



FAQs on Maryland's New Medicare Waiver

GENERAL QUESTIONS

Q: What is Maryland's Medicare waiver?

A: Hospital prices in Maryland, unlike anywhere else, are set by the state and are the same for all patients, whether they have Medicare, Medicaid, private insurance, or pay on their own. The Medicare waiver is an agreement between the federal government and the state that Medicare payment rules will be "waived," and instead, Medicare will also pay those state-set hospital rates, based on certain conditions.

Q: What are those conditions?

A: Since 1977 when Maryland's system started, the condition has been that growth in Medicare spending on inpatient care in Maryland would not surpass the growth across the rest of the country. But because the delivery of health care since then has become more about prevention and outpatient care, those conditions needed to change.

Q: Is that what this new waiver is about?

A: Yes. The new waiver focuses on preventing illness and keeping communities healthier, with an eye toward lower costs and higher quality. Hospitals will work to keep people and communities well, ensuring that people are admitted as inpatients only when necessary, and coordinating care with others outside the hospital, such as doctors, nursing homes, rehabilitation facilities, and pharmacists.

Q: What are the benefits of Maryland's unique system?

A: Since its inception, Maryland's system has lowered spending on hospital care from 25 percent above the national average to 4 percent below, and saved Maryland \$45 billion through lower costs and lower health insurance premiums. It also has allowed Maryland to be an innovator in the delivery of and payment for care, something that the new proposal is designed to encourage.

Q: Is this part of Obamacare?

A: No, this is separate. While the basics of the new proposal mirror the goals of the Affordable Care Act – prevention, lower costs, higher quality, etc. – this is a Maryland-specific agreement that promises to keep the state on the cutting edge of innovation in the payment and delivery of health care services.

Q: Is this proposal the reason I am hearing so much about the new health care exchange, Maryland Health Connection?

A: No, the exchange is a direct result of the Affordable Care Act's goal to get health care insurance to more people across the nation, including Maryland. While Maryland's new Medicare waiver promises lower costs and higher quality, better-coordinated care, its direct affect is specifically on how hospitals are paid.



THE EFFECTS OF THE NEW WAIVER

Q: I'm on Medicare. Does the new waiver mean I'll pay more out of pocket than people in the rest of the country?

A: The new waiver, like the old system, addresses how hospitals are paid, not what you pay.

Q: I work in a hospital, and hospitals like mine have been cutting jobs. Will this new waiver mean more cuts?

A: Hospital job cuts to date have been sparked by several factors, including the declining use of hospital inpatient services, and payments that have not kept pace with the cost of caring for patients. Each hospital is different, and other factors play a role in the constant adjustments hospital leaders make to ensure that their hospital is best equipped to meet its mission. Hospitals will be expected to do more with less, but the new waiver creates the opportunity for hospitals to be on a more solid financial footing.

Q: Since the new waiver limits what can be spent on hospital care in Maryland, will less care be provided as a result?

A: No, but the kinds of care we deliver will be different. Hospitals' mission is to take care of people, and one of the hallmarks of Maryland's system has been that all who need care will get it. That will not change. What will change is an increased focus on keeping people and communities healthy, in the first place, treating patients early and in the community instead of in emergency departments, and making sure that all areas of care, not just care delivered inside the hospital, are better coordinated.

Q: If costs are indeed reduced, will my insurance premiums go down?

A: Over time, lower hospital costs should mean lower health insurance premiums for consumers. Maryland's hospitals will work to ensure that savings generated under this waiver will make care more affordable for you instead of more profitable for insurers.

Q: Why is this system better for Marylanders?

A: The new waiver holds the promise of lower costs, higher quality, and a healthier Maryland. Those will be achieved by providing hospitals the tools they need to focus not just on taking care of people inside the hospital, but on working with others to keep entire communities healthier. Improved health usually translates into lower health care costs.

Q: How will hospital services and care be affected by the new waiver?

A: The goals of the waiver are challenging – they have never been tried nor tested broadly before. Hospitals will have to find ways to provide care at a lower cost than today. At the same time, care should become more coordinated, with a special focus on innovative ways to improve the quality of that care. When patients are discharged, whether to their home or to a nursing home or other facility, others in the community who play a role in that patient's care will contribute to what should be better coordinated care.