

## Affordable Care Act & Health Delivery Reform

### Maryland Implementation

Joshua M. Sharfstein, M.D., Secretary  
Primary Care Office Conference  
May 25, 2011



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## Outline

- Background
- The Affordable Care Act
- Delivery System Reform



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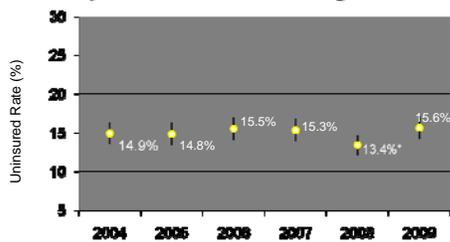
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## Trend in Uninsured Rate in Maryland, 2004 through 2009



\* Differs significantly from the 2007 & 2009 estimates using a 90% C.I.

MHCC Analysis of Current Population Survey, Jan. 2011



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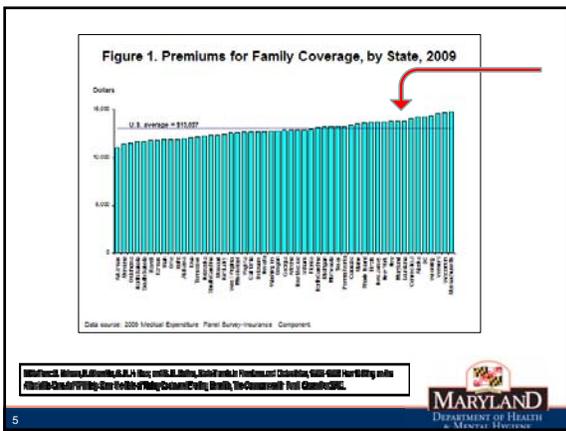
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Maryland's Health Care System is the most comprehensive in the nation. It is the only state that provides comprehensive health care coverage to all residents, including those who are uninsured.

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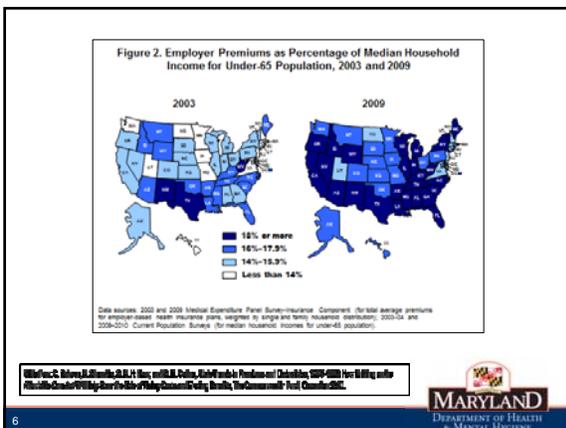
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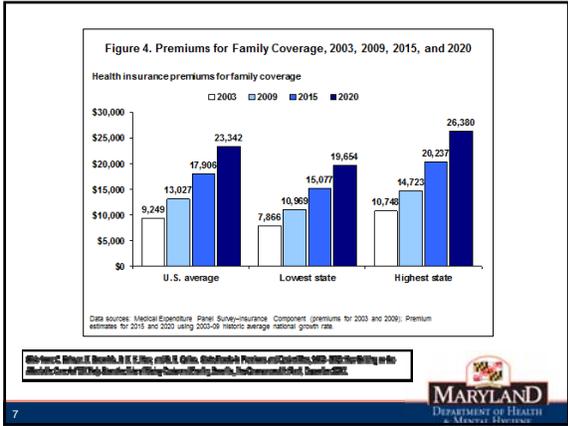
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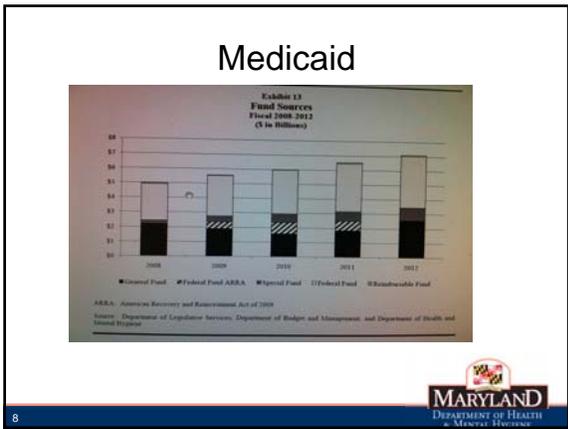
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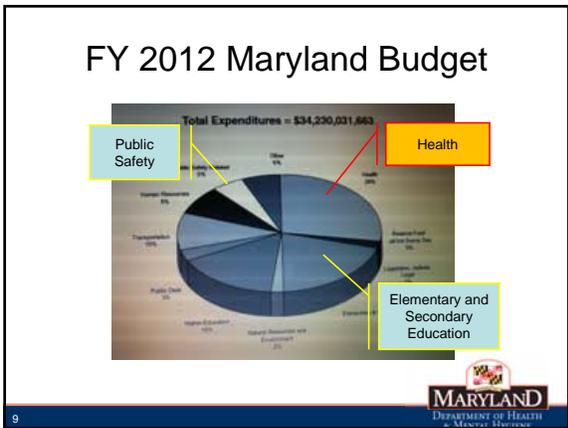
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REPORT CARD				
GRADING PERIOD	1	2	3	4
READING	A			
WRITTEN COMMUNICATION	A			
MATHEMATICS	C			
SCIENCE/HEALTH	B			
SOCIAL STUDIES	B			
ART	A			
MUSIC	A			
PHYSICAL EDUCATION	C			
Grade Average	B			
Absences:	Present	Excused		
	10	0		
	10	0		
A = Excellent B = Good C = Satisfactory D = Needs Improvement E = Unsatisfactory F = Inadequate I = Incomplete				
Student	Grade			

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## Barriers to Performance

- Weak primary care infrastructure, poorly connected to tertiary care
- Health care system generally pays for volume, not value
- Few incentives for high quality care

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**EFFICIENCY**

**Test Results or Medical Records Not Available at Time of Appointment, Among Sicker Adults**

Percent reporting test results/records not available at time of appointment in past two years

Country	2005 (%)	2007 (%)
United States	23	
NETH		22
GER		9
NZE		12
AUS		14
LUK		17
GBR		17
GBR		18

Source: Commonwealth Fund National Scorecard on U.S. Health System Performance, 2008

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Slide from: The Commonwealth Fund Commission on a High Performance Health System, Why Not the Best? Results from the National Scorecard on U.S. Health System Performance, 2008, The Commonwealth Fund, July 2008.

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## Four Key Elements of ACA

1. Strengthens insurance coverage
2. Expands access to health care
3. Makes coverage more affordable
4. Promotes cost control, quality, and prevention



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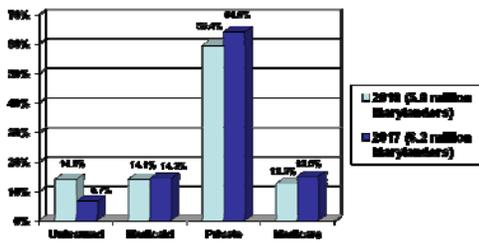
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## Affordable Care Act Anticipated to Reduce Maryland Uninsured by Half



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## State General Fund Analysis

- ✓ Review by UMBC Hilltop Institute team of health policy experts and economists:

Implementation of the ACA will save the General Fund budget \$853 million over 10 years



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## Smart Consumer Protections



- Young adults can stay on their parents coverage until age 26.

In effect now



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## Protects Families from Bankruptcy



- No exclusions for children with pre-existing conditions.

In effect now



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## Support in Case of Illness



- No pre-existing condition exclusions for chronically ill adults.

2014



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## Insurance Bill

- ✓ Aligns Maryland insurance law with the Affordable Care Act
- ✓ Assures important protections for Maryland residents such as
  - ✓ Coverage until 26
  - ✓ Pre-existing conditions
  - ✓ Lifetime limits



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## Expands Access to Health Care

- ✓ Establishes incentives and requirements to have coverage in order to avoid adverse selection and spread risk



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## Expands Access to Health Care

- Creates transparent, competitive exchanges where individuals and small businesses can go to purchase private insurance coverage.



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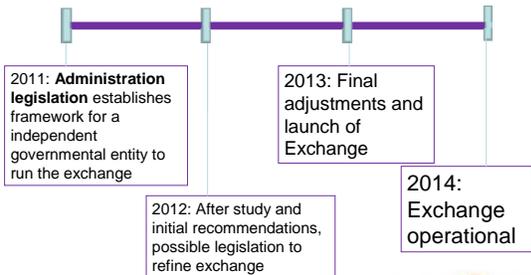
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## Timeline for Health Insurance Exchanges



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CONNECT coverage

How do you fit in...

Individuals and Families

Navigators and Community Assistors

Small Business

Insurance Companies & Health Plans

Example

MARYLAND DEPARTMENT OF HEALTH & MENTAL HYGIENE

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CONNECT coverage

Looking for health coverage?

You have options.

CONNECT coverage works with insurers and public programs to offer the health coverage that goes best. Select the best description of your needs below.

Apply for me or my family and public health coverage

Purchase health insurance and pay your own premiums

Explore all available options

Example

MARYLAND DEPARTMENT OF HEALTH & MENTAL HYGIENE

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CONNECT coverage

Looking for health coverage?

Individuals and Families

Plan Name	Rate	Features
Individuals and Families	\$1,200	Individuals and Families
Individuals and Families	\$1,500	Individuals and Families
Individuals and Families	\$1,800	Individuals and Families

Example

MARYLAND DEPARTMENT OF HEALTH & MENTAL HYGIENE

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## Health Benefit Exchange Bill

- ✓ Establishes a structure and framework
- ✓ Independent public entity
- ✓ Promote transparency and accountability
- ✓ Makes Maryland grant-eligible
- ✓ Will study key issues and make recommendations to legislature for 2012 session

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## Four Key Elements of ACA

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## Support for Maryland Families and Businesses

- ✓ Medicaid expansion & higher federal match
- ✓ Subsidies for low- and moderate-income individuals and families - up to 400% FPL
- ✓ Small business tax credits 35% (2010) – 50% (2014)

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## Saves Money While Making People Healthier

- ✓ Invests in prevention
- ✓ Encourages high quality and efficient provision of care, with leadership by doctors and hospitals
- ✓ Supports ongoing efforts in health information technology

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**Health  
Care  
Delivery  
Reform**

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## Goal is the “Triple Aim”

1. Improving individual experience of care
2. Reducing per capita health care costs
3. Improving the health of the population

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## Maryland Efforts

- Quality of care initiatives
- Hospital payment reform
- Patient centered medical home
- Health information technology

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## Maryland Health Quality and Cost Council



**HEALTHIEST MARYLAND**  
Where the healthiest choice is easy



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## Value Based Purchasing

- Implemented by All-Payer Rate System 2008
- 19 core measures – 4 clinical domains & patient experience of care
- Relative performance linked to rewards/penalties in annual inflation update



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Measure	Definition
AMI-1	Aspirin at Arrival
AMI-2	Aspirin prescribed at discharge
AMI-3	Angiotensin converting enzyme inhibitors (ACEI) or angiotensin receptor blockers (ARB) for left ventricular systolic dysfunction (LVSD)
AMI-4	Adult smoking cessation advice/counseling
AMI-5	Beta blocker prescribed at discharge
AMI-6	Beta Blocker at Arrival within 24 hours
HF-1	Discharge instructions
HF-2	Left ventricular systolic function (LVSF) assessment
HF-3	ACEI or ARB for LVSD
HF-4	Adult smoking cessation advice/counseling
PN-2	Pneumococcal vaccination
PN-3a	Blood cultures performed within 24 hours prior to or 24 hours after hospital arrival for patients who were transferred or admitted to the ICU within 24 hours of hospital arrival
PN-3b	Blood culture before first antibiotic – Pneumonia
PN-4	Adult smoking cessation advice/counseling
PN-5c	Antibiotic within 6 hours
PN-7	Influenza vaccination
SCIP-INF-1	Antibiotic given within 1 hour prior to surgical incision
SCIP-INF-2	Antibiotic selection
SCIP-INF-3	Antibiotic discontinuance within appropriate time period postoperatively

Source: HSCRC



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### Hospital Acquired Conditions

- 49 potentially preventable complications
- \$557 million of excess cost in 2010
- Method ranks hospitals on a risk-adjusted rate of 49 complications, weighted by cost factor
- Public reporting

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### HAC Initiative: Outcomes

- All-Payer System has reallocated \$4 million from poor-performers to better performers (relative to state-wide average)
- 12% drop in the number of hospital-acquired complications 2009 to 2010, representing \$62.5 million reduction in hospital cost

Source: HSCRC

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### Maryland Efforts

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## Next Steps: Include Physicians

- Physician/Hospital Case Rates (Surgical Procedures)
- Ability of Hospitals to "Gain Share" with Physicians



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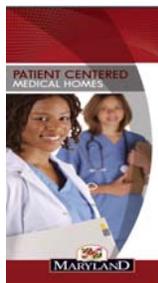
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## Multi-Payer Model

PCMH Practices will be Reimbursed using an Enhanced Payment Model

**Fee-For-Service**  
Primary care practices will continue to be reimbursed under their existing fee-for-service payment arrangements with health plans.

+

**Fixed Transformation Payment**  
Primary care practices will receive a fixed, per patient per month fee (paid semi-annually). The purpose of this fee is to defray the costs of providing enhanced primary care services, including care coordination.

+

**Incentive Payment (Shared Savings)**  
Primary care practices will receive a share of any savings generated by improved patient outcomes. Savings calculations will be performed using the MHCC's all-payer claims database.

200K Patients

60 practices

Goal of NCQA Certification

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## CareFirst Model

- Involves all CareFirst enrollment of 2,300 participating providers
- CareFirst provides direct nursing support to primary care doctors for care plans
- Model to calculate risk-adjusted cost and savings that blends global capitation and fee-for service
- Practices get higher fees, share of savings

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## Maryland Efforts

- Quality of care initiatives
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## HIT in Maryland

- CRISP overseeing Health Information exchange
- 400 primary care doctors so far moving to EHR
- All acute care hospitals planning to report to HIE



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## Opportunities

- ✓ Better align financial and clinical incentives in health care system
- ✓ Improve performance and control cost
- ✓ Make health care costs more manageable for small business and individuals
- ✓ Empower health care institutions and professionals
- ✓ More flexibility for doing what works



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## Challenges

- Who leads?
- Will ACOs misuse market power?
- Will we adapt our models for hospital capacity?
- What happens to health care providers who have trouble with the transition?



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## State Health Improvement Plan

- The State Health Improvement Plan (SHIP) will focus state and local action on a small number of *critical* population health improvement factors -
  - critical to making sure people live, work and play in health supporting environments
  - critical to ensuring that our prevention and health care services are of the highest quality

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## Conclusion

- Very exciting time for American medicine
- The Old Line State is on the cutting edge of delivery system reform
- Given the challenges of cost and performance, we must embrace the triple aim to succeed

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## Acknowledgments

- HSCRC
- MHCC
- Governor Martin O'Malley
- Lt. Gov Anthony Brown

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## Additional Notes

- The website of the Department of Health and Mental Hygiene is
- <http://www.dhmf.state.md.us>
- Follow Dr. Sharfstein on Twitter @drjoshs



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