MARYLAND Health Care Commission

December 2024

Alternative Payment Model Arrangements in Maryland

Commercial Fully-Insured Market

Background and Overview

The Maryland Health Care Commission (MHCC) was tasked by the legislature in Chapters 298/297 with evaluating Alternative Payment Models (APMs) in five key areas: the number and types of value-based arrangements entered into, quality outcomes achieved, complaints filed, cost-effectiveness, and the impacts on healthcare practitioners' fee schedules.

The overarching goal of these efforts is to foster a transition from traditional fee-for-service (FFS) payment models to systems that reward quality outcomes and patient-centered care.

Key Findings:

The Number and Types of Value-based Arrangements:

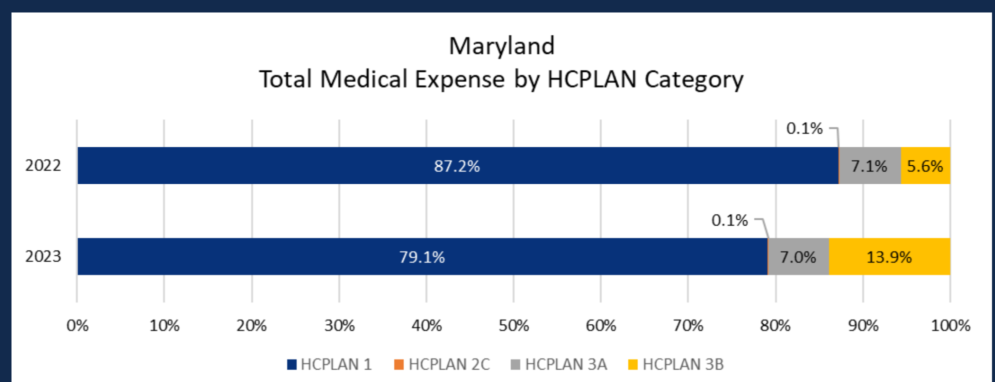
- APM adoption in Maryland increased significantly on a population basis, with approximately 57,000 new members in 2023, totaling approximately 128,000 members.
- Total Medical Expenditures (TME) attributed to value-based APMs rose from 13% to 21% between 2022 and 2023.
- Growth was primarily in population-based models, with CareFirst adding four new provider organizations to its HCPLAN Category 3B, APMs built on FFS (Upside Gainsharing/Downside Risk).
- Episode-based APMs showed growth, particularly in HCPLAN Category 3B, with large increases in the number of pregnancy episodes.

Cost-effectiveness:

- While participation in APMs increased, actual non-claims payments to providers, a critical component of advanced APMs, remain minimal in Maryland, representing 0.18% to 0.20% of TME in 2022 and 2023, respectively.
- Maryland's APM adoption trends align with those nationally, though the percent of payments at-risk and moving through non-claims payments remains lower when compared to states like Delaware and Massachusetts. However, both Delaware and Massachusetts operate in different market environments and have been actively promoting these types of payments for a longer period of time.

Percent of Total Medical Expense by HCPLAN Categories, 2022-2023

- As participation in HCPLAN Category 2C (Pay for Performance) and above increased, there was also a significant decrease in HCPLAN Category 1 (FFS).
- HCPLAN Category 3B (Upside Gainsharing/Downside Risk) grew nearly two and a half times over.
- Growth in this category was driven by CareFirst's expansion, including the addition of providers and members to this category



Percent of Total Medical Expense by HCPLAN Categories, 2022-2023

HCPLAN Category and Payor	2022	2023	Percent Change
HCPLAN 2C – FFS (Pay for Performance)	**9,209**	**5,810**	**-37%**
Aetna	9,209	5,810	-37%
CareFirst	0	11,812	N/A
HCPLAN 3A – APM built on FFS (Upside Gainsharing)	**519,244**	**538,136**	**4%**
Aetna	17,464	30,606	75%
CareFirst	275,762	279,516	1%
Cigna	226,018	227,472	1%
HCPLAN 3B – APM built on FFS (Upside Gainsharing/ Downside Risk)	**329,177**	**997,705**	**203%**
CareFirst	329,177	994,629	202%
Total	**857,630**	**1,541,651**	**80%**

- In 2023, Aetna and CareFirst added several new provider organizations and established population-based APM agreements with each new provider organization
- The decrease in HCPLAN Category 2C was driven by Aetna transitioning a provider organization to HCPLAN Category 3A (Upside Gainsharing)
- Cigna contracted with one new provider under an episode-based APM aligned with HCPLAN Category 3A

Quality Outcomes:

- MHCC is using payor-submitted data to calculate quality performance across APMs, leveraging the Medical Care Data Base (MCDB). MHCC expects to calculate quality outcomes based on data matching by February 1, 2025.

Recommendations:

- **Data Standardization:** MHCC recommends continued refinement of its data collection process, and the adoption of the national Non-Claims Payment (NCP) Framework.
- **APM Adoption Insights:** MHCC recommends continued investment in understanding provider-specific APM adoption and non-claims payments, especially for primary care models.

PMPMs Across HCPLAN Categories, 2022-2023

- HCPLAN Category 3B, which includes upside gainsharing and downside risk, showed a decrease in PMPM
- HCPLAN Category 2C saw a significant PMPM increase between 2022 and 2023
  - Potentially due to provider organization with lower expected healthcare costs transitioning from HCPLAN Category 2C to 3A

HCPLAN Category	2022 Aggregate PMPM	2023 Aggregate PMPM	Change in PMPM
HCPLAN 1 – FFS	$530.99	$564.11	$33.12
HCPLAN 2C – FFS (Pay for Performance)	$480.66	$591.75	$111.09
HCPLAN 3A – APM built on FFS (Upside Gainsharing)	$488.01	$527.33	$39.32
HCPLAN 3B – APM built on FFS (Upside Gainsharing/ Downside Risk)	$617.45	$569.85	-$47.59
Total	$515.07	$547.39	$32.33

Acknowledgements

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