

Cover memo, 11-13-2015, re Maryland Global Hospital Budgets

Dear All,

Please find attached an article published yesterday in the New England Journal of Medicine. The article, Maryland's Global Hospital Budgets— Preliminary Results from an All-Payer Model, describes early outcomes of moving Maryland's hospital-reimbursement system from traditional fee-for-service payment to value-based payment across all payers. Key findings include:

- Maryland moved more than 90% of its aggregate hospital revenue for all payers into value-based payment in the first year of a 5-year agreement with the federal government.
- In 2013, Maryland committed to limiting annual growth of per capita hospital costs for all payers to 3.58%. Between 2013 and 2014 these costs grew by 1.47%, 2.11 percentage points lower than the agreed-on growth rate.
- Costs were contained even with a growth of approximately 21% in Medicaid enrollment after the implementation of the state's Medicaid expansion.
- Maryland improved the quality of care in several areas, including reducing the rate of potentially preventable conditions by 26.3% between 2013 and 2014.

Vermont is exploring an all-payer model with the goal of moving our health care system away from traditional fee-for-service payment to a value-based payment model. Maryland's experience transitioning away from fee-for-service payment is extremely informative for our planning, but a Vermont all-payer model will be unique to our state.

Thank you,
Jaime

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