



maryland  
**health services**  
cost review commission

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## Proposal for Medicare Advantage Alignment within the Maryland Model

# Opportunity to Align Incentives with Global Budgets

- Under the AHEAD Model, Maryland has opportunity to align payers with the overall goals of the model as part of a path to long-term success and population health improvement.
- Unlike other states the Maryland model, through global budgets, already provides strong incentives to hospitals to manage Medicare Fee-for-service costs.
- Over time the system can reward hospitals and MA plans who work together to deliver high-quality, cost-effective care for Maryland beneficiaries
  - Members benefit from richer benefit package and the redirection of resources away from ineffective/inefficient care and towards primary care, coordinated care and prevention.
  - Hospitals benefit by retaining higher than average unit costs in return for contributing to managing costs.
  - MA plans and hospitals benefit from lower utilization in the short term and lower overall cost trends in the long term.

# Medicare Advantage Penetration has Lagged in Maryland

- MA accounts for more than 51% of Medicare beneficiaries nationally. Yet, the MA market in Maryland remains underdeveloped relative to other states.
- This lag has consequences for the Marylanders:
  - Less opportunity to access the additional benefits that can be offered under MA
  - To the extent that MA plans are able to improve health and reduce utilization, less opportunity for this benefit in Maryland.

# The MA Alignment Program: Draft Approach

- To participate, MA plans must:
  - Provide the State a plan to reduce hospital utilization via targeted interventions (e.g., chronic disease management, SDOH initiatives).
  - The plan\* must:
    - Outline population health/care management strategies for achieving projected reductions in utilization and provide evidence that these strategies will be successful;
    - Plan submissions should not include broad-based prior authorization strategies as part of the programmatic approach;
    - The MA plans proposal must be actuarially sound and approved by the HSCRC; and
    - Identify a date by which the Plan expects to achieve the utilization targets (likely 2 years or less) and interim targets that will be met.
  - To continue participation the Plan must achieve interim and final targets ensuring that cost savings, utilization trends, and health outcomes justify the continued discount.

\* The State anticipates the plan having the freedom to set the target based on their proposed strategies, however some cap to avoid overly speculative approaches might be appropriate.

# The MA Alignment Program: Draft Approach

- Potential MPA offset:
  - Subject to CMMI approval, hospitals could receive Medicare Performance Adjustment (MPA) increases equal to the MA discount, ensuring financial neutrality and allow them to invest and partner with MA plans should they choose.
  - This maintains hospital incentives for population health improvement while fostering payer/hospital collaboration.
- Program termination:
  - To ensure CMMI's and the State's commitment to value-based care, HSCRC will terminate MA discounts for plans that fail to demonstrate meaningful population health impact and meet the interim or final targets by year three of implementation.



# The MA Alignment Program: Benefits

- To the State and CMMI:
  - MA plans and hospitals both working to improve cost management and improve population health outcomes
  - Expansion of MA will assist with managing high-cost populations and increase supplemental benefits available to Maryland residents
  - Creates an evidence-based framework for integrating MA into total cost of care models
- To MA Plans
  - Upfront investment and opportunity for shared savings for their targeted initiatives
  - The shared savings is achieved through discounts to improve MA plan sustainability
- To Hospitals
  - Support from MA plans in population health initiatives
  - Potential for upside return on their investment in MA Plan initiatives
  - Potential offset for discounts through MPA adjustment

# The Maryland MA Alignment Program: Other Considerations

- Approach will require formal approval by CMS and the HSCRC
- HSCRC Staff are reviewing whether the HSCRC currently has the authority to require the proposed discounts from hospitals or if a legislative change is needed
- Specific elements of the plan will need to be refined, particularly whether savings can be measured effectively and how the discount is maintained over time