

# CTI At a Glance: Understanding the Care Transformation Initiative (CTI) Program

## What is CTI?

The Care Transformation Initiative (CTI) is a voluntary, value-based care program for Maryland hospitals, developed by the Health Services Cost Review Commission (HSCRC). It rewards hospitals for reducing the Medicare Total Cost of Care (TCOC) for specific groups of patients while maintaining or improving care quality. CTIs are distinct from Maryland's Global Budget model, focusing on patient-level performance across all care settings.

## How Does CTI Work?

- **Hospital-Defined Initiatives:** Hospitals submit CTI definitions identifying their target population and care model.
- **Attribution Based on Claims Data:** Patients are attributed using Medicare Fee-for-Service claims, not internal documentation.
- **Performance Evaluation:** Hospitals are evaluated based on the difference between actual costs and a target price derived from a historical baseline year.
- **Savings Opportunity:** If the actual costs fall below the target price and exceed the Minimum Savings Rate (MSR), the hospital may earn a reconciliation payment.
- **Inclusive of All Care Settings:** Total cost calculations include Medicare Part A and B services such as inpatient, physician services, SNF, and Hospital Outpatient Department (HOPD) claims.
- **Budget Neutrality:** A statewide offset ensures total CTI payments do not exceed Medicare cost containment goals. All Maryland hospitals contribute to the offset based on Medicare revenue, even if they do not participate.

## Types of CTIs

- **Episode-Based CTIs:** Triggered by events like hospital discharges or ED visits. Episodes typically last 30, 60, or 90 days.
- **Panel-Based CTIs:** Based on populations assigned by geography (e.g., ZIP code) or primary care provider attribution. These episodes span 365 days.



## Thematic Areas for CTIs

CTIs must align with one of the following themes:

- Care Transitions
- Emergency Care
- Primary Care
- Community-Based Care
- Palliative Care
- HOPD

## Key Financial Terms

- **Minimum Savings Rate (MSR):** The threshold a hospital must exceed before it earns savings. It varies by episode volume.
- **Cumulative Savings:** All money saved below the target price, whether or not it meets the MSR.
- **Cumulative Surplus:** The portion of savings above the MSR that qualifies for payment.
- **Reconciliation Payment:** The amount incorporated into the MPA calculation when it exceeds the MSR and meets program requirements.

## Benefits of Participation

- Potential to earn shared savings for effective care management
- Flexibility to target populations where your hospital can make the greatest impact
- Access to performance data and visibility into TCOC drivers
- Ability to shape Maryland's long-term value-based care strategy

## Risks of Not Participating

- Continued financial contribution via the statewide offset without the opportunity to earn savings
- Missed opportunity to align care transformation efforts with measurable outcomes

## Important Dates

- **CTI Definition Submission Deadline:** June 13, 2025
- **Performance Year 5:** July 1, 2025 – June 30, 2026

## Quick Example

A hospital defines a 30-day CTI for patients discharged with CHF. Over the year, they initiated 500 episodes. Their target price is \$12,000 per episode; their actual average cost is \$11,000. They save \$1,000 per episode, or \$500,000 in cumulative savings.



The Minimum Savings Rate (MSR) is 3%, or \$360,000. Because they exceeded the MSR, they are eligible for a reconciliation payment.

***Important:*** Under CTI rules, the entire \$500,000 of savings is included in the reconciliation calculation – this is known as *The First Dollar Rule*. The MSR is a threshold to qualify, but once exceeded, the full amount of savings is considered for payment.

From there, the statewide offset is applied, reducing the final payment to ensure the program stays budget neutral.

*Note: Once you exceed the MSR, your full savings are eligible for payment, but the final amount is adjusted based on statewide performance and offset factors.*

## Bottom Line

CTI offers hospitals a chance to drive meaningful, cost-saving care improvement in the community—and to get rewarded for it. The more clearly you define and execute your CTI, the more value you can return to your patients and your institution.

**CTI is your hospital's opportunity to lead in Maryland's value-based future. Participating gives you control, visibility, and access to shared savings. Don't leave that value on the table.**