



# Maryland Health Services Cost Review Commission

**New All-Payer Model for Maryland  
Global Budget Development for FY 2014  
March 12, 2014**



# Overview of Global Budget Implementation

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- ▶ For implementation of new All-Payer Model with the Center for Medicare & Medicaid Innovation (CMMI), HSCRC approved policies to allow hospitals in addition to the Total Patient Revenue (TPR) hospitals to transition to global budgets, or to remain in current models with new volume policies
- ▶ Global Budgets, referred to as Global Budget Revenue (GBR) were developed based upon the framework used for the TPR arrangements
  - ▶ Constructed using common approach and FY 2013 revenue base
  - ▶ Developed in accordance with Commission approved policies
  - ▶ Approved revenue established for FY 2014
  - ▶ Updates and adjustments July 2014 and thereafter based on HSCRC policies and global model

# New Context for Hospitals

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## Old Model

Units/Cases

 Rate Per Unit or Case

Hospital Revenue

Unknown at the beginning of year. More units/more revenue

## Global Models

Revenue Base Year

 Updates for Trend, Population, Value, Other

Allowed Revenue Target Year

Known at the beginning of year. More units does not create more revenue

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# Objectives

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- ▶ Objective is to have hospital revenues that are part of the All-Payer Model under a global arrangement, either GBR or TPR
- ▶ Advantages
  - ▶ With a fixed base, gives a higher level of predictability of revenue under the new All-Payer requirements
  - ▶ Provides hospitals a stable and predictable revenue base as they implement population health approaches under the three part aim embodied in the new All-Payer Model
- ▶ Challenges and changes in approach
  - ▶ Requires a number of changes in approach and new Commission policies, many of which are being addressed by work groups with expected recommendations for Commission consideration in the upcoming months

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STATUS

# Status

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- ▶ In accordance with Commission approved policies, Staff completed global budgets:

	Actual FY 2013 Revenues
<b>Global budgets finalized</b>	<b>6,627,940,222</b>
<b>TPR revenues under global budgets</b>	<b>1,524,356,990</b>
<b>Subtotal</b>	<b>8,152,297,212</b>
<b>Statewide revenues</b>	<b>15,298,124,525</b>
<b>% of revenues under global budget</b>	<b>53%</b>

- ▶ Remainder of revenue under new volume policies pending continuing negotiations of global budgets.
- ▶ Agreements being finalized and will be published on HSCRC website

# Hospitals / Systems with Completed Budgets

Hospital	Affiliation	Actual FY 13 Revenue
Shady Grove	Adventist	362,277,247
WAH	Adventist	249,870,484
Germantown ER	Adventist	13,725,997
	<b>Adventist Total</b>	<b>625,873,728</b>
Levindale	LifeBridge	53,610,127
Northwest	LifeBridge	248,252,705
Sinai	LifeBridge	684,513,503
	<b>LifeBridge Total</b>	<b>986,376,335</b>
Franklin Square	MedStar	469,792,199
Good Samaritan	MedStar	295,622,767
Harbor	MedStar	201,140,964
Southern Maryland	MedStar	253,544,106
Union Memorial	MedStar	406,581,848
	<b>MedStar Total</b>	<b>1,626,681,884</b>
Anne Arundel		541,867,872
Bon Secours		122,596,895
Doctors Community		216,854,386
Frederick Memorial		337,093,592
GBMC		421,172,480
Holy Cross		461,351,270
Mercy		470,760,326
Peninsula General		412,641,496
St. Agnes		404,669,958
Totals		<b>6,627,940,222</b>

Hospitals with budgets that Staff has completed for FY 2014 in accordance with Commission approved policies will be updated annually consistent with Commission approved policy beginning July 1, 2014.

# TPR Hospitals

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Hospital	Actual FY 13
Calvert Memorial Hospital	138,862,906
Chester River Hospital Cen	59,206,382
Dorchester General Hospit	59,897,850
Memorial Hospital at East	186,358,594
Carroll Hospital Center	249,075,082
Garrett County	44,018,658
McCready Memorial	17,976,486
Meritus Hospital	301,350,725
Union of Cecil	153,372,921
Western MD Regional	314,237,386
	<b>1,524,356,990</b>

Renewals of 3 year agreements for second term implemented July 2013.



# Next Steps

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- ▶ Prepare summaries and disclosures for Commission of global budgets as well as rate order revenues issued under revised CPC/E methods
- ▶ Post agreements and budget summaries to HSCRC website
- ▶ Continue negotiations of additional global agreements
- ▶ Implement new monitoring procedures
- ▶ Continue enhancement of agreement with payment workgroup input and recommendations to the Commission