Leveraging Interoperability and a Health Data Utility to Succeed in Value-Based Care:

An overview and case study of Maryland's Total Cost of Care Model

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Overview

- What is value-based care and alternative payment models?
- Why is value-based care important?
- What does value-based care look like?
- How has value-based care been implemented in Maryland?
- How has the health data utility supported Maryland's success?
- Closing thoughts

What is Value-Based Care and Alternative Payment Models?

What is Value-Based Care and Alternative Payment Models?

Value-based care ties the amount health care providers earn for their services to the ***results*** they deliver for their patients, such as the ***quality, equity, and cost of care***. Through financial incentives and other methods, value-based care programs aim to hold ***providers more accountable for improving patient outcomes*** while also giving them greater flexibility to deliver the right care at the right time.

An Alternative Payment Model (APM) is a payment approach that gives ***added incentive payments to provide high-quality and cost-efficient care***. APMs can apply to a specific clinical condition, a care episode, or a population.

Source: Commonwealth Fund

Why is Value-Based Care Important?

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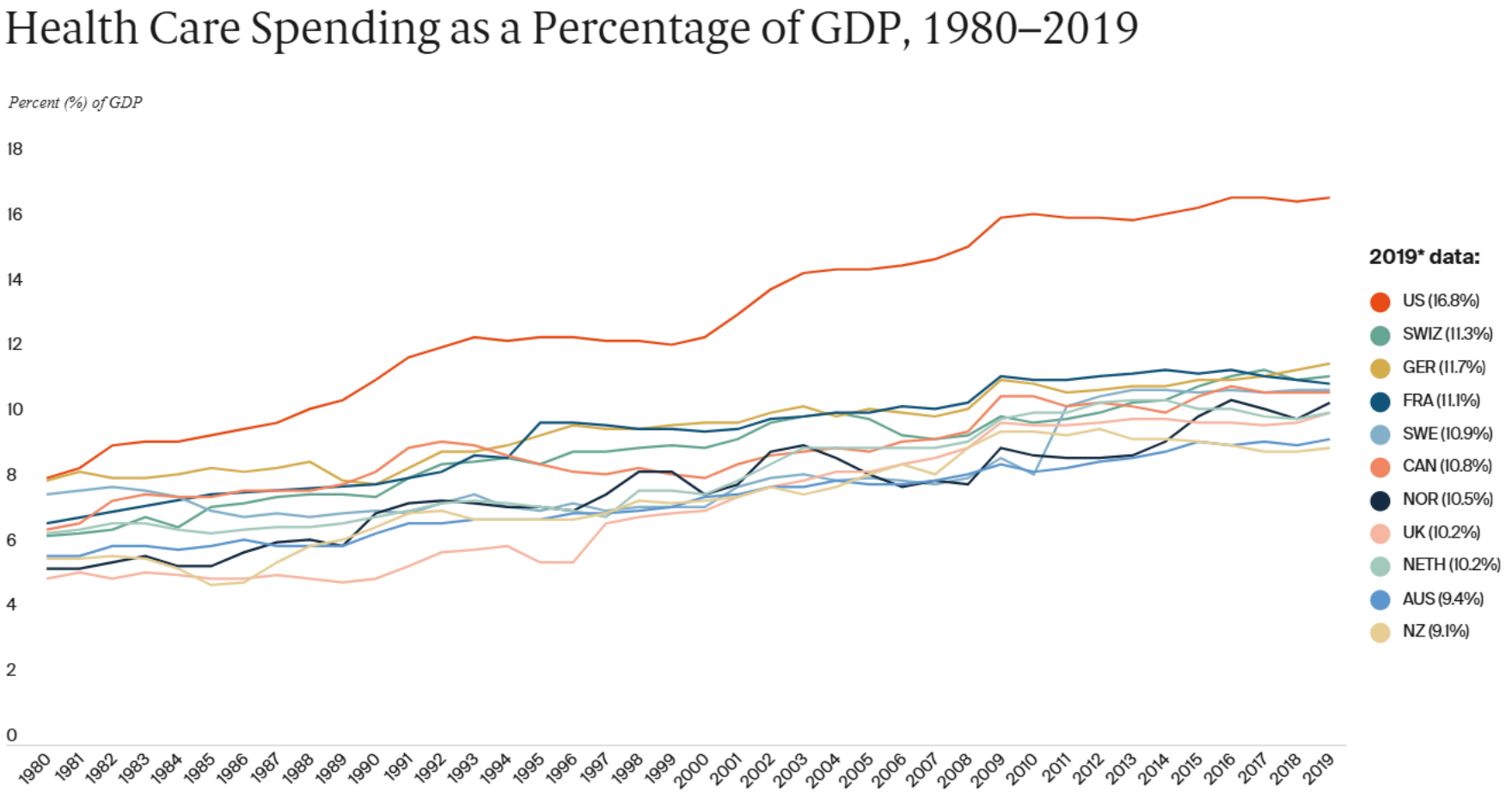
Health Care Spending as a Percentage of Gross Domestic Product



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How Does the US Health Care System Compare to Other Industrialized Countries?

Health Care System Performance Rankings

	AUS	CAN	FRA	GER	NETH	NZ	NOR	SWE	SWIZ	UK	US
OVERALL RANKING	**3**	**10**	**8**	**5**	**2**	**6**	**1**	**7**	**9**	**4**	**11**
Access to Care	8	9	7	3	1	5	2	6	10	4	11
Care Process	6	4	10	9	3	1	8	11	7	5	2
Administrative Efficiency	2	7	6	9	8	3	1	5	10	4	11
Equity	1	10	7	2	5	9	8	6	3	4	11
Health Care Outcomes	1	10	6	7	4	8	2	5	3	9	11

Data: Commonwealth Fund analysis.

Source: Eric C. Schneider et al., *Mirror, Mirror 2021 — Reflecting Poorly: Health Care in the U.S. Compared to Other High-Income Countries* (Commonwealth Fund, Aug. 2021). https://doi.org/10.26099/01DV-H208

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Life Expectancy By Country – 2024

Country	Years	Rank
Monaco	89.8	1
Singapore	86.7	2
Macau	85.3	3
Japan	85.2	4
Canada	84.2	5
San Marino	84.2	6
Hong Kong	84	7
Iceland	84	8
Switzerland	83.9	9
United States	80.9	49

Source: The World Factbook

Despite the highest spending on health care as a percentage of GDP, the United States significantly lags other countries in life expectancy

What Does Value-Based Care Look Like?

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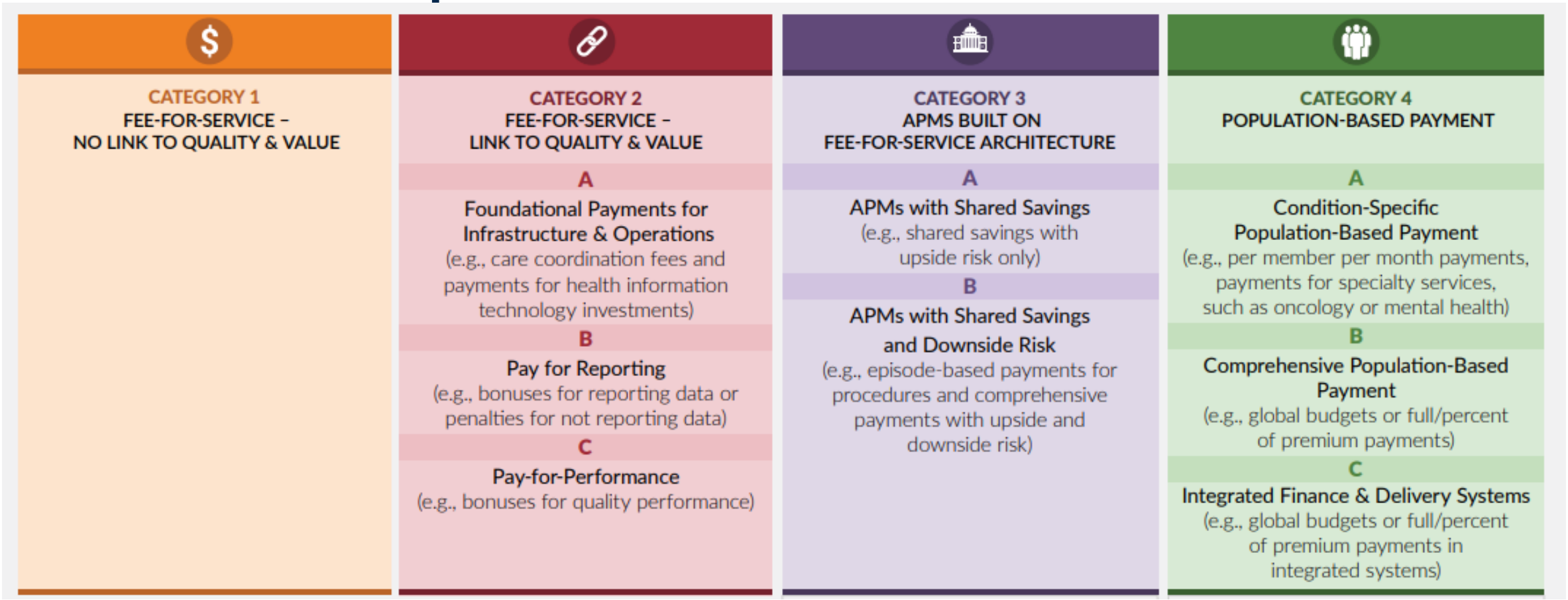
Value-Based Care Seeks to Increase Financial Risk Over Time as Providers Gain Experience



Source: Health Care Payment Learning and Action Network

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The Future of Value-Based Care: Payer Perspective

What Do Payers Think about the Future of APM Adoption?

- ↑ 83% think APM activity will increase
- → 13% think APM activity will stay the same
- ↓ 0% think APM activity will decrease
- ? 1% not sure or didn't answer

Categories Payers Feel Will Increase the Most 3B 34% 3A 24%

Will APM adoption result in...	Strongly Agree/ Agree	Strongly Disagree/ Disagree	Unsure
...better quality of care?	96%	4%	0%
...more affordable care?	82%	6%	10%
...improved care coordination?	96%	4%	0%
...more consolidation among health care providers?	41%	37%	21%
...higher unit prices for discrete services?	10%	56%	34%

Top 3 Barriers:

1. Provider willingness to take on financial risk
2. Provider ability to operationalize
3. Provider interest/readiness

Top 3 Facilitators:

1. Health plan interest/readiness
2. Government influence
3. Provider interest/readiness

Source: Health Care Payment Learning and Action Network

How has Value-Based Care Been Implemented in Maryland?

Transitioning to Hospital Global Budgets

- In 2014, based on an agreement with the CMS Innovation Center, Maryland entered into the All-Payer Agreement that placed all of Maryland's hospitals under global budgets
- Rather than billing traditional fee for service, Maryland's hospitals each receives a pre-determined amount of revenue based on historic utilization, demographic changes, quality performance, and annual payment adjustments
- In 2018, this agreement was updated to the Total Cost of Care Agreement, adding additional accountability for hospitals to manage the cost and utilization of patients in their geographic catchment area, not solely those patients that utilize the hospitals

Payment Model Fundamentally Changed in 2014

Traditional Fee for Service (Volume)

- The more you do the more you get – increase volumes to increase margin
- Minimal financial incentives for quality outcomes for patients
- Limited management of the patient beyond the hospital

Hospital Global Budgets (Value)

- The better you do the more you get – reduce unnecessary utilization to drive margin
- Incentives for improving quality and clinical outcomes for patients
- Greater accountability to manage patients across the care continuum

Requirements for Maryland's Hospital Global Budget Model

- Limit the average annual growth in all-payer hospital per capita revenue for Maryland residents to 3.58% √
- Significant reductions in readmissions and hospital acquired infections √
- Generate $300m in savings for Medicare √
- Implement specific programs to improve quality, population health, and health equity √

These targets have required significant redesign of the clinical delivery model, including the data infrastructure

How has the Health Data Utility Supported Maryland's Success?

Health Information Exchange Services Supporting Maryland

1. **POINT OF CARE: Clinical Query Portal & InContext Information**
   - Search for patients' prior health records (e.g. labs, radiology reports, etc.)
   - Determine other members of the patient's care team
   - View external records inside the Electronic Health Record
2. **CARE COORDINATION: Encounter Notifications**
   - Be notified when a patient is hospitalized in any regional hospital
   - Enhance workflows across multiple care settings and teams
3. **POPULATION HEALTH REPORTS:**
   - Use administrative and clinical data to design and measure interventions
4. **PUBLIC HEALTH DATA UTILITY:**
   - Deploying services in partnership with health officials
   - Providing information and services to state and local health departments

Service	Typical Week
Data Delivered into EMRs	1,500,000
Patients Manually Searched	205,000
ENS Messages Sent	3.5 mil
Clinical Documents Processed	675,000
Portal Users	107,000
Live ENS Practices	1,580
Reports Accessed	2,750
Report Users	2,000

Example: HIE Services Promote Better Patient Outcomes and Reduced Cost

Fee for Service: Mr. Smith is an 82 year old male with diabetes and hypertension has historically visited the ER on a regular basis, with his primary care provider not always aware of these encounters. He does not always go to the same ER and his care is fragmented across multiple providers at different facilities, leading to unnecessary testing, multiple prescriptions, and patient confusion.

HIE Enabled Value-Based Care: Mr. Smith's primary care provider receives alerts whenever he goes to the ER, allowing her to follow up with him, reset his medication, and prevent future unnecessary visits. The ER providers are also able to see tests, medications, and procedures from other hospitals in their EMR, preventing unnecessary utilization, reducing health care costs, and providing better clinical decision making for the patient.

Maryland's HIE Enabled Results

The Center for Medicare and Medicaid Services (CMS) released a second evaluation of the TCOC Model in December of 2022. This evaluation focused on Maryland's performance under the Model in calendar years (CY) 2019 through 2021. The evaluation report was generally positive, noting that the State:

- Reduced total Medicare fee-for-service (FFS) Part A and B spending by 2.5 percent, a total reduction of $781 million on healthcare spending
- Improved several quality-of-care measures, include decreasing potentially preventable admissions by 16.1 percent, decreasing unplanned hospital readmissions by 9.5 percent, and increasing timely follow-up after hospital discharge by 2.5 percent
- Reduced rates of all-cause acute care hospital admissions by 16.1 percent

Closing Thoughts

Opportunities for the United States Virgin Islands

- There is significant opportunity to reduce costs and improve patient outcomes under value-based care models as demonstrated by Maryland's experience and other alternative payment models across the country
- One of the keys to success in each of these models is a robust data infrastructure to identify high-risk patients, close gaps in care, and reduce duplicative services that add unnecessary costs to the healthcare system
- Any payment model developed for the USVIs needs to take into account the healthcare and social landscape that currently exists, leveraging the strengths of the current system while identifying areas of improvement


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