

### MODEL OVERVIEW

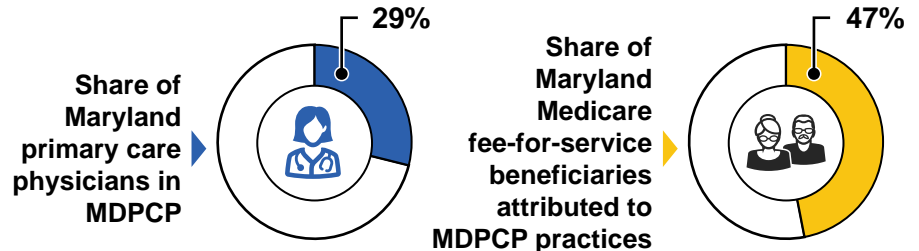
The MD TCOC Model tests whether state accountability and provider incentives can improve care and population health for all Marylanders while reducing Medicare expenditures. The model, which exempts Maryland from Medicare’s prospective hospital payment systems, builds from the success of the Maryland All-Payer Model. Maryland has now committed to generating \$2 billion in Medicare savings over 8 years and to meeting population health goals.

#### Model components

- Global budgets across all payers for hospitals
- Incentives to reduce total costs of care, overall and for specific episodes of care
- Waivers allowing hospitals to align incentives with other providers
- The Maryland Primary Care Program (MDPCP), supporting practices in transforming care

### PARTICIPANTS

- All 52 acute care hospitals in the state received quality-adjusted global budgets.
- In 2019 and 2020, 468 primary care practices joined MDPCP, most of which (78%) partnered with Care Transformation Organizations to meet care delivery requirements.

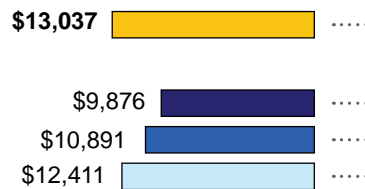


### FINDINGS

In 2018, there is significant room to further decrease Medicare spending.

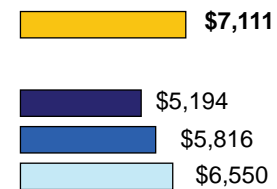


#### Total Medicare spending was higher in Maryland than other states



Total Part A and B Medicare spending in 2018 (\$/beneficiary)

#### Driven largely by higher hospital spending in Maryland



Medicare hospital spending in 2018 (\$/beneficiary)

Note: We adjusted Medicare spending in each state by weighting beneficiaries to match Maryland beneficiaries' demographics and health status

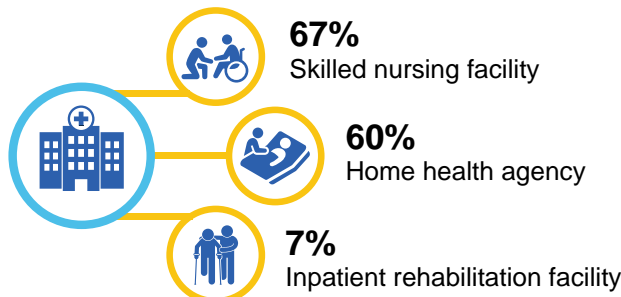
### FINDINGS (continued)



**Hospitals and partners**

- Hospital global budgets remain the largest financial incentive in the model.
- In 2019, 29% of hospitals participated in **episode programs**, frequently partnering with post-acute care facilities.

#### Care partners for episode programs



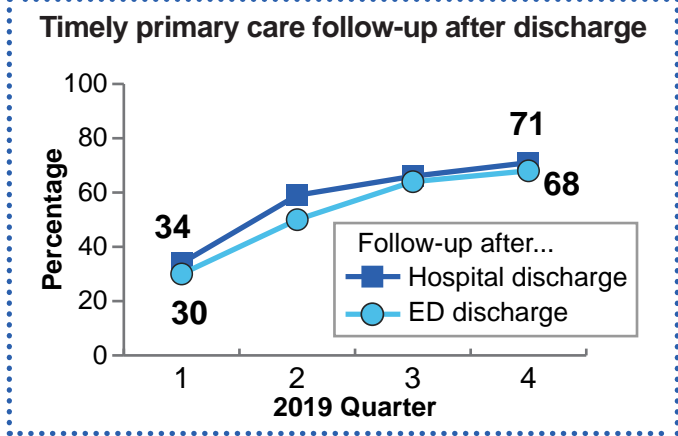
- 67%** Skilled nursing facility
- 60%** Home health agency
- 7%** Inpatient rehabilitation facility



**Primary care practices and partners**

In 2019, primary care practices reported making gains in five targeted domains:

- Access and continuity
- **Care management**
- Comprehensiveness and coordination
- Patient and caregiver engagement
- Planned care




**State agencies**

- In 2019, the first performance year of the Total Cost of Care Model, Maryland reduced Total Cost of Care spending (relative to national trends) by \$365 million, or \$88 million more than the reduction of spending achieved in 2018, the last year of the All-Payer Model.
- State agencies set population health goals to reduce diabetes, obesity, and overdose-related deaths.
- New grants to hospitals and partners, and incentives to MDPCP practices, are intended to help achieve these population health goals.

### KEY TAKEAWAYS

In its first two years, the MD TCOC Model has engaged a wide range of providers to begin transforming care throughout the state. The model has continued the hospital global budgets that incentivize reductions in avoidable acute care while extending incentives and supports beyond the hospital to include post-acute providers, primary care, and community organizations. Future evaluations will assess whether care transformation continues, expands in reach, and succeeds in reducing Medicare total cost of care while improving quality of care and population health for all Marylanders.