

# **Transformative Reimbursement**

*Buying Quality, Cost-Effective Care - Sending the Right Price Signal*

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# Medicaid rates should:

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- ❑ Be transparent
- ❑ Buy value – high-quality, cost-effective care
- ❑ Encourage care in the right setting
- ❑ Reinforce health planning and policy priorities
- ❑ Be updated periodically
- ❑ Pay for Medicaid patients
- ❑ Comply with federal Medicaid rules
- ❑ Be consistent with state budget constraints

# Current Medicaid rates are:

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- **Complicated and opaque**
  - *Generate multiple appeals*
  - *Impede timely promulgation of rates*
  
- **Bear little relationship to costs of providing quality, cost-effective care as a result of decades-old base years, hold harmless provisions and rate add-ons**
  - *Do not incentivize efficiency*
  - *Are not tied to quality*



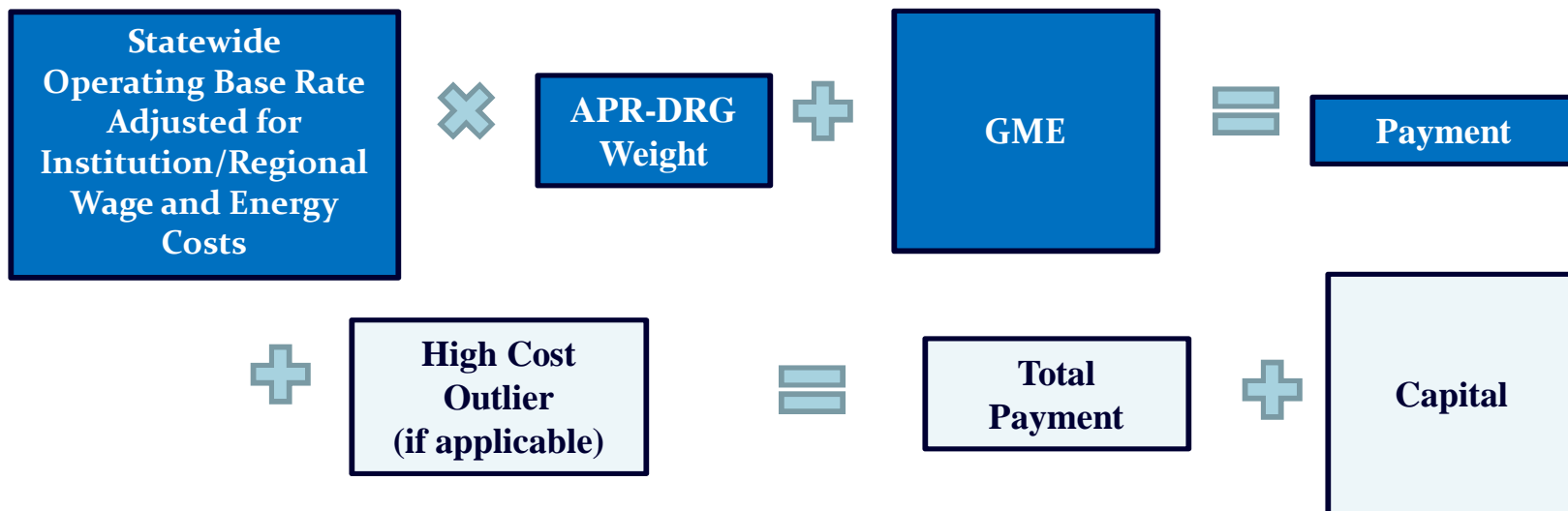
# New Medicaid rates will:

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- ❑ Be transparent
- ❑ Be based on costs of serving Medicaid patients
- ❑ Use regional or statewide base payments adjusted for appropriate differences in facilities and patients
- ❑ Incentivize efficiency and reward quality
- ❑ Include transition funds to assist providers in restructuring their operations consistent with state health care priorities and available dollars

# New Inpatient Rate Methodology





# **Goal: Access, Affordability & Quality**

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*“A seamless, value-oriented system that offers affordable health care to everyone.”*

*- Senator Tom Daschle, **Critical: What We Can Do About the Health Care Crisis 2008***