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Healthcare Outcome Payment Effort (HOPE) Care Transformation Framework (CTF)

Request for Applications (RFA)

Responses Requested by November 20, 2026.

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A. Introduction

The Maryland Health Services Cost Review Commission ("HSCRC") is seeking applications from interested hospitals or systems for the Healthcare Outcome Payment Effort (HOPE) **Care Transformation Framework (CTF).** HOPE is designed to create a clear, predictable, and accountable payment structure that enables hospitals, payers, and community partners to invest in interventions and share in savings. HOPE seeks to sustain and expand population health investments that advance Achieving Healthcare Efficiency through Accountable Design's (AHEAD) goals and drive meaningful system transformation.

Applications should be submitted to the HOPE mailbox at: hscrc.hope@maryland.gov by ***November 20, 2026***. In addition, applicants are required to submit a letter of intent to the HOPE mailbox by ***October 23, 2026.***

B. Background and Introduction to HOPE Policy

HOPE is designed to align closely with the AHEAD Statewide Population Health Accountability Plan (PHAP) and the broader vision advanced by stakeholders.[1] By reinforcing shared accountability for measurable improvements in population health, the framework supports the State's commitment to responsible cost growth, improved outcomes, and transparent performance expectations across the delivery system.

The program also reflects a deliberate opportunity for prevention and restorative health that emphasizes upstream interventions, chronic disease management, and community-based supports. In addition, HOPE seeks to encourage cross-sector collaboration and broader care delivery models. This approach recognizes that meaningful population health gains can benefit from engagement from community providers, social service organizations, and public health partners. Payer alignment under AHEAD reduces fragmentation, promotes value-based care, and supports sustainable cost growth while improving quality and overall population health.

The State's participation in AHEAD presents a pivotal opportunity to strengthen the alignment between payment policy and population health improvement. Building on stakeholder feedback regarding the strengths and limitations of prior initiatives including Potentially Avoidable Utilization (PAU) and CTIs, HOPE builds upon progress to date on these policies by offering clearer guidance to hospitals and partners regarding the return on investment. Described in further detail in sections below, it is a voluntary, upside only model that increases payment predictability and supports planning and investment using an annual payout structure of an initial 3 years based on validated savings. At the same time, it represents a model in which the State becomes an outcome purchaser rewarding measurable, successful interventions.

[1] https://health.maryland.gov/mche/pages/default.aspx

C. Paths to Participation

Organizations may participate in HOPE through one of two pathways: the Care Transformation Framework (CTF) or Regional & Statewide Initiatives (RSIs). Both pathways are designed to improve population health while reducing emergency department and inpatient expenditures and allow participants to share in the savings they generate. The pathways differ in who leads the initiative, the scale of the intervention, and the approval process. This RFA applies only to the Care Transformation Framework pathway.

C1. Path 1: Care Transformation Framework

Under the CTF pathway, participation begins at the individual hospital level. A single hospital—or a group of hospitals—applies directly to implement a hospital-defined intervention. Although multiple hospitals may participate in the same intervention, the focus remains hospital specific. The hospital identifies the target population and designs interventions aimed at reducing emergency room and inpatient costs in the state of Maryland (not limited to their own emergency room and inpatient costs). Applications will only be reviewed by a committee for program qualification, as a Commission vote for each intervention are not required. If approved, participating hospitals share in the savings generated. Outcome payments based on savings are calculated over a measurement window and paid for three years, at which time a review will be completed and consideration given for extension.

D. Funding and Payment Structure

The HOPE model is designed to provide predictability while rewarding measurable improvements in outcomes and utilization. It is a voluntary program and structured as an upside-only outcome payment model, with no downside risk. The approach laid out below lowers barriers to entry and enables hospitals and initiative partners to focus on transformation efforts without the concerns of an offset or penalty. HOPE rewards sustained performance rather than short-term fluctuations. Outcome payments are therefore based on average savings achieved over a performance window. Approved CTF participants are eligible to receive outcome payments based on demonstrated savings. Applicants are required to submit a letter of intent (LOI) as described in Section J.

The Care Transformation Framework is designed to advance the HSCRC's central objective: balancing three critical priorities—promoting continued investment in care transformation, ensuring payment predictability for hospitals, and maintaining affordable, long-term cost growth. For the Care Transformation Framework, there is a fixed statewide funding of $50 million per year for FY27, FY28, and FY29. At the same time, approved initiatives collectively may not materially exceed projected annual savings of $100 million. Each initiative seeking participation must submit projected total savings, which will be independently validated by Commission staff and reviewed by the committee to ensure methodological rigor. Interventions will be scored at actual averted hospital costs, or 125% of projected averted hospital costs, whichever is

lower. If the score is less than half of the projected averted hospital costs, there will be no scored savings, i.e. the minimum achieved rates versus projections is 50%. Payments will equal 50% of scored savings. Once established, payouts for individual initiatives will remain fixed for the subsequent three years (with continuation of the initiatives). For example, if an initiative is approved with validated annual savings of $5 million, the CTF entity would receive an annual outcome payment of $2.5 million for three years, for a total of $7.5 million. Outcome payments will flow through the hospital's approved rates. Additionally, the statewide funding level may be increased in future years if the program demonstrates sufficient success.

E. Seed Funding

HSCRC has made up to $25 million in seed funding available across both CTF and RSI applicants and are intended to help organizations launch interventions that require upfront investment and is separate from outcome payments.

Organizations requesting seed funding must submit a preliminary request and justification as part of the Letter of Intent. Seed funding awards will be made only to organizations approved to participate in HOPE, and not all requests will be funded. Approved seed funding awards are expected to be distributed beginning in January 2027.

F. Savings Measurement

HOPE is designed to have a measurement methodology that is rigorous, transparent, and data driven. Payment levels will be based on statistically reliable, validated savings performance, calculated using all-payer claims data to ensure consistency and broad accountability. Savings will be calculated versus a baseline period selected by the applicant. Statistical methodologies may incorporate risk adjustment to account for differences in patient complexity and case mix across participants whereby expected spending will be adjusted using established clinical risk indicators (e.g., APR-DRG risk scores) derived from relevant data to ensure that performance comparisons reflect true efficiency gains rather than underlying population differences. As outlined above, HSCRC will afford organizations and initiatives flexibility in their baseline for measuring performance. Staff will collaborate with applicants and measurement experts to develop and document a transparent, statistically defensible approach. While staff will continue to prioritize reliable measurement, they may allow payouts based on varying years of certified savings performance.

G. Committee Review and Criteria

The formal review committee (the Committee) will consist of governmental and non-governmental experts established to ensure that proposed interventions are rigorously evaluated, practically grounded, and aligned with program goals before recommending initiatives for approval. The body serves as a review committee rather than a public decision-making entity. The committee will bring informed perspectives to

the assessment and qualification of initiatives. The committee is designed to leverage practical expertise and includes members with experience in care transformation and will ensure that recommendations are not merely theoretical, but actionable and implementable in real-world settings. This blend of public accountability and operational insight helps promote initiatives that are feasible, impactful, and positioned to deliver meaningful results. The HSCRC Executive Director will make the final determination based on the committee's recommendation whether to submit the initiative for vote and approval by the Commission.

In assessing applications, the committee will ensure that submissions reflect meaningful and well-designed interventions. They will ensure that qualified initiatives are a balance of opportunities across the state given the specific challenges of each region and consider the resources already dedicated when considering how to prioritize funding. Specifically, proposals should demonstrate that they:

- Are grounded in a strong evidence base. This may be shown by citing peer-reviewed literature, prior evaluations, pilot studies, established practice standards, or technical assistance supporting the proposed intervention.
- Address a recognized State health priority. This may be shown by aligning with the state's AHEAD PHAP or the State Health Improvement Plan (SHIP) or other policies established by the Maryland Department of Health.
- Target a clearly defined population, by specifying eligibility criteria and defining characteristics of the target population, such as diagnoses, prior utilization of healthcare services, HCC score, geography, demographics, etc.
- Have a high likelihood of producing measurable impact related to the intervention. This may be shown by a clear and well-justified methodology for estimating the impact of the initiative on health and averted costs.
- Avoid adverse impacts on patient experience or total cost of care.

Each application, including savings methodology, will be reviewed by the Committee using the criteria below in Exhibit 1. The Executive Director will make the final decision in terms of which CTFs move forward.

Exhibit 1. Review Criteria

Criteria	Overview
Strong Evidence Base	Does the proposal cite peer-reviewed literature, prior evaluations, pilot studies, or established practice standards supporting the intervention? • Peer-reviewed literature cited and relevant • Prior evaluation(s) of this or a comparable intervention cited • Pilot/demonstration data provided • Alignment with an established practice standard shown
Addresses a Recognized State Health Priority	Does the proposal align with the AHEAD Population Health Accountability Plan (PHAP), the State Health Improvement Plan (SHIP), or another established MDH policy? • Explicit alignment with AHEAD PHAP stated and explained • Explicit alignment with SHIP stated and explained • Alignment with another named MDH policy/priority stated and explained • Alignment claim is specific (names the priority/goal) rather than generic
Clearly Defined Target Population	Does the proposal specify eligibility criteria and defining characteristics of the population it will serve? • Eligibility criteria explicitly stated • Clinical characteristics defined (e.g., diagnoses, HCC score, prior utilization) • Geographic scope defined • Demographic characteristics defined (as relevant) • Estimated population size/reach quantified
High Likelihood of Measurable Impact	Does the proposal present a clear, well-justified methodology for estimating impact on health outcomes and averted costs? • Specific, measurable outcomes other than cost identified • Methodology for estimating health impact described and justified • Methodology for estimating cost impact/averted costs described and justified
Regional Collaboration and Governance	Does the proposal present demonstrate a multi-sector governance structure that includes the following: • Hospitals, community-based organizations, local health departments, and public health representation • Clearly defined decision-making authority • Formal partnership agreements. Signed agreements will be given greater weight than an intent to partner
Operational Readiness and Data Infrastructure	Does the proposal demonstrate robust data infrastructure and operational readiness including the following: • Committed leadership • Realistic implementation timeline • Active CRISP utilization • Data exchange capability • Closed-loop referral functionality, • Outcome tracking capability • Cross-organizational data sharing agreements
No Adverse Impact on Patient Experience or Total Cost of Care	Does the proposal address potential unintended effects on patient experience and total cost of care (TCOC), and how they will be monitored or mitigated? • Potential risks to patient experience identified and addressed • Potential risks to TCOC identified and addressed • Monitoring plan for adverse effects described • Mitigation/contingency plan described if risks materialize

H. Tentative CTF Program Timeline

The HSCRC is currently planning on the following timeline. This timeline is provided as a reference for applicants. All dates are tentative and are subject to change.

October 1, 2026	CTF RFA released
October 23, 2026	Letter of Intent due
November 20, 2026	CTF applications due via Smartsheet application.
November/December 2026	Committee Review
January 2027	Awardees formally notified and one-time seed funding into GBRs, as approved.
July 1, 2027	Performance measurement begins

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I. Application Instructions

The application will be submitted via Smartsheet form. Please follow these instructions:

- ✓ Please review the RFA for a complete background and review the application instructions before starting the application.
- ✓ Complete all required fields within Smartsheet and review all items are complete using the checklist before submitting. In addition to written responses, applicants must fully complete and upload the following documents with correct file naming convention:
    - CTF Application Questions
    - Savings Methodology Template
    - Episode Specification Workbook (Care Transition or Emergency Care)
- ✓ The letter of intent is separate from the Smartsheet application and due on October 23, 2026, to the HOPE mailbox (hscrc.hope@maryland.gov). However, applicants may proceed with the full application following submission, as CTF LOIs will not be subject to an approval process and HSCRC will not be reaching out to each hospital.
- ✓ Application is due by **11:59PM on November 20, 2026** via Smartsheet. LOI is due by **11:59PM on October 23, 2026**, to the HOPE mailbox. No exceptions granted.
- ✓ Only two CTF applications are allowed per hospital. This limit applies to a hospital's participation across both lead applicant and partner roles. For example, Hospital A may not submit two CTF applications as lead applicants and also be listed as a partner hospital under two applications submitted by Hospital B. Hospital A may submit one CTF application as a lead applicant and be listed as a partner hospital under one separate application submitted by Hospital B.

J. Instructions for Letter of Intent (LOI)

The Letter of Intent (LOI) is designed to help the HSCRC determine if applications generally align with the HOPE program criteria. HSCRC will also use the LOI to inform decisions regarding seed funding.

LOI submissions are required; however, applicants may proceed with the full application following submission, as CTF LOIs will not be subject to an approval process and HSCRC will not be reaching out to each hospital.

Please submit a complete LOI to the HOPE mailbox at **hscrc.hope@maryland.gov** by 11:59PM **October 23, 2026**.

Please respond to the following questions:

1. Provide a high-level overview of the proposed intervention.
2. Do you anticipate requesting seed funding? If so, approximately how much funding will you request? Provide a high-level justification for the requested funding.