The Maryland Model

A Bold Initiative to Control Cost Growth, Improve Quality of Care and Make People Healthier

Maryland Hospital Association
# ALL-PAYER MODEL WAS A SUCCESS

All-Payer Model Results, CY 2014-2018

<table>
<thead>
<tr>
<th>Performance Measures</th>
<th>Targets</th>
<th>2014 Results</th>
<th>2015 Results</th>
<th>2016 Results</th>
<th>2017 Results</th>
<th>2018 Results</th>
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<tbody>
<tr>
<td>All-Payer Hospital Revenue Growth</td>
<td>≤ 3.58% per capita annually</td>
<td>1.47%</td>
<td>2.31%</td>
<td>0.80%</td>
<td>3.54%</td>
<td>1.50%</td>
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<td></td>
<td>growth per capita</td>
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<td>Medicare Savings in Hospital Expenditures</td>
<td>≥ $330m cumulative over 5 years (Lower than national average growth rate from 2013 base year)</td>
<td>$120 m (2.21% below national average growth)</td>
<td>$155m</td>
<td>$275 cumulative (2.63% below national average growth since 2013)</td>
<td>$311m</td>
<td>$586m cumulative (5.60% below national average growth since 2013)</td>
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<td>Lower than the national average growth rate for total cost of care from 2013 base year</td>
<td>$142m (1.62% below national average growth)</td>
<td>$263m cumulative (1.31% below national average growth since 2013)</td>
<td>$461m cumulative (2.08% below national average growth since 2013)</td>
<td>$599m cumulative (1.36% below national average growth since 2013)</td>
<td>$869m cumulative (2.74% below national average growth since 2013)</td>
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<td>30% reduction over 5 years</td>
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<td>25% reduction</td>
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<td>All-Payer Quality Improvement Reductions in PPCs under MHAC Program</td>
<td>≤ National average over 5 years (2013 National: 15.38%; 2013 Maryland: 16.60%)</td>
<td>19% reduction in gap above nation</td>
<td>58% reduction in gap above nation</td>
<td>79% reduction in gap above nation</td>
<td>116% reduction in gap above nation</td>
<td>Achieved 2018 National: 15.45%; 2018 Maryland: 15.40%</td>
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</table>
MARYLAND OUTPERFORMS OTHER STATES ON EMPLOYER-SPONSORED HEALTH CARE SPENDING

2ND Lowest in the U.S.

Inpatient hospital spending per capita by state, 2017

Outpatient hospital spending per capita by state, 2017

TOTAL COST OF CARE MODEL 2019 - 2028
SIX KEYS TO UNLOCK VALUE

1. Global Hospital Budgets
   - No incentive to deliver more than needed care

2. All-Payer Hospital Rates
   - Cost burdens shared equitably by all payers

3. Total Cost of Care Accountability
   - Hospitals each responsible for attributed lives

4. Population Health Goals
   - Care for communities, not just individuals

5. Quality of Care Incentives
   - Hospitals rewarded for hitting quality targets

6. Shared Provider Incentives
   - Programs to align all care partners
1. GLOBAL BUDGETS REWARD EFFICIENCY

Preset annual hospital inpatient and outpatient revenue budget

Promotes preventive care to avert hospital use

... and good transitions of care post-hospital

Hospitals may reinvest savings in prevention
2. ALL-PAYER RATES ELIMINATE COST SHIFTING

Protect access in rural and vulnerable communities

Equitably share burden of uncompensated care
3. RISK FOR TOTAL COST OF CARE

- Medicare FFS beneficiaries attributed to hospital
- Target aggregate spend for all Parts A and B services
- Gain/Loss opportunity = 1% of hospital’s Medicare revenue

- Promotes keeping people – and populations – well
- Encourages partnering for whole-person, longitudinal care
- Drives care to most appropriate, least costly settings
4. POPULATION HEALTH – BEYOND ONE PATIENT

PREVENT CHRONIC CONDITIONS
- Diabetes
- Heart disease
- …more

REDUCE WIDESPREAD HARMS
- Falls in elderly
- Opioid overdoses

Promotes hospital investments in community-based care
Motivates integration of physical & behavioral care
Demands attention to social determinants of health
5. INCENTIVES AIM TO RAISE QUALITY OF CARE

- Hospital incentives apply across all payers
- More than 7% of inpatient revenue at risk

- End patient harms occurring in health facilities
- Reduce avoidable care … for manageable conditions
- Enhance coordination across care settings, and beyond
- Engage patients in improving care experience and health
6. SHARED INCENTIVES BOOST COLLABORATION

**Finding Hospital Efficiencies**
- **Why:** Drive improvements and cost savings in hospital care
- **Who:** Hospitals and care partners practicing at hospitals
- **What:** Physicians may share in savings

Hospital Care Improvement Program (eff. July 2017)

**Managing Patients with Chronic Illness**
- **Why:** Enhance care management and coordination
- **Who:** Hospitals and community-based providers
- **What:** Shared resources and information improve quality and reduce costs

Complex & Chronic Care Improvement Program (eff. July 2017)

**Connecting Providers to Treat Episodes of Care**
- **Why:** Align care across all settings – focus on care post-discharge
- **Who:** Hospitals and care partners across the continuum
- **What:** Hospitals may share gains with efficient partners

Episode Care Improvement Program (eff. Jan. 2019)

**Primary Care Doctors Guiding Patients**
- **Why:** Refocus on primary care
- **Who:** Primary care physicians & care transformation organizations
- **What:** Extra fees for more care coordination

MDPCP: Maryland Primary Care Program (eff. Jan. 2019)
BIG GOALS: BETTER CARE, BETTER HEALTH

Individual Health Improvement

Efficiency & Affordability

Accessibility & Convenience

Healthy Communities

WHOLE PERSON CARE
A SYSTEMS APPROACH IS NEEDED

STATE & COMMUNITIES

HEALTH SYSTEM

- Partnerships across care continuum
- Robust, inclusive workforce
- Integrated behavioral and physical care
- Actionable healthcare management information

- Resources for modernization
- Aligned incentives

Better job opportunities
Adequate & affordable housing
Safer communities
Social connections

Stronger education
Food security
Family & social supports
Improved transportation

Safer communities
Improved transportation
Food security
Stronger education
Social connections
Adequate & affordable housing
Better job opportunities