CMS/Maryland All-Payer Model
Annual Meeting

September 2016
Today’s Discussion

- Maryland’s All-Payer Model Performance

- Overview of Efforts to Transform Maryland’s Health Care System

- How Can Maryland and CMS Partner for Success

- Discussion and Input
Key Accomplishments of the All-Payer Model

Payment and delivery system transforming

- Hospitals—volume to global, aligned value based incentives
- Delivery systems, payers, and regional partnerships organizing and transforming
- IT and care coordination infrastructure expanded
- Broad stakeholder participation contributing to success
Key Accomplishments of the All-Payer Model

*Creating value*

- All payer hospital growth contained even as access under ACA expanded
- Medicare savings on track, keeping pace with low national growth rates without cost shifting
- Quality improving and readmissions going down, benefiting patients
- Care coordination and care transition resources strengthening, providing better support for patients after hospitalizations
Challenges and Areas to Address

*Multi-year timeline ahead to build infrastructure and transform the system*

- Care coordination supports and infrastructure
- Care supports for complex and chronically ill
- Alignment tools to overcome largely fee-for-service model for non-hospital providers
- Data and alignment tools/flexibility from CMS
- Engagement of consumers, families, communities and public
- Also: Keeping pace in reducing avoidable hospital utilization in excess of non-hospital investments
Progression Plan Due to CMS

- Model progression plan due to CMS by the end of 2016
  - Plan to continue All-Payer Model
  - Must address system-wide costs (TCOC) and outcomes for Medicare patients
  - Maryland also addressing Medicaid costs for dually eligible beneficiaries
Goal: Fundamentally Transform the Maryland Health Care System

- Providing person-centered care,
- Improving care delivery and outcomes,
- Improving the health of the population,
- While moderating the growth in costs
- Leveraging and maintaining All Payer applicability and benefits
  - Focus on Medicare and Dual-Eligible TCOC and outcomes in the near term
Strategies Maryland is Considering for Progression

- Transition to increased levels of engagement and responsibility for system-wide costs and outcomes over time

- Develop a focused portfolio of payment and delivery system transformations to support key goals

- Engage all providers and stakeholders, harmonizing incentives and aligning activities
  - Leverage MACRA

- Develop and support groups of providers taking system-wide responsibility for costs and patient and population outcomes
Progression Will Maintain Focus on Key Opportunities

- Incorporate/Expand tailored person-centered approach

- Approximately 3/4 of Medicare TCOC related to a hospitalization. Key opportunities:
  - Reducing potentially avoidable hospitalizations
  - Ensuring high quality efficient episodes with optimal outcomes

- For dually-eligibles, just under 1/2 of Medicaid costs consist of custodial care in long-term care facilities, approximately 40% in home and community based services. Key opportunities:
  - Reducing the need for high level custodial care
  - Ensuring high quality, well coordinated services
Summary of Key Strategies Maryland for 2017 through 2024

I. Continue and strengthen All-Payer Model
   ‣ Focus on implementing supports for complex and high needs persons and efficient well-coordinated episodes

II. Create a pathway for all providers to align with key goals of All-Payer Model
   ‣ Use Care Redesign Amendment to support aligned efforts for high needs patients and hospital episodes
   ‣ Create opportunities for MACRA participation under Advanced Alternative Payment Models
   ‣ Develop approaches to align and harmonize efforts and incentives

III. Leverage Primary Care Home for Medicare beneficiaries, building on and supporting developing provider/payer efforts
   ‣ Tailored person-centered care, chronic care management with a focus on high needs persons, and innovative payments that support new delivery approaches using CPC+ base

IV. Develop other aligned payment and delivery system changes
   ‣ (e.g. Long-term and post-acute, other MACRA models, etc.)

V. Develop/support groups of providers engaging patients and taking system-wide responsibility
   ‣ Initial focus on TCOC for Medicare and Medicaid costs for dual-eligible
Overview of Progression Components

Support Groups of Providers Taking Responsibility for Cost and Outcomes of Medicare Fee-for-Service Beneficiaries

- ACOs
- Medical Home
- Duals ACO
- Geographic

Existing
New
Builds on Hospital Global Budget, Regional Partnerships and MACRA

Supporting Payment/Delivery Approaches with All Payer Applicability

- Global Hospital Budgets and Regional Partnerships Amendment--Complex/Chronic Care, Hospital Care/Episodes
- Primary Care Home--Chronic care, Visit budget flexibility
- Incentive Harmonization
- Post-acute and Long-term Care Initiatives
- Other MACRA-eligible programs
Leverage Mutually Beneficial Models

**Hospital Global Model, ACOs, PCMH**
- Hospitals, care partners, regional partners and payers focused on population of patients

**Common Approaches and Aligned Measures**
- Person-centered care tailored to needs
- Risk stratification (esp for high needs persons)
- Care coordination
- Complex/Chronic care management
- Reduction of avoidable utilization
- Harmonized incentives aligned with total cost of care, health, and outcomes goals

**Primary Care Home Model**
- Patient Designated Providers (PDPs) are focused on their panel of patients

**Service Area/Population**
Potential Timeline

**Care Redesign and Infrastructure Development**

- 2017
  - Care Redesign Amendment
  - Continuing infrastructure development and transformation
  - Increase supports for high need patients

- 2018
  - Primary Care Home model
  - Begin Incentive Harmonization
  - Developing and organizing geographic and regional efforts

- 2019
  - Increasing responsibility for Medicare and Dual Eligible Total Cost of Care and outcomes with groups of providers as capabilities mature
  - Implementing payment and delivery systems to align and harmonize efforts and incentives
  - Implementing approaches to engage patients, communities and public health

**Increasing System-Wide Responsibility Over Time**

- 2020-2024
  - Second Phase of All-Payer Model Begins

**MACRA**

Begin to implement MACRA-eligible models
How Can Maryland and CMS Partner for Success

I. Continue the All-Payer Model, adding components that engage and create value for all stakeholders
   - Strengthen strategies that are already underway
   - Bring infrastructure to scale, focus on complex/high needs persons, give time for new components, and discontinue unsuccessful approaches without undermining the base model

II. Promote person-centered care
   - Leverage primary care home model based on CPC+ and other aligned approaches

III. Develop a phased and scalable approach, increasing responsibility over time
How Can Maryland and CMS Partner for Success (cont.)

IV. Leverage flexibility in adoption and implementation of innovations
   - Additional flexibility with responsibility
   - Waivers

V. Maximize MACRA statewide in Maryland
   - Support ability to attach physicians to the All-Payer Model as a MACRA-eligible model, creating synergy in approaches and incentives

VI. Support CMS testing of payment approaches, use of EHRs to improve care/health
   - Tests of new payment approaches at scale that are aligned and harmonized with the All-Payer Model
   - Leveraging EHRs and HIE at point of care to improve care

VII. Others
   - Maryland could focus on optimal use of retail pharmacy drugs, while not proposing risk. Ideal target for Primary Care Home model.
Appendix
## All-Payer Model Results to Date

### Performance Measures
- **All-Payer Revenue Growth**
  - ≤ 3.58% per capita annually

- **Medicare Savings in Hospital Expenditures**
  - ≥ $330m over 5 years (Lower than national avg growth rate)

- **Medicare Savings in Total Cost of Care**
  - (Lower than the national avg growth rate)

- **All-Payer Quality Improvement Reductions in PPCs under MHAC Program**
  - 30% reduction over 5 years

- **Readmissions Reductions for Medicare**
  - ≤ National avg over 5 years

- **Hospital Revenue to Global or Population-based**
  - ≥ 80% by Year 5

### Targets

#### CY 2014 Results
- **1.47% per capita in CY14**
- **$116m in CY14** (2.15% below national avg)
- **$133m in CY14** (1.53% below national avg)
- **25.6% reduction in CY14**
- **0.25% gap decrease between Maryland & the nation in CY14**
- **95% by CY14**

#### Preliminary CY 2015 Results
- **2.31% per capita in CY15**
- **$135m in CY15** $251m in aggregate (0.04% below national avg) (2.22% below national avg in aggregate)
- **$80m in CY15** $213m in aggregate (0.71% above national avg) (0.85% below national avg in aggregate)
- **7.3% reduction in CY15**
- **35.4% reduction in aggregate**
- **0.44% decrease between MD & the nation in CY15**
- **0.69% gap decrease in aggregate**
- **96% by CY15**
Medicare Total Cost of Care Savings Per Beneficiary Exceed Requirements

Cumulative Weighted Growth and Savings Since CY 2013 Base through June 2016

- CY16 YTD TCOC Savings Est = $108 M
- CY15 TCOC Savings = $80 M
- CY14 TCOC Savings = $133 M
- Cumulative TCOC Savings Est = $321 M

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Cost of Care</th>
<th>Medicare Part A</th>
<th>Medicare Part B</th>
</tr>
</thead>
<tbody>
<tr>
<td>CY16 YTD</td>
<td>Est = $108 M</td>
<td>7.6%</td>
<td></td>
</tr>
<tr>
<td>CY15</td>
<td>$80 M</td>
<td>6.3%</td>
<td></td>
</tr>
<tr>
<td>CY14</td>
<td>$133 M</td>
<td>3.1%</td>
<td>-2.5%</td>
</tr>
<tr>
<td>Cumulative</td>
<td>$321 M</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- 18

Maryland National
Medicare Hospital Cost of Care Savings Per Beneficiary Exceed Requirements

Cumulative Weighted Growth and Savings Versus CY 2013 Base Period through June 2016

- CY 16 Hospital Savings Est = $160 M
- CY 15 Hospital Savings = $135 M
- CY 14 Hospital Savings = $116 M
- Cumulative Hospital Savings Est = $411 M

-10.0% -5.0% 0.0% 5.0% 10.0% 15.0% 20.0%

All Hospital Payments

Inpatient

Outpatient

Maryland National

17.3% 8.4% 3.5% -0.3% -1.2% -4.0%
Medicare TCOC Growth Year over Year (with completion) CYTD through June 2016 Est.

Estimated, subject to change. Growth patterns may change in second six months.

<table>
<thead>
<tr>
<th>Month</th>
<th>Hospital Savings</th>
<th>Non Hospital Excess Growth</th>
<th>Total Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan-16</td>
<td>($26,961)</td>
<td>($768)</td>
<td>($30,693)</td>
</tr>
<tr>
<td>Feb-16</td>
<td>($2,454)</td>
<td>$7,405</td>
<td>$4,947</td>
</tr>
<tr>
<td>Mar-16</td>
<td>($2,603)</td>
<td>$17,970</td>
<td>($15,367)</td>
</tr>
<tr>
<td>Apr-16</td>
<td></td>
<td>$4,900</td>
<td>($10,467)</td>
</tr>
<tr>
<td>May-16</td>
<td></td>
<td>$2,642</td>
<td>($7,905)</td>
</tr>
<tr>
<td>Jun-16</td>
<td></td>
<td>$5,781</td>
<td>($4,004)</td>
</tr>
</tbody>
</table>

In Thousands

MTD Hospital Savings  MTD Non Hospital Excess Growth  YTD TCOC Total Growth