



maryland
health services
cost review commission

Strengthening and Expanding the TCOC Model

MHBE Board Meeting

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Overview

- Introductions
- HSCRC Overview
- The Maryland Health Model – Update on Model Progress
- Commercial Insurance Costs and Premiums
- Appendix

HSCRC - Who We Are

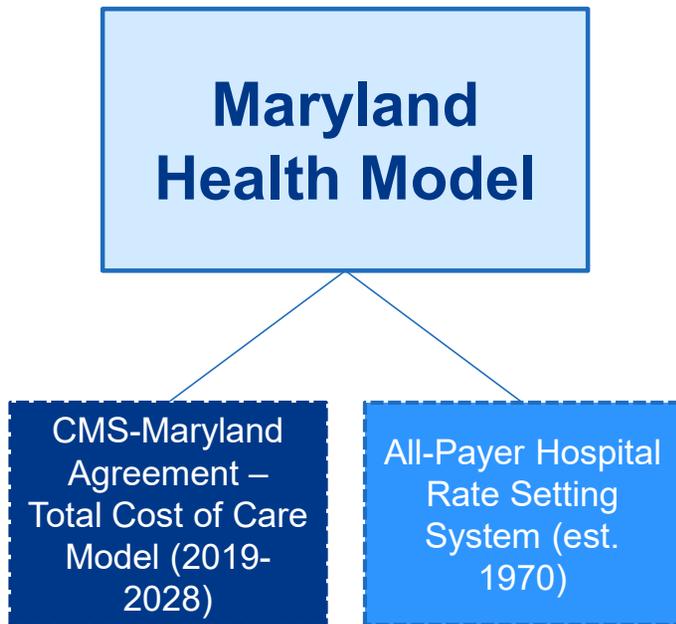


The Maryland Health Services Cost Review Commission (HSCRC) is an independent state agency responsible for regulating the quality and cost of hospital services to ensure all Marylanders have access to high value healthcare.

HSCRC's vision is to enhance the quality of health care and patient experience, improve population health and health outcomes, and reduce the total cost of care for Marylanders.

The HSCRC establishes rates for all hospital services and helps develop the State's innovative efforts to transform the delivery system and achieve goals under the Maryland Health Model.

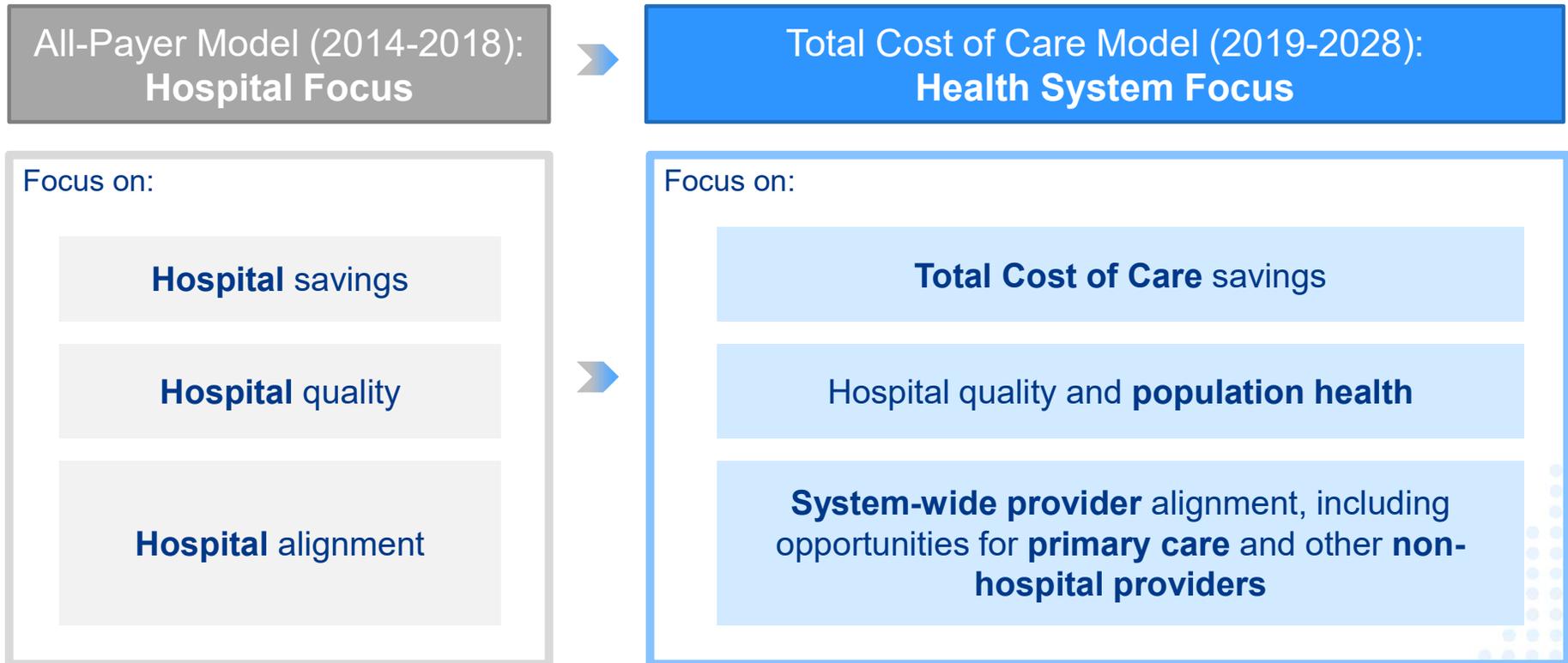
Maryland's Unique Healthcare Payment System



Strengths of the Maryland Health Model:

- Enables **cost containment** for the public
- Increases **transparency** for consumers
- Ensures **hospital charges correlate with costs**
- Guarantees **equitable funding of Uncompensated Care**
- Creates a **stable** system for hospitals
- Funds **investments in population health**
- Establishes Maryland as a **leader in linking quality and payment**
- Provides **support for state healthcare infrastructure** and subject matter expertise
- Incentivizes **care transformation** across all settings of care
- Invests in **primary care**

Transitioning from the All-Payer Model to the Total Cost of Care Model



TCOC Model Components

Total Cost
of Care
Model
(2019-
2028)

Hospital Population- Based Revenue

Expands hospital
quality
requirements,
incentives, and
responsibility to
control total costs
through limited
revenue-at-risk

Care Redesign Programs

Fosters care
transformation
across the health
system

- Expands incentives for hospitals to work with others
- Opportunity to develop value-based programs for non-hospital providers
- MACRA eligibility with participation

Maryland Primary Care Program

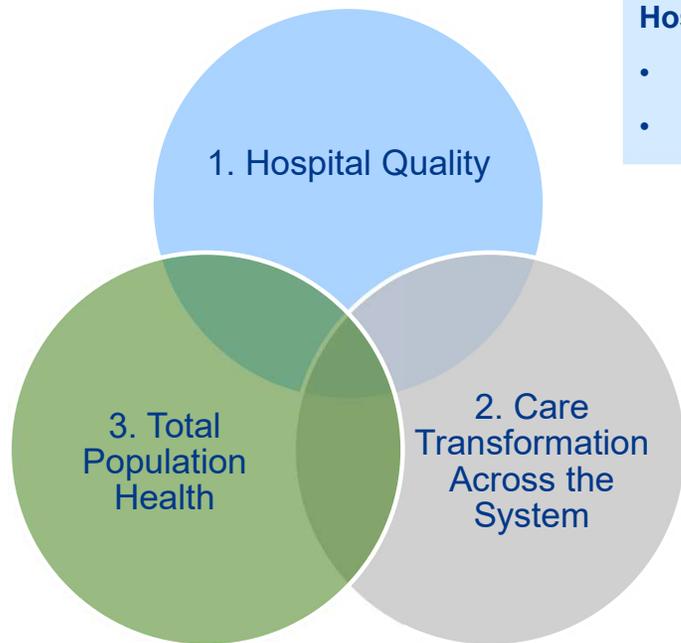
Enhances
chronic care and
health
management for
Medicare
enrollees

Population Health

Encourages
programs and
provides financial
credit for
improvement in
statewide
diabetes, opioid
addiction, and
maternal and
child health

Statewide Integrated Health Improvement Strategy (SIHIS)

Total Cost
of Care
Model
(2019-
2028)



Hospital Quality

- Reduce avoidable admissions
- Improve Readmission Rates by Reducing Within-Hospital Disparities

Care Transformation Proposed Goals

- Increase the amount of Medicare TCOC or number of Medicare beneficiaries under value-based care models*
- Improve care coordination for patients with chronic conditions

Total Population Health Proposed Goals

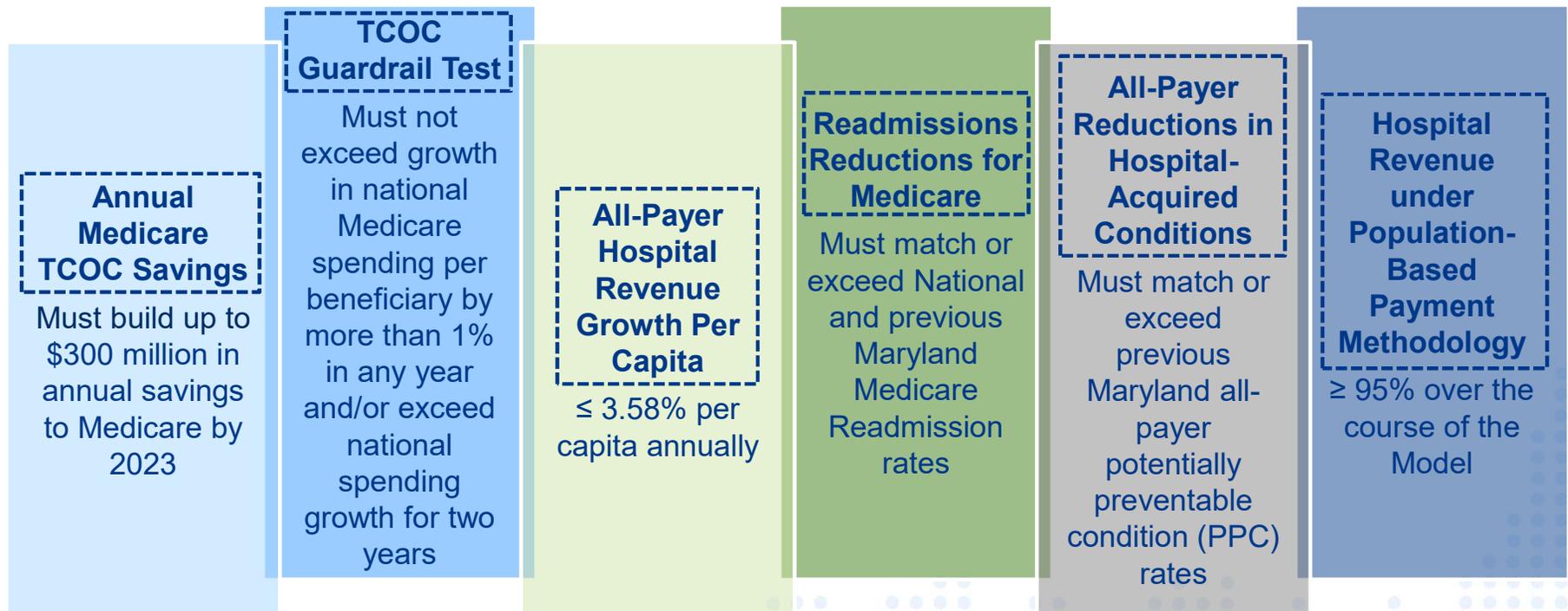
- Diabetes: Reduce the mean BMI for adult Maryland residents
- Opioids: Improve overdose mortality
- Maternal and Child Health:
 - Reduce severe maternal morbidity rate
 - Decrease asthma-related emergency department visit rates for ages 2-17

*Value-based models including the Care Redesign Program, Care Transformation Initiatives, and qualifying successor models.

Total Cost of Care (TCOC) Model Targets

Total Cost of Care Model (2019-2028)

The TCOC Model requires the State of Maryland to meet the following targets:



Mathematica 2021 TCOC Evaluation Highlights

Positive Findings and Opportunities

Hospital Global Budgets provided **financial stability for hospitals** during COVID-19 (no closures).

Maryland is **focusing on population health** through the **Statewide Integrated Health Improvement Strategy (SIHIS)** and HSCRC's Regional Partnership Catalyst Funding program for **diabetes** and **behavioral health**.

The Model has extended incentives and supports beyond the hospital to include **post-acute providers, primary care, and community organizations**.

Care Transformation Initiatives have the potential to demonstrate **innovation across the State**.

Hospital Global Budgets create a **strong incentive to transform care**.

Maryland has generated **substantial actuarial Medicare savings** under the Model.

MDPCP practices report changes in **access and continuity, care management, comprehensiveness and coordination, patient and caregiver engagement, and planned care for health outcomes**.

Mathematica 2021 TCOC Evaluation Highlights

Opportunities for Improvement



Total Medicare spending was higher in Maryland than other states, **driven largely by higher hospital prices** (Maryland has successfully lowered hospital volume).

Maryland can **improve incentives for hospitals and care partners** to lower the Medicare total cost of care.



There is meaningful room for **improvement on population health goals**.



Maryland has room to **improve on quality measures**, including **readmissions** and **potentially preventable admissions**.

TCOC Model: Moving Forward



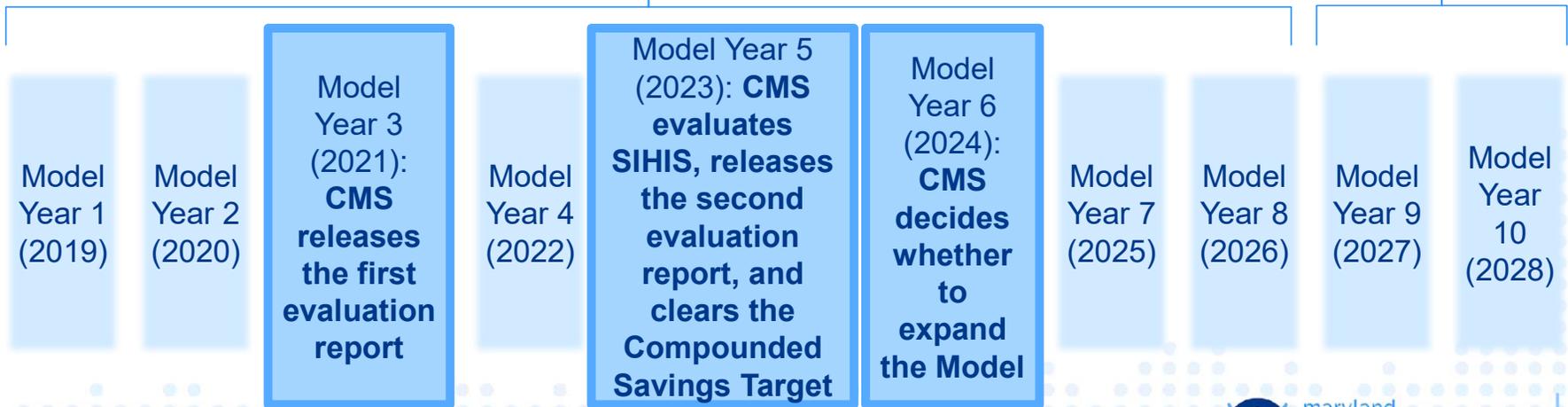
The Maryland Total Cost of Care Model State Agreement states:

“Under this Model, CMS and the State will test whether statewide healthcare delivery transformation, in conjunction with Population-Based Payments, improves population health and care outcomes for individuals, while controlling the growth of Medicare Total Cost of Care.”

The agreement includes:

An 8-year performance period

A 2-year transition period



CMMI Future Opportunities, Progression, Priorities

In publications outlining their strategy refresh, CMMI emphasized the following areas of focus:



Source: "Innovation At The Centers For Medicare And Medicaid Services: A Vision For The Next 10 Years," Health Affairs Blog, August 12, 2021 and "Innovation Center Strategy Refresh" white paper.

Commercial Insurance Costs and Premiums

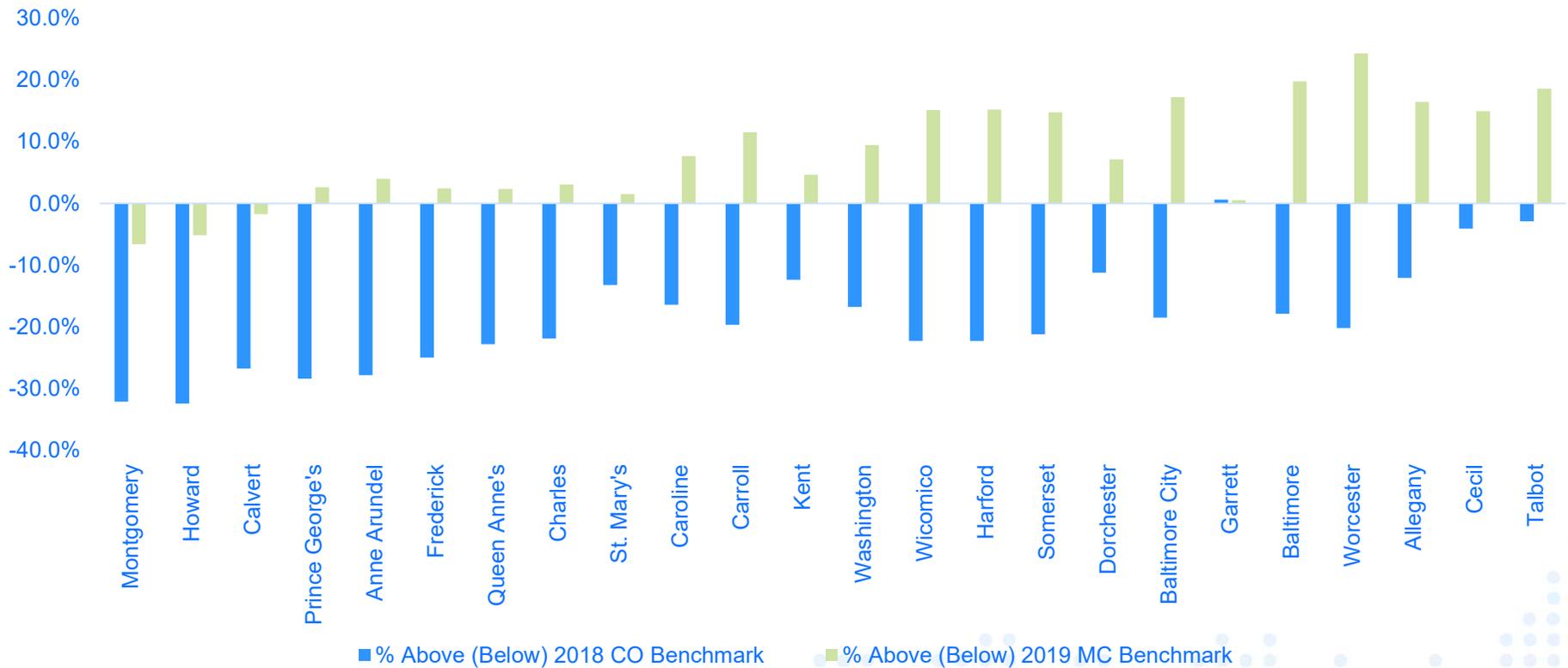
HSCRC Benchmarking

HSCRC staff have created a benchmarking tool that identifies similar national geographies for each Maryland geography based on demographics and builds a “Maryland-like” comparison set that captures what Maryland healthcare costs might look like absent Maryland’s unique reimbursement system.

Data Sets: Medicare fee-for-service and Commercial < age 65 (Medicaid excluded due to limited national data availability)

Benchmarking Results, Percentage Above (Below) Benchmark

Risk and Demographic Adjusted, Blended Statewide: 2019 MC 7.7%, CO (24.3%)



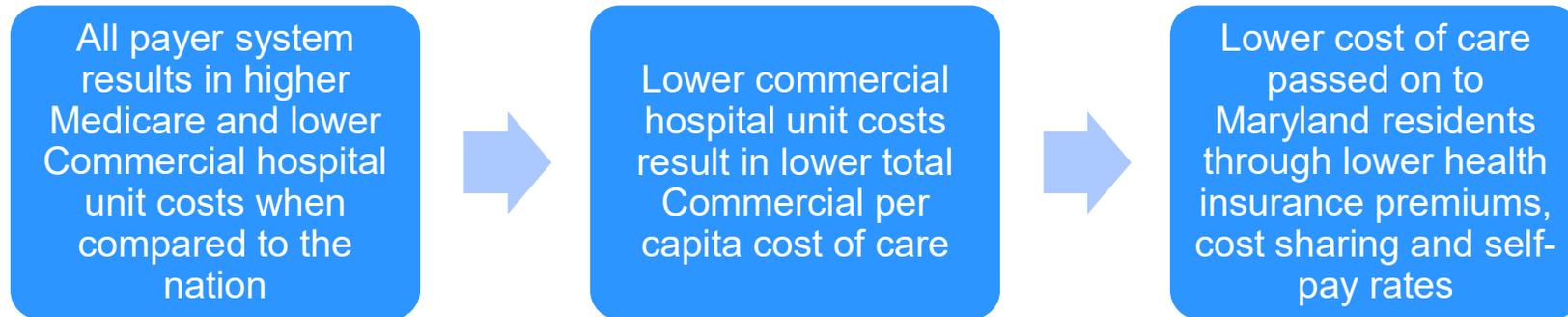
Notes: Results are sorted by average rank on the two benchmarks..

Report on commercial rates and premiums

- Under the Maryland Health Model, low commercial rates should translate into savings on commercial health premiums.
 - Published studies and HSCRC benchmarking show that Maryland has a healthcare claims costs advantage (what payers/self-pay employers and consumers pay for care) for the commercial market.
- Milliman report, *Maryland Commercial Health Insurance Market Data (June 2021)*
 - released by HSCRC in September.
 - compares insurance premiums and costs in Maryland to other states.
 - Intended to further understanding of relative insurance costs in Maryland.

Note: See the full Milliman report, *Maryland Commercial Health Insurance Market Data*, dated June 2021 released with the materials for the September HSCRC Commission meeting for a full discussion of this data and relevant caveats.

Overview of Commercial Cost Savings flow



Relevant Evidence

- Maryland Medicare rates are above Medicare IPPS and OPPS, while Maryland commercial hospital unit costs are the lowest or among the lowest in the nation
- HSCRC benchmarking and other studies show Maryland total commercial cost of care per capita is well below relevant benchmarks.
 - Maryland hospital utilization is average and is therefore not offsetting unit cost savings
 - Maryland non-hospital commercial unit costs are below national average, while utilization is a little high.
 - Net Maryland utilization is close to the national average.
- Average cost shares are lower based on HSCRC benchmarking
- **But** published studies do not show a premium advantage.

Recap of Key Data Points from Milliman Report

| | | Individual Market | | Small Group | | Large Group (fully-insured) | |
|---|-------------------------|-------------------|--------------------|-------------|--------------------|-----------------------------|--------------------|
| | | Maryland | National Composite | Maryland | National Composite | Maryland | National Composite |
| Per Capita | Premiums | \$459.95 | \$555.04 | \$415.53 | \$483.29 | \$490.86 | \$433.73 |
| | Healthcare Claims Costs | \$332.82 | \$459.92 | \$340.97 | \$404.56 | \$443.74 | \$386.01 |
| Maryland Per Capita's % Above (Below) Comparison Group | Premiums | | -17.1% | | -14.0% | | 13.2% |
| | Healthcare Claims Costs | | -27.6% | | -15.7% | | 15.0% |

- Maryland has a premium advantage in the individual market, but it is not clear which Maryland specific policies contribute to that result.
- Maryland has a premium advantage in the small group market. The advantage is similar to the healthcare cost advantage documented in the HSCRC benchmarking.
- Maryland does not have a premium advantage in the fully-insured large group market

This slide is a summary of the Milliman report compiled by HSCRC staff. All data from Milliman report on Maryland Commercial Health Insurance Market Data, June 2021. See the full Milliman report, *Maryland Commercial Health Insurance Market Data*, dated June 2021 released with the materials for the September HSCRC Commission meeting for a full discussion of this data and relevant caveats.

Individual Market Observations

“Maryland’s individual market **health premiums earned PMPM** are approximately **17.1% lower** than the composite PMPM and **22.7% lower** than the Mid-Atlantic PMPM.”

“Additionally, Maryland’s total **incurred claims PMPM** is **27.6% and 30.5% lower** than the composite and Mid-Atlantic market averages, respectively. “

“This variance is **primarily attributable to Maryland’s state-based reinsurance program** for the individual market. In 2019, Maryland was one of seven states operating a state-based reinsurance program under a Section 1332 waiver.”

“Maryland’s ALR is 3.2% higher than the composite average and 3.6% higher than the Mid-Atlantic ALRs. In combination, these variances are driving the UW ratio of 14.2%, which is approximately twice the composite UW ratio of 6.9% and nearly 50% greater than the Mid-Atlantic UW ratio. **The state’s reinsurance program is contributing to the variances total incurred claims and UW gain/loss ratios.**”

Quotes from the Milliman report, *Maryland Commercial Health Insurance Market Data*, dated June 2021 released with the September HSCRC Commission meeting materials.

Questions?

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