
Maryland's Current All-Payer Model



All-Payer Model: Performance to Date

Performance Measures	Targets	2014 Results	2015 Results ¹	2016 Results (preliminary) ²
All-Payer Hospital Revenue Growth	≤ 3.58% per capita annually	1.47% growth per capita	2.31% growth per capita	0.80% growth per capita ³
Medicare Savings in Hospital Expenditures	≥ \$330m over 5 years (Lower than national average growth rate from 2013 base year)	\$116m (2.15% below national average growth)	\$135m \$251 cumulative (2.22% below national average growth since 2013)	\$287m \$538m cumulative ³ (5.0% below national average growth since 2013)
Medicare Savings in Total Cost of Care	Lower than the national average growth rate for total cost of care from 2013 base year	\$133m (1.53% below national average growth)	\$80m \$213m cumulative (0.85% below national average growth since 2013)	\$151m \$364m cumulative ³ (1.5% below national average growth since 2013)
All-Payer Quality Improvement Reductions in PPCs under MHAC Program	30% reduction over 5 years	26% reduction	35% reduction since 2013	43% reduction since 2013
Readmissions Reductions for Medicare	≤ National average over 5 years	20% reduction in gap above nation	57% reduction in gap above nation since 2013	76% reduction in gap above nation since 2013
Hospital Revenue to Global or Population-Based	≥ 80% by year 5	95%	96%	100%



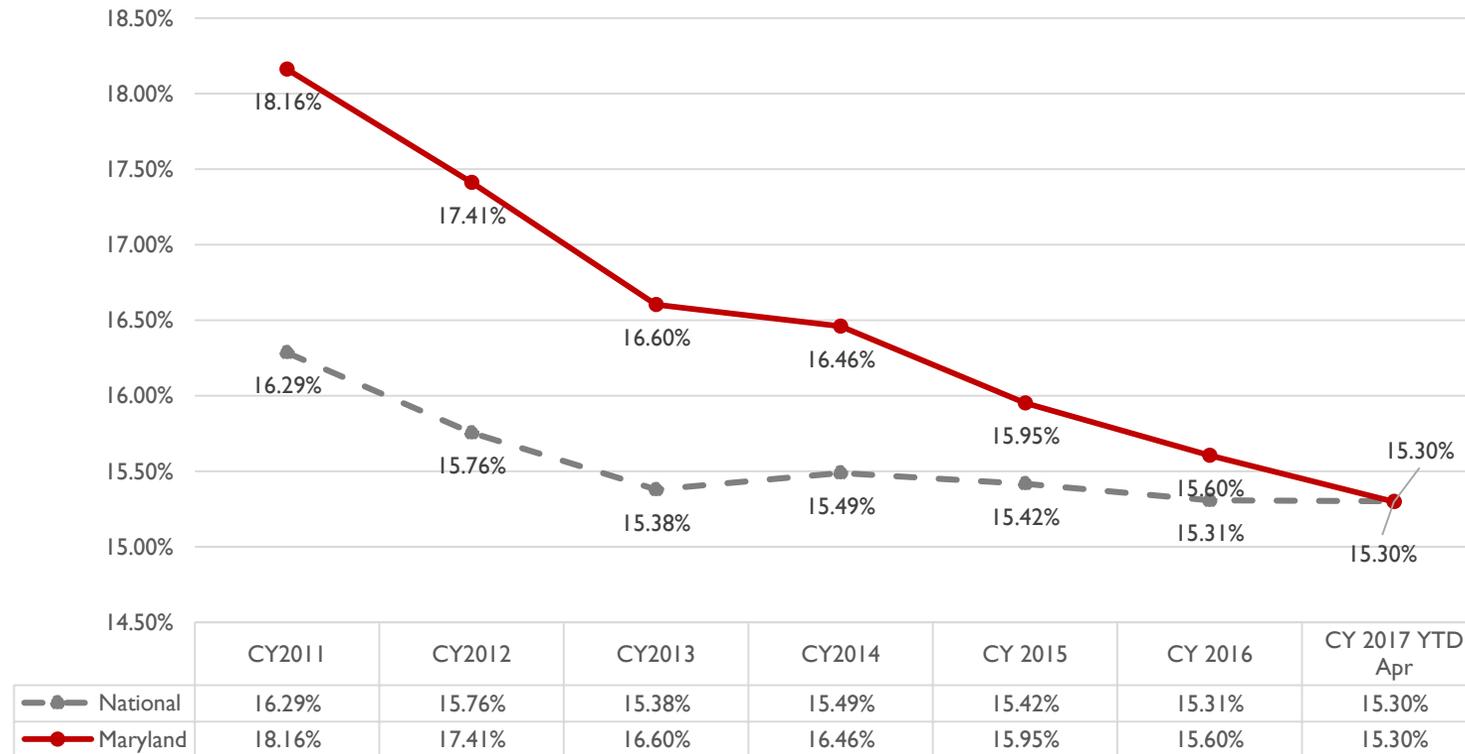
¹ 2015 figures for readmissions are preliminary because CMS is evaluating the readmission data after ICD-10.

² Preliminary results compare the performance available in calendar year 2016 to the same months in prior year or to the same months in the 2013 base year, these have not been validated by CMS.

³ Actual revenues were below the ceiling for CY 2016 and these numbers have been adjusted to reflect the hospital undercharge of approximately 1% that occurred in the second half of CY 2016.

Medicare Test: At or below National Medicare Readmission Rate by end of CY 2018

Maryland is reducing readmission rate faster than the nation. With preliminary data for four months in CY 2017, Maryland is meeting the current hospital model's goal.



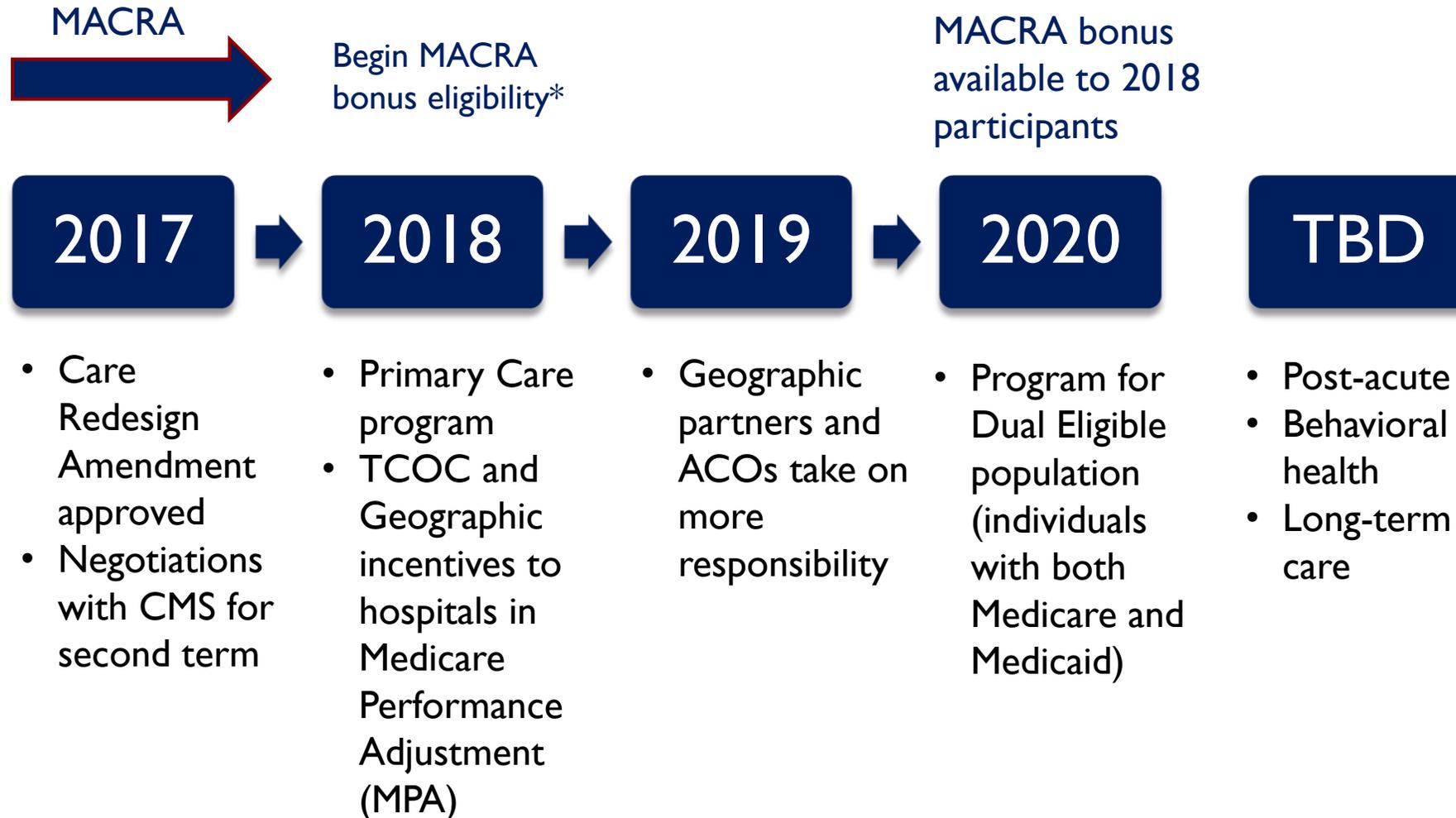
* Readmissions through April 2017. Data subject to change due to claims runoff.



Proposed Total Cost of Care All- Payer Model



Potential Timeline



* Assuming CMS approves the MACRA status of HCIP, CCIP, and Primary Care

Overview of Proposed Key Elements

- **10-year Model** — Ambitious, large-scale transformation for more than 800k Medicare FFS beneficiaries. Initial five-year performance period leading to an additional five years; no turning back on transformation, focus to support the scope of transformation and continuing large investments to reduce avoidable utilization.
- **Person-Centered Primary Care Transformation** — Goal is to bring 500k Medicare beneficiaries into comprehensive primary care, increasing person-centeredness while improving chronic, mental health and preventive care. CMS will invest in care management fees.
- **Care Redesign Programs** — Bring physicians, nursing homes, and other providers into aligned programs, with State flexibility in design and implementation.
- **Population health** — The State of Maryland and providers will jointly focus on health improvement initiatives. Improved population health may offset the cost of primary care investments.
- **Total Cost of Care (TCOC) Medicare Savings** — Progressive, but aggressive savings targets. Success in reaching targets rests on driving down avoidable hospital utilization and costs. Aggressive target rests primarily on hospitals, which need timely tools, care partner engagement, and CMS/State support to succeed.

Partnership and Coordination Among Stakeholders

▶ State Agency Governance

- ▶ Maryland Department of Health (MDH), the Health Services Cost Review Commission (HSCRC), and the Maryland Health Care Commission (MHCC) must actively work together to advance the State's vision.
- ▶ Internal project governance structure will allow expertise of each agency to contribute to success.

▶ Stakeholder Partnership

- ▶ This ambitious project requires a strong partnership with all the key players in the health system — hospitals, payers, physicians, long term care providers, regulatory agencies, the State and federal partners.

Proposed Enhanced All-Payer Model with Total Cost of Care (TCOC) Savings for Medicare

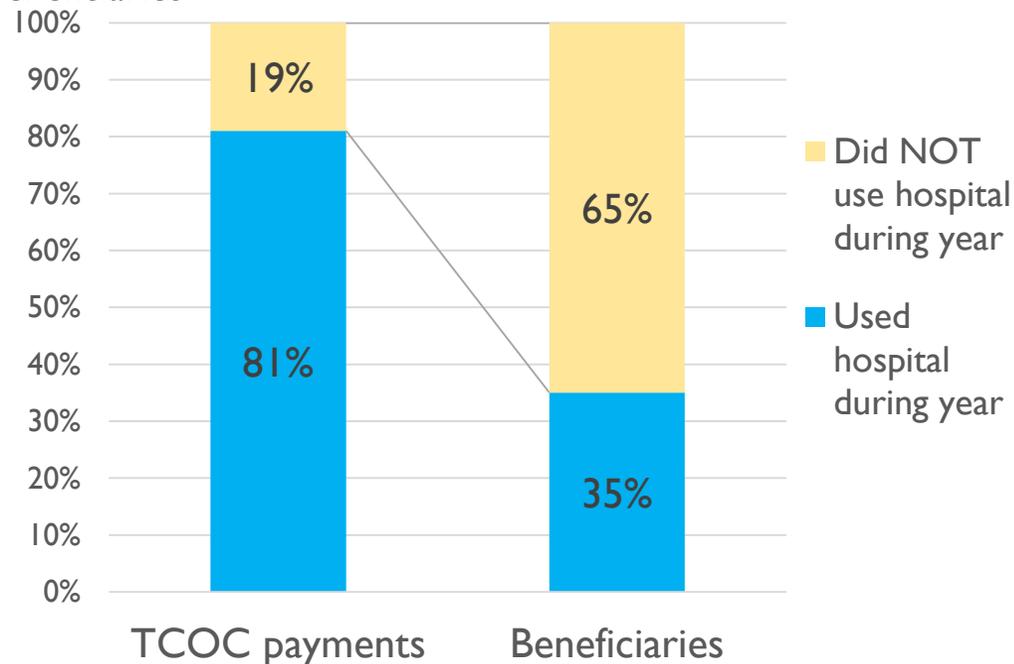
- ▶ In December 2016, Maryland submitted a plan for an enhanced Total Cost of Care Model for 800k+ Medicare FFS beneficiaries, building on the successful hospital model made possible by CMS in 2014
 - ▶ New contract needed by December 31, 2017 to support 2018 implementation of Primary Care program and continuation of efforts and investments to reduce avoidable utilization
- ▶ Expands efforts for delivery system transformation beyond hospitals (primary care providers, physicians and nursing homes)
- ▶ Limits growth in total cost of care
 - ▶ Estimated savings to Medicare of >\$1 billion
 - ▶ Continues to limit all-payer hospital growth on a per capita basis
- ▶ Person-centered approaches to engage providers and consumers
- ▶ Aligns Maryland's public health resources to support providers improving population health for all Marylanders
 - ▶ Reduce opioid deaths, prevent diabetes, reduce smoking rate

Proposed TCOC Model

▶ **Goals of the Enhanced All-Payer Model**

- ▶ Modernize to person-centered care
- ▶ Drive TCOC savings through improved care delivery
- ▶ Improve the health of the population
- ▶ Leverage State flexibility

Maryland's Person-Centered Strategy for 800k+ Medicare FFS beneficiaries



▶ **Key Model Elements**

- ▶ Hospital global revenues with performance adjustments
- ▶ Care redesign programs to engage care partners (physicians, nursing homes)
 - ▶ MACRA alignment to engage clinicians in All-Payer Model goals
- ▶ Maryland Primary Care Program to improve prevention and chronic care management and engage patients
- ▶ Population health focus of State resources and providers
- ▶ Medicare Performance Adjustment (MPA) to link hospitals to total cost of care

Status Update

- ▶ Support from stakeholder groups, Governor, and Congressional leaders
- ▶ Stakeholder meeting on October 19 with CMMI
 - ▶ Representation from consumers, physicians, hospitals, long-term care, and insurers.
- ▶ Despite vacancies at HHS, target for clearance remains December 31, 2017