CMS
CENTERS FOR MEDICARE & MEDICAID SERVICES
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Transformation Spotlight

Maryland Total Cost of Care Model
Insights from the first four years (2019–2022)

MODEL OVERVIEW

The Maryland Total Cost of Care (MD TCOC) Model expanded state accountability beyond hospitals to include total Medicare spending and population health goals. CMS and Maryland also expanded incentives and supports to bring primary care providers and, most recently, specialists into the model.

Maryland Model Evolution	Hospital Agreements	Non-Hospital Agreements	Financial Controls	State Quality Commitments
Rate setting (1977 - 2013)	All-payer hospital rates	None	Hospital price growth only	None
MDAPM (2014 - 2018)	All-payer hospital global budgets (quality adjusted)	None	Hospital spending growth (price *and* volume)	Hospital quality
MD TCOC (2019 - 2026)	As in MDAPM, plus: • TCOC accountability • Grants to improve population health	• Payments for primary care transformation (2019+) • Episode payments for specialists (2022+)	Total spending growth (hospital *and* non-hospital)	• Hospital quality • System transformation • Population health

MDAPM = Maryland All-Payer Model

Leading the Way: Maryland leads the nation in statewide health reforms that combine accountability for healthcare costs and quality with hospital global budgets and investments in primary care.

Transformation Focus: MD TCOC combines all-payer hospital global budgets with both hospital and non-hospital incentives and supports to engage a wide range of providers across the care continuum.

- Encourages hospitals to forge partnerships with non-hospital providers and organizations with the aim of guiding service use and recentering on quality care across all touchpoints of beneficiary health.

HOSPITAL TRANSFORMATION STRATEGIES

Hospitals have employed a combination of **transformative strategies to reduce hospital use** since global budgets began.

Percentage of hospitals investing substantially in staff, infrastructure, or other resources:

Quality-Focused Care	**84%**	**improving performance on quality measures** that affect hospital budgets
	80%	**improving hospital care delivery** (such as enhanced discharge planning, increased multidisciplinary rounding)
Service-Use Optimization	**48%**	**shifting care to lower acuity settings** (such as observation stays, post-acute care)
	37%	**working to limit medical overuse** / not providing low-value services
Non-Hospital Partnerships	**70%**	**coordinating medical or behavioral health care with non-hospital providers** especially post-acute and primary care providers
	30%	**addressing health-related social needs** with non-hospital partners and community-based organizations

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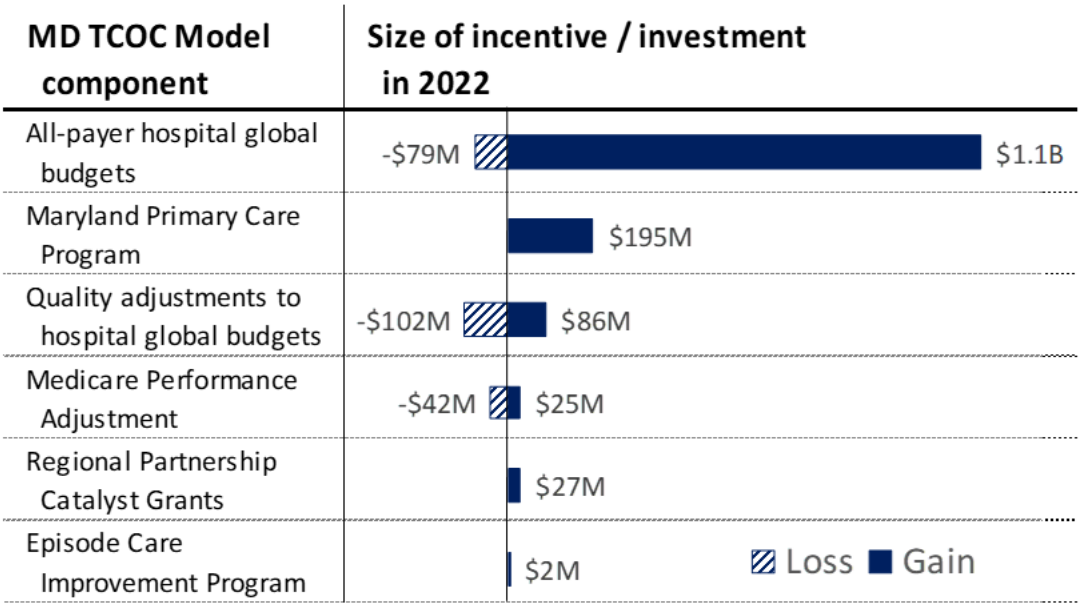
MODEL INCENTIVES ARE INSPIRING CHANGES IN PRIORITIES

All-payer hospital global budgets are a leading driver of change in this model. They act as a financial motivator to reduce unnecessary hospital-based services.

Hospitals can improve their margins by reducing their operating expenses, while maintaining their global budget revenue. They were worth over $1B in 2022, dwarfing all other model incentives and investments.



"When global budget revenue was implemented in 2014, there was a **complete sea change in the industry**. And I know the evolution to total cost of care in 2019 was also transformative. But honestly, global budget revenue was the most transformative, in my opinion." - Hospital CFO

INVESTING IN PRIMARY CARE TRANSFORMATION

The Maryland Primary Care Program (MDPCP), a model component, provides funding and support to participating practices to encourage transformation within primary care. Evidence suggests it is working:

- Participating practices reported increasing the percentage of MDPCP beneficiaries benefiting from care management from 1% at baseline to 14% in 2022.
- With additional care management support, participating practices reported increasing timely follow-up with patients after hospitalization (from 75% at baseline to 91% in 2022) and after emergency department visits (57% to 91%)
- The percentage of MDPCP practices that reported screening all patients for unmet health-related social needs increased gradually, from 21% at the baseline to 64% in 2022.
- Many systems invested in shared resources, such as care managers and pharmacists, by polling MDPCP payments across participating practices and partnering with Care Transformation Organizations.
- Some health systems reported making changes to standards of care (such as enhanced screenings, interventions, referrals, and care planning) across all their primary care practices, not just those in MDPCP.