



Maryland
Hospital Association

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April 15, 2014

Karen Matsuoka, Ph.D.
Director, Health Systems and Infrastructure Administration
Department of Health and Mental Hygiene
201 W. Preston Street
Baltimore, Maryland 21201

Dear Ms. Matsuoka:

On behalf of the Maryland Hospital Association's (MHA) 66 member hospitals and health systems, and as a participant in the stakeholder engagement process, I appreciate the opportunity to comment on the State Healthcare Innovation Plan that was submitted to the Centers for Medicare & Medicaid Services as the main product of the "SIM Model Design" planning grant.

Hospitals have much at stake under the hospital Medicare waiver demonstration referenced in the report. The modernized hospital waiver limits annual all-payer hospital revenue growth to no more than 3.58 percent per capita, requires \$330 million in Medicare savings over five years, and sets aggressive targets to reduce complications and readmissions. We welcome a visionary plan that supports the dramatic changes that will be required to succeed under the new hospital payment demonstration model. The final report describes a far-reaching and inspired plan for transformation that could provide the framework on which to build.

By design, the scope and scale of the State Healthcare Innovation Plan is bold; many of the ideas have not been tried on a statewide scale and will require active engagement and partnerships with stakeholders. As an example, expanding existing health information technology data infrastructure in Maryland from its current state to fit the vision described in the report is beyond the scope of state government alone. It will require incremental steps by providers to maximize the use and interoperability of electronic health records, as well as coordination with existing data resources and the development of new resources and capabilities.

To be a trusted asset, the data tools must be transparent and must allow all key stakeholders access to the data. We believe this is best accomplished through a shared governance structure with clear guidelines about which individuals and institutions can access what level of data—a plan that will require much more work to bring to reality. MHA is eager to begin work on a data infrastructure and shared data governance plan with the Department of Health and Mental Hygiene, the state agencies that hold or collect data, and care providers that would use data to improve health care delivery.

We appreciate that the report acknowledged the previous comments from MHA and other stakeholders; particularly the need to ensure that care coordination among hospitals, payers, Accountable Care Organizations, and others does not overlap or duplicate communication to patients.

MHA also appreciates the report's note of the need to thoughtfully plan the roll-out to ensure that local public health and private providers are truly forming effective partnerships. Deploying

Community Health Teams in a way that integrates with current activities would build on relationships that already exist between providers and local health departments. Because the working relationships between providers and local health departments are not uniform across jurisdictions, a uniform approach to integration is not likely to be well accepted. In areas where there is a history of working well together, less intervention may be necessary and in areas where there is little experience working together, trust and accountability will need to grow.

We also appreciate the recognition of the need for additional behavioral health resources. Hospitals share this concern and are acutely aware of the need for expanded access to behavioral health services.

We look forward to continuing the dialogue in each of these areas.

Maryland hospitals have committed to rates of spending growth far below historic growth rates, with a specific goal of \$330 million in savings for Medicare alone under the new waiver. Historic per capita growth rates in the range of 6 percent to 7 percent will be replaced with rates of growth no higher than 3.58 percent, generating system-wide savings for all payers on the order of \$800 million over five years.

By supporting the waiver agreement, hospitals have already contributed to achieving dramatic savings for the state, the federal government, and all other payers of health care. It is unrealistic to expect additional savings from hospital care to support the State Healthcare Innovation Plan, particularly after only two years. We are not as confident as the report indicates that we can “meet – and beat” the hospital waiver savings targets.

Maryland hospitals’ commitment to lower health care spending for the entire state is unprecedented and will not be easy to achieve. Hospitals will need to redesign care delivery to better manage chronic conditions outside the hospital, to engage patients and families in their care in new and meaningful ways, and to address social determinants of health — all of which are needed to achieve better outcomes for their communities. As this transition to population health management matures over the next five to 10 years, it’s conceivable that additional savings beyond the 3.58 percent cap will be within reach. However, it is overly optimistic to expect additional hospital savings beyond the roughly \$800 million that is already projected.

We appreciate the time and efforts you and your staff have put into this report. We look forward to continuing this important work with you. Please contact me at 410-540-5087 or by email at tla_valle@mhaonline.org if you would like to discuss this further.

Sincerely,



Traci La Valle,
Vice President, Financial Policy & Advocacy
Maryland Hospital Association