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-184.56		-26.41		-16.22		-0.61	
-0.72%		-0.36%		-0.59%		-0.93%	

# Maryland’s Single Payer Push May Save Medicare Billions

By Kate Rogers | Published January 10, 2014 | [Features](#) | [FOXBusiness](#)



(REUTERS)

In an effort to curb medical spending, Maryland hospitals are being told to think quality over quantity. And if successful, the proposal could spread across the country.

The state is the latest to strengthen the single-payer push and modernized its current rate-setting system for hospital services. Gov. Martin O’Malley, (D), announced Friday the state will no longer pay hospitals based on the amount of

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prevention and wellness under the Affordable Care Act. Eventually, hospitals in the state could be financially rewarded for keeping people out of the hospital.

Massachusetts and Vermont are currently experimenting with single-payer approaches to health-care in the wake of ObamaCare's rocky implementation. Single-payer systems allow the government to collect health-care fees and distribute health-care costs, which ultimately sidelines **the insurance industry**.

Maryland is the only state in the nation that has set its own rates for hospital services, which it has done for the past 36 years. All patients also pay the same rate for services at hospitals throughout the state under its current Medicare waiver. The initiative allows Maryland to set global budgets, and alternative approaches to payment, according to a release from the governor's office. These approaches will reward systems that provide improved outcomes for less cost.



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The changes were needed in order to maintain the Medicare waiver the Maryland Hospital Association says has saved the state \$45 billion over the past 36 years, the *Associated Press* reports. If the state fails to meet performance goals in the next five years, hospitals will have to move to the national Medicare payment systems over a period of two years.

The plan will limit the growth in hospital spending per capital, meaning it can't rise faster than growth in the overall state economy. The deal also limits the annual Medicare per capital hospital cost growth to a rate lower than the national annual per capita growth rate, **state administrators say**.

"Today's announcement is an encouraging step to ensure that Maryland's unique health care delivery system can also be aligned with the goals of lowering cost and improving health outcomes for our citizens," said Centers for Medicare and Medicaid Services (CMS) Administrator Marilyn Tavenner in a release. "We hope that this can serve as an example for other states that they can work with us to achieve the shared goals of creating a more efficient health system that also delivers improved care for the American people."

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Hospitals will be financially rewarded for keeping people out of the hospital — a once unimaginable arrangement. But insiders say it's not a step toward single-payer adoption nationwide.

"I think the most important implication elsewhere is the opportunity for to occur at the state level," says John M. Colmers, chair of Maryland Health Services Cost Review Commission and vice president at Johns Hopkins. "In Maryland, this is what works for us. We have a tradition and culture that permits this. It does signal an important willingness at the part of the federal government for states to look at the significant issue of cost control in a variety of ways."

Paul Howard, director of the Center for Medical Progress at the Manhattan Institute, says he is skeptical of "rate-setting schemes."

"The preference for me is to let the individual consumer choose, and get information to shop among providers."

If Maryland is successful, CMS stands to save a bundle, he adds. However, if the opposite happens, the federal government may wind up "worse for wear." The state says it will save the federal government at least \$330 million in Medicare spending over the next five years.

"If this holds, Medicare stands to save a lot of money," he says. "That is the implication of setting budgets for states—they will spend less, and the federal government, which contributes 100% of Medicare and 50% of Medicaid, could save a lot of money, so the upside could be big."

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