Maryland Health Care Commission

Thursday, February 15, 2018

1:00 p.m.

MARYLAND HEALTH CARE COMMISSION

AGENDA

1. **APPROVAL OF MINUTES**
2. UPDATE OF ACTIVITIES
3. ACTION: Certificate of Need – Broadmead, Inc. (Docket No. 17-03-2394)
4. ACTION: Appointment of Stefano Schena, M.D. to the MHCC Cardiac Services Advisory Committee
5. ACTION: COMAR 10.25.18 – Health Information Exchanges – Privacy and Security of Protected Health Information – Proposed Permanent Regulations
6. ACTION: COMAR 10.15.19 – State Recognition of an Electronic Advance Directives Service – Final Action Regulations
7. PRESENTATION: Comprehensive Care Facility Health IT Update
8. ACTION: Proposed Legislation
9. PRESENTATION: Privately Insured Spending in the Individual Market
10. PRESENTATION: Findings from the NRHI Report “Healthcare Affordability: Untangling Cost Drivers”
11. Overview of Upcoming Initiatives
12. ADJOURNMENT

MARYLAND HEALTH CARE COMMISSION

APPROVAL OF MINUTES

(Agenda Item #1)

MARYLAND HEALTH CARE COMMISSION

AGENDA

1. APPROVAL OF MINUTES
2. **UPDATE OF ACTIVITIES**
3. ACTION: Certificate of Need – Broadmead, Inc. (Docket No. 17-03-2394)
4. ACTION: Appointment of Stefano Schena, M.D. to the MHCC Cardiac Services Advisory Committee
5. ACTION: COMAR 10.25.18 – Health Information Exchanges – Privacy and Security of Protected Health Information – Proposed Permanent Regulations
6. ACTION: COMAR 10.15.19 – State Recognition of an Electronic Advance Directives Service – Final Action Regulations
7. PRESENTATION: Comprehensive Care Facility Health IT Update
8. ACTION: Proposed Legislation
9. PRESENTATION: Privately Insured Spending in the Individual Market
10. PRESENTATION: Findings from the NRHI Report "Healthcare Affordability: Untangling Cost Drivers"
11. Overview of Upcoming Initiatives
12. ADJOURNMENT

MARYLAND HEALTH CARE COMMISSION

UPDATE OF ACTIVITIES

(Agenda Item #2)

MARYLAND HEALTH CARE COMMISSION

AGENDA

1. APPROVAL OF MINUTES
2. UPDATE OF ACTIVITIES
3. **ACTION: Certificate of Need – Broadmead, Inc. (Docket No. 17-03-2394)**
4. ACTION: Appointment of Stefano Schena, M.D. to the MHCC Cardiac Services Advisory Committee
5. ACTION: COMAR 10.25.18 – Health Information Exchanges – Privacy and Security of Protected Health Information – Proposed Permanent Regulations
6. ACTION: COMAR 10.15.19 – State Recognition of an Electronic Advance Directives Service – Final Action Regulations
7. PRESENTATION: Comprehensive Care Facility Health IT Update
8. ACTION: Proposed Legislation
9. PRESENTATION: Privately Insured Spending in the Individual Market
10. PRESENTATION: Findings from the NRHI Report “Healthcare Affordability: Untangling Cost Drivers”
11. Overview of Upcoming Initiatives
12. ADJOURNMENT

MARYLAND HEALTH CARE COMMISSION

ACTION:

Certificate of Need – Broadmead, Inc.
(Docket No. 17-03-2394)

(Agenda Item #3)

MARYLAND HEALTH CARE COMMISSION

AGENDA

1. APPROVAL OF MINUTES
2. UPDATE OF ACTIVITIES
3. ACTION: Certificate of Need – Broadmead, Inc. (Docket No. 17-03-2394)
4. **ACTION: Appointment of Stefano Schena, M.D. to the MHCC Cardiac Services Advisory Committee**
5. ACTION: COMAR 10.25.18 – Health Information Exchanges – Privacy and Security of Protected Health Information – Proposed Permanent Regulations
6. ACTION: COMAR 10.15.19 – State Recognition of an Electronic Advance Directives Service – Final Action Regulations
7. PRESENTATION: Comprehensive Care Facility Health IT Update
8. ACTION: Proposed Legislation
9. PRESENTATION: Privately Insured Spending in the Individual Market
10. PRESENTATION: Findings from the NRHI Report "Healthcare Affordability: Untangling Cost Drivers"
11. Overview of Upcoming Initiatives
12. ADJOURNMENT

ACTION:

Appointment of Stefano Schena, M.D. to the MHCC Cardiac Services Advisory Committee

(Agenda Item #4)

MARYLAND HEALTH CARE COMMISSION

AGENDA

1. APPROVAL OF MINUTES
2. UPDATE OF ACTIVITIES
3. ACTION: Certificate of Need – Broadmead, Inc. (Docket No. 17-03-2394)
4. ACTION: Appointment of Stefano Schena, M.D. to the MHCC Cardiac Services Advisory Committee
5. **ACTION: COMAR 10.25.18 – Health Information Exchanges – Privacy and Security of Protected Health Information – Proposed Permanent Regulations**
6. ACTION: COMAR 10.15.19 – State Recognition of an Electronic Advance Directives Service – Final Action Regulations
7. PRESENTATION: Comprehensive Care Facility Health IT Update
8. ACTION: Proposed Legislation
9. PRESENTATION: Privately Insured Spending in the Individual Market
10. PRESENTATION: Findings from the NRHI Report "Healthcare Affordability: Untangling Cost Drivers"
11. Overview of Upcoming Initiatives
12. ADJOURNMENT

ACTION:

COMAR 10.25.18 – Health Information Exchanges – Privacy and Security of Protected Health Information – Proposed Permanent Regulations

(Agenda Item #5)

Health Information Exchange Privacy and Security

Proposed Amendments

COMAR 10.25.18

February 15, 2018

The MARYLAND
HEALTH CARE COMMISSION

Summary

- Legislative Authority - A 2011 law requires MHCC to adopt regulations for the privacy and security of protected health information exchanged through a health information exchange (HIE)
- Staff seeks Commissioner approval to release proposed amendments to COMAR 10.25.18 *Health Information Exchanges: Privacy and Security of Protected Health Information* as proposed permanent regulations
- Proposed amendments pertain to provisions for the exchange of sensitive health information (SHI) that aim to:
  - Foster and support the exchange of SHI to improve care delivery and coordination
  - Uphold current federal and State law that requires granular patient consent

Background

- The need for HIE Regulations - National concerns exist about the sufficiency of HIPAA/HITECH as the floor for privacy and security
  - Staff worked with the HIE Policy Board, a staff advisory work group, to develop policies used as a framework for the amendments
- Regulations went into effect on March 17, 2014 and amended on June 20, 2016 and June 19, 2017
- HIEs currently registered in Maryland
  - Adventist HealthCare
  - Chesapeake Regional Information System for our Patients (CRISP)
  - Children's IQ Network
  - Peninsula Regional Medical Center
  - Surescripts

Sensitive Health Information

- Defined as a subset of protected health information that has specific federal or State legal protections in addition to those required by HIPAA and the Maryland Confidentiality of Medical Records Act
    - Some examples include, genetic information, psychotherapy notes, certain communicable diseases (such as HIV/AIDS), and certain conditions by age or minor's status
- Protecting sensitive health information is necessary as it carries with it unusually high risks in the event of disclosure, such as possibility of discrimination, social stigma, and physical harm

The Need for Amendments

- Ensure that patients with substance use disorders have the ability to benefit from the sharing of electronic health information for treatment and other legitimate health care purposes

- Medical and behavioral health providers are increasingly requesting access to SHI to make certain that appropriate care is provided at the point of care delivery and in care coordination

- Enable alternative care delivery models to be supported by information that can transform the delivery of care, making it safer, more effective, and more efficient

Proposed Amendments - An Overview

- Allows an HIE to exchange SHI through transmissions other than point-to-point
- An HIE must ensure that SHI transmitted adheres to federal and State laws with regard to required patient consent, such as the provider(s) to whom the information may be disclosed and the type of information that may or may not be disclosed
- Patient's consent choices must accompany the SHI as it is transmitted by the HIE and subsequently disclosed to an authorized requesting provider
- Align with new federal regulation and initiatives to support the sharing of sensitive health information through HIEs

Informal Comments

- Informal comments were sought in September and October (stakeholders were notified on September 22nd)
- Two letters of support received from Behavioral Health Systems Baltimore and the Maryland Hospital Association
- Two informal comments requesting changes to provisions to provide more context or clarification regarding technical aspects of adhering to patients consent directives
- Correspondence from Health Educational and Advocacy Unit of the Consumer Protection Division of the Maryland Attorney General's Office
- Comments were considered in finalizing the proposed amendments

Next Steps

- The following timeline details next steps if proposed amendments are approved by the Commission and exception request is approved:
  - March 30, 2018 – Publication date
  - April 30, 2018 – Public comment period ends
  - May 17, 2108 – Staff presentation to the Commission for final action
  - June 18, 2018 – Effective final date of amendments

Note: Dates are subject to change depending on exception review process timeframe

Thank You!

The MARYLAND
HEALTH CARE COMMISSION

MARYLAND HEALTH CARE COMMISSION

AGENDA

1. APPROVAL OF MINUTES
2. UPDATE OF ACTIVITIES
3. ACTION: Certificate of Need – Broadmead, Inc. (Docket No. 17-03-2394)
4. ACTION: Appointment of Stefano Schena, M.D. to the MHCC Cardiac Services Advisory Committee
5. ACTION: COMAR 10.25.18 – Health Information Exchanges – Privacy and Security of Protected Health Information – Proposed Permanent Regulations
6. **ACTION: COMAR 10.15.19 – State Recognition of an Electronic Advance Directives Service – Final Action Regulations**
7. PRESENTATION: Comprehensive Care Facility Health IT Update
8. ACTION: Proposed Legislation
9. PRESENTATION: Privately Insured Spending in the Individual Market
10. PRESENTATION: Findings from the NRHI Report "Healthcare Affordability: Untangling Cost Drivers"
11. Overview of Upcoming Initiatives
12. ADJOURNMENT

MARYLAND HEALTH CARE COMMISSION

ACTION:

COMAR 10.15.19 – State Recognition of an Electronic Advance Directives Service – Final Action Regulations

(Agenda Item #6)

Final Regulations

COMAR 10.25.19

State Recognition of an

Electronic Advance Directives Service

February 15, 2018

MARYLAND

The MARYLAND HEALTH CARE COMMISSION

Overview

- MHCC, in collaboration with the Maryland Department of Health (MDH), is required to develop and implement a statewide Advance Directives Program

- Aim is to facilitate use of cloud-based technology to support creation and accessibility of electronic advance directives

- Staff recommends adoption of COMAR 10.25.19: *State Recognition of an Electronic Advance Directives Service* as final regulations

Background

- In recent legislative sessions, the General Assembly passed:
  - House Bill 1385, *Procedures, Information Sheet, and Use of Electronic Advance Directives* (2016 Chapter 510)
  - House Bill 188, *Public Health - Advance Directives - Witness Requirements, Advance Directives Services, and Fund* (2017 Chapter 667)
- Staff began collaborating with stakeholders in the fall of 2016
  - Feedback was considered in developing draft regulations and criteria for State Recognition

**See Appendix for more historical background on electronic advance directives and a summary of 2016 and 2017 changes*

Final Regulations

- Outline procedures for State Recognition of an electronic advance directives service, a prerequisite for connecting to the State-Designated Health Information Exchange (HIE)
- Contain key components, including processes for:
  - Developing criteria for State Recognition of an electronic advance directives service
  - Application for State Recognition (initial and renewal)

Final Regulations *(components & processes, continued)*

- Contesting a denial of State Recognition
- Providing for non-transferability of State Recognition including the closure, sale, merger, lease, assignment, or transfer of all or part of a State Recognized electronic advance directives service
- Investigating and revoking State Recognition

**See Appendix for information on the approach for developing the regulations*

Public Comments

- Proposed regulations were posted in the *Maryland Register* for public comment December 22, 2017 – January 22, 2018

  - Four comments in support of the regulations received from: Commission on Aging; Horizon Foundation; Hospice Caring, Inc.; and Montgomery County Palliative Care and End of Life Coalition

Requested Commission Action & Next Steps

- Staff recommends the Commission adopt the proposed regulations as final regulations
- If approved, final regulations are expected to be published in the *Maryland Register* on March 2, 2018
- Draft criteria for State Recognition will also be published (as provided in regulations)
- Expected effective date: March 12, 2018

Questions?

MARYLAND HEALTH CARE COMMISSION

AGENDA

1. APPROVAL OF MINUTES
2. UPDATE OF ACTIVITIES
3. ACTION: Certificate of Need – Broadmead, Inc. (Docket No. 17-03-2394)
4. ACTION: Appointment of Stefano Schena, M.D. to the MHCC Cardiac Services Advisory Committee
5. ACTION: COMAR 10.25.18 – Health Information Exchanges – Privacy and Security of Protected Health Information – Proposed Permanent Regulations
6. ACTION: COMAR 10.15.19 – State Recognition of an Electronic Advance Directives Service – Final Action Regulations
7. **PRESENTATION: Comprehensive Care Facility Health IT Update**
8. ACTION: Proposed Legislation
9. PRESENTATION: Privately Insured Spending in the Individual Market
10. PRESENTATION: Findings from the NRHI Report "Healthcare Affordability: Untangling Cost Drivers"
11. Overview of Upcoming Initiatives
12. ADJOURNMENT

MARYLAND HEALTH CARE COMMISSION

PRESENTATION:

Comprehensive Care Facility Health IT Update

(Agenda Item #7)

Comprehensive Care Facilities

Health Information Technology Adoption

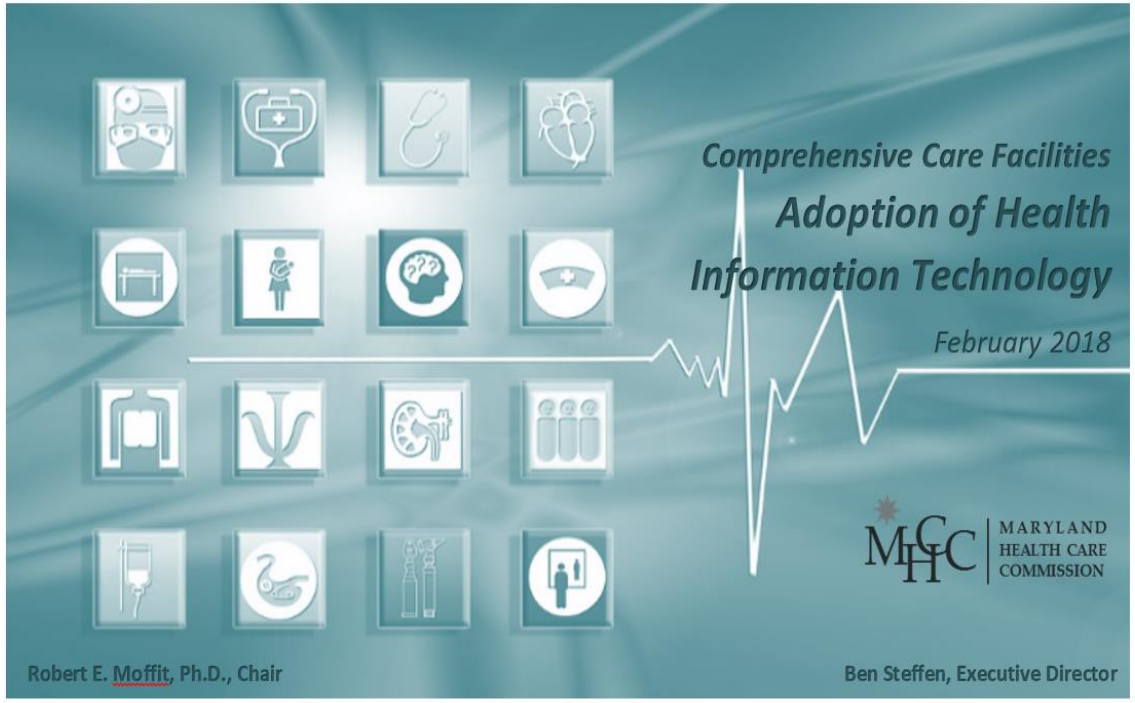
An Information Brief

February 15, 2018

MARYLAND The MARYLAND HEALTH CARE COMMISSION

Framing the Discussion

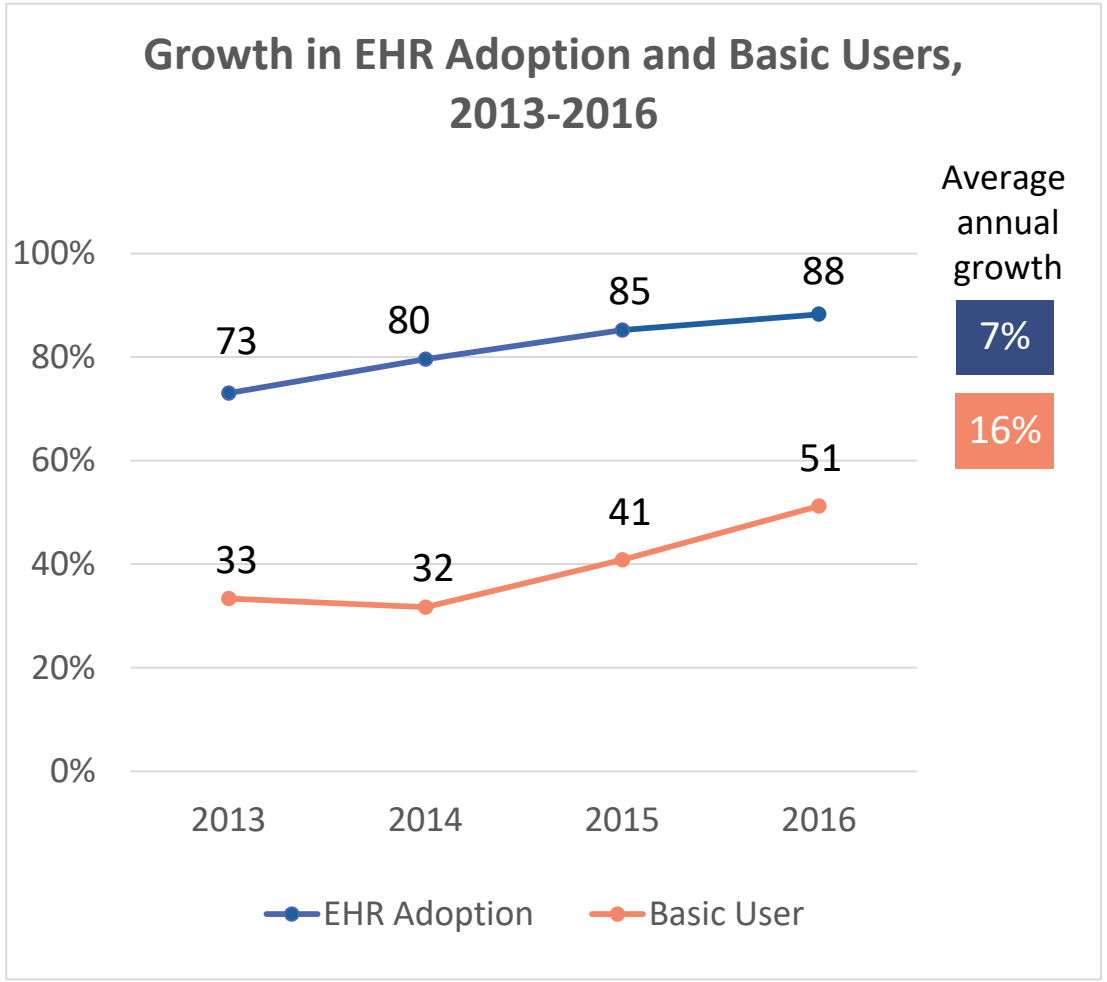
- Diffusion of health IT among comprehensive care facilities (CCF) has increased; however, CCF adoption trails other health care providers
- Health IT in CCFs has the potential to improve transitions of care, care coordination, and medication reconciliation for patients who typically present with complex chronic conditions
  - CCFs were ineligible for federal EHR adoption incentive programs, and typically have limited operating budgets



About the Assessment

- Staff analyzed data from MHCC's Annual Long Term Care Survey
  - Includes responses from CCFs from 2013 to 2016
- Findings intended to inform:
  - Stakeholder awareness of CCF health IT capabilities
  - Health IT diffusion initiatives

EHR Adoption

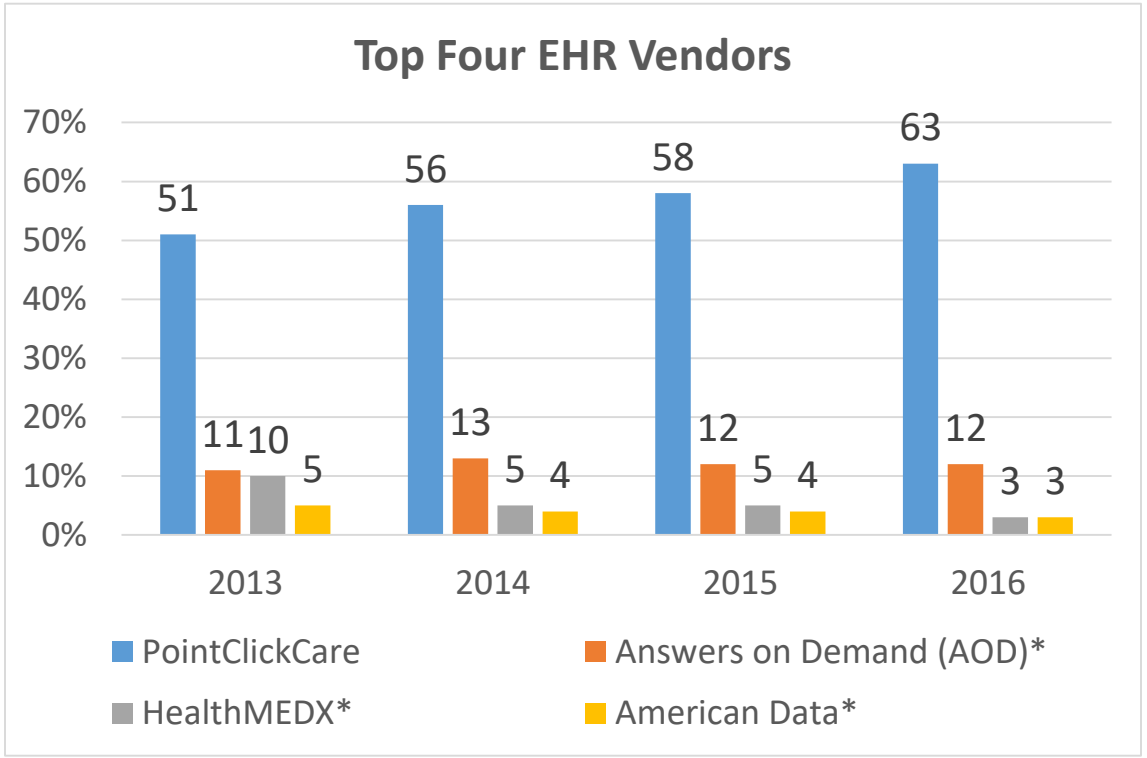


Notes: N=233 (2013); N=230 (2014); N=230 (2015); N=229 (2016)
There is currently no national benchmark for basic EHR use.

- EHR adoption among Maryland CCFs exceeds the national adoption rate (88 percent compared to 64 percent)
  - Chain and non-chain adopting EHRs at similar rates (~88 percent)
- EHR adoption is characterized by seven core functions
- Basic use among chains and non-chains increased at a comparable rate (15 percent and 17 percent)

Vendor Landscape

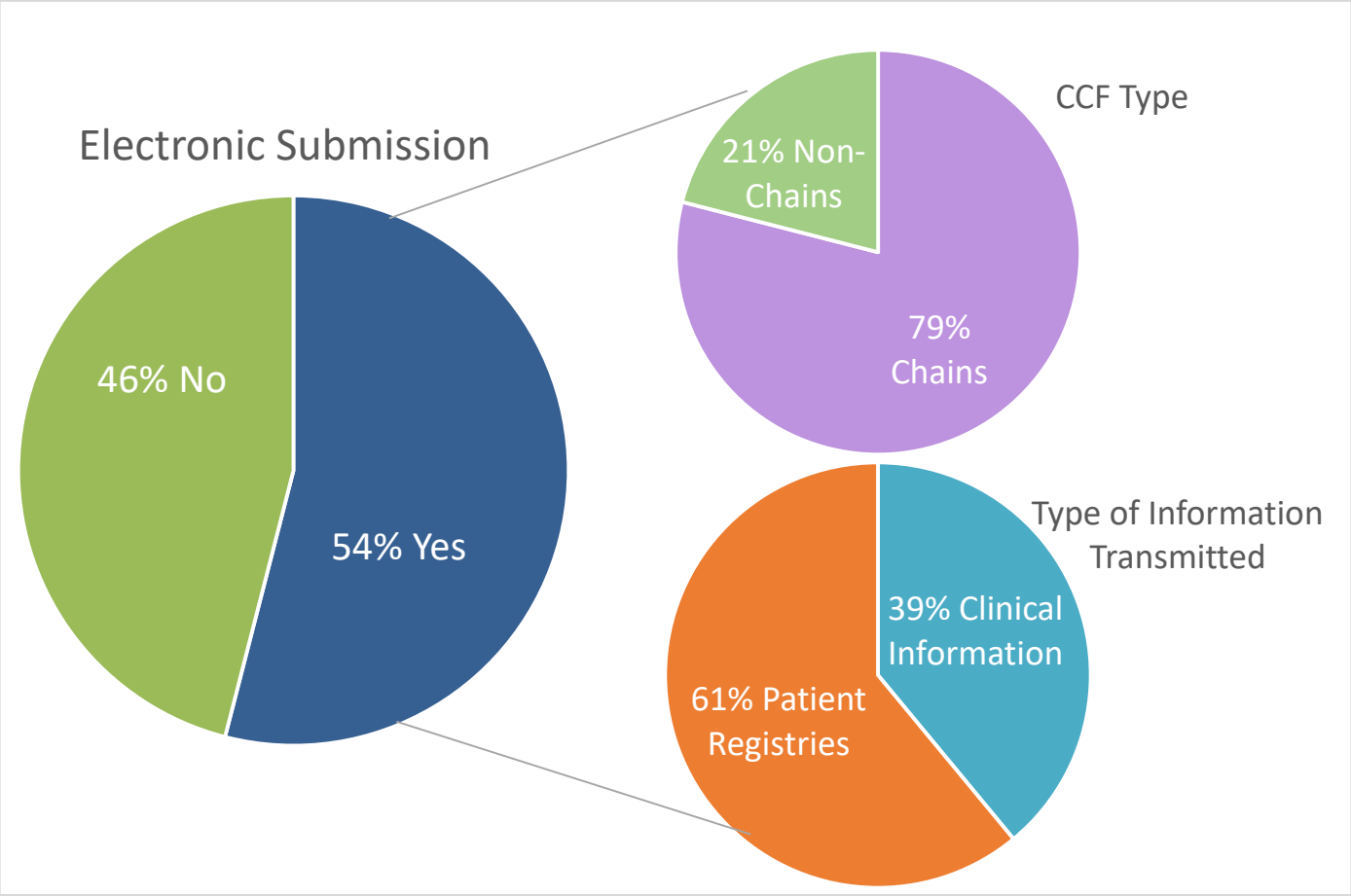
- PointClickCare (PCC) continues to maintain more than half of the CCF market share, growing at a rate of seven percent since 2013
  - Ranked first by KLAS Research**
  - Certified by the Office of the National Coordinator for Health Information Technology (ONC)***
- Since 2013, 49 CCFs adopted PCC
  - 59 percent adopted an EHR; 41 percent switched from another vendor
- PCC adoption is more prominent among chains (80 percent) than non-chains (39 percent)



Note: *Retired ONC certification

**KLAS Research is an independent health care IT research company.
***Certification of long-term care EHR vendors is voluntary.

CRISP Connectivity – 2017

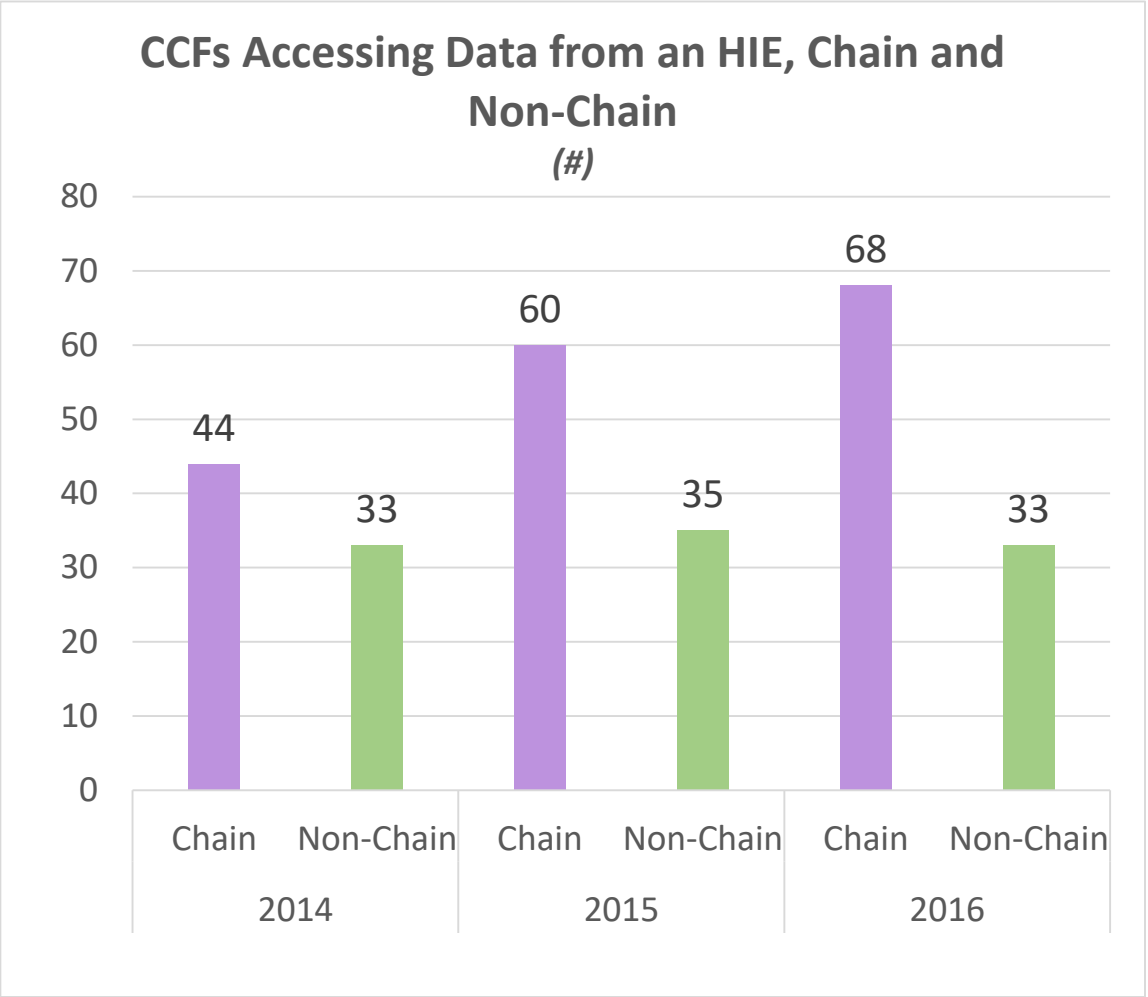


Note: Data reported by CRISP as of October 11, 2017

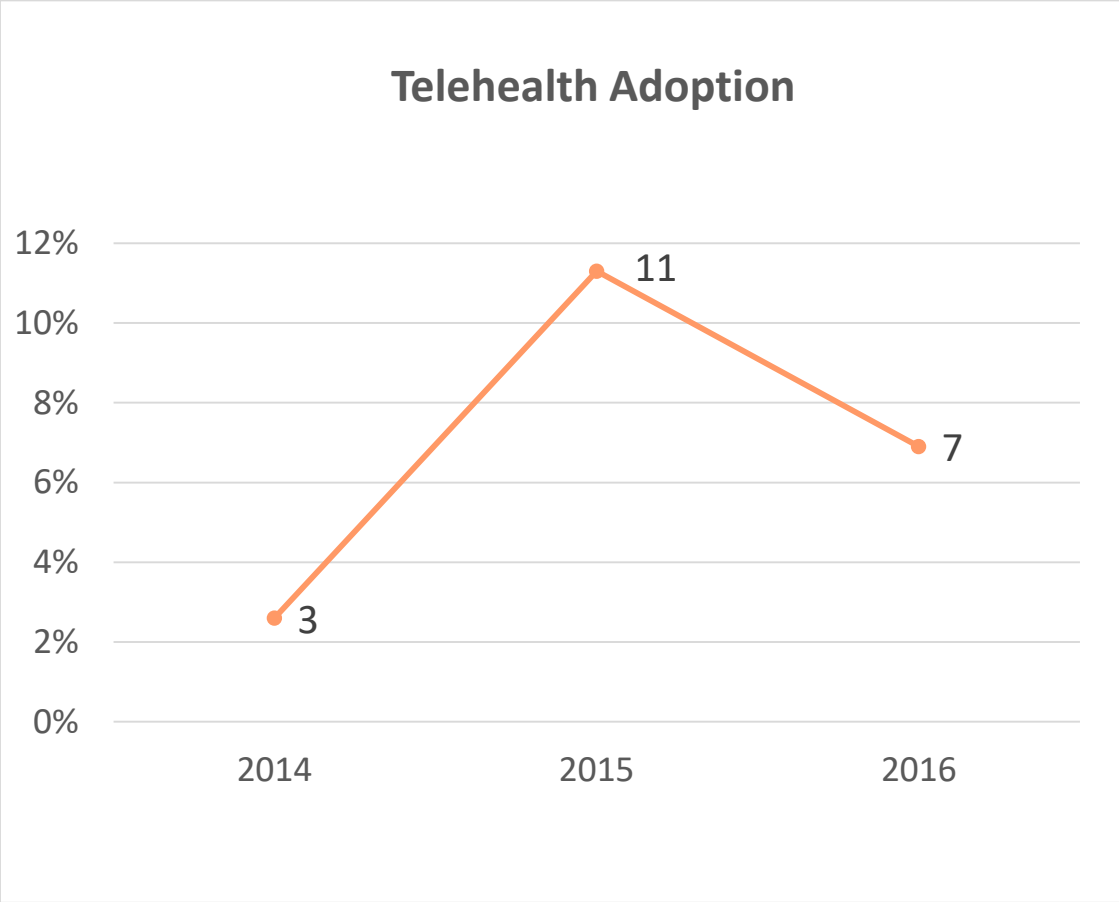
- Over half of CCFs are electronically sending data to CRISP, a 19 percent increase from 2016
- Connectivity to an HIE is around 54 percent locally, as compared to 29 percent nationally
- More chains than non-chains are electronically sending information to CRISP (98 chains compared to 26 non-chains)

HIE Activity

- Accessing an HIE occurs more frequently in chains; they have experienced a 24 percent growth
- Non-chains that tend to access an HIE more often are:
  - Slightly larger (average 125 beds versus 105 beds)
  - For-profit (64 percent compared to 27 percent)



Telehealth



Note: Variation between 2015 and 2016 largely attributed to one chain discontinuing its telehealth program.

- Fairly consistent with prior years, most CCFs (77 percent) remain undecided about implementing telehealth within the next 12 months
- 30-67 percent of hospitalizations among residents could be avoided using telehealth *(Kaiser Family Foundation)*
- Leading challenges: savings largely benefit payors; equipment costs; staff training; technical infrastructure and IT staff

Moving Forward

- Collaborate with LifeSpan and Health Facilities Association of Maryland to develop health IT awareness initiatives
- Provide selective consultative support to CCFs to expand health IT adoption and meaningful use of health IT over the next year
- Explore opportunities to increase consumer awareness of CCFs that have adopted an EHR, highlight:
  - Care delivery and care coordination value
  - Significance in transitions of care

Thank You!

The MARYLAND
HEALTH CARE COMMISSION

MARYLAND HEALTH CARE COMMISSION

AGENDA

1. APPROVAL OF MINUTES
2. UPDATE OF ACTIVITIES
3. ACTION: Certificate of Need – Broadmead, Inc. (Docket No. 17-03-2394)
4. ACTION: Appointment of Stefano Schena, M.D. to the MHCC Cardiac Services Advisory Committee
5. ACTION: COMAR 10.25.18 – Health Information Exchanges – Privacy and Security of Protected Health Information – Proposed Permanent Regulations
6. ACTION: COMAR 10.15.19 – State Recognition of an Electronic Advance Directives Service – Final Action Regulations
7. PRESENTATION: Comprehensive Care Facility Health IT Update
8. **ACTION: Proposed Legislation**
9. PRESENTATION: Privately Insured Spending in the Individual Market
10. PRESENTATION: Findings from the NRHI Report "Healthcare Affordability: Untangling Cost Drivers"
11. Overview of Upcoming Initiatives
12. ADJOURNMENT

MARYLAND HEALTH CARE COMMISSION

ACTION:

Proposed Legislation

(Agenda Item #8)

Legislative Update

February 15, 2018

MHCC | MARYLAND HEALTH CARE COMMISSION

Presentation Overview

- Legislation specific to MHCC
  - SB 13 Electronic Prescription Records Cost Saving Act of 2018
  - **SB 17 Health Information Exchanges – Definitions & Regulations**
  - SB 266/HB 716 Study of African-American and Rural Infant Mortality
  - SB 234/HB 596 Interstate Medical Licensure
  - SB 619 Health Maintenance Organizations – Certificate of Need Requirements
  - **HB 384 -Substance Use Facilities and Programs – Certificate of Need – Repeal of Requirement**
- Legislation that MHCC may take a position
  - SB 896 Public Health – Health Record and Payment Clearinghouse – Pilot Program
  - SB 1024 Self–Referrals – Oncology Group Practices – Exemption
- Legislation resulting from Rural Health Workgroup
  - SB 682 Medical Assistance Program and Health Insurance – Emergency Medical Services Providers – Coverage and Reimbursement of Services
  - SB 1056 Rural Health Collaborative Pilot

SB 896 Public Health – Health Record and Payment Clearinghouse – Pilot Program

- Commission required to establish a pilot program to test feasibility a combining clinical health, claim submission, and payment clearinghouse.
- MHCC duties:
  - Develop standards for storing clinical and financial data
  - Determine feasibility of storing patient level data
  - Have capability of securely storing clinical, billing, and claim information in a single system
  - Establish a unique patient identifier
  - Establish a health care identity card
  - System requirements (among others)
    - Support real-time adjudication and payment of claims
    - Support “cloud-based” storage and distributed processing
    - Allow each patient to make a determination on the de-identified data he wants to share with researchers.
    - Allow proprietary systems to access the data
    - Support ED use and emergency access
    - Allow processing for payments from credit cards and HSA
    - Support appeals and grievances of claims and care
    - Support a high volume of users
    - Be compatible with Windows and MAC
    - Conform with any standards established by MHCC
- Recommended position: Letter of Concern

SB 1024 Self–Referrals – Oncology Group Practices – Exemption

- Bill allows medical oncology practices to established integrated medical and radiation therapy services by establishing an additional exemption in the Maryland Patient Referral Law
- Oncology practices could establish partnerships with hospitals and radiology practices, to acquire LINAC and CT equipment and employ radiation oncologists.
- Programs could be established in non-urban counties. One program allowed per county.
- Practices have to accept Medicare and Medicaid and meet volume standards
- Authority of a practice to participate in a program is open-ended.
- MHCC would operate the exemption process:
  - Establish standards
  - Select at most one site per county
  - Oversee the program. Note MHCC would not have ability to close program due to poor-performance.
  - Produce a report for the General Assembly on whether a practice ON whether the integrated community oncology group practice has achieved the goals and milestones of the state's all–payer model contract.
- Recommended position: work with sponsor and MHA to develop compromise.

SB 682- Medical Assistance Program and Health Insurance – Emergency Medical Services Providers – Coverage and Reimbursement of Services

- Under current law, EMS can only bill for transport to a hospital. The pilot programs are operating under grant agreements or through direct funding by county government.
- SB 682 expands the scope of services that may be billed by EMS providers. Based on successful program in Queen Anne's County and five other counties.
- Legislative Scope: covers Medicaid and private payer contracts written under Maryland law. All jurisdictions are eligible.
- Covers all individuals that do not require EMS transport to a hospital or FMF.
- Allowed services provided in the home or other community setting by EMS providers (within scope of practice of a given provider):
  - health assessments, chronic disease monitoring and education, medication compliance, immunizations and vaccinations, laboratory specimen collection, hospital discharge follow–up care, and minor medical procedures; and
  - Transportation to an urgent care center for patients with low acuity problems.
- **Recommended Position: Work with Sponsor and Payers to resolve concerns**

SB 1056 Rural Health Collaborative Pilot

- The bill establishes a regional planning collaborative composed of up to 35 members that plans establishment of rural health complexes in the Mid Eastern Shore.
  - A rural health care complex is a community–based ambulatory care setting that integrates primary care and other health care services.
  - Complexes would be established by health care providers that operate on the region.
  - a Complex that fails to meet the standards and criteria established by the Collaborative relinquishes its designation as a Complex
  - The Collaborative is part of MDH and funded through an appropriation from general funds.
- A 12 member executive committee:
  - Hires an executive director and staff;
  - Provides general direction to the Collaborative; and
  - Makes operating decisions on projects approved by the Collaborative.

SB 1056 Rural Health Collaborative Pilot (continued)

- Key functions
  - Assesses needs of communities in the mid–shore region that lack access to essential community–based care.
  - Identifies care delivery models that may reduce deficits in care.
  - Convenes health and hospital systems, community organizations, and local stakeholders to build consensus on the appropriate scale of a rural health complex.
  - Recommend rural health complexes for approval by the Health Secretary.

The Secretary approves a rural health complex:

  - Recommended by the majority of a quorum of the Collaborative present and voting; and
  - Concludes that the complex meets the standards and criteria established by the Collaborative for a rural health complex;

- **Recommended Position: Support**

MARYLAND HEALTH CARE COMMISSION

AGENDA

1. APPROVAL OF MINUTES
2. UPDATE OF ACTIVITIES
3. ACTION: Certificate of Need – Broadmead, Inc. (Docket No. 17-03-2394)
4. ACTION: Appointment of Stefano Schena, M.D. to the MHCC Cardiac Services Advisory Committee
5. ACTION: COMAR 10.25.18 – Health Information Exchanges – Privacy and Security of Protected Health Information – Proposed Permanent Regulations
6. ACTION: COMAR 10.15.19 – State Recognition of an Electronic Advance Directives Service – Final Action Regulations
7. PRESENTATION: Comprehensive Care Facility Health IT Update
8. ACTION: Proposed Legislation
9. **PRESENTATION: Privately Insured Spending in the Individual Market**
10. PRESENTATION: Findings from the NRHI Report "Healthcare Affordability: Untangling Cost Drivers"
11. Overview of Upcoming Initiatives
12. ADJOURNMENT

MARYLAND HEALTH CARE COMMISSION

PRESENTATION:

Privately Insured Spending in the Individual Market

(Agenda Item #9)

Privately Insured Spending in Maryland's Individual Market, 2016

Commission Meeting
February 15, 2018

MARYLAND HEALTH CARE COMMISSION

Takeaways – Significant deceleration in overall healthcare spending growth in the individual market for 2016

- Total members (including Kaiser HMO plans) as of 12/31/2016 in the Individual Market (ACA-compliant & non-compliant plans) decreased by about 2%, compared to an 18% increase at the end of 2015
- Total PMPM spending for all services combined in the Individual Market (ACA-compliant & non-compliant plans excluding Kaiser HMO plans) grew less in 2016 (⬆12%) than in 2015 (⬆35%)
- PMPM spending growth in 2016 for all service categories was driven by increases in utilization except physician supplied drugs, for which spending growth was due to unit cost increases
- On-Exchange membership (including Kaiser) as of 12/31/2016 was about 8% higher than at year-end 2015. However, membership for off-Exchange declined by about 5%, resulting in an overall decline in the market's enrollment as a whole (⬇2%)
- *All services combined* PMPM spending for on-Exchange members grew by about 7%, while PMPM spending for off-Exchange members increased by 10%
- Among three chronic conditions – hypertension, diabetes, and depression, both hypertension and diabetes were more prevalent among on-Exchange members than among off-Exchange in 2016: 15.6% v. 10.7% for hypertension and 11.9% v. 7.3%, for diabetes.

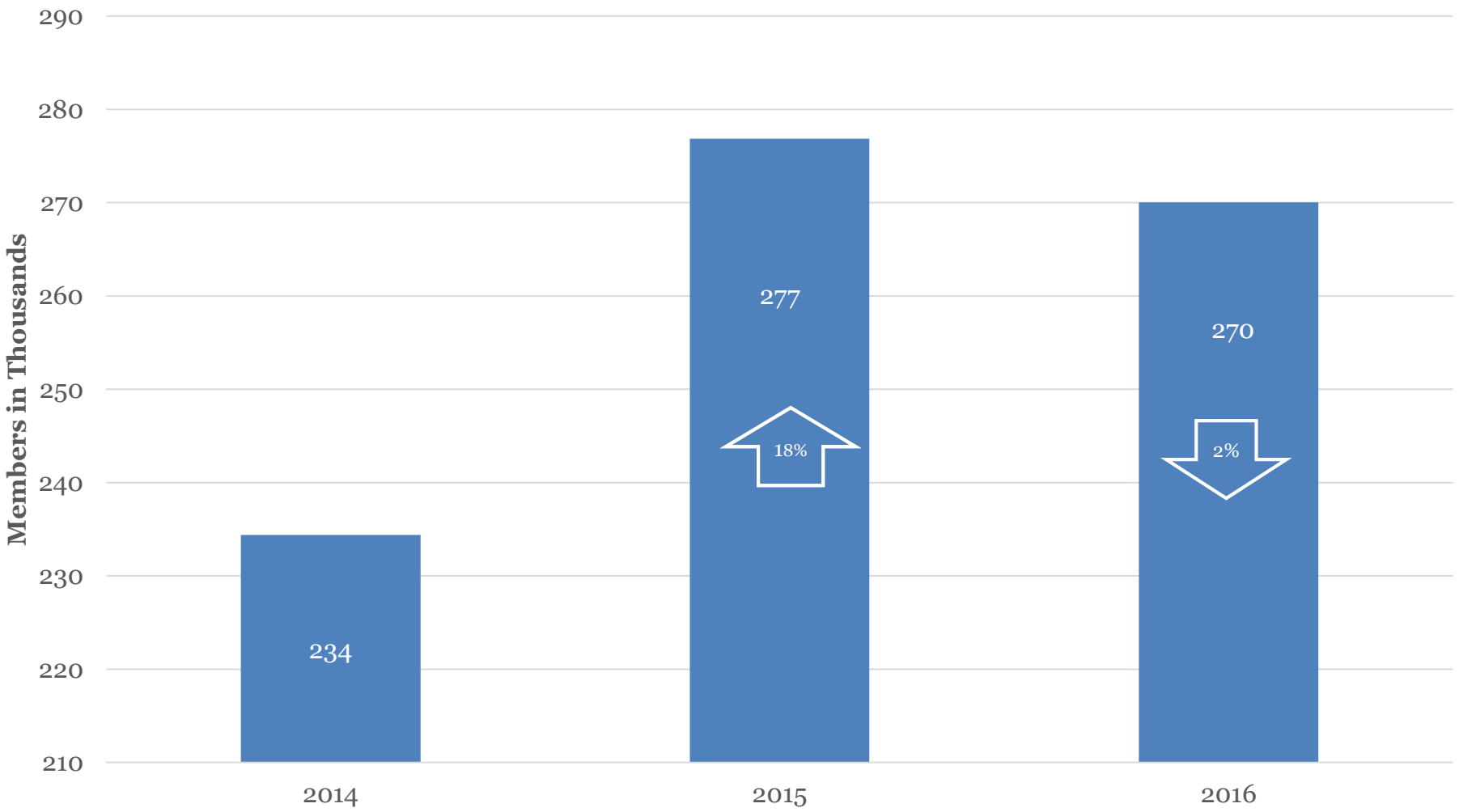
Takeaways – Significant deceleration in overall healthcare spending growth in the individual market for 2016

- This analysis demonstrates a slowdown in spending growth in the ACA individual market from 2015 to 2016.
  - However, spending could accelerate if healthier people exit the individual market due to higher premiums and the elimination of the tax penalty.
  - Departure of healthier people will result in the pooled claims experience getting worse, causing large financial losses to insurance companies (e.g. CareFirst and Kaiser)
  - Initially, individuals covered through the off-Exchange market will bear the brunt of the rise in premium increases since those members do not have access to federal subsidies and pay the full premium cost.

Background

- MHCC is required to report annually on healthcare spending and utilization
  - Source: Medical Care Data Base (2014, 2015, and 2016 data)
  - Fully-insured private plans, Maryland residents
- Focus solely on the Individual Market
  - This report examines health care spending for the individual market segment by service category
  - Many individuals with significant medical conditions who had previously been covered through the state-based "high-risk" pool (MHIP) have transitioned into the Individual Market since the ACA went into effect on 1/1/2014. MHIP was phased out by the end of 2014.
  - Many individuals who did not have health insurance before 2014 also entered the Individual Market in years 2014 to 2016 as a result of health insurance expansion due to ACA enactment.

Members as of 12/31, Individual Market (ACA-Compliant and Non-Compliant Plans) (2014 to 2016)

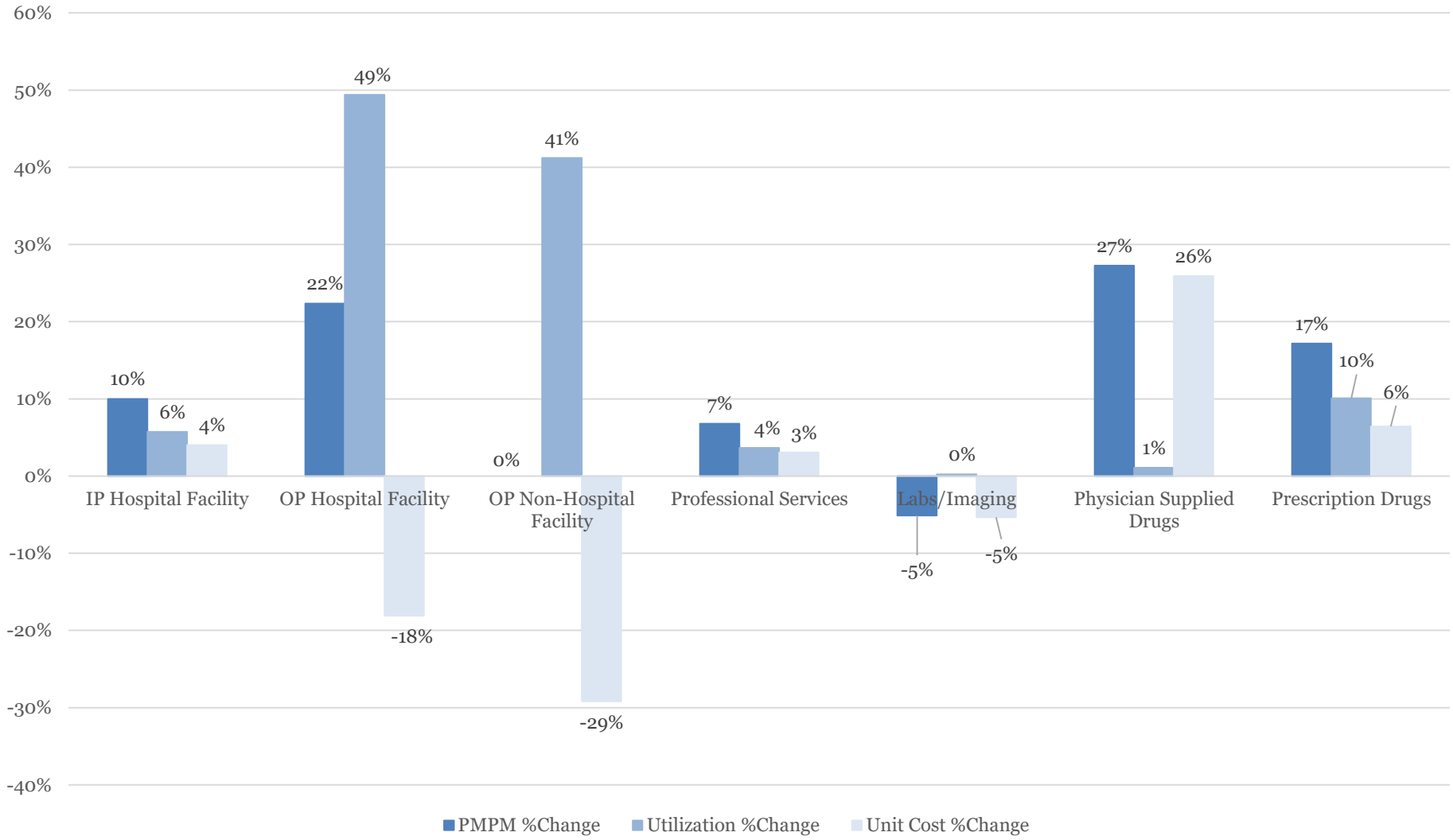


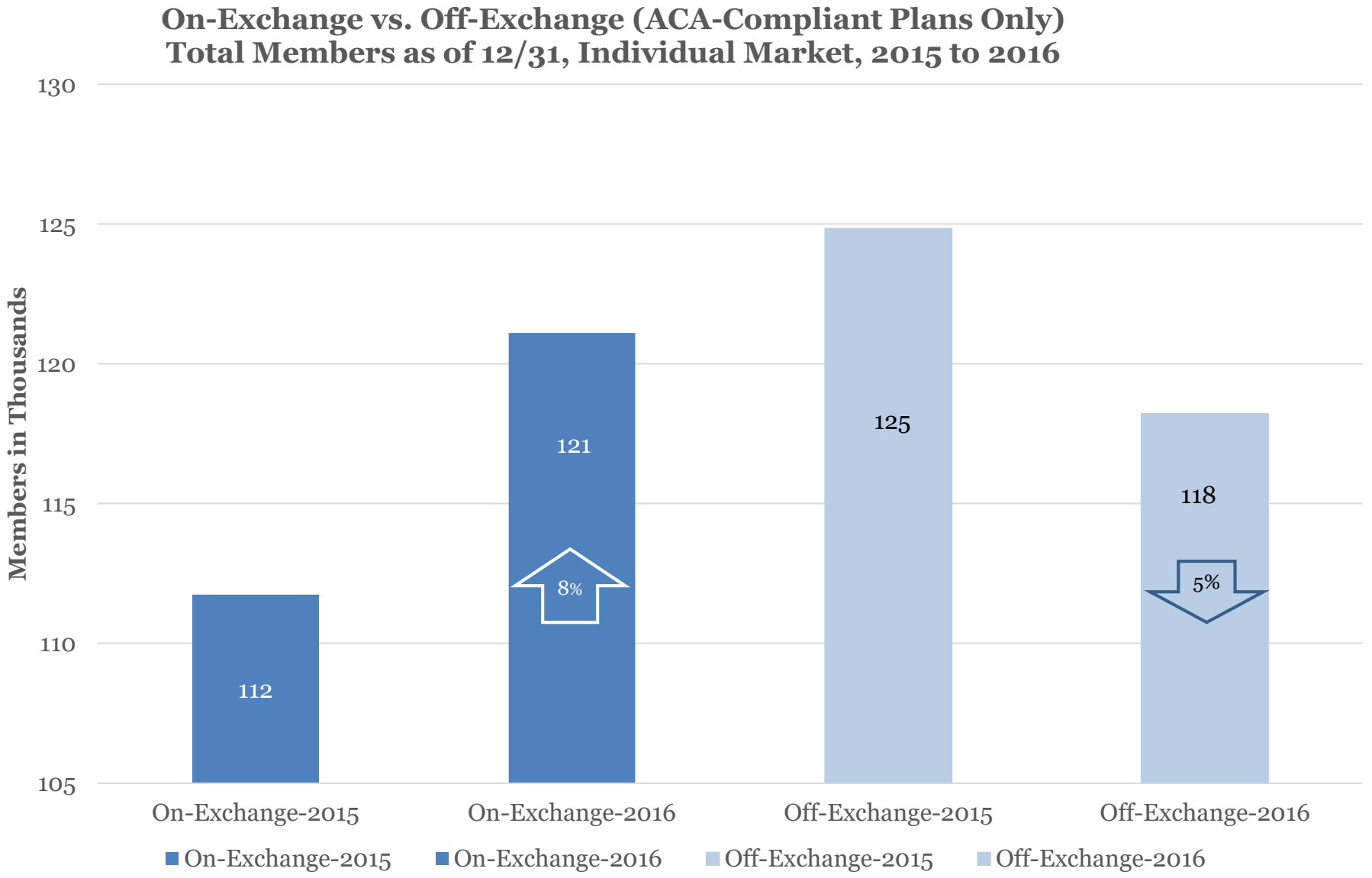
Includes Kaiser

PMPM Spending by Service Category, Individual Market (ACA-Compliant and Non-Compliant Plans), 2014 to 2016

	2014	2015	2016	% Change 2014/2015	% Change 2015/2016
Spending					
PMPM spending, all services combined	$310	$417	$468	35%	12%
PMPM OOP, all services combined	$92	$106	$120	15%	13%
PMPM OOP, Medical Only	$78	$88	$103	13%	17%
PMPM OOP, Prescription Drugs	$15	$18	$17	20%	-6%
PMPM Spending By Service Category					
Inpatient Hospital Facility	$48	$70	$77	46%	10%
Outpatient Hospital Facility	$68	$85	$104	25%	22%
Outpatient Non-Hospital Facility	$10	$10	$10	0%	0%
Professional Services	$88	$103	$110	17%	7%
Labs/Imaging	$33	$39	$37	18%	-5%
Physician Supplied Drugs	$7	$11	$14	57%	27%
SubTotal (Medical Only)	**$254**	**$318**	**$352**	**25%**	**11%**
Prescription Drugs	$56	$99	$116	77%	17%

Annual Changes in PMPM Spending, Utilization Per 1,000 Members, and Cost Per Unit by Service Category, Individual Market, 2015 to 2016





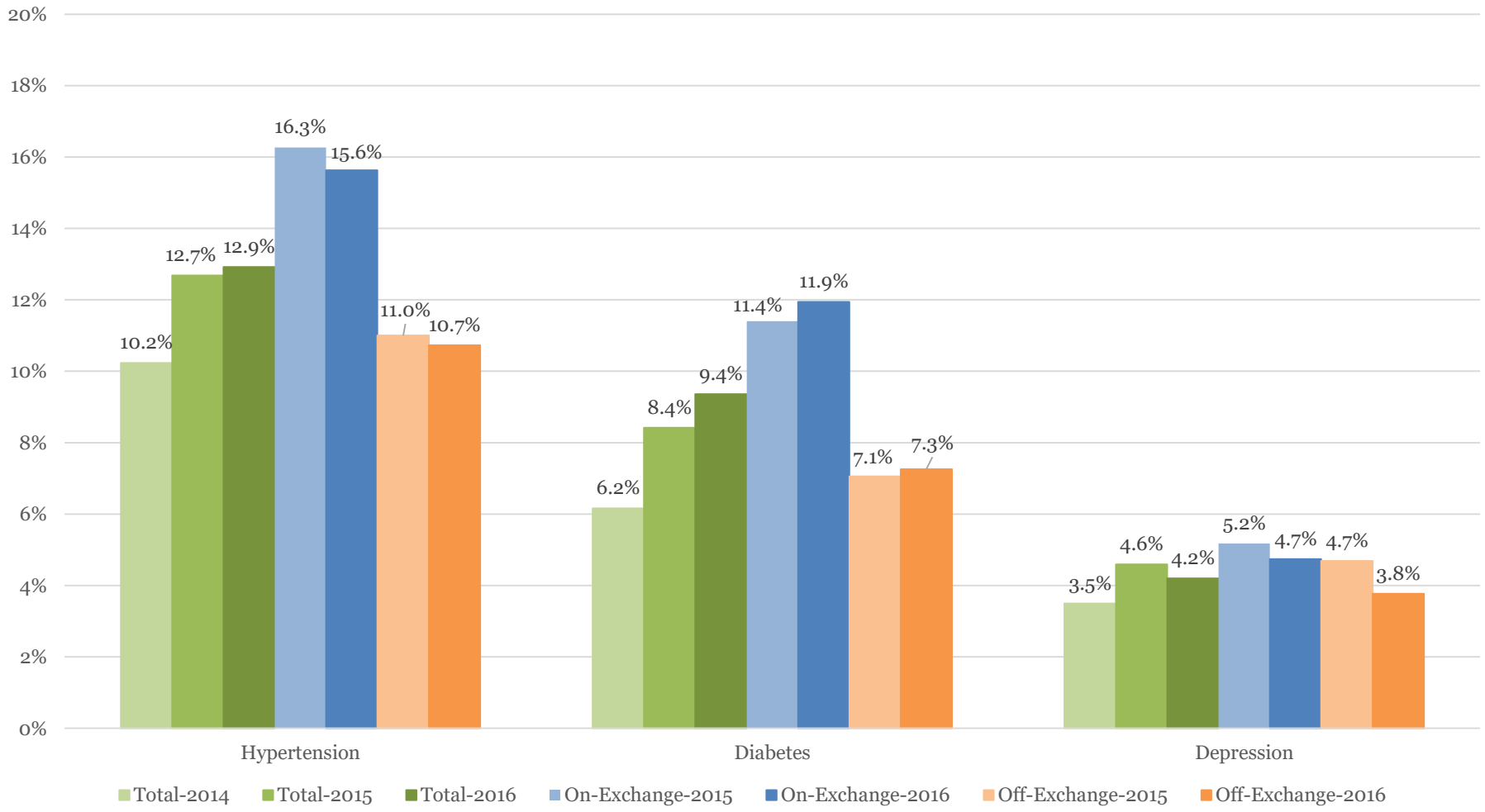
Includes Kaiser

MHCC MARYLAND HEALTH CARE COMMISSION

On-Exchange v. Off-Exchange PMPM Spending by Service Category, Individual Market (ACA-Compliant Plans Only), 2015 to 2016

	2015		2016		% Change (2015/2016)	
	On-Exchange	Off-Exchange	On-Exchange	Off-Exchange	On-Exchange	Off-Exchange
Spending						
PMPM spending, all services combined	$447	$432	$478	$476	7%	10%
PMPM OOP, all services combined	$92	$121	$89	$145	-3%	20%
PMPM OOP, Medical Only	$75	$103	$74	$128	-1%	24%
PMPM OOP, Prescription Drugs	$17	$19	$15	$17	-12%	-11%
PMPM Spending By Service Category						
Inpatient Hospital Facility	$79	$73	$83	$73	5%	0%
Outpatient Hospital Facility	$83	$95	$88	$126	6%	33%
Outpatient Non-Hospital Facility	$11	$11	$10	$10	-9%	-9%
Professional Services	$105	$107	$110	$112	5%	5%
Labs/Imaging	$41	$40	$39	$36	-5%	-10%
Physician Supplied Drugs	$12	$10	$15	$13	25%	30%
SubTotal (Medical Only)	**$331**	**$336**	**$345**	**$370**	**4%**	**10%**
Prescription Drugs	$116	$96	$133	$106	15%	10%

Total (ACA-Compliant & Noncompliant Plans), Plus On-Exchange vs. Off Exchange (ACA-Compliant Plans Only) : Prevalence of Select Chronic Conditions, Individual Market, 2015 to 2016



Next Steps

- The individual market report will be presented to Maryland legislators by the Commission's Executive Director

- The entire privately Insured report on healthcare spending in Maryland (including all market segments: small group, large group, and individual) will be available in March of this year.

Questions?

MARYLAND HEALTH CARE COMMISSION

AGENDA

1. APPROVAL OF MINUTES
2. UPDATE OF ACTIVITIES
3. ACTION: Certificate of Need – Broadmead, Inc. (Docket No. 17-03-2394)
4. ACTION: Appointment of Stefano Schena, M.D. to the MHCC Cardiac Services Advisory Committee
5. ACTION: COMAR 10.25.18 – Health Information Exchanges – Privacy and Security of Protected Health Information – Proposed Permanent Regulations
6. ACTION: COMAR 10.15.19 – State Recognition of an Electronic Advance Directives Service – Final Action Regulations
7. PRESENTATION: Comprehensive Care Facility Health IT Update
8. ACTION: Proposed Legislation
9. PRESENTATION: Privately Insured Spending in the Individual Market
10. **PRESENTATION: Findings from the NRHI Report "Healthcare Affordability: Untangling Cost Drivers"**
11. Overview of Upcoming Initiatives
12. ADJOURNMENT

MARYLAND HEALTH CARE COMMISSION

PRESENTATION:

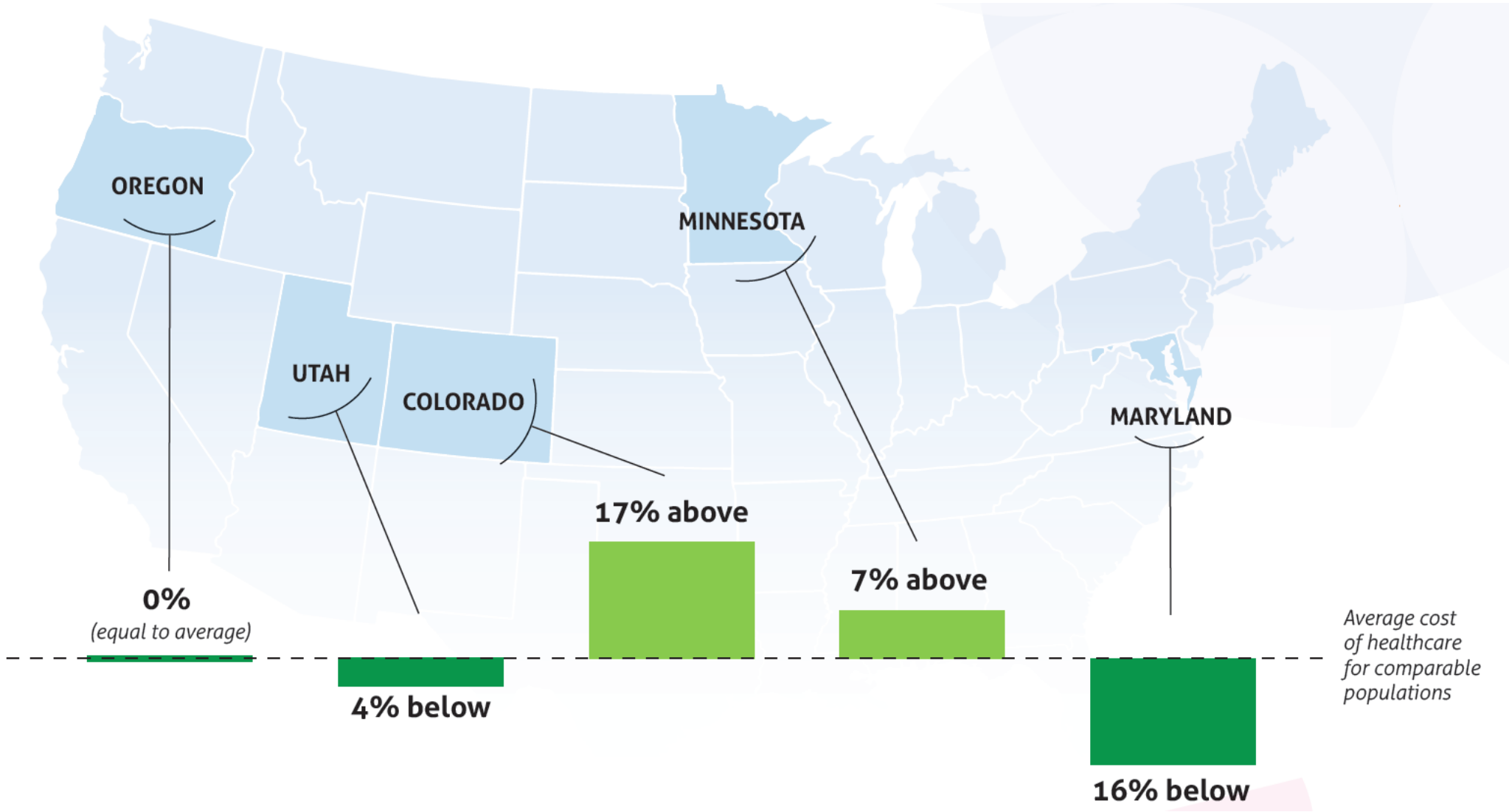
Findings from the NRHI Report "Healthcare Affordability: Untangling Cost Drivers"

(Agenda Item #10)

Findings from the NRHI Report "Healthcare Affordability: Untangling Cost Drivers"

High Level Results: the Maryland Story

The Big Picture



How does Maryland differ?

Risk Adjusted Total Cost and Resource Use Compared to Average:

Commercial Population 2015
Combined Attributed and Unattributed

Measure	Colorado	Maryland	Minnesota	Oregon	Utah
Risk Score	-8%	20%	2%	1%	-10%
Total Cost	17%	-16%	7%	0%	-4%
Resource Use	11%	-3%	5%	-8%	-3%
Price	6%	-13%	1%	9%	-1%

Note: This is the midpoint of the ranges created from the sensitivity analysis and represents the percent above or below the risk adjusted average across all regions.

Maryland Performance Is Mainly Due to Prices

Service Category	Total Cost Index		Resource Use Index		Price Index	
	Compared to Average	Rank	Compared to Average	Rank	Compared to Average	Rank
Overall	**-16%**	**1**	**-3%**	**3**	**-13%**	**1**
Inpatient	-18%	1	-7%	2	-12%	2
Outpatient	-30%	1	-19%	1	-13%	1
Professional	-18%	1	+2%	3	-20%	1
Pharmacy	+7%	4	+6%	4	+1%	4

FAQs

- How do we explain Maryland's lower hospital & professional prices?
  - Hospital all-payer rate-setting
    - Limits the need for hospitals to shift unreimbursed costs from Medicare & Medicaid to private payers
  - Professional rates reflect a historic trend of private professional rates (overall) being at about Medicare rates
    - Ample physician supply + a dominant payer, and shadow pricing by other payers
- Does this mean Maryland prices are too low?
  - Not compared to prices in the rest of the world
- How will MHCC respond to this information?
  - Regarding Utilization
    - MHCC will identify & publish opportunities for reducing utilization by evaluating the use of low value care (Choosing Wisely) in Maryland's commercial population.
  - Regarding Prices
    - Center for Analysis will continue to add episode cost information to the Wear the Cost website
    - Center for Quality will be breaking out cost information by payer on the Quality Reports website

MARYLAND HEALTH CARE COMMISSION

AGENDA

1. APPROVAL OF MINUTES
2. UPDATE OF ACTIVITIES
3. ACTION: Certificate of Need – Broadmead, Inc. (Docket No. 17-03-2394)
4. ACTION: Appointment of Stefano Schena, M.D. to the MHCC Cardiac Services Advisory Committee
5. ACTION: COMAR 10.25.18 – Health Information Exchanges – Privacy and Security of Protected Health Information – Proposed Permanent Regulations
6. ACTION: COMAR 10.15.19 – State Recognition of an Electronic Advance Directives Service – Final Action Regulations
7. PRESENTATION: Comprehensive Care Facility Health IT Update
8. ACTION: Proposed Legislation
9. PRESENTATION: Privately Insured Spending in the Individual Market
10. PRESENTATION: Findings from the NRHI Report "Healthcare Affordability: Untangling Cost Drivers"
11. **Overview of Upcoming Initiatives**
12. ADJOURNMENT

MARYLAND HEALTH CARE COMMISSION

Overview of Upcoming Initiatives

(Agenda Item #11)


ENJOY THE REST OF
YOUR DAY