

Maryland's All-Payer Model Results

Overview:

Maryland's All-Payer Model exceeded targets for improving quality and saving money. The innovative healthcare system produced significant improvement in quality for consumers and cumulative savings of \$1.4 billion in Medicare spending at Maryland hospitals.

Results:

Five years after the Centers for Medicare & Medicaid Services (CMS) and the State of Maryland launched a bold approach to improve care for Marylanders and slow the growth in health care costs, the results of this model have exceeded expectations and the State's requirements with CMS by reducing total per capita hospital spending and improving quality and health for all of its residents, including approximately 800,000 fee-for-service (FFS) Medicare beneficiaries. The five year project resulted in \$1.4 billion in Medicare savings at Maryland hospitals.

Maryland's novel approach to improving healthcare finance and delivery, referred to as the "Maryland All-Payer Model," was launched in 2014 through an agreement with CMS enabling the state to test a hospital payment system that reimbursed based on populations served and quality of care provided. The system was designed to reward hospitals for *valuable* care -- care that focused on better patient outcomes, higher quality and reduced cost -- instead of the *volume* of care. Incentives were given to hospitals to prevent readmissions, infections, and other poor quality and potentially avoidable events.

To date, Medicare patients across Maryland have benefited from the improved care of this approach. The focus on providing higher quality of care and better patient outcomes ultimately reduces hospital costs and results in savings for all payers. The State's results indicate hospital savings to date for Medicare total \$1.4 billion. By securing these savings, Maryland is able to demonstrate the continued value of this system to Marylanders and the federal government. The program has proven so successful that it has been extended to include non-hospital providers as well, including primary care practices.

Over the last five years, the Maryland Model has met or exceeded every quality and performance measure included in the State's original agreement with CMS. Maryland's innovative healthcare model aligned the State's stakeholders behind common goals and created a statewide culture that emphasizes high quality care, cost efficiency, and healthier populations as the measures of a successful healthcare system.

Maryland implemented policies so hospitals were able to redesign care and improve the experience of their patients. By the end of the fifth year, all of Maryland's 47 acute-care hospitals and 98 percent of total hospital revenue were managed through the system to pay hospitals based on the populations they serve, not the number of services rendered. This gives hospitals the flexibility to invest in tools, resources and technology to support new and creative population health approaches.

Innovative care was a key tenet of the Maryland All-Payer Model. For example, hospitals were able to:

- Invest in new healthcare programs that improve collaboration with other providers in the community, including primary care, specialists and skilled nursing facilities.
- Implement new clinical protocols, patient safety techniques, and follow-up procedures for high-risk patients at hospital discharge.
- Create hubs of care to triage needs, coordinate important services, and ensure patients in need are connected to services outside the hospital.

Because of the success of the Maryland All-Payer Model during the past five years, CMS and Maryland have now entered into a new agreement – the Total Cost of Care Model – that builds on the momentum. While the new agreement still requires continued focus on healthcare cost savings to Medicare, it also seeks to introduce population health improvement activities not only in hospitals but across the larger healthcare delivery system. By engaging other types of community providers in transformation efforts, it is expected that Maryland can make an even greater impact in the lives of its citizens.

Results released from the State of Maryland for the cumulative five-year period (2014-2018) show the following:

Performance Measures	Targets	2018 Results	Met
All-Payer Hospital Revenue Growth	≤ 3.58% per capita annually	1.92% average annual growth per capita since 2013	✓
Medicare Savings in Hospital Expenditures	≥ \$330M cumulative over 5 years (Lower than national average growth rate from 2013 base year)	\$1.4B cumulative (8.74% 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	\$869M cumulative* (2.74% below national average growth since 2013)	✓
All-Payer Reductions in Hospital-Acquired Conditions	30% reduction over 5 years	53% Reduction since 2013	✓
Readmissions Reductions for Medicare	≤ National average over 5 years	Below national average at the end of the fourth year	✓
Hospital Revenue to Global or Population-Based	≥ 80% by year 5	All Maryland hospitals, with 98% of revenue under GBR	✓

* \$273 million in Medicare TCOC savings in 2018 alone – aka Medicare savings run rate vs. 2013 base

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The Maryland Health Services Cost Review Commission is the state agency responsible for regulating cost and quality of hospitals in order to ensure all Marylanders have access to high quality healthcare services. We constrain hospital costs, ensure that hospitals have the financial ability to provide efficient, high quality services to all Marylanders, and work to increase the equity and fairness of hospital financing. To learn more about our work, visit our website: <https://hscrc.maryland.gov>