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Opinions

# A health-care model for the nation

By Joseph DeMattos Jr. July 29

The year 1980 was a landmark for Maryland in many ways. The Orioles won 100 games for the second consecutive year under the leadership of manager Earl Weaver. And Maryland's health-care policy leaders, seeking to improve hospital funding, finalized a landmark deal with Medicare that became today's hospital waiver.

Like the 1980 Orioles' home run leader Eddie Murray, these policy leaders swung for the fences by guaranteeing the federal government that Maryland's rate of growth for Medicare-paid care in hospitals would rise more slowly than the national average . For most of the 36 years since, Maryland kept that bargain.

Maryland operates the nation's only hospital rate-regulation system, with a Health Services Cost Review Commission that sets rates for hospitals. In the past decade, it became apparent to Maryland and national health-care leaders that the waiver had become obsolete, spurring health-policy leaders to update it.

The updated waiver requires Maryland hospitals to achieve quality improvements, including reductions in 30-day hospital readmissions and hospital-acquired health conditions. It also limits all-payer per-capita hospital growth to a rate lower than the national average. And it mandates that Maryland generate $330 million in Medicare savings over five years.

Maryland faces serious challenges — broad health-care disparities, chronic underfunding of the Medicaid program and uncertainty on the regulatory front.

The data collected after year two of the waiver indicate that Maryland remains on the right track, especially in terms of care-coordination trends, which illustrate the value of care offered by providers outside of hospital settings in partnership with hospitals.

In 1980, the typical person who entered a nursing home was an elderly woman in good health who drove up to the center in a car with her family. At the home, she joined other elders, almost all women, in activities such as reading club, crochet and high tea — much like what you see in today's assisted-living communities.

Today, the typical person entering a skilled nursing rehabilitation center in Maryland arrives via ambulance, most often after an acute hospital stay. While the average age of individuals treated in a center is 78, nearly 20 percent of those individuals

served in nursing homes are younger than 65. And, unlike in 1980, Maryland's updated hospital waiver focuses on the total cost of care, including care received in skilled nursing and rehabilitation centers.

Skilled nursing centers today are treating a sicker and more diverse patient population and have increased the services that they provide by offering IV treatment, ventilator care, dialysis, post-heart attack and post-stroke care and orthopedic, physical and occupational rehabilitative care. These services are provided at substantially lower cost than at hospitals. This is critical relative to the new waiver, as it gives hospitals an incentive to discharge patients to these centers when appropriate.

The data indicate that Medicare beneficiaries who are discharged from the hospital to nursing homes are much sicker than those who go directly home. On average, those discharged to skilled nursing have required almost nine days of hospital care.

Going forward, hospitals and skilled nursing rehabilitation centers in Maryland will partner more deeply to lower that costly hospital stay for these patients. This can be done in part by removing the outdated three-day hospital stay requirement for patients to qualify for skilled nursing benefits from Medicare.

As Maryland's leaders continue to update and improve the waiver, hospitals and skilled nursing rehabilitation centers likely will work together by bundling payments and partnering to deliver care, which also creates cost savings.

Gone are the days when health-care providers could be treated as downstream vendors. Going forward, the waiver will work only if providers are full and equal partners. Nursing homes must be allowed to apply their post-acute and transitional-care expertise, supported by stable rates and meaningful quality measures.



Maryland has an opportunity to revolutionize health care and build on the bold and strategic thinking of policy leaders that started in 1980. Together, we can ensure that Maryland is the health-care model for the nation.

*The writer is president and chief executive of the Health Facilities Association of Maryland.*

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