Hospital Global Budget Working Group
Meeting #1 Summary
1511 Pontiac Ave, Building 69-1, Cranston
June 27, 2022
2:30-3:30pm

Attendees:

- Patrick Tigue, Office of the Health Insurance Commissioner
- Cory King, Office of the Health Insurance Commissioner
- Katie Alijewicz, Rhode Island Medicaid
- Scott Boyd, Amica Mutual Insurance Company
- Al Charbonneau, Rhode Island Business Group on Health
- Shamus Durac, Rhode Island Parent Information Network
- Peter Hollmann, Rhode Island Medical Society
- Michele Lederberg, Blue Cross Blue Shield Rhode Island
- Nick Lefeber, Blue Cross Blue Shield of Rhode Island
- Dan Moynihan, Lifespan
- Melissa Campbell, Rhode Island Health Center Association
- Teresa Paiva-Weed, Hospital Association of Rhode Island
- Sam Salganik, Rhode Island Parent Information Network
- Lisa Tomasso, Hospital Association of Rhode Island
- Tom Breen, South County Health

I. Welcome

- Patrick Tigue welcomed the Hospital Global Budget Working Group. He noted that any members of the public are welcome to attend, but the Working Group officially consists of representatives from the organizations that signed the Value-Based Payment (VBP) Compact.
- Patrick explained the Working Group's goal is to develop a set of consensus parameters for what constitutes a successful hospital global budget model. He said the Working Group is not looking for agreement to participate in a model.
- January Angeles reviewed the agenda for the meeting.

II. Impetus for hospital global budgets in Rhode Island

- January Angeles highlighted that Rhode Island is interested in value-based payment models as a way to constrain health care cost growth and help the State meet its cost growth target. She noted that inpatient and outpatient hospital spending comprised nearly 40 percent of health care spending across all payers in Rhode Island in 2019, and that hospital spending is a large driver of cost growth in Rhode Island and nationally.

- January described reasons to consider a hospital global budget including: (1) they provide steady, predictable financing; (2) they provide greater flexibility for hospitals to focus on services like population health and (3) they can improve health care outcomes.
- Patrick Tigue provided an overview of the VBP Compact, including the organizations that signed the Compact and the three payment models highlighted in the Compact. Patrick reviewed the four deadlines included in the VBP Compact for developing a hospital global budget model, which prepare the state for implementation of a hospital global budget model on January 1, 2026.
- Patrick shared that there is strong legislative support for hospital global budgets, as demonstrated through S2994 introduced in January 2022. The proposed legislation would provide financial support for the transition to hospital global budgets. He noted that OHIC, in consultation with the Working Group, may consider introducing similar legislation for next year.

III. Overview of hospital global budgets

- Deepti described hospital global budgets, how they are different from the current hospital payment model, and how they incentivize more appropriate care.
- Deepti reviewed the experience of four states with a global budget payment model – New York, Maryland, OneCare Vermont and Pennsylvania – noting that each state's model is different and reflective of the state's unique characteristics. New York was the first to implement a global budget, but ended it in the late 1980s. Maryland established an all payer model that newly incorporated total cost of care. Vermont's model negotiated budgets on behalf of ACOs. Pennsylvania's model focuses on rural hospitals.
- Deepti also noted that the Centers for Medicare and Medicaid Innovation is also developing a new model, the Community Health Access and Rural Transformation (CHART) Model, that will involve a prospective, capitated model for rural hospitals.
- Deepti reviewed characteristics of each state's model, including hospital participation, payer participation, how payers distributed payments to hospitals, performance monitoring, the methodology for establishing and updating budgets, and the additional supports that states incorporated into the hospital global budget.
- Deepti summarized findings from the states that implemented hospital global budgets, noting that several states saw reduced growth in hospital spending.
- Sam Salganik asked about the measures used to look at how hospitals reduced spending and whether they focused on revenue or cost, noting that it will be important to understand what hospitals did to reduce costs. Al Charbonneau commented that the main advantage of the hospital global budget is that they guarantee revenue, which allows hospitals to focus on how to better manage expenses. Patrick commented that they also offer the potential to rationalize the revenue side across different payers and ensure that different payers are paying hospitals commensurate with appropriate costs.

IV. Review of the Working Group's charge

- January Angeles described the process for developing consensus recommendations on the features of a successful all-payer hospital global budget model. She explained the Working Group's recommendations need to be specific enough to secure buy-in from stakeholders. She noted the consensus process will likely focus on ensuring sufficient support among Working Group members rather than obtaining agreement across all stakeholders, but will ensure that all perspectives are considered.

- January noted OHIC plans to hold monthly meetings to review options and provide recommendations for key design parameters. When feasible and helpful, OHIC will bring additional outside experts to provide input. January indicated that the Working Group will also rely on the participant organizations' expertise and experience. Patrick Tigue reiterated that OHIC welcomes organizations to bring any of their support to the table to collaborate on this work.
- Patrick commented that Bailit Health is providing technical assistance for this work through the Peterson Milbank program, which ends at the end of September. OHIC received funding for the Health Spending Accountability and Transparency Program in the FY 2023 budget and will procure contract services pursuant to state purchasing guidelines to support the work of the Working Group from October onwards.
- Teresa Paiva-Weed asked if the Working Group could add a meeting with hospital CFOs. Patrick agreed with Teresa and noted that the Working Group may convene subgroups to discuss additional topics.
- January outlined four key factors for success for hospital global budgets based on Bailit Health's review of the literature including (1) broad participation from hospitals, payers and hospital-employed providers; (2) a robust, transparent methodology to calculate budgets; (3) strong government support, especially in models that are mandatory and all-payer and (4) infrastructure to support population health. January asked Working Group participants whether they had additional elements they wished to add.
- Teresa Paiva-Weed said there should be allowances for investments in key areas outside of global budgets (e.g., behavioral health, maternity care).
- Dan Moynihan asked how to bring CMMI into the model to ensure it is all-payer. Patrick noted that OHIC has been engaging CMMI in this conversation informally and will engage CMMI formally once there is more clarity around the Working Group's recommended model parameters (e.g., an aligned model across payers, or three different models for each market).
- January described the composition of the Working Group and asked the Group should expand to include representation from other stakeholders, including those that can help advance equity. Patrick noted this can be an ongoing process.
- Teresa Paiva-Weed thanked OHIC for inviting all the hospitals to participate in the conversation. She noted it may be important to have further behavioral health representation given that it's a pressing issue right now.

V. Meeting plan and schedule

- January reviewed the meeting plan and draft schedule for the next twelve months.
- Teresa Paiva-Weed asked whether the hospital global budget model would include psychiatric hospitals. Patrick and January noted this is a discussion point for future meetings.
- Dan Moynihan and Peter Hollman agreed with Teresa and the need to clarify the hospitals subject to a hospital global budget model. Peter noted that this will impact future decisions.
- January noted this process will be iterative based on the recommendations from the Working Group.

VI. Public comment

- Patrick asked for public comment. There was none.