAU Savings as % Total Revenue	K=J/G	**-0.43%**

DRAFT Recommendation for the Aggregate Revenue Amount At-Risk under Maryland Hospital Quality Programs for Rate Year 2018

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RY 2017 Year to Date Results

	MHAC*	RRIP**	QBR***	PAU Savings***	Net PAU Savings***	PAU*	State Aggregate	Hospital Net
	A	B	C	D	E	F	G=Sum(A-D)	
Potential At Risk (Absolute Value)	3.00%	2.00%	2.00%	4.36%	3.52%		11.36%	
Maximum Hospital Penalty (% Inpatient Revenue)	-0.25%	-2.00%	-1.78%	-4.36%	-3.52%		-8.38%	-3.10%
Maximum Hospital Reward (% Inpatient Revenue)	1.00%	1.00%	1.00%	NA	0.44%	NA	3.00%	1.41%
Average Absolute Level Adjustment (% Inpatient Revenue)	**0.42%**	**0.65%**	**0.51%**	**2.56%**	**1.60%**		**4.13%**	**1.35%**
Total Penalty	-$502,722	-$36,224,835	-$4,980,623	-$190,634,642	-$99,309,267		-$141,017,447	
Total Reward	$29,403,229	$8,358,316	$33,335,873	$0	$278,971	NA	$71,097,418	
Total Net Adjustments	**$28,900,507**	**-$27,866,519**	**$28,355,250**	**-$190,634,642**	**-$99,309,267**		**-$69,920,029**	
% Total GBR Revenue	**0.19%**	**-0.18%**	**0.19%**	**-1.25%**	**-0.65%**		**-0.46%**	

**All calculations are preliminary subject to the assessment of ICD-10 impact.*
***RRIP results are preliminary results as of December 2015 and do not reflect any potential protections that may be developed based on the approved RY 2017 recommendation.*
****QBR YTD results are preliminary estimates based on two quarters of new data due to data lag for measures from CMS. Staff will provide updated calculations for the final recommendation.*
*****PAU Savings are based on 0.65 % net statewide reduction based on draft FY2017 recommendation.*

DRAFT Recommendations

- No change is recommended to FY 2017 levels

	Max Penalty	Max Reward
MHAC Below target	-3.0%	0.0%
MHAC Above Target	-1.0%	1.0%
RRIP	-2.0%	1.0%
QBR	-2.0%	1.0%

- Continue to set the maximum penalty guardrail at 3.5 percent of total hospital revenue
- The quality adjustments should be applied to inpatient revenue centers, similar to the approach used by CMS. The HSCRC staff can apply the adjustments to hospitals' medical surgical rates to concentrate the impact of this adjustment to inpatient revenues, consistent with federal policies.

Performance Measurement Future Strategy

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Maryland Value-Based Payment Strategy in FY 2019 and Beyond

- Performance Measurement and Payment Strategy under All-Payer Model
- Revisions for the existing pay-for-performance programs and timelines
- Potential areas for discussion and input
  - **Additional Measures of Potentially Avoidable Utilization**
  - **Service Line Specific/Patient Centric Value Measurement**
  - **New Areas of Measurement**
    - **Patient Centricity**
    - **High-Need Patients/Chronic Conditions/Care Coordination Measures**
    - **Emergency Department (ED), Outpatient, Imaging measures**
    - **Population Health**