Defining The Problem

Origin of Self-Referral Restrictions

- Fee For Service was predominant payment model
- Perceived conflict of interest: providers can generate volume to drive their own revenue
- Federal Government enacted Stark Law to restrict reimbursement in cases of potential conflict
- Maryland passed additional restrictions on self-referral

The Environment Is Changing

- New payment and care delivery models are emerging, including managed care, capitation, pay-for-performance, among others
- Federal, State, and commercial systems are increasingly moving away from FFS to value-based payment
  - HHS goal to tie 30% of Medicare FFS to alternative payment models by 2016; 50% by 2018
- When physicians take on risk for utilization in these models, the original problem is mitigated
- Greater emphasis on integrated delivery models, which are an important platform for delivering high quality of care at a lower cost
- Existing Maryland Self-Referral Law (and possibly Stark in some cases) may prohibit optimized organization and care delivery
- CMS has identified alternative payment models as a possible solution to Stark issues
  - 2016 Physician Fee Schedule Proposed Rule solicits comments regarding impacts of Stark on financial relationships in light of alternative payment/delivery models.
  - MedPAC 2011 report identifies challenges in existing Stark Law and recommends emerging VBP arrangements as a mitigation strategy

Statement of the Problem

- Maryland’s self-referral restrictions may prevent providers from testing innovative care delivery models under value-based purchasing arrangements.