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Maryland All-Payer Model

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The Centers for Medicare & Medicaid Services (CMS) and the state of Maryland are partnering to modernize Maryland's unique all-payer rate-setting system for hospital services that will improve patients' health and reduce costs. This initiative will update Maryland's 36-year-old Medicare waiver to allow the state to adopt new policies that reduce per capita hospital expenditures and improve health outcomes as encouraged by the Affordable Care Act.

Background

Maryland operates the nation's only all-payer hospital rate regulation system. This system is made possible, in part, by a 36-year-old Medicare waiver (codified in Section 1814(b) of the Social Security Act) that exempts Maryland from the Inpatient Prospective Payment System (IPPS) and Outpatient Prospective Payment System (OPPS) and allows Maryland to set rates for these services. Under the waiver, all third parties pay the same rate. The State of Maryland and CMS expect that the All-Payer Model will be successful in improving the quality of care and reducing program expenditures for Maryland residents, including Medicare, Medicaid, and CHIP beneficiaries. Moreover, the Maryland system may serve as a model for other states interested in developing all-payer payment systems.

Initiative Details

Maryland's all-payer rate setting system for hospital services presents an opportunity for Maryland and CMS to test whether an all-payer system for hospital payment that is accountable for the total hospital cost of care on a per capita basis is an effective model for advancing better care, better health and reduced costs. Under the new model, Maryland hospitals have committed to achieving significant quality improvements, including reductions in Maryland hospitals' 30-day hospital readmissions rate and hospital acquired conditions rate. Maryland has agreed to limit all-payer per capita hospital growth, including inpatient and outpatient care, to 3.58 percent. Maryland has also agreed to limit annual Medicare per capita hospital cost growth to a rate lower than the national annual per capita growth rate per year for 2015-2018. Moreover, the Maryland system may serve as a model for other states interested in developing all-payer payment systems. Under this model, Medicare is estimated to save at least $330 million over the next five years. This opportunity is available through the authority of the Innovation Center, which was created by the Affordable Care Act to test to payment and service delivery models.

Under the terms of the Maryland All-Payer Model:

> Maryland has agreed to permanently shift away from its current statutory waiver, which is based on Medicare payment per inpatient admission, in exchange for the new Innovation

Center model based on Medicare per capita total hospital cost growth.

This model requires Maryland to generate $330 million in Medicare savings over a five-year performance period, measured by comparing Maryland's Medicare per capita total hospital cost growth to the national Medicare per capita total hospital cost growth.

This model requires Maryland to limit its annual all-payer per capita total hospital cost growth to 3.58%, the 10-year compound annual growth rate in per capita gross state product.

Maryland has begun shifting virtually all of its hospital revenue over the five-year performance period into global payment models.

Maryland will achieve a number of quality targets designed to promote better care, better health, and lower costs. Under the model, hospital quality and population health measures regarding the quality of care received by Maryland residents—including Medicare, Medicaid, and CHIP beneficiaries—will improve.

Readmissions: Maryland has committed to reducing its aggregate Medicare 30-day unadjusted all-cause, all-site hospital readmissions rate over the next five years. Maryland is working to reduce its readmissions rate to match the national Medicare 30-day unadjusted all-cause, all-site readmissions rate.
Hospital Acquired Conditions: Maryland currently operates a program that measures 65 preventable, hospital-acquired conditions, also known as Potentially Preventable Complications (PPCs). Under this model, Maryland will achieve an annual aggregate reduction of 6.89% in these 65 PPCs over five years, for a cumulative reduction of 30%.
Population Health: Maryland submits an annual report demonstrating its performance along various population health measures.

If Maryland fails during the five-year performance period of the model, Maryland hospitals will transition over two years to the national Medicare payment systems.

Maryland is currently developing a proposal for a new model based on a Medicare total per capita cost of care test to begin no later than after the end of the five year performance period.

Care Redesign Program

In July of 2017, CMS and Maryland continued their partnership and announced the Care Redesign Program (CRP). The CRP is a new voluntary program within the Maryland All-Payer Model that advances efforts to redesign and better coordinate care in Maryland. The CRP provides hospitals participating in the Maryland All-Payer Model the opportunity to partner with and provide incentives and resources to certain providers and suppliers in exchange for their performance of activities and processes that aim to improve quality of care and reduce the growth in total cost of care for Mary Medicare beneficiaries. The CRP began on July 1, 2017, and will continue through December 31,

2018, when the Maryland All-Payer Model ends.

Program Details

The CRP is comprised of one or more care redesign initiatives ("CRP Tracks") available to participating hospitals for any given performance period. Each CRP Track is designed to include specific providers and suppliers. Under each CRP Track, participating hospitals will enter into financial arrangements with providers and suppliers that are enrolled in Medicare, provide items and services to Maryland Medicare beneficiaries, meet additional qualifications specific to that CRP Track, and have been approved by CMS ("Care Partners"). Under the terms of such financial arrangements, or "Care Partner Arrangements," the Care Partner may receive Incentive Payments, nonmonetary remuneration ("Intervention Resources"), or both; from the participating hospital in exchange for their performance of CRP Track specific activities and processes ("CRP Interventions"). Such CRP Interventions are designed to improve or support one or more of the following:

1. Care management and care coordination;
2. Population health;
3. Patient access to care;
4. Risk stratification;
5. Evidence-based care;
6. Patient experience;
7. Shared-decision making;
8. Medical error rates reduction; or
9. Operational efficiency.

The CRP also helps providers and suppliers across the delivery system coordinate care between hospitals and nonhospital settings; and builds on efforts already underway in the state of Maryland to reduce potentially avoidable hospital readmissions and other potentially avoidable utilization.

For the first performance period, the State proposed and CMS approved the following two CRP Tracks in which hospitals may choose to participate:

1. The **Hospital Care Improvement Program (HCIP)**, which allows hospitals to partner with hospital-based specialists to improve care coordination during and after a hospital admission; and
2. The **Chronic Care Improvement Program (CCIP)**, which allows hospitals to partner with primary care physicians and other community-based providers to improve care coordination and care management outside of the hospital.

Further information on the CRP can be found in this Frequently Asked Questions document (PDF) (/Files/x/md-allpayer-crdfaq.pdf).

Additional Information

Maryland All-Payer Fact Sheet (http://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-Sheets/2014-Fact-sheets-items/2014-01-10.html)
Maryland All-Payer Press Release (http://www.cms.gov/Newsroom/MediaReleaseDatabase

/Press-Releases/2014-Press-releases-items/2014-01-10.html)
Maryland All-Payer Model First Annual Report (PDF) (https://downloads.cms.gov/files/cmmi/marylandallpayer-firstannualrpt.pdf)
Maryland All-Payer Model Second Annual Report (PDF) (/Files/reports/md-all-payer-secondannrpt.pdf)
Maryland Health Services Cost Review Commission (http://www.hscrc.state.md.us/)

Other State Models

Pennsylvania Rural Health Model (/initiatives/pa-rural-health-model/index.html)
Vermont All-Payer ACO Model (/initiatives/vermont-all-payer-aco-model/index.html)
State Innovation Models (/initiatives/State-Innovations/index.html)

Model Summary

Stage: Ongoing
Number of Participants: 1
Category: Initiatives to Accelerate the Development and Testing of New Payment and Service Delivery Models
Authority: Section 3021 of the Affordable Care Act

Milestones & Updates

Sep 07, 2017
Announced: Second annual report posted

Jul 26, 2017
Updated: New Care Redesign Program materials posted

Jan 17, 2017
Announced: First annual report posted

Jan 10, 2014
Announced: Innovative hospital services rate-setting aimed to improve care, reduce costs

Related Items

Initiatives to Accelerate the Development and Testing of New Payment and Service Delivery Models

Accountable Health Communities Model

Stage:Participants Announced
Learn More (/initiatives/ahcm/)

Initiatives to Accelerate the Development and Testing of New Payment and Service Delivery Models

Centers for Medicare & Medicaid Services: Innovation Center New Direction

Stage:Not Applicable
Learn More (/initiatives/direction/)

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