



Roundtable on Capturing the Savings in Health Care to Pay the Bill for Health

Joshua M. Sharfstein, MD

Name of project or collaborative

Maryland Model for Hospital Payment

Geography

Maryland

Brief description

Since the late 1970s, Maryland has operated the country's only all-payer rate setting system for hospital services in which all third party purchasers pay the same rate, which is tied to a growth limit in Medicare payment per inpatient admission. In 2014, Maryland and CMMI announced a new initiative to modernize Maryland's waiver. In place of the limit on per-admission payment, Maryland's new model focuses on overall per capita expenditures for hospital services, as well as improvements in quality of care and population health outcomes.

Relevance of project to this breakout session

The changing payment incentives are changing health care delivery.

Results/outcomes

We have just gotten started. However, many hospitals are engaging in very interesting partnerships. Early adopters of new financing models have seen dramatic reductions in preventable hospitalizations and experience shows that with the right incentives, hospitals will collaborate with public health agencies, community health organizations, long-term care providers, and others in creative partnerships.

Funding

Maryland will limit the growth of per capita hospital costs, both inpatient and outpatient, for all payers to 3.58% and limit the annual growth in Medicare's per capita hospital costs, which will result in saving Medicare \$330 million over the next five years. To succeed under this model, Maryland's rate setting commission will shift hospital revenue away from fee-for-service models into population-based payment models that reward providers for improving health outcomes, enhancing quality, and controlling costs.

Contact

Health Services Cost Review Commission. <http://www.hsrc.state.md.us/>