

Q CASE STUDY

New Mexico: Hospital Global Budgeting

THE CLIENT

The New Mexico Office of the Superintendent of Insurance (OSI) was directed by its state legislature to explore hospital global revenue budgets and other innovative hospital payment models over several years, and to explore key elements of affordability and accessibility of coverage and care, including hospital global budgeting.

BACKGROUND

OSI contracted with Health Management Associates (HMA) to build on previous hospital global budgeting research and provide technical assistance in resolving the complex issues surrounding global budgeting, including development of a potential global budget payment model framework. The contract also called for HMA to prepare an implementation framework that involves stakeholder engagement, including a plan for engagement with the Centers for Medicare and Medicaid Services (CMS) Innovation Center and to identify key administrative and data challenges.

APPROACH

HMA divided the project's scope into two phases:

Phase 1:

Develop preliminary policy and model options, including submission of two deliverables:

- + Global Budgeting Principles and Experience in Other States Report
- + Hospital Global Budget Options Paper

Phase 2:

Refine the hospital global budgeting model based on OSI's input on the Hospital Global Budget Options Paper and develop and submit three additional reports:

- + Recommendations for a Proposal to the CMS Innovation Center, which supports the development and testing of state-based innovative healthcare payment models
- + Implementation and Stakeholder Engagement Plan
- + Administrative and Data Challenges Report on implementing the payment model

TESTIMONIAL

"Beginning with a solid proposal, HMA built on previous research conducted on New Mexico and other states' experiences, evaluated options, highlighted administrative and data needs to produce a comprehensive study and an implementation action plan. The team exhibited superb professionalism and attention to high quality work."

Sahar Hassanin
Senior Economist
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RESULTS

HMA developed an overview of principles and global budgeting models developed by other states, policy options, recommendations for how to work with CMS, a blueprint for stakeholder engagement, and an assessment of data needs and challenges. The proposed hospital global budget payment model was informed by the HMA team's expertise and research on three states' experience with CMS Innovation Center payment models (Maryland, Pennsylvania, and Vermont). The five public reports can be found at [Healthcare Affordability and Accessibility Research Projects](#). These reports detail a plan for budgeting and governance that will enable the creation of a value-based payment system that supports a delivery system in which hospitals provide services that their communities need, rather than focus on the services most likely to merely enhance revenue. Through leadership and innovation, the state can help ensure a sustainable provider network is available to deliver high-quality and efficient care to all New Mexicans.

HMA can help other states and organizations with financial and strategic planning to optimize value-based care, budgeting, affordability, and accessibility for beneficiaries of publicly-funded healthcare programs.



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HEALTH MANAGEMENT ASSOCIATES

LAST UPDATED: 4-25-24
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