Maryland AHEAD Update

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The Maryland State Medical Society

Background: Maryland's All-Payer Model

Since 1977, Maryland has had an all-payer hospital rate-setting system

In 2014, Maryland updated its approach through the All-Payer Model

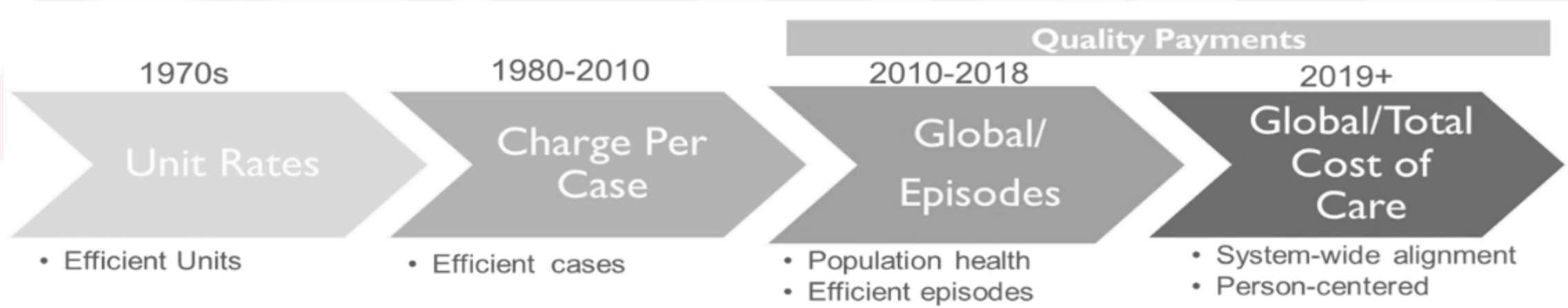
5-year state innovation between Maryland & federal government (2014 through 2018) focused on hospital payment

Per capita, value-based payment framework for hospitals

Provider-led efforts to reduce avoidable use and improve quality and coordination

Savings to Medicare without cost shifting

Sustains rural health care with stable revenue base



Prior to 2014, HSCRC Set Prices Per Unit of Service

Functional Center	Approved Rate	Unit		Units of Service	Charge
Medical/Surgical Unit	$500	Per day	X	5	$ 2,500
Intensive Care Unit	$1,000	Per day	X	2	2,000
Admission	$100	Per case	X	1	100
Operating Room	$15	Per minute	X	150	2,250
Radiology	$20	RVU	X	25	500
Pulmonary	$3.00	RVU	X	10	30
Blood	$15	RVU	X	5	75
Lab	$2.00	RVU	X	25	50
Physical Therapy	$16	RVU	X	5	80
Cost of Drugs Sold	$1,200	Invoice cost	X	patient	1,200
Medical Supplies	$2,100	Invoice cost	X	patient	2,100
Total Charge Per Case					**$10,885**

Hospital Payments Have Changed: Focus Shifts from Rates to Revenues

Old Model
Volume Driven

Units/Cases

× **Rate Per Unit or Case**

Hospital Revenue

Unknown at the beginning of year. More units/more revenue

New Model
Population & Value Driven

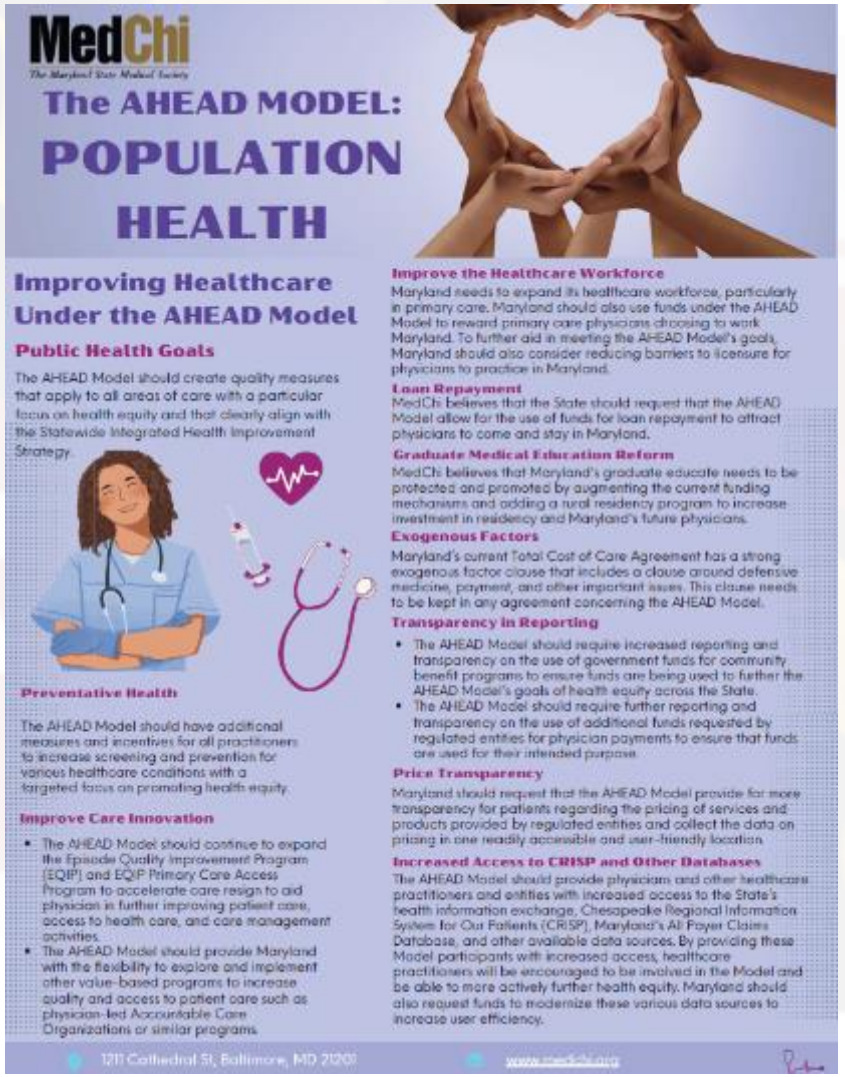
Revenue Base Year

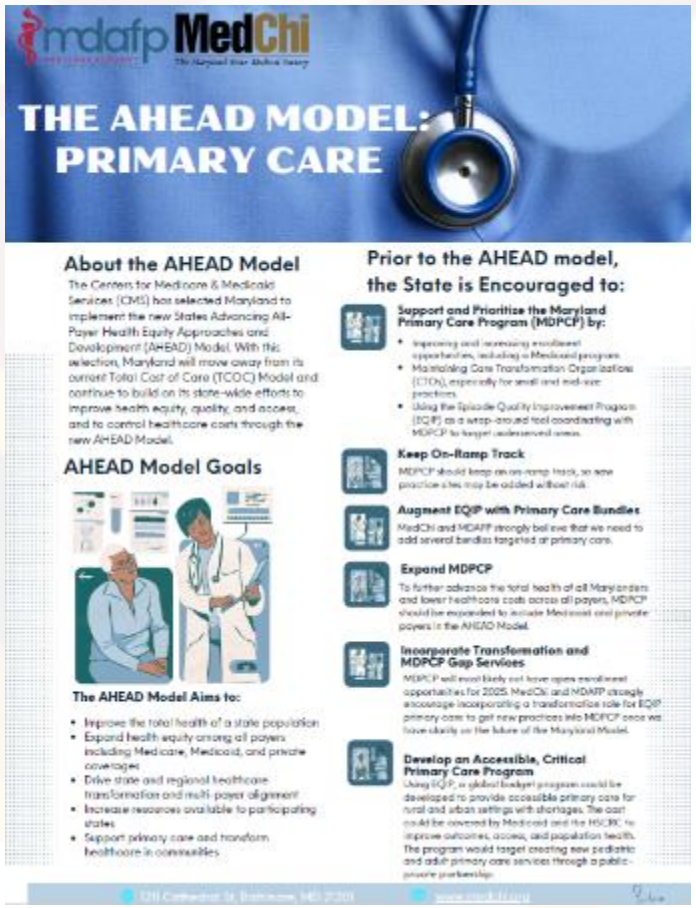
× **Updates for Trend, Population, Value**

Allowed Revenue Target Year

Known at the beginning of year. More units does not create more revenue

Looking AHEAD Committee – MedChi Working on Next Steps





Working to improve Total Cost of Care and AHEAD
Testimony Before HSCRC

SIGNED THE WEEK BEFORE THE ELECTION.

PROCESS WAS QUICK.

CMS AND MARYLAND LEFT A LOT OF DETAILS TO FUTURE NEGOTIATION.

We Had an Election - CMMI vs. State

CMMI wanted – No rate setting, control of global budgets, no Maryland CRP programs, total control.

Maryland wanted – Rate setting, control of global budgets, local CRP programs, shared control.

CMMI Announcement on Models and What it Means

- Caution AHEAD: State officials nervous for Maryland hospitals under Trump administration –Maryland Matters article
- Total Cost of Care (TOC) was scheduled to end 12-31-26, now ending 12-31-25
- Maryland had agreed to leave TOC and move into AHEAD 12-31-27.
- State has created a staff coordinating council.
- Term sheet for amendments created

Press Releases Mar 12, 2025

Statement on CMS Innovation Center Aligning Portfolio with Statutory Obligation

Administration

Share

The Centers for Medicare and Medicaid Services (CMS) Innovation Center is committed to testing – and eventually scaling – innovative payment models that meet the statutory goals of reducing program spending while maintaining or improving quality of care.

Consistent with achieving that mission, the Innovation Center has completed a comprehensive and data-driven review of our model portfolio based on the clear statutory mandate given to the Center by Congress. Based on the review's findings, CMS has identified models that will conclude as scheduled and others that will end early by December 31, 2025 - saving the American taxpayer almost $750,000,000. CMS will help participants in the selected models to minimize disruption to their operations and the beneficiaries they serve.

The Innovation Center plans to announce a new strategy based on guiding principles to make Americans healthier by preventing disease through evidence-based practices, empowering people with information to make better decisions, and driving choice and competition. This announcement streamlines the focus of CMMI's models and will help build a health system that improves quality and lowers costs while helping Americans live healthier lives.

AHEAD – MedChi has been a major part of the discussion

STATE OF MARYLAND

OFFICE OF THE GOVERNOR
Wes Moore

July 3, 2025

The Honorable Robert F. Kennedy, Jr.
Secretary
U.S. Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

The Honorable Mehmet Oz, M.D.
Administrator, Centers for Medicare & Medicaid Services
U.S. Department of Health and Human Services
200 Independence Avenue, SW
Washington, DC 20201

The Honorable Abraham Sutton
Director, Center for Medicare and Medicaid Innovation
U.S. Department of Health and Human Services
7500 Security Boulevard
Baltimore, MD 21244

Dear Secretary Kennedy, Administrator Oz, and Director Sutton:

For more than a decade, the Centers for Medicare and Medicaid Services (CMS) and Maryland have been engaged in a highly successful partnership to break free of the flawed fee-for-service Medicare reimbursement model. Under the Maryland Model, the State has evolved towards a structure that incentivizes hospitals to keep people healthy. The Maryland Model has exceeded CMS-established total cost of care savings targets and has delivered these savings in a sustainable way while improving the quality of care delivered to Marylanders, as measured by CMS and independent evaluations.

Maryland wants to work with CMS to accomplish even more cost savings and improved health through the Maryland Model. We share CMS' goal of sustainable financing for the Medicare program to protect the taxpayer, shifting away from a fee-for-service fee schedule to a person-level ACO type model. We also share CMS' goals of digital transformation and evidence-based prevention.

Maryland has a great foundation for this reform.

- Health care costs are growing at one of the slowest rates in the country, both for Medicare and commercial insurers.

AHEAD – AMENDMENT TO TERM SHEET SIGNED

CMS Assumes Medicare Rate-Setting Authority (2028)

Beginning in Performance Year 3 (PY3), CMS—not HSCRC—will set Medicare FFS hospital global budgets under a new federal methodology.

HSCRC will retain control of Medicaid and commercial payer rates, which must stay directionally aligned with CMS.

➡ Concern: This change reduces state flexibility and could weaken the alignment between hospital and physician incentives that has historically underpinned Maryland's success.

2. New Statewide Accountability Targets

Maryland must meet multiple cost, investment, and quality goals or risk federal enforcement actions:

Target	Purpose	Physician Impact
Medicare FFS TCOC	Cap per-beneficiary cost growth	Failure may reduce future funding for transformation programs
All-Payer TCOC	Limit overall cost growth	Potential rate pressure on all payers
Primary Care Investment	Increase primary care share of spending	Possible new funding streams for primary care infrastructure
Quality & Population Health	Six core metrics measuring outcomes and equity	Expanded reporting and performance oversight

CRP Mixed and EQIP Saved

EQIP Continuation and Physician Alignment

CMS has formally committed—through the AHEAD term sheet—to the continuation and expansion of the Episode Quality Improvement Program (EQIP).

EQIP remains the primary pathway for specialists to engage in value-based payment and qualifies as an Advanced Alternative Payment Model (APM) under MACRA.

CMS and HSCRC will:

- Maintain EQIP funding streams and operational infrastructure;
- Align episode methodologies with new AHEAD hospital global budgets;
- Support expansion to additional specialties and episode types.

➡ Implication: EQIP's inclusion ensures that specialists continue to share in statewide savings and quality initiatives.

➡ Advocacy Priority: MedChi must ensure EQIP's stable funding, data transparency, and governance representation during AHEAD implementation.

EQIP Update

- The Episode Quality Improvement Program (EQIP) is a voluntary, Advanced Alternative Payment Model (AAPM) that engages practitioners who treat Maryland Medicare beneficiaries in care transformation and value-based payment through an episode-based approach.
- EQIP has added 68 new episodes for Performance Year 5 (CY2026) bringing the total episode count to 123 episodes.
- New clinical episode categories include Endocrinology, General Surgery / Wound Care, Hematology / Oncology, Infectious Disease, Nephrology, Neurology.
- The enrollment period for Performance Year 5 (CY2026) of EQIP will be open July 1 through August 29, 2025.
- MedChi continues to support EQIP through advocacy, outreach, education. MedChi also serves as an administrative proxy to 286 practitioners participating in EQIP in Performance Year 4 (CY2025).

Approved PACES Episodes

Clinical Category	short_name
Alcohol Drug Use or Induced Men	substance abuse alcohol
	substance abuse other
Blood and Blood Forming Organs	anemia chronic
	aplastic anemia
	neutropenia
	neutropenia (acute)
Burns	1st/2nd degree burn
Circulatory System	atrial fibrillation/flutter (chronic)
	heart failure (chronic)
	hypertension essential (chronic)
	pericarditis, inflammatory
	AV fistula creation and revision
	hypertension complic, malig acute
	hypertension secondary (chronic)
	Leg vein angioplasty
Digestive System, Hepatobiliary	anal/rectal fissur/ulcer
	crohn's disease
	diverticulitis of colon
	diverticulosis of intestine(chronic)
	esophageal varices(chronic)
	esophagitis (chronic)
	Bariatric surgery
	small bowel resection
	ERCP
Ear, Nose, Mouth & Throat	epistaxis
	sinusitis acute
Pregnancy, Childbirth and Puerp	C-section
	Vaginal Delivery

Clinical Category	short_name
Endocr, Nutritional & Metabolic	diabetes
	diabetic circulatory complications
	diabetic ketoacidosis dka (acute)
	diabetic neuropathy
	diabetic retinopathy
	diabetic skin complications
	ds of lipoid metabolism
	hemochromatosis
	hyperosmolarity non-ketotic coma (acute)
	Hypoglycemia (acute)
	Obesity hypoventilation syndrome
	osteoporosis
Eye	macular degeneration
	macular hole
	macular pucker
	retinal tear
	vitrectomy
	Glaucoma surgery
Female Reproductive System	breast biopsy
	Breast reconstruction
General	Appendectomy
	Repair inguinal hernia
	repair umbilical or ventral hernia
	Repair ventral hernia
Kidney and Urinary Tract Diseas	acute kidney failure
	chronic kidney disease - dialysis dependent
	chronic kidney disease - not dialysis dependent
Mental Behavioral Health	single manic episode
Respiratory System	acute uri simple

Clinical Category	short_name
Musculoskeletal System & Connec	amputation
	aseptic necrosis
	bone nos fx
	carpal tunnel surgery
	Cervical Fusion
	Cervical Replacement
	Fracture/dislocation treatment arm/wrist/hand
	Fracture/dislocation treatment knee
	Fracture/dislocation treatment lower leg/ankle/foot
	joint nos ganglion/cyst
	knee jnt internal derangement (acute)
	knee jnt internal derangmnt
	osteomyelitis nos
	osteomyelitis nos (acute)
	Lumbar and sacral spine surgery OTHER
Neoplasms and Myeloproliferativ	airway lung neoplasm malignant
	benign neoplasm of uterus
	breast neoplasm malignant
	carcinoma in situ cervix
	colorectal neoplasm malignant
	ds of the spleen, neoplasm
	graft vs. host
	leukemia acute
	leukemia chronic
	malignant neoplasm of uterus
	neoplasm of uncertain behavior of ovary
	Mastectomy
Nervous System	dementia
	parkinsons ds
	acute ischemic stroke
	transient ischemic attack

The Episode Quality Improvement Program was SAVED!

EQIP is a voluntary program that engages non-hospital Medicare practitioners and suppliers in care transformation and value-based payment through an episode-based approach. EQIP emphasizes:

EQIP will provide incentive payments to practitioners who improve the quality of care and reduce the cost of care they provide to Maryland Medicare patients.

- There is an **upside-only** risk for EQIP Entities.
- Participating Care Partners bill CMS and receive reimbursement for their services as **normal**.
- Financial performance is assessed approximately **six months** after the program year ends.

EQIP participants are eligible for AAPM status and bonuses.

- Qualify into the **Quality Payment Program (QPP)**.
- **Exclusion from the MIPS** reporting requirements and MIPS payment adjustments.

What happens with Primary Care in the New Model?

MedChi is fighting for Primary Care! The new model will have:

- Medicare MDPCP Program for at least two years.
- Medicaid APM ongoing, and
- A new Primary Care AHEAD program.

MedChi wants to protect the Maryland Primary Care Program (MDPCP).

MDPCP is a voluntary program open to all qualifying Maryland primary care providers that provides funding and support for the delivery of advanced primary care throughout the state.

Concerns that remain:

- MDPC Medicare goes away.
- Medicaid program attribution and payment issues
- Primary Care AHEAD payment issues

MDPCP
MARYLAND PRIMARY CARE PROGRAM

Key Takeaways

- Maryland has had rate setting in some form for hospital payments since 1977. We will stay on that for two more years.
- Maryland hospitals are on global budgets; those Medicare budgets are scheduled to be set by CMMI starting in 2028. Other budgets will remain with HSCRC – How does that work?
- Maryland has the largest value-based primary care program (MDPCP) per capita in America. It is scheduled to possibly end in 2028.
- MedChi, CRISP and the HSCRC manage the EQIP program developing over 120 federally approved AAPMs. This was saved and is now part of the model.
- The AHEAD term sheet has been signed with an amendment to the State AHEAD agreement.

Center for Value-Based Care

- AHEAD
- Care Transformation Initiative
- EQIP
- Maryland Insurance Issues on Value-Based Care
- MDPCP
- Total Cost of Care

Center for Private Practice of Medicine

MedChi is committed to helping practices remain independent. As your Medical Society, MedChi developed the Center for the Private Practice of Medicine to provide business support tailored to the time constraints of your practice. Our goal is to strengthen your practice by providing credible support that meets your needs with key business services and resources, such as:

- Insurance
- Collections
- HIPAA & Medical Records
- MedChi CTO
- Practice Management Help
- Ancillary Suggestions Insurance Needs
- Technology Help

UNITY INSURANCE
A MedChi Company

Mid Atlantic Medical Collection Services Inc.

MedChi
Care Transformation Organization

Center for the Employed Physician

CONTRACT REVIEW EDUCATION – Provided targeted educational seminars and resources to employed physicians and those negotiating employment contracts, leveraging our Model Employment Contract and negotiation tools.

UPDATED MODEL CONTRACT – Released an updated version of our Model Employment Contract this year to reflect current trends in compensation, duties, benefits, termination clauses and physician autonomy in Maryland employment arrangements.

SALARY SURVEY – Published the 2024 Maryland Physician Compensation Survey showing average physician salary of ~$356K, an increase of ~29% since 2021; offers detailed breakdowns by compensation structure, productivity bonus, pay transparency, and demographic variation.

Salary Survey

Maryland Model Employment Contract

Maryland Health Survey

Physician Job Opportunities

Physician Loan Repayments

Policy & Guidance

Thank You!!

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