



Governor Larry Hogan Announces Federal Approval of “Maryland Model” All-Payer Contract

Centers for Medicare and Medicaid Services, Maryland Department of Health Sign New Five-Year Contract for Innovative Provider Payment System, \$1 Billion in Savings Expected

Baltimore, MD (May 14, 2018)—Governor Larry Hogan, together with the Maryland Department of Health and the Centers for Medicare and Medicaid Services (CMS), today announced the federal approval of Maryland's Total Cost of Care All-Payer Model, known as the “Maryland Model,” contract. This innovative approach to health care provider payment is unique to Maryland and made possible via a contract between CMS and the state. Maryland’s current model has already saved Medicare more than \$586 million through 2016, compared to national spending, and the new model is expected to provide an additional \$300 million in savings per year by 2023 and a total of \$1 billion over five years.

Under Maryland’s current All-Payer Model, approved in 2014, hospitals have successfully reduced unnecessary readmissions and hospital-acquired conditions while decreasing the growth in hospital cost per capita. The new Maryland Model will expand this successful approach across the health care system when it takes effect on January 1, 2019 and will extend through the end of 2023. The contract can then be extended for an additional five years, pending a review of the terms.

“The new Maryland Model will expand health care access and affordability – and ultimately improve quality of life – for Marylanders, especially those with chronic and complex medical conditions,” said Governor Hogan. “Maryland continues to lead the nation in innovative health care delivery, and the expansion of our successful model is a huge step forward in our efforts to ensure that every Marylander has access to quality care.”

The Maryland Model aims to control the growth in health care costs, both at hospitals and community providers, while improving patient outcomes and quality of care. To achieve this comprehensive coordination across the entire health care system, the Maryland Model will:

- Coordinate care across both hospital and non-hospital settings, including mental health and long-term care
- Invest resources in care that is focused on the patient and enhance primary-care teams to improve individual patient outcomes
- Set a range of quality and care improvement goals and provide incentives for providers to meet them
- Concentrate system and community resources on population health goals to help address opioid use and deaths, diabetes, hypertension, and other chronic conditions
- Encourage and facilitate programs focusing on the unique needs of Marylanders across geographic settings and other key demographics

This comprehensive approach ensures the patient is at the center of decision making and their needs are being met with greater transparency and accountability.

“It has been a pleasure working with Governor Hogan, and CMS applauds his leadership on this serious effort to drive down costs, improve the quality of care and putting patients first,” said CMS Administrator Seema Verma. “The Trump Administration is ushering in a new era of state flexibility and local leadership, and we welcome state-level innovations, such as the All-Payer Model.”

“This approval is the result of a sustained and coordinated federal-state effort to recognize the success of Maryland’s system that manages the total cost of patient care in a cost-effective way, while maintaining quality and results,” said Senator Ben Cardin, a member of the Senate Finance Health Care Subcommittee, which has oversight responsibility for CMS. “There is no one-size-fits-all answer, but the Maryland Model can show other states how to successfully reward quality over quantity by moving away from ‘per admission’ and concentrating on best managing a patient’s short-term and long-term care.”

“For 36 years, the Maryland All-Payer Model has been transformative in delivering affordable, high quality health care to Maryland’s families,” said Congressman Andy Harris, M.D. “Once again, Governor Hogan is demonstrating his commitment to helping Maryland families and to driving Maryland innovation. The new, extended version of the Maryland Model will be even more effective in controlling the cost of health care while maintaining access, and in improving the quality of outcomes for Maryland patients.”

“The Maryland Model is designed to transform hospitals’ care models to a value-based system by investing in coordinated, quality care for patients across all health care settings, improving health outcomes, and constraining the growth of health care costs in Maryland,” said Maryland Department of Health Secretary Robert Neall. “Our administration is proud to extend health care efforts beyond hospitals, and we appreciate the support of Governor Hogan, the U.S. Department of Health and Human Services, the Office of Management and Budget, the Centers for Medicare and Medicaid Innovation, and the various state agencies who provided assistance during this process.”

“Over the past five years, Maryland’s hospitals have laid the foundation for linking quality health care with cost containment,” said Bob Atlas, President & CEO of the Maryland Hospital Association. “During this time, the model has saved Medicare and patients hundreds of millions of dollars and has enabled hospitals to invest in innovative, proactive initiatives. Now, Maryland’s hospitals stand ready and committed to continue our work with the state by engaging our care partners to meet the health care needs of every Marylander—allowing them to live healthier, more fruitful lives.”

“MedChi, The Maryland State Medical Society applauds Governor Hogan on this amazing accomplishment,” said Gene Ranson, CEO of MedChi, “Our members appreciate that the all payer contract agreement includes the Maryland Primary Care Program and other Care Redesign Programs that will help Maryland physicians achieve new value based Medicare requirements.”

The Maryland Model provides a significant incentive across the health system to provide greater coordinated care, expanded patient-care delivery, and collaboration of chronic disease management, while improving the quality of care at lower costs to the consumer.

Any additional questions or clarification can be directed via email to hscrc.all-payermodel@maryland.gov.

About Maryland's All-Payer Model

Maryland's current approach to hospital payment is known as the "Maryland All-Payer Model Contract," and runs from Jan. 1, 2014, through Dec. 31, 2018. The All-Payer Model's success metrics are based on enhancing quality, improving health outcomes, and constraining the growth of Medicare costs for hospital inpatient and outpatient services.

Since 2014, Maryland's hospitals have successfully reduced unnecessary readmissions and hospital-acquired conditions, while decreasing the growth in hospital cost per capita. However, the current approach focused on hospitals does not sufficiently provide for comprehensive coordination across the entire health care system. Because of this limitation, the federal government required Maryland to develop a new model that encompasses all of the health care that patients receive, both in the hospital and the community.

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Marylanders who need help finding substance related disorder treatment resources should visit MdDestinationRecovery.org, BeforeItsTooLateMD.org or call the Maryland Crisis Hotline, which provides 24/7 support, at 1-800-422-0009. If you know of someone who could use treatment for substance related disorders treatment facilities can be located by location and program characteristics on our page at <https://goo.gl/aRRExJ>.

The Maryland Department of Health is the State agency that protects Maryland's public health. We work together to promote and improve the health and safety of all Marylanders through disease prevention, access to care, quality management, and community engagement. Stay connected: <http://www.twitter.com/MDHealthDept> and <http://www.facebook.com/MarylandDHMH>.