

Emerging Strategies to Ensure Access to Health Care Services

Global Budgets



The AHA Task Force on Ensuring Access in Vulnerable Communities examined ways in which the access to and delivery of care could be improved. The global budget strategy may provide the flexibility needed for hospitals in vulnerable communities to provide care in a manner that best fits their communities' needs. Global budgets also can provide financial certainty through fair payments and incentives that contain cost growth and improve quality.

Generally, global budget payments provide a fixed amount of reimbursement for a fixed period of time for a specified population, regardless of the volume or intensity of services provided. Key elements in a global budget program include:

1. **Predictable, stable payments that allow providers to cover their costs and build the infrastructure and capability needed to redesign care delivery.** In vulnerable communities, payments may need to be increased above historical payment levels to allow for this. It also is important to consider details around the timing and structure of payments and the ability to adjust payments to account for factors outside the control of participating providers (such as natural disasters or epidemics).
2. **Provider participation, which could be limited to hospitals or could include a broader set of providers.** Increased participation could result in better alignment between and more accountability from health care providers for the quantity and quality of services offered. The types of services included in or excluded from the global budget also must be defined.
3. **Broad health plan participation, including all commercial and government-funded plans in a community.** This is critical, because otherwise hospitals face the challenge of simultaneously operating under both the fee-for-service and global budget models.
4. **Selection of appropriate quality metrics.** The implementation of measures that hold providers accountable for their quality of care is essential. Payers also must provide timely access to actionable information related to care, payment and cost to allow providers to make necessary decisions regarding care delivery.

Existing Federal Global Budget Programs



Maryland All-Payer Model. The Centers for Medicare & Medicaid Services (CMS) and the state of Maryland are partnering on a *global budget program*. Under this program, all hospitals receive a pre-established budget that covers inpatient and outpatient services provided to Maryland residents, regardless of payer, within a calendar year. Each hospital receives annual adjustments for inflation, changes in payer mix, and population/demographics and the impact of quality-based payment programs, but not for changes in patient volume or case mix/severity. Hospitals must meet several financial commitments and quality benchmarks. For example, within five years, they must, in aggregate, reduce their 30-day Medicare readmission rate to the national average and reduce their potentially preventable complication rate by 30 percent.



Pennsylvania Rural Health Model. CMS also is partnering with the state of Pennsylvania on a *global budget program* to increase access to high-quality care, reduce the growth of hospital expenditures and increase the financial viability of rural hospitals. This voluntary program is open to critical access hospitals and acute care hospitals in rural Pennsylvania. While it is still in the development stages, Pennsylvania anticipates that CMS will provide \$25 million in funding over four years to test this program.

Federal Policy Solutions to Pursue

As described on the previous page, CMS is currently conducting demonstration projects on global budgets in Maryland and Pennsylvania. **We urge both Congress and CMS to conduct rigorous evaluations of the effectiveness of these programs in decreasing cost and improving quality. Also, we urge them to consider and test different model structures that allow for wide adoption, including by vulnerable rural and urban communities.**

For example, Congress and CMS should implement demonstration projects that account for the different sizes and types of hospitals, acknowledging that each of which may be at very different points in the transformation process. Successful implementation of a global budget program will require significant changes to the processes hospitals and health systems have built around the current regulatory payment structure. Some of this has already taken place as hospitals transition to value-based payment programs or develop and sustain alternative payment models. However, hospitals are at very different points in the transformation process, and some, particularly critical access and many small/rural hospitals, have been unable to meaningfully participate in this process. As a result, CMS should consider payment policies that may bridge the gap between current fee-for-service or cost-based reimbursement models and a global budget model. In addition, CMS should balance the risk versus reward equation in a way that encourages hospitals and health systems to take on additional risk but does not penalize them for the additional time and experience they must gather in order to fully participate.

In addition, it is essential to waive fraud and abuse laws, as well as certain Medicare payment rules. To allow hospitals to form the financial relationships necessary to succeed in a global budget model, CMS must continue to issue waivers of the applicable fraud and abuse laws in any new global budget program. Specifically, the Physician Self-Referral Law and the Anti-kickback Statute may not be compatible with the financial arrangements between hospitals and other health care providers necessary to implement a global budget. Waivers of many existing Medicare payment rules is also essential to allow providers to place beneficiaries in the clinical setting that best achieves their short- and long-term recovery goals. This includes, but is not limited to, the waiver of discharge planning requirements that prohibit hospitals from specifying or otherwise limiting the information provided on post-hospital services, the skilled-nursing facility “three-day rule,” and the inpatient rehabilitation facility “60% Rule.”

Hospital and Health System Actions to Deploy

While the global budget model may not be readily available in your community today, hospitals and health systems can begin to consider the steps necessary to prepare. The Commonwealth Fund recently published a [report](#) that sets forth key considerations and steps that may make global hospital budgeting more successful. The AHA also conducted a [webinar](#) spotlighting the Maryland All-Payer Model and Greater Baltimore Medical Center’s journey to implement and operate under that model. In addition, the global budget models in Maryland and Pennsylvania are discussed in more detail in the task force’s report, available at www.aha.org/EnsuringAccess.

Hospitals and health system also should consider engaging their boards in conversations related to the amount and type of services currently offered by the hospital to the community. Hospitals may utilize [AHA’s Discussion Guide for Health Care Boards and Leadership](#) to assist with these conversations. These discussions may then be expanded to key community stakeholders, including patients and clinicians. AHA has developed a Community Conversations [Toolkit](#) to help hospitals as they engage in discussions related to the services needed in their community.

More resources related to global budgets and the work of AHA’s Task Force on Ensuring Access in Vulnerable Communities, including its report, are available at www.aha.org/EnsuringAccess.