THE MARYLAND MODEL

Hospital Field Perspective
CRISP Summit 2022

Maryland Hospital Association
Overall, especially since 2014, the Maryland model has been a financial success by almost any metric.

Over the period 2015-2019, Maryland’s standardized per-capita Medicare spend declined from 1 percent above the national average to 1 percent below, with improvement in many quality metrics. **Global budgets create powerful incentives for hospitals not to overcharge or overtreat.**

Due to Maryland’s uniform rate-setting mechanisms, the state’s employer-based health plans pay among the country’s lowest rates. By one estimate, from 2011 to 2017, commercial insurance payments to Maryland hospitals ranged from $392 to $544 million per year lower than they would have been without all-payer rate setting.

Importantly, it shifts incumbent health care payers and providers into value-based care delivery gradually but inexorably. How can Maryland’s model be extended to other states?
EVOLUTION – INNOVATION – PROGRESS

1974-2013
Hospital Price Regulation
- All-Payer Prices
- HSCRC Rate Setting

2014-2018
Fixed Hospital Revenue
- Utilization & Quality Incentives
- Global Budgeted Revenue
- All-Payer Prices
- HSCRC Rate Setting

2019 & beyond
Total Cost + Total Health
- Health Equity
- Community/Population Health
- Total Cost of Care
- Utilization & Quality Incentives
- Global Budgeted Revenue
- All-Payer Prices
- HSCRC Rate Setting

HSCRC = Health Services Cost Review Commission
HOSPITALS CHANGE TO BE PATIENT CENTERED

- Care Management Across Continuum
- Home-Based Care
- Mobile Integrated Health
- Post-Acute Teams
- Community Care
- Community-Based Primary Care
- Emergency Department Alternatives/Avoidance
HOSPITALS ADDRESS PEOPLE’S UNMET SOCIAL NEEDS

- Community Safety/ Violence Prevention
- Employment
- Food Insecurity
- Housing Stability
- Transportation
- Children and Families
CUMULATIVE MEDICARE GROWTH LOWER THAN NATION

Medicare Total Cost of Care
Cumulative Growth – CY 2014 – CY 2021 YTD

-2.80%

National
20.65%

Maryland
17.27%

Hospital vs. Non-Hospital Growth
Cumulative Growth – CY 2014 – CY 2021 YTD

-9.81%

National
19.94%

Maryland
28.45%

5.89%

National
21.30%

Source: CMS monitoring data
Note: Data contain summaries prepared by HSCRC based on data summaries provided by the federal government; data are preliminary and contain lags in claims and there may be material differences in results when final data are received. Savings calculations include addition of Part B non-claims based payments for MDPCP & MSSP.
ALIGN TO WIN LONG TERM

- Providers across continuum
  - Care transitions
  - Contain total cost of care
- Private payers
  - Health equity
  - Consumer cost sharing
- Public sector
  - Population health improvement
  - Social determinants of health
- People (sometimes patients)
  - Healthier lifestyles & self care
  - Health literacy