

Maryland Well on Track to Meet Medicare Total Cost of Care Guardrail

Maryland currently has data for calendar year 2016 for claims processed through April 30, 2016. Here is what the most current data shows:

- **Medicare savings even higher than expected:** Maryland Medicare spending per beneficiary *hospital* savings has grown by an additional **\$74 million**, bringing the cumulative savings to date to \$325 million. With more than 2½ years to go, we will clearly exceed the minimum savings requirement of \$330 million, with the savings rate so far this year exceeding that of the first two years of the all-payer model.
- **Maryland total cost of care growth less than national:** Maryland Medicare spending per beneficiary *total cost of care* growth so far this year has been *less than the national growth rate by 0.75 percentage points*. The test this year required that Maryland not exceed the national growth.
- **Historically, spending slows in the second half of the year:** Data for the past three years shows that *both Medicare hospital spending AND total cost of care spending* per beneficiary have been *less* in the second half of the year than the first half of the calendar year, *even with the HSCRC hospital rate increase being put into effect in July*. That is, the seasonality of spending has historically offset the full impact of hospital rate increases in the second half of the calendar year.
- **Maryland spending declined more rapidly than national spending:** Data for the past three years show that Maryland actually spends increasingly less relative to the national growth rate in the second half of the calendar year for *both hospital and total cost of care spending*
- **Plenty of room for MHA's 2.75 proposed increase:** Since we are besting the total cost of care spending guardrail so far this year, and the historical data clearly suggest that the hospital rate increase doesn't harm that performance in the second half of the year, and the historical data also indicate that we *improve* upon our total cost of care performance over the second half of the year ... the commission should be able to provide the MHA-proposed increase – similar to prior years' increases under global budgets – will not jeopardize the total cost of care spending guardrail in calendar year 2016.