CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR MEDICARE & MEDICAID INNOVATION

August 08, 2024

Jon Kromm
Executive Director, HSCRC
4160 Patterson Avenue
Baltimore, Maryland 21215

Re: Maryland's Performance on the Total Cost of Care Requirements, CY 2023

Dear Dr. Kromm:

Centers for Medicare & Medicaid Services (CMS) has reviewed the State's performance on the annual requirements specified in sections 6 and 8 of the Maryland Total Cost of Care (TCOC) Model (the Model) State Agreement (the Agreement) and determined that the State has met all six annual requirements for calendar year (CY) 2023 (Model Year 5): the All-Payer Revenue Limit performance requirement, the Annual Medicare Savings requirement, the TCOC Guardrail requirement, the Readmissions Reductions for Medicare Requirement, the All-Payer Quality Improvement Reductions in Potentially Preventable Conditions performance requirement, and the Hospital Revenue Population-Based Payment performance.

In response to the state of Maryland's 2022 Diabetes Outcomes Based Credit memo, CMS agrees that the BMI outcome measure may be substituted for performance on the 2022 diabetes outcomes-based credit.

Maryland's Performance on the Annual Requirements specified in the Model Agreement

1. Annual Medicare Savings (Section 6.c)[1]

The State is required to produce annual savings in the Maryland Medicare TCOC per Beneficiary of $300 million for CY 2023. In accordance with the Methodology defined in Section 6.b and Appendix C of the State Agreement, CMS has calculated the annual Medicare TCOC savings per Maryland Medicare Beneficiary to be $509.1 million for CY 2023, inclusive of an effective Medicare Part B expenditure reduction via a Maryland Primary Care Program (MDPCP) Care Management Fee (CMF) non-claims based payment (NCBP) offset resulting from performance on the CY 2022 diabetes outcomes-based credit. CMS verifies Maryland has met this requirement of the Model for CY 2023.

CMS received and reviewed the state of Maryland's 2022 Diabetes Outcomes Based Credit memo, dated March 6, 2024, requesting that, due to changes in the Behavioral Risk Factor Surveillance System (BRFSS) survey, the diabetes outcomes-based credit[2] be granted for 2022 on the basis of the complementary Body

[1] Additional Non-Claims Based Payments were identified and included in the calculation of the Annual Medicare Savings Requirement in accordance with section 2.b.ii of the MD TCOC State Agreement.
[2] The test prevalence metric derives from the Behavioral Risk Factor Surveillance System (BRFSS) survey from the Centers for Disease Control (CDC) and compares prevalence in the current year to a 2017 baseline as agreed by CMS and the State using self-report question 'PDIABTST' in the 2017 survey form. However, the survey form language was subsequently changed from 'PDIABTST' to a new version 'PDIABTS1' which is reflected in the 2022 response data.

Mass Index (BMI) measure per consensus methodology[3] agreed upon between CMS and the State. After consulting with subject matter experts from the CDC, CMS concurs with the State's assessment that this change in survey question language renders it infeasible to compare diabetes testing prevalence in 2022 to that in 2017. As a result, CMS agrees that the BMI outcome measure may be substituted for performance on the CY 2022 diabetes outcomes-based credit, yielding a credit amount of $4,726,091 against MDPCP CMF NCBP Medicare Part B expenditure for CY 2023.

2. TCOC Guardrail (Section 6.e)

The State must not exceed the National Medicare TCOC per beneficiary spending growth by more than one percent for any given Model Year and must not exceed the National Medicare TCOC per beneficiary spending growth by any amount for two or more consecutive Model Years. The State's TCOC per beneficiary growth rate was 0.9 percentage points above the National growth rate in CY 2022 and was 1.9 percentage points below the National growth rate in CY 2023. CMS verifies Maryland has met this requirement of the Model for CY 2023.

3. All-Payer Revenue Limit (Section 6.f)

Maryland's all-payer regulated gross patient service revenue must be less than or equal to the maximum revenue that Regulated Maryland Hospitals may earn in that Model Year from All Payers. In accordance with the Methodology defined in Appendix B.II of the State Agreement, CMS has calculated the State's all-payer regulated gross patient service revenue for CY 2023 to be $1.43 billion below the maximum revenue amount; therefore, CMS verifies Maryland has met this requirement of the Model or CY 2023.

4. All-Payer Quality Improvement Reductions in Potentially Preventable Conditions under the Maryland Hospital Acquired Condition Program (Section 8.d.1-3)

The State must maintain improvements seen under the All-Payer Model by not exceeding the CY 2018 PPC rates for 14 Potentially Preventable Conditions (PPCs) that comprise Maryland's Hospital Acquired Condition Program in a given Model Year. The HSCRC reported that All-Payer PPC performance for CY 2023 yielded a 0.36 percentage point reduction in the All-Payer PPC rate compared with CY 2018. Based on the State's report, CMS considers this requirement of the Model met for CY 2023.

5. Readmissions Reductions for Medicare (Section 8.d. 1-3)

The State must maintain the improvements achieved under the All-Payer Model on the aggregate CMS Medicare Hybrid Hospital Wide Readmissions (HWR) risk-adjusted measure[4] for Medicare FFS beneficiaries such that regulated Maryland Hospitals have achieved equal to or less than the National Readmission Rate for Medicare FFS beneficiaries at the end of CY 2023. This represents an adjusted methodology compared to CY 2022 when the State was held accountable for readmissions under the 30-day unadjusted all-cause, all-site hospital readmission rate. Moving forward into CY 2024 and beyond, the State will continue to be held accountable for readmissions on the basis of hybrid HWR, accounting for risk adjustment of the beneficiary population compared to the National. CMS has reviewed the

[3] The "Maryland Diabetes Incidence Outcome-Based Credit Methodology", which was agreed upon January 17, 2019, and updated May 2, 2019, and dictates that "the State will evaluate performance under the complementary outcome during a given year of the intervention period if the diabetes outcome estimation indicates no improvement in Maryland, but diabetes test prevalence in Maryland in that year increases by more than two points over the 2017 value" (p.47).

[4] https://www.cms.gov/files/document/hybrid-hospital-wide-readmission-measure-electronic-health-record-extracted-risk-factors.pdf-0

State's calculation and concludes that the State's CY 2023 Standardized Readmission Rate of 0.9671 is below the National CY 2023 Standardized Readmission Rate of 1.00; therefore, CMS verifies Maryland has met this requirement of the Model for CY 2023.

6. Hospital Revenue Population Based Payment (Section 8.a.)

The State is required to facilitate the movement of Regulated Revenue[5] for Maryland residents into Population-Based Payment[6]. Section 8.a.ii requires that at least 95 percent of all Regulated Revenue for Maryland residents is paid according to a Population-Based Payment methodology. CMS has determined that all Regulated Revenues under Maryland's 'Rate Setting System' meet the definition of Population-Based Payment. The HSCRC has reported 97.90 percent of Regulated Revenues for CY 2023 meet this standard. Based on the State's report, CMS considers this requirement of the Model met for CY 2023.

In summary, CMS has determined that the State has met or exceeded the annual requirements of the Model across all six requirements for the fifth year of the Model. CMS appreciates the State's commitment to and continued success in achieving the annual performance requirements of the Model and looks forward to our continued partnership.

Sincerely,

Amanda Johnson
Acting Director
State and Population Health Group
Center for Medicare and Medicaid Innovation
Centers for Medicare & Medicaid Services

[5] The full subset of revenue charged by Regulated Maryland Hospitals for which the State has the legal authority to set payment rates.

[6] Population-Based Payment is defined to mean hospital payment that either (1) is directly population-based, such as prospectively tying hospitals' reimbursement to the projected utilization of services by a specific population or subpopulation of Maryland residents, or (2) establishes a fixed budget for Regulated Maryland Hospitals for services projected to be furnished.

CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR MEDICARE & MEDICAID INNOVATION

September 6, 2024

Jon Kromm
Executive Director, HSCRC
4160 Patterson Avenue
Baltimore, Maryland 21215

Re: Update to Maryland's All-Payer Regulated Gross Patient Service Revenue, CY 2023

Dear Dr. Kromm:

On August 9, 2024, the Centers for Medicare & Medicaid Services (CMS) issued a letter to HSCRC (subject: "*Maryland's Performance on the Total Cost of Care Requirements, CY 2023"*) affirming that the State has met all six annual requirements specified in sections 6 and 8 of the Maryland Total Cost of Care Model (the Model) State Agreement (the Agreement) for calendar year (CY) 2023 (Model Year 5). This memo serves to notify HSCRC that the calculation of the State's all-payer regulated gross patient service revenue for CY 2023, estimated at $1.43 billion below the All-Payer Revenue Limit in the aforementioned letter, has been revised to an increased savings estimate of $1.71 billion below the maximum revenue amount. With this revised all-payer revenue growth and savings estimate, Maryland continues to meet the All-Payer Revenue Limit requirement specified in section 6 of the Agreement.

This update was made in accordance with the Methodology defined in Appendix B.II of the Agreement and incorporates new findings from the Maryland Department of Planning in conjunction with the 2020 census revising the Maryland population estimate for 2020 by an increase of about 2%, as noted in an HSCRC memo on April 3, 2024 (subject: "*Report of the All-Payer Revenue Limit for Model Year 5 of the TCOC Model State Agreement"*).

In summary, CMS has determined that the State has met or exceeded the annual requirements of the Model across all six requirements for the fifth year of the Model and has revised the estimate of the State's all-payer regulated gross patient service revenue for CY 2023 to be $1.71 billion below the maximum revenue amount.

Sincerely,

Amanda Johnson
Acting Director
State and Population Health Group
Center for Medicare and Medicaid Innovation
Centers for Medicare & Medicaid Services