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Healthcare Transformation Advisory Committee

Meeting 1

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January 19, 2024

Technical Logistics

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Agenda

- Introductions
- AHEAD Overview
- Maryland AHEAD Planning
  - Hospital Global Budget Requirements
  - Statewide Accountability: All-Payer Cost Growth
- Public Comment
- Next Steps

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Introductions

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Goals of the Advisory Committee

- H-TAC will support the development of the following components of Maryland's application to the AHEAD Model :
  - Assessment of CMS's hospital global budget alignment criteria
  - Process for developing all-payer cost growth targets
  - Transformation of Maryland's healthcare delivery system
- Application due date: March 18, 2024 at 3pm

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AHEAD Overview

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Vision

Equity and Excellence in Maryland's Health Care Delivery System that Improves the Health of All

- Community
- Primary Care
- Specialty Care
- Hospital Care
- Post Acute Care
- Palliative Care
- End of Life Care

Equity, Community, & Population Health

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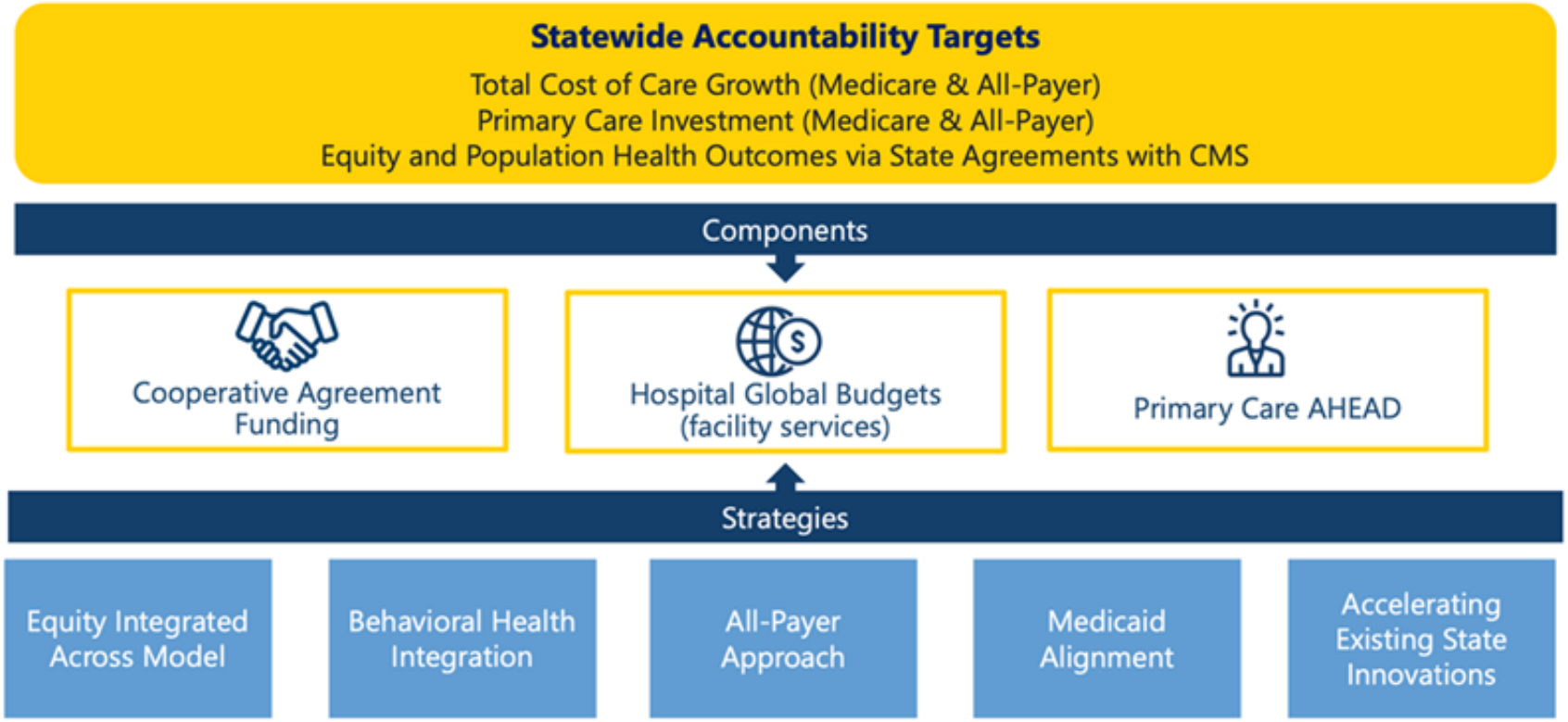
States Advancing All-Payer Health Equity Approaches and Development (AHEAD) Model



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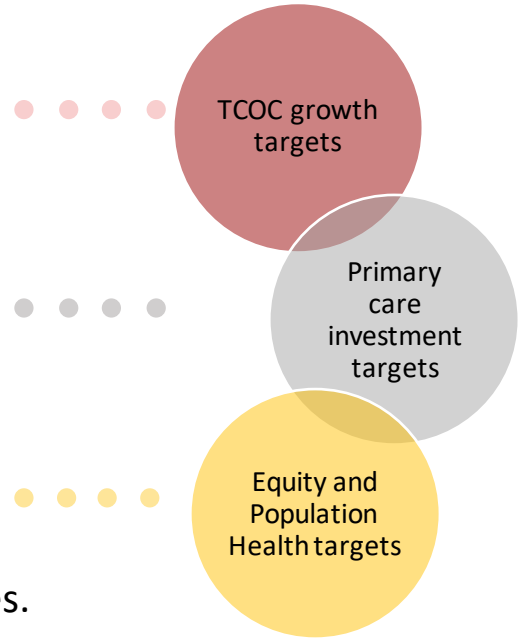
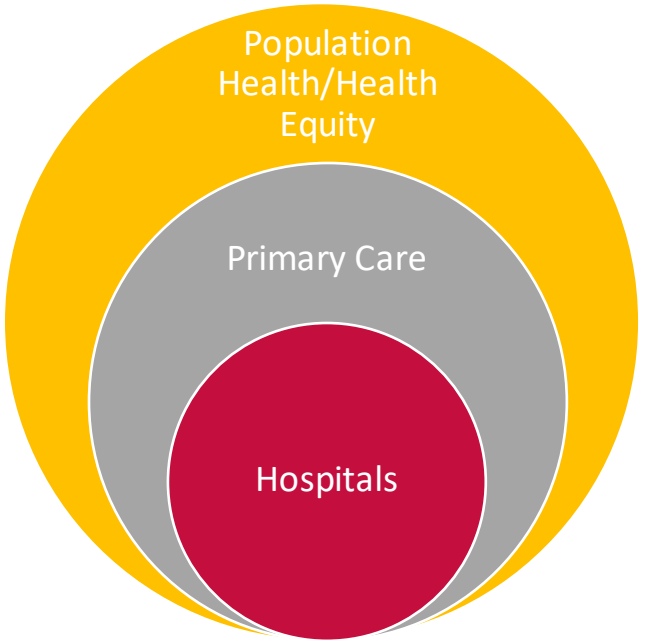
AHEAD Builds on the TCOC Model

The States Advancing All-Payer Health Equity Approaches and Development (AHEAD) Model is a state total cost of care (TCOC) model designed to:

- curb growth in healthcare cost spending;
- improve population health; and
- advance health equity by reducing disparities in health outcomes.



Similar to the Maryland Total Cost of Care (TCOC) Model, AHEAD focuses on three overlapping domains to achieve its goals.



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The Maryland Health Model is important to our State

The Maryland Health Model improves the quality of life of Marylanders by:

- Controlling hospital cost growth while enhancing quality (care is provided in the right setting at the right time).
- Guaranteeing equitable funding of uncompensated care
- Stabilizing hospitals in order to ensure access to care in all parts of the state (ex. COVID-19)
- Equalizing hospital charges for all payers (including the uninsured), benefiting consumers, and employers
- Supporting population health and health equity initiatives

Losing the Model would deprive **Maryland communities of these benefits**.

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Why AHEAD

The Total Cost of Care TCOC Model agreement, which is key to Maryland's all-payer rate setting authority, is authorized through December 2026.

CMMI developed AHEAD as the federal policy approach for state implementation of population-based payment models.

AHEAD is the pathway to secure continuation of the Maryland Model.

The AHEAD Model enables Maryland to **continue and expand on its long-term commitment** to statewide improvements in healthcare quality while controlling costs.

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What Maryland Brings to the Table

The AHEAD Model reflects decades-long lessons from Maryland and other states. Thus, Maryland brings many unique strengths to its AHEAD application, including:

- Maryland has a long history of **successfully financing healthcare on an all-payer basis**.
- Maryland has the opportunity to **harness existing momentum and align** different **health equity promotion activities** at the local and state levels.
- **Maryland's Medicaid program has partnered for decades** with the HSCRC to implement innovative payment models.
- The **robust Maryland Model governance structure** provides a solid foundation for evolution of AHEAD Model governance.
- Maryland's experience **operating the Maryland Primary Care Program** will help advance the goals of Primary Care AHEAD.
- Maryland's **technical expertise in establishing and improving global budgets** is unparalleled.
- Maryland's **decades of investment in a robust data infrastructure** support AHEAD Model success.

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TCOC Model and AHEAD

Feature	MD TCOC Model	AHEAD
Hospital Global Budgets	Maryland has a well developed all payer hospital global budget model.	Maryland can use the same methodology under AHEAD, subject to CMS approval.
Cost Targets	Medicare savings target.	Medicare savings target, primary care investment targets, and all payer savings targets (including Medicaid, MA, and commercial insurance)
Primary Care Program	Maryland has a well-developed Medicare primary care program.	A primary care program that is aligned between Medicare and Medicaid is required.
Quality	Maryland has a robust hospital quality program, including a measure on disparities. The MDPCP Program also has a quality program.	Similar hospital quality targets. For other providers/programs, Maryland will select quality measures from a list of measures provided by CMS.
Population Health & Equity	Maryland set population health targets related to diabetes, opioids, maternal morbidity, and childhood asthma.	States will select a set of population health measures from a menu of options provided by CMS. State must develop a health equity plan and equity targets.

Advisory Committees

Population Health Transformation Advisory Committee (P-TAC)	Primary Care Transformation Advisory Committee (PCP-TAC)	Healthcare Transformation Advisory Committee (H-TAC)
• Advise the State on the approach to equity-centered population health improvement.	• Advise the State on the approach to equity-centered population health improvement through access to robust, value-based primary care.	• Advise the State on continued transformation of Maryland's healthcare delivery system, including all-payer cost growth targets.

160 applicants.

Clinicians, public health experts, consumers, academic institutions, hospitals, and payers.

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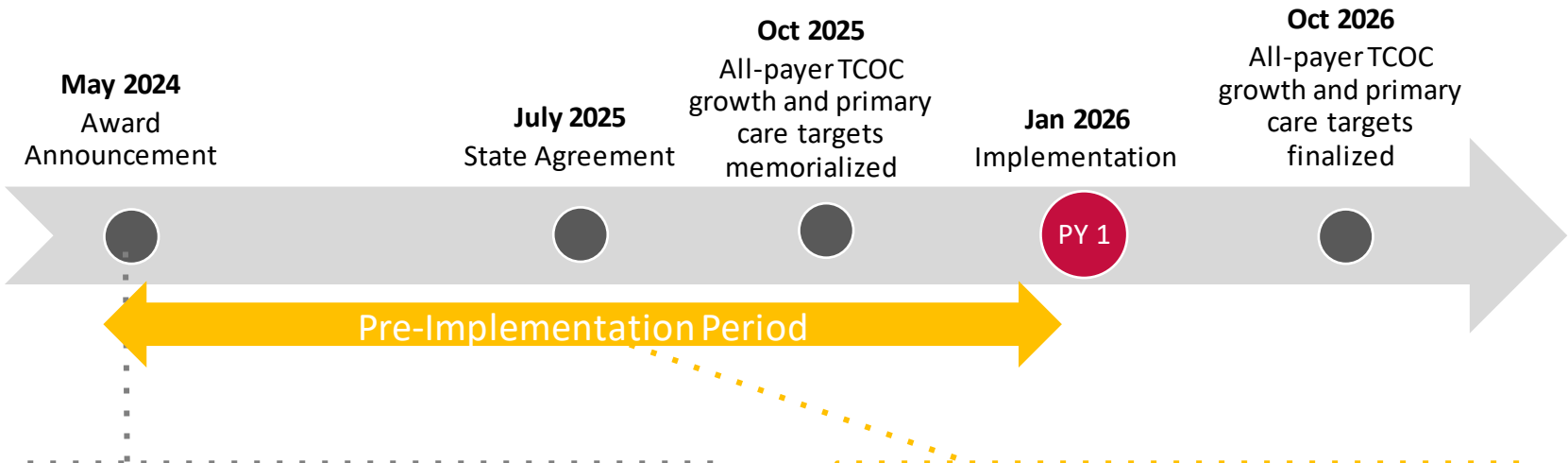
Looking AHEAD



Maryland's NOFO response will seek to **leverage new federal resources** to plan for the future of the Maryland Health Model.

Applying in Cohort 1 will secure **Maryland's role as a leader** in competing for federal funding while providing it **time to negotiate** new model terms prior to 2026 implementation.

The State envisions that **policy development and decision-making** will begin in July 2024 (the beginning of the Pre-Implementation Period) and continue through the July 2025 execution of the State Agreement. There will be **opportunity for community input** throughout this time frame.

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Maryland AHEAD Planning

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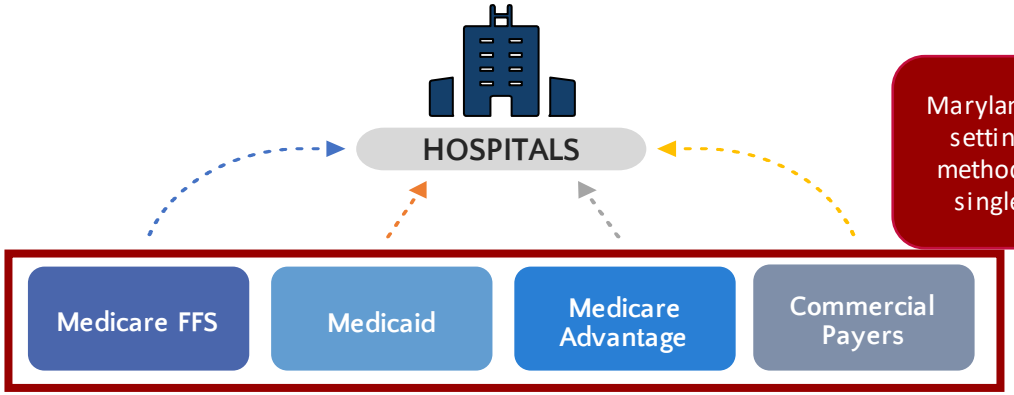
AHEAD Hospital Global Budget Requirements

AHEAD Requirements for Hospital Global Budgets



Medicare FFS

- **Participating states with statewide rate setting or hospital budget authority and experience in value-based care may develop their own hospital global budget methodology.**
- **CMS will provide alignment expectations for state-designed methodologies in the NOFO and will need to review and approve in advance of a given PY.**
- States are not required to have all-payer rate setting to participate in the AHEAD Model.
- States without these authorities will use a CMS-designed Medicare FFS global budget methodology.
- Medicare FFS global budget will be implemented PY1.

Medicaid

- The state Medicaid agency will be responsible for developing their Medicaid-specific hospital global budget methodology in alignment with principles outlined by CMS (which will be provided in the NOFO).
- CMMI and Center for Medicaid and CHIP Services (CMCS) will review and provide technical assistance on the Medicaid methodology.
- Any Medicaid methodology will need to be approved through normal regulatory processes.
- **Medicaid hospital global budget must be implemented during PY1.**

Commercial Payers
Medicare Advantage

- Participating states will develop a methodology with high-level alignment principles outlined by CMS (which will be provided in the NOFO).
- **At least one commercial payer must participate in global budgets by PY2.**

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Global Budgets: What is Required in the NOFO Application?

The NOFO sets forth requirements for a wide spectrum of states. Maryland's existing TCOC model aligns with many requirements but ongoing education and engagement with hospitals and providers will be necessary as the Model may evolve under AHEAD.

- Hospital Recruitment
  - Provide detailed plan for recruitment of hospitals to participate in hospital global budgets, including regulatory levers and strategies will use to achieve goals.

All eligible hospitals participate in the MD TCOC Model

- Hospital global budget methodology development
  - Description of statewide hospital rate/budget setting authority (i.e., statute) and of state's prior experience in population-based payments or global budgets.
  - If the state has rate/budget setting authority, indicate whether state intends to develop state-specific methodology or use the CMS-designed methodology.

HSCRC has a strong analytical and infrastructure to continue to implement global budgets. HSCRC runs several workgroups to receive input for methodology development.

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Global Budgets: CMS Alignment Criteria- Eligibility and Recruitment

1. Hospital global budgets will include facility services in hospital inpatient, outpatient, and emergency departments, at minimum. ☑
2. Available to short-term acute care hospitals and critical access hospitals (CAHs), at a minimum. ☑
3. Include a process by which hospital global budgets can be adjusted in the event the state misses the statewide Medicare FFS TCOC target(s) and is on a Corrective Action Plan ☑
4. Consider incentives to recruit and retain hospitals early into the Model. N/A

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Global Budgets: CMS Alignment Criteria- Payment Adjustments (cont.)

5. Adjusted for both medical and social risk for either the beneficiaries the hospital serves or the hospital's geographic service area.

6. Adjusted for hospital-level quality performance.

7. Adjusted for performance on disparities-sensitive quality measures for improving health equity.

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Global Budgets: CMS Alignment Criteria- Payment Adjustments (cont.)

8. Hold hospitals accountable for Medicare FFS TCOC ☑
9. Account for changes in service line and unplanned volume shifts, while not incentivizing FFS-oriented utilization. ☑
10. Account for annual changes, such as inflation. ☑
11. Modifications to account for the unique circumstances of critical access hospitals (as CMS's methodology does) N/A

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Global Budgets: Participation in Multiple CMS Programs

- Hospitals may not participate in ACO REACH and AHEAD, but providers practicing at AHEAD Participant Hospitals may participate in ACO REACH.
- CMS will make model-by-model determinations as to whether hospitals can participate in both episode-based CMS models and AHEAD.

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Considerations for Hospital Global Budget Alignment with AHEAD

TAC Discussion

- For the purposes of the State's application in response to the NOFO, does the TAC believe that what we describe in the deck is an accurate reflection of what Maryland is currently doing under the TCOC model?
- Do you see any major issues we should be raising in this application phase?
- Are there general goals of the evolution of the model that we should signal in the application?
- During pre-implementation the mechanics of the model may evolve and we will continue to flesh these out further during this phase.

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AHEAD Statewide Accountability: All-Payer Cost Growth Targets

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All-Payer Cost Growth Targets- Requirements

Although there are many policy and regulatory levers to control growth of all-payer costs, establishing an official growth target will be a new requirement for Maryland.

- Award recipients will be accountable for Medicare FFS and all-payer total cost of care (TCOC) growth.
- Under the terms of the State Agreement, each award recipient will be expected to generate savings relative to the counterfactual (e.g., compared to the state's projected TCOC growth absent the model) during the Model Implementation Period.
- If the state misses its all-payer TCOC target, CMS may require corrective action and/or adjust Enhanced Primary Care Payments (EPCPs).

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All-Payer Cost Growth-Definition

Details of the definition and exclusions will be determined during the pre-implementation phase.

- All-payer targets include spending, regardless of where the expense is incurred, for all residents of the state or sub-state region, including those with the following types of insurance:
  - Medicare (FFS or Medicare Advantage)
  - Medicaid (FFS or managed care)
  - Commercial insurance, including employer-based insurance, state employee health plans and Marketplace plans

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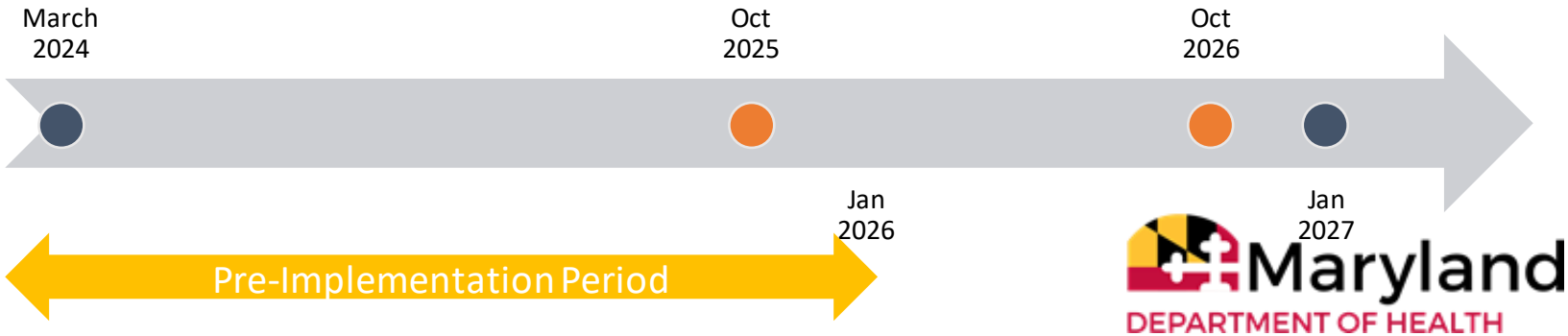
All-Payer Cost Growth Targets- Timelines

All-Payer cost growth targets have longer time-period for development than the AHEAD pre-implementation period.

- Targets (or, at minimum, the process to determine such a target) must be memorialized in state Executive Order, statute, or regulatory change 90 days before the start of PY1. **Oct 2025**
- The methodology and targets must be defined and described in the State Agreement (at least 90 days before PY 2) – either through amendment or in original State Agreement. **Oct 2026**
- Targets must be sustained throughout the duration of the Implementation Period.



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All-Payer Cost Growth Targets: What is Required in the NOFO Application?

- Describe strategy to measure statewide TCOC across payers over time, including current TCOC on an all-payer basis to the extent possible.
- Describe current or planned efforts to include all-payer TCOC target in state executive order, statute, and/or regulation, and any mechanisms for enforcement of such targets.
- Describe applicant's ability to obtain TCOC information for each year from commercial payers and Medicaid.
- Describe regulatory and policy levers the applicant intends to use to achieve or enforce TCOC cost growth targets across payers.
- Identify known gaps in the state or sub-state region's TCOC reporting.

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All-Payer Cost Growth Targets: Current Landscape

- Policy
  - All-payer hospital rate setting
  - Insurance rate review process
  - Existing value-based programs such as EQIP
  - Alignment with commercial payers (e.g. value-based pricing on groupers)
  - The Maryland Health Benefit Exchange and high-risk pool
  - The Maryland Prescription Affordability Board
- Care management infrastructure
  - Only state with complete all-payer claims for hospital services
  - One of a few states that collect all-payer claims
  - CRISP data reports
  - Source of funding to support programs such as regional partnerships
- Transparency
  - Price and quality reporting

Major gaps in data collection:

- Self-insured plans (ERISA)
- Non-claim based payments

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Discussion

Considerations for planning all-payer cost growth target approach

TAC Discussion

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- Do you see any major issues we should be raising in this application phase?
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Public Comment

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Model Progression Priority Items Discussed in Prior Years

Next Meeting Agenda:
Initial List of Priority Items for Discussion and Development During Pre-implementation Phase

- AHEAD requirements are minimum requirements and Maryland TCOC Model already meets/exceeds these requirements.
- List of topic discussed in prior progression meetings:
  - Cost-Containment & Financial Targets
  - Population Health & Health Equity
  - Consumer Engagement
  - Multi-Payer Alignment
  - Post-Acute and Long-Term Care
  - Physician Engagement & Alignment

Source:*More information can be found at https://hscrc.maryland.gov/Pages/TCOCModelProgression.aspx

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Next Steps

H-TAC Meeting 2: Friday, February 16, 2024

Thank you!

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*More information can be found at https://hscrc.maryland.gov/Pages/TCOCModelProgression.aspx