FAQs: Maryland’s Total Cost of Care All-Payer Model

What is the Maryland Model?
Since 1977 Maryland has operated its hospitals on an all-payer rate setting system, meaning both public and private insurance companies pay the same prices for hospital care. In 2014, the state entered a new agreement to put hospitals on a global budget where each hospital received a specified amount of money for the patients it expected to treat each year. This incentivized hospitals to not focus on treating a higher volume of patients or providing potentially unnecessary services, but rather to provide value-based, quality care that aimed to keep patients healthy and to reduce preventable complications and readmissions. Additional incentives were also built in to improve care coordination for patients in both hospital and non-hospital settings, thereby improving health outcomes and reducing the need for additional hospitalizations.

Since 2014, Maryland’s hospitals have successfully reduced unnecessary readmissions and hospital-acquired conditions, such as sepsis or pneumonia, while decreasing the growth in hospital costs per person. However, the existing “hospital-only” approach had limited effectiveness to incentivize health care providers to coordinate efforts to sufficiently provide for comprehensive coordination across the entire health care system.

Now, Maryland is progressing to the Total Cost of Care All-Payer Model (Maryland Model), set to begin in 2019. The Maryland Model will incentivize hospitals to work cooperatively with providers, nursing homes, clinics, and other parts of the health care system to control health care spending overall, while maintaining quality.

How will the Maryland Model work?
The Maryland Model, a patient-centered approach to health care, puts patients at the center of delivery system innovations by improving population health through care coordination, enhancing primary care delivery, and limiting hospital revenue growth. Building on the foundation laid by the existing “hospital-only” approach, the Maryland Model incentivizes providers to take on increased responsibility for the health of the population, care outcomes, and total cost of care for Medicare beneficiaries. This works along with the pre-existing all-payer system to create accountability for health care spending and provide affordable health care to all Marylanders, regardless of where they get health insurance. Some other aspects to the Maryland Model include:

- Programs to coordinate care across both hospital and non-hospital settings, including mental health and long-term care facilities
- A Maryland Primary Care Program to invest resources in care that is focused on the patient and enhance primary care teams to improve individual patient outcomes
- A number of hospital quality and care improvement goals with incentives for providers to meet them
- Population health goals, which concentrate system and community resources to help address opioid use and deaths, diabetes, hypertension, and other chronic conditions
• Encourages providers to focus on the unique needs of Marylanders across geographic settings

**What is the timeframe for the Maryland Model?**
The Maryland Model will go into effect on Jan. 1, 2019. The model will be in place for five years, with an opportunity to create a permanent model or extend the Maryland Model for another five years if all targets are met. 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.

**What impact will this have on health care for Marylanders?**
Maryland is the only state in the U.S. with this unique system. Marylanders enjoy many benefits already and can expect them to grow as the Maryland Model does. Providers will connect and collaborate across the health care system, in both hospital and non-hospital settings, helping patients remain healthier. Additionally, the Maryland Model controls health care spending regardless of the insurance provider.

**What are the estimated savings?**
Maryland’s current model has already saved Medicare more than $900 million, compared to national spending. The new Maryland Model is expected to continue these savings levels and accumulate more than one billion in savings to Medicare over the first five years. The Maryland Model also helps private insurers control their costs and spend less, ultimately passing the value onto patients.