maryland
health services
cost review commission

Total Cost of Care Workgroup Meeting

April 2024

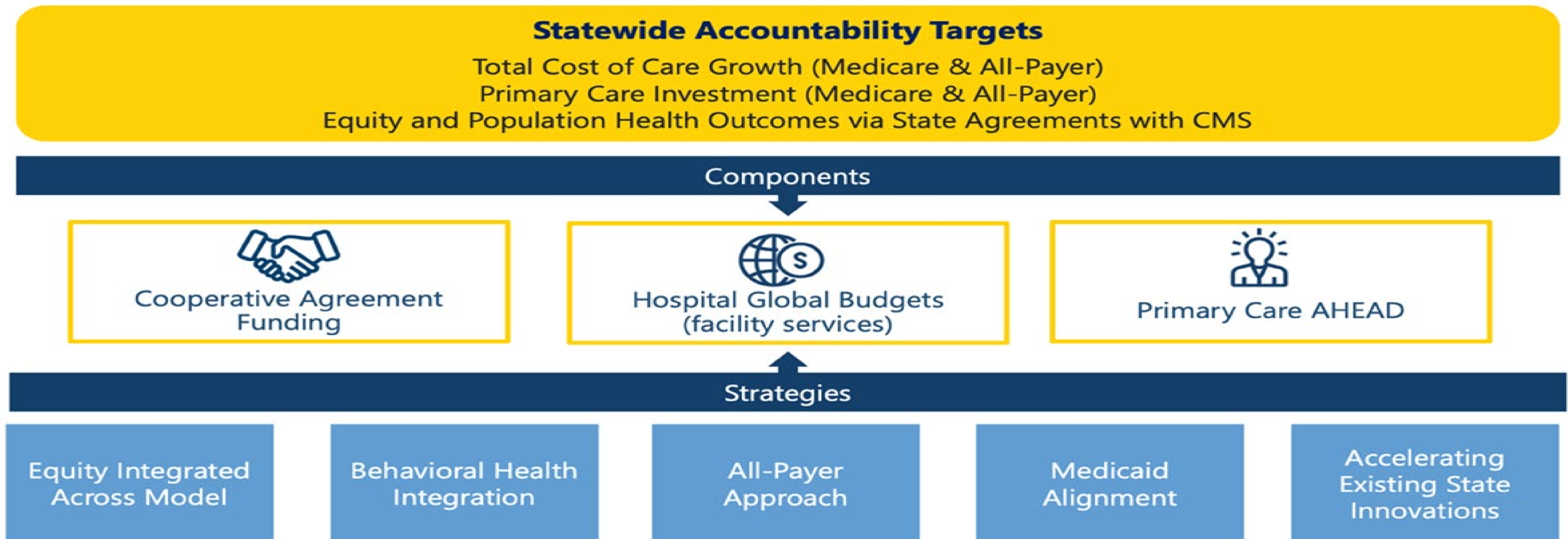
Agenda

- Welcome to H-TAC Members
- Interim TCOC Workgroup
- Overview of AHEAD Model and Timeline
- Proposed AHEAD Savings Tests
  - Medicare Test
- All Statewide Financial Accountability Targets
- Other Future Topics
- Highlights of 2023 TCOC Model Evaluation Report
- Next Steps

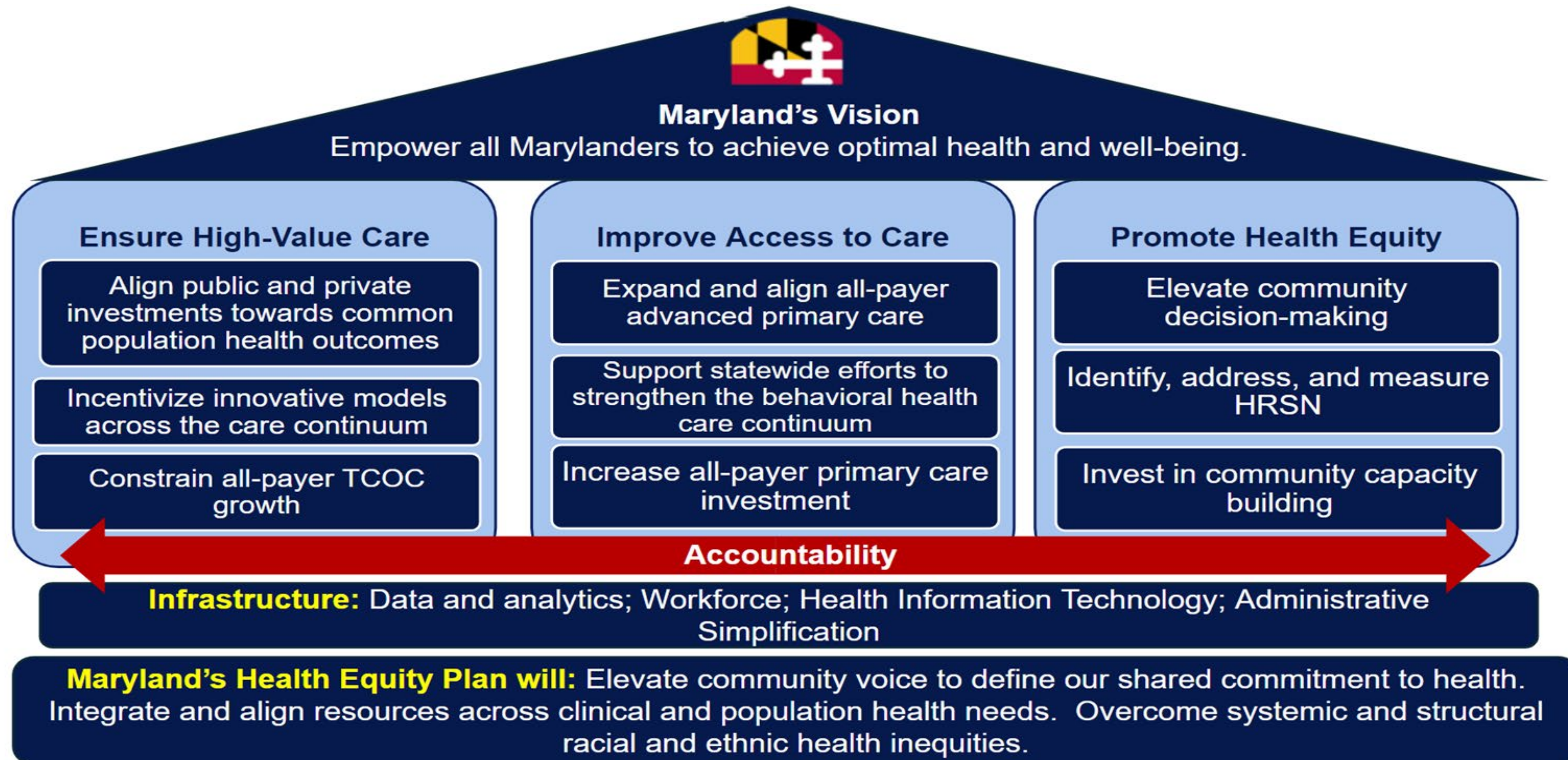
Interim TCOC workgroup

- Today’s meeting is being used to discuss AHEAD savings targets but we will plan to pick back up on standard TCOC workgroup items in the next meeting(s).
- This meeting is a merged meeting with the AHEAD Healthcare Transformation Advisory Committee (HTAC), will likely continue for a few months in this fashion.
- *Reminder that the PY4 (FY 2025) CTI creation application is open as of Monday, April 8th and will close Friday, May 31st.*

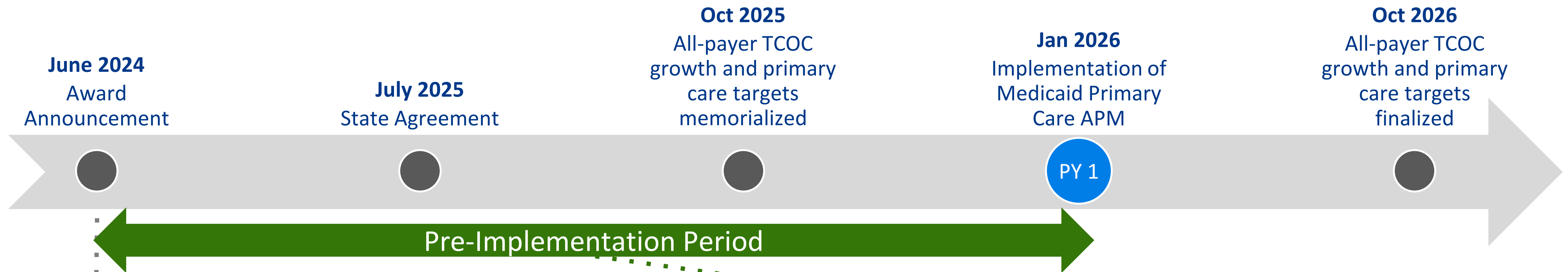
States Advancing All-Payer Health Equity Approaches and Development (AHEAD) Model



States Advancing All-Payer Health Equity Approaches and Development (AHEAD) Model



Looking AHEAD



Maryland's NOFO response will seek to **leverage new federal resources** to plan for the future of the Maryland Health Model.

Applying in Cohort 1 will secure **Maryland's role as a leader** in competing for federal funding while providing it **time to negotiate** new model terms prior to 2026 implementation.

The State envisions that **policy development and decision-making** will begin in July 2024 (the beginning of the Pre-Implementation Period) and continue through the July 2025 execution of the State Agreement. There will be **opportunity for community input** throughout this time frame.

Pre-implementation timing is subject to change based on ongoing conversations with CMMI regarding contractual needs.

AHEAD Statewide Accountability

Proposed Medicare FFS Expenditure Target Under AHEAD with State Commentary

Current Target Setting Approach

Target is set based on concurrent national trends. State holds estimation risk each year as trend are unknown until the year is complete.

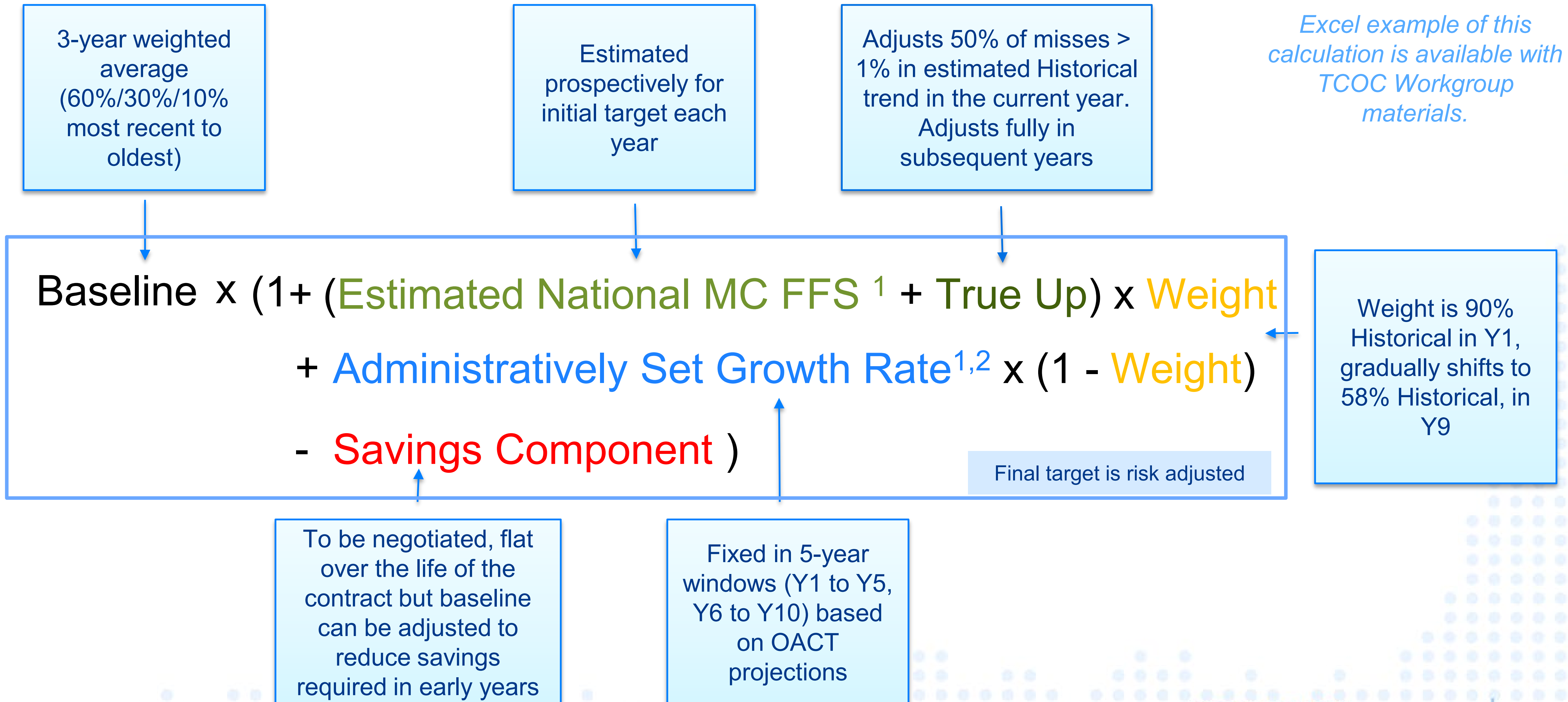
Baseline x (1+ Actual National MC FFS) x Beneficiaries

- Savings Component in $

Because target is set in $ terms, State can gain or lose on beneficiary growth[1]

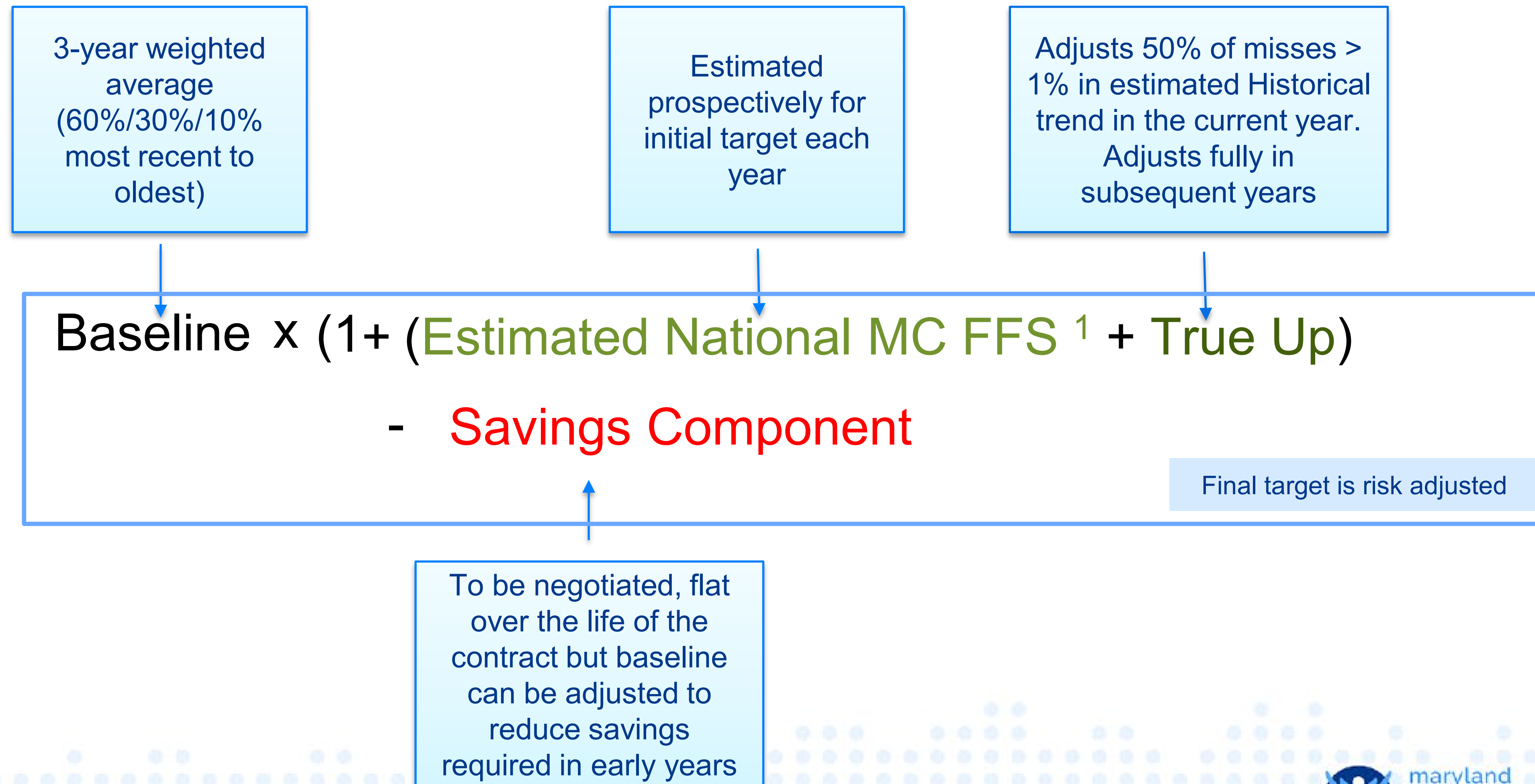
1. Risk for shift to Part C is not completely open-ended there is accommodation for current year changes.

Current Understanding of Proposed AHEAD Expenditure Target



1. 33% of both trends are calculated against national $ and added to MD $ instead of applying trend to MD Base $.
2. "For any award recipients with statewide all-payer rate setting authority, the award recipient will have the option to use only the USPCC without ACPT blend." (NOFO pg. 117 Appendix XI)

Current Understanding of Proposed AHEAD Expenditure Target (without Administratively Set Growth Rate) (option 2)



1. 33% of both trends are calculated against national $ and added to MD $ instead of applying trend to MD Base $.

State Areas of Agreement with the Proposed Approach

The following additions to address weaknesses in the current approach:

- Risk-adjustment in the calculation
- Shift to a PBPY target to remove the risk from Part C shifts
- The use of an estimated national growth rate in setting the current year target to avoid the challenge for the State of targeting an unknown number.

Concerns with CMS Proposed Approach (1/2)

- The use of the fixed, administratively set growth trend on a 5-year forward looking basis, with no true up to actual trends will create unsustainable risk for both CMS and the State.
  - If actual trends are lower than the pre-set value, then the model evaluation will discount scored savings and the scoring mechanism will be viewed as irrelevant.
  - If actual trends are higher than the pre-set value, the State and its stakeholders will be at risk for an open-ended amount of savings above those negotiated in the savings component. The State is far more concerned about the risk of having to generate excess savings in this environment than they are from the reverse situation noted in CMMI's presentation.

State Concerns with CMS Proposed Approach (2/2)

- The estimate and true up proposed for the actual trend component is a good approach to provide target predictability the current year. However, the 100% reset to the actual in the next year will create the potential need for sharp corrections and undermine the usefulness of the predictability provided by the estimated trend.
- The overall calculation is complex and will be hard to calculate, reconcile, and explain to stakeholders.
  - The calculation could be simplified.
  - There are specific elements that will be important in establishing a fair approach, such as exactly which trend and risk adjustment approaches are used.

Example of Proposed True Up and Alternative

- Example assumes option 2 with no Administrative Set Growth Rate

Scenario	Expected National Trend Y1	Initial Target Y2	Actual National Trend Y1	Adjustment to Expected Trend	Final Target Trend Y1	Expected National Trend Y2	Initial Target Y2
Formulas	A	B = A	C	D = (C-B - 1%)/2	E = C + D	F	G = (1 + F) X (1 + C
Actual National Trend is higher than Expected by > 1%	3.00%	3.00%	4.50%	0.25%	3.25%	3.00%	7.64%
Actual National Trend is lower than Expected by > 1%	3.00%	3.00%	1.50%	-0.25%	2.75%	3.00%	4.54%

Requires State to incorporate 1.5% lower than expected trend in Y2.

Potential Alternative True Up

- Staff believe the State may wish to push for a longer return to national trend where the miss is phased back into the target over 2 years.
- Year 1 target would not change from original proposal

Scenario	Expected National Trend Y2	50% Phase in of Y1 Expected Trend Miss	Initial Target Y2
Formulas	F	F1 = (C-B)/2	G = (1 + F) X (1 + B+F1)
Actual National Trend is higher than Expected by > 1%	3.00%	0.75%	6.86%
Actual National Trend is lower than Expected by > 1%	3,00%	-0.75%	5.31%

Y2 Target only includes 50% of the difference between Y1 Expected and Actual (rather than 100% in base model). Y3 would introduce actual Y1 Trend

Was 7.64%, State is more limited in its ability to return to national trends (but can plan knowing it has additional room in the next year)

Was 4.54%, State does not need to as rapidly incorporate lower than expected trends in the Y1.

AHEAD Statewide Accountability

Other Topics

Statewide Financial Accountability Targets

- Medicare FFS TCOC Growth Targets
- State All-Payer TCOC Growth Targets
  - The State Agreement should be amended to reflect these targets no later than 90 days before the start of PY2
- Medicare FFS Primary Care Investment Targets
- All-Payer Primary Care Investment Targets
  - The State Agreement should be amended to reflect these targets no later than 90 days before the start of PY2
- Primary Care Investment Measurement

Additional Topics

- Percent of hospital spending under population-based methodologies
  - Currently the minimum is 95% with the potential for lower amounts under AHEAD
  - Pros to expanding is greater flexibility to set payment methods based on clinical appropriateness
  - Cons to expanding is all amounts remain under the savings test and the State loses a potential tool for managing cost growth
- Consequences of missing savings and other targets
- Tools to maintain/expand value-based programs
- Other critical topics related to Medicare total cost of care

Highlights of 2023 TCOC Model Evaluation Report

Mathematica 2023 TCOC Model Evaluation Highlights

Positive Findings and Opportunities

The Model **reduced Medicare spending by limiting growth in hospital budgets**, which rewards hospital efforts to reduce potentially preventable care

The Model created **$689 million in net savings** to Medicare over TCOC's first three years:
-2.1% - Total Medicare spending
-6.1% - Hospital spending
3.1% - Non-hospital spending

14% of MDPCP beneficiaries received care management services in 2022, up from 1% in 2019

The Model **reduced disparities by race and by place.** Disparities decreased by 19%- 40% on unplanned readmissions, preventable admissions, and timely follow-up after **hospital discharge**

The Model **improved quality of care** in hospitals.

-16.2% - Hospital admissions
-5.9% - Outpatient ED visits
-16.8% - Preventable admissions

The Maryland Primary Care Program (MDPCP) **improved timely follow-up after exacerbation of chronic conditions**.

Next Steps

- Next TCOC meeting is May 22 at 8 am
- Plan to continue combined HSCRC TCOC Workgroup/H-Tac Meetings
- Planning for next steps is emerging, specific agenda will be firmed up as we move forward
- Will return to standard TCOC agenda items, time permitting