



Maryland Health Services Cost Review Commission

Performance Based Revenue at Risk

**Performance Measurement Work Group
02/28/2014**



Aggregate Percent At Risk in CMS Programs

Program	Percent at Risk Medicare	Percent At Risk Maryland
VBP	FFY15 1.5% FFY16 1.75% FFY17 2% of Medicare Base DRG Payments	FFY15 0.5% FFY16 1.0%
Complications	FFY15 1% FFY16 1% FFY17 1% of Medicare Total DRG Payments	FFY15 3% FFY16 4%
Readmissions	FFY15 3% FFY16 3% FFY17 3% of Medicare Base DRG Payments	FFY15 0.3% (Shared Savings Program) FFY16 0.8% (Shared Savings and Readmission Improvement Incentive Program)
Total	FFY15 5.5% FFY16 5.75% FFY17 6%	FFY15 3.8% FFY16 5.8%



MHAC Payment Methodology



Translating the Score to Payment-

- Proposing maximum of **4%** all-payer revenue at risk
- Statewide and hospital specific goals
- CMS Waiver goal: 30 percent over 5 years (minimum annual goal of 6.89%)
- HSCRC is proposing a higher CY2014 goal of **8.5%** based on previous years' trends
 - If statewide minimum annual goal of **6.89%** is **not** met, maximum possible penalty applies and all hospitals receive a penalty
 - If statewide minimum annual goal of **6.89%** is met but the CY2014 goal of **8.5%** is **not** met, maximum possible penalty is discounted by **1%** and **no penalties for highest performing hospitals**
 - If full CY2014 goal of **8.5%** is met, maximum possible penalty is discounted by **2%** with possibility of rewards for highest performing hospitals

Translating the Score to Payment Impact

Preset corridors of MHAC score (0-1) corresponding to payment impact

- **Statewide Full Target Met:** Targets and penalty scale “discounted” if statewide performance achieves policy target; max possible penalty = **2%**

(2%)		no penalty	reward up to 0.5%
Minimum Base Year Score – 60 th % score	61 th -79 th %	80%-Highest Base Year Score	* Reward up to 1%, as the penalty funding exists

- **Statewide Full Target not Met but Minimum Target Met:** All but top performing hospitals penalized at discounted rate; max possible penalty = **3%**

(3%)		no penalty
Minimum Base Year Score – 80 th % score	80%-Highest Base Year Score	

- **Statewide and Incremental Targets not Met:** All hospitals penalized, max possible penalty = **4%**

(4%)
Minimum Base Year Score – Highest Base Year Score