New and Emerging Opportunities in Maryland for Addressing Social Determinants of Health: Key HEZ Sustainability Questions

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Rationales for Sustaining Programs

• **Business Case: $$ Return on Investment (ROI)**
  – The reaper of the return should make the investment

• **Altruism/Philanthropy or Public Good**
  – When no clear $$ ROI results from the program
  – Sustainability requires perpetual subsidy

• **Question: Are insurers, providers (hospitals) or regulators (HSCRC) able to provide support to the HEZ components under a non-ROI rationale?**
ROI Rationale and Global Budgets

• Implications of Global Budgets for SDH support:
  – Different concept of the “relevant cost”
    • Old fee-for-service: cost = price paid by payers for volume
    • New Global Budgets: cost = provider production costs
  – Different relationship of relevant cost to volume
    • Old FFS: payer cost tightly linked to volume
    • New GB: Δ production cost uncoupled from Δ volume
    • Don’t confuse average cost with marginal cost
  – Who holds the “savings”?
    • Hospitals, Payers, both, neither?
  – Are the savings real or actuarial?
    • Is there real money saved that can be invested in SDH?