

# Health Care Reform Implementation One State's Perspective

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Department of Health Policy*

John M. Colmers, Secretary  
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# Context for Reform in Maryland

- All payer hospital rate setting system
- Expansion of Medicaid in 2008
  - Parents up to 116% FPL
- Stable Medicaid managed care environment
- Above average ESI
- Small business subsidy
- Successful, well-funded high-risk pool
- Significant investments in health IT
- Budget constraints

# Implementing PPACA

- Patient Protection and Affordable Care Act signed into law by President Obama on March 23, 2010
- Maryland Health Care Reform Coordinating Council created through Executive Order on March 24, 2010
  - The Coordinating Council directed to make policy recommendations to the Governor and General Assembly
- Reform will do what states could not do on their own
  - Eliminate medical underwriting
  - Require health insurance coverage
  - Expand Medicaid, provide tax subsidies and create exchanges

# Coordinating Council Members

- The Honorable Anthony G. Brown  
Lt. Governor  
*Council Co-Chair*
- John M. Colmers  
Secretary, DHMH  
*Council Co-Chair*
- Carolyn Quattrocki  
Deputy Legislative Officer  
*Governor's Designee*
- T. Eloise Foster  
Secretary, DBM
- Beth Sammis  
Acting Commissioner, MIA
- Douglas F. Gansler  
Maryland Attorney General
- Brian Wilbon  
Interim Secretary, DHR
- Marilyn Moon  
Chair, MHCC
- Frederick W. Puddester  
Chair, HSCRC
- The Honorable Edward J. Kasemeyer  
Member, Maryland Senate
- The Honorable Thomas “Mac” Middleton  
Member, Maryland Senate
- The Honorable Peter Hammen  
Member, Maryland House of Delegates
- The Honorable James W. Hubbard  
Member, Maryland House of Delegates

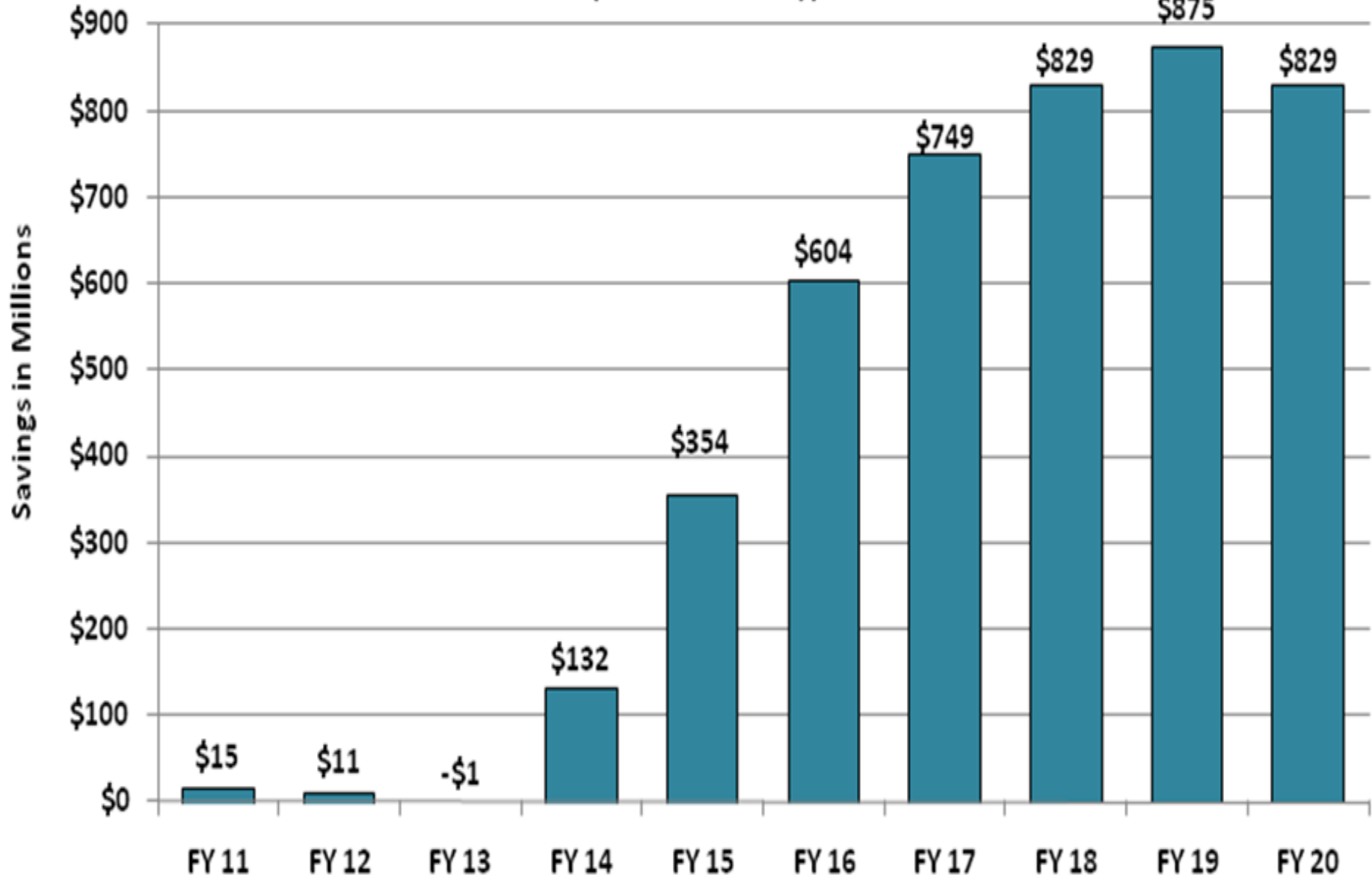
# Responsibilities

- The Coordinating Council submitted its Interim Report to the Governor on July 26, 2010.
- Interim Report includes:
  - Review of each section of the federal legislation and identification of affected State law and regulation
  - Comprehensive timeline, including key decision points
  - Financial model to estimate annual impact on State general fund; and
  - Approach for evaluation of options, including method for soliciting input from interested stakeholders
- Final Report containing policy recommendations and implementation strategies will be presented to the Governor in January.

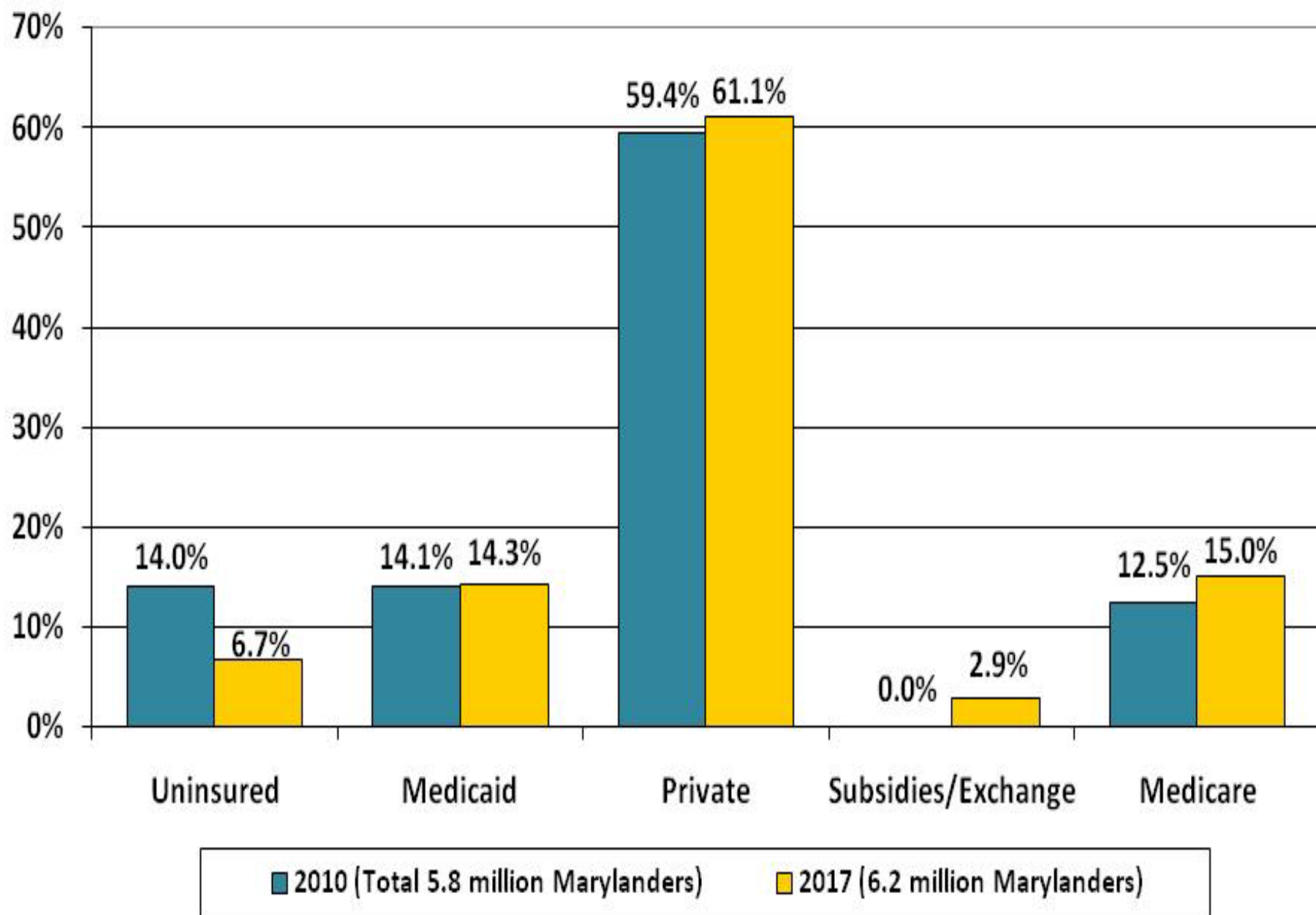
# Interim Report

- Financial model developed - tool for analyzing costs as implementation decisions made
- Health Reform will save \$829 million over 10 years and cut uninsured in half by 2017
  - Savings estimates reflect Maryland's prior investments in improving access to care
  - State must maintain commitment to bending cost curve
- Recommends Process for Public Engagement

# Cumulative Savings from Health Reform in Maryland (State Funds Only)



## Insurance Status by Source of Coverage, Today and 2017





# Workgroups

1. Health Insurance Exchange and Insurance Markets
2. Entry to Coverage
3. Outreach and Education
4. Public Health, Safety Net and Special Populations
5. Health Care Workforce
6. Health Care Delivery System

# Cross Cutting Issues

- Considering the cost of options, potential savings
- Preserving and strengthening employer sponsored insurance
- Identifying data and planning resources
- Addressing racial and ethnic disparities
- Integrating behavioral health and services for those with disabilities
- Ensuring accountability and compliance
- Considering infrastructure needs, IT, human resources

# Health Insurance Exchange and Insurance Markets

- Overall Goals and Functions
- Structure
- Transformation role for insurance markets
- Role in promoting affordability and mitigating risk selection
- How seamless with commercial and public coverage

# Entry to Coverage

- Approach to facilitate consumers' entry into coverage
- How to simplify and integrate enrollment practices
- Policy, operating practices and system changes
- How far to go to embrace a new paradigm that welcomes consumers by minimizing barriers to entry into coverage

# Outreach and Education

- Communicating significant changes to come with reform
- Plan for a coordinated and comprehensive outreach and education strategy
- Meeting the needs of different groups, including consumers, providers, insurers, employers and others
- Ensure efforts are effective and culturally and linguistically appropriate
- Plan for long term needs to provide information on the new reformed health system

# Public Health, Safety Net and Special Populations

- Access for uninsured or people who have health needs not met by their coverage
- Preparing safety net for changes in benefits
- Facilitate coordination of safety net services, indentifying unmet needs and coordinating care delivery
- Expectations of historic safety net providers when more people have insurance coverage
- Leverage and foster the capacity of historic safety net providers

# Health Care Workforce

- Ensure capacity in the health care delivery system
- To what extent will Maryland use a broad range of tools to increase capacity
  - fostering educational programs
  - changing licensure policy
  - supporting recruitment and retention efforts;
  - changing liability policy
- Effectively compete for new federal resources to support underserved areas

# Health Care Delivery System

- Coordinate with efforts on future of Medicare waiver and bundled payment
- Coordinate with Quality and Cost Council on Medical Home, Healthiest Maryland
- Maximize use of new tools in reform to improve quality and contain costs



# Opportunities for Payment Reform

- Medical home: Expansion of current Medicare demonstration, new Medicare pilots, Medicaid initiatives
- ACO: Broad responsibility for quality and cost of patient care, rewards for quality, shared savings
- Bundled payments: Medicare pilots for hospital and post-acute care, Medicaid initiatives
- Center for Medicare and Medicaid Innovation

# Process for Public Input

- **Phase 1** – Assessment of Health Reform (May-mid July, for July Report)
  - *Public comments guided Interim Report*
- **Phase 2** – Discussion and Development of Recommendations (mid-July to end of October)
  - *Active workgroups focused on key implementation issues*
- **Phase 3** – Review Draft Recommendations (mid-November-early December)
  - *Public hearings about reform recommendations*
    - *November 22, 23 and December 1, 2*
- **Phase 4** – Finalize Recommendations and issue report (early-December – January 1)

# For More Information: www.healthreform.maryland.gov

Problem Solver | Maryland.gov | Online Services | State Agencies | Phone Directory



## Health Care Reform Coordinating Council

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### THE COUNCIL

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Meetings  
Interim Report  
Executive Order

HealthCare.gov

HealthCare.gov En Español

Health Reform and You

Maryland Department of Health and Mental Hygiene



### Maryland's Health Care Reform Coordinating Council

All Marylanders should have access to affordable health care, but for thousands of our neighbors this opportunity has been out of reach for far too long. The passage of federal health care reform provides Maryland an opportunity to advance reforms that have eluded our country for generations and improve the health and well-being of all Marylanders.

We commend the Governor for creating the Health Care Reform Coordinating Council and entrusting us to lead this critical effort. Meaningful reform depends on successful implementation at the state level and the Council's job is to effectively implement federal reform in a way that makes a real difference in the lives of all Marylanders. The Council will thoughtfully consider and analyze the many policy choices and implementation decisions federal reform presents and make recommendations to the Governor on how best to improve quality and reduce costs.

The Council will build on the many strengths of Maryland's health care delivery system, leverage federal and other funding opportunities, and engage the public and health care professionals to gain their input. Federal health care reform challenges us to blend competent, effective government with the skills, experience and needs of the community. Neither government nor the private sector can do it alone. We invite you to be a part of the process by exploring this website designed to share the work of the Council, gain feedback from the public, and provide transparency in the decision making process.

Through our strong partnerships, we will increase access and improve quality. Together, we will implement reform and ensure that we do it right, so that every possible penny is saved, and every possible benefit is made available to all. And together, we look forward to making Maryland a

Office of the GOVERNOR



### Latest News

Lt. Governor Brown Announces \$1 Million Grant For Health Insurance Exchange 10.1.10

Lt. Governor Brown Applauds New Health Care Reform Benefits 9.23.10

Lt. Governor Brown, Rep. Sarbanes Announce Launch of MHIP Federal 9.1.10

Lt. Governor Brown Addresses Health Insurance Professionals at Health Care Reform Forum 8.25.10

Lt. Gov. Brown, Sec. Colmers, Health Care Reform Coordinating Council Present Interim Report to Governor O'Malley 7.26.10

### In the News

Several health care reform provisions begin Thursday  
*Baltimore Sun* 9.22.10

Fed. Health Care Reform Implementation Discussed In Md.  
*WBAL TV* 8.26.10

Md. could save \$829M under health care reform  
*Associated Press* 7.26.10

Maryland to save \$829 million under national health care reform  
*Baltimore Sun* 7.26.10

# Maryland False Claims Act of 2010: Background

## **Limitations of Existing Law**

- Criminal prosecutions and administrative actions, recovery limited to actual damages and no penalties
- Interest-free loan and not a credible deterrent
- Thirty-four States and DC had FCAs, of which 26 include *qui tam*

## **Legislative History:**

- Introduced every year since 2000, with the exception of 2003
- In 2009 session Senate version failed third reader with a vote of 23-24

## **DHMH's Fiscal Situation:**

- At that time six rounds of cuts during previous 18 months (FY09/10)
- Cuts impacted core services

## **Irrational Paradox:**

- Painful budget cuts, yet up to 10% (\$300 million) stolen from program every year

# 2010 Legislative Session: Key Differences

- Administration priority
- Extensive engagement and research activity with other states, nonpartisan policymakers and experts in the field
- Developed strong lobbying effort with broad stakeholder support
- Brought all opponents to table early in process to develop consensus amendments
- Bill passed with support of most provider groups

# The Challenges of Federalism

- Federal False Claims Act (FCA) with strong qui tam protections in effect since 1986
- Congress enacted FERA amendments in May, 2009 to strengthen FCA
- Under DRA, Congress created incentives to fight fraud by giving additional 10% of recoveries to states with fully compliant legislation
- Mindful of tradeoffs when negotiating qui tam, mitigating factors and specific intent