Maryland outperforms nation on health spend

National health care costs continue to rise, but Maryland, led by its hospitals and health systems, has worked to lower cost growth while improving the quality of care. Maryland ranked second-lowest in the U.S. on inpatient and outpatient hospital spending in employer-sponsored insurance (ESI) plans in 2017.

This issue of MHA Insight focuses on hospital spending and employer-sponsored plans’ cost experience and trends in premiums.

Maryland beats the nation on controlling health care prices and usage in ESI

Maryland’s prices for all health services combined (hospital, professional, prescription drug) grew by 16.5% between 2013 and 2017, versus 17.1% for the U.S. Maryland’s utilization fell by 1.4%, versus only 0.2% for the U.S.

The state has an agreement with the Centers for Medicare & Medicaid Services requiring all payers — Medicare, Medicaid, ESI plans, individual plans, and others — to pay the same rate. In addition, the model incentivizes hospitals to reduce unnecessary hospital use, focus on upstream and preventive care, and improve care coordination across the health care continuum. This model is overseen by Maryland’s Health Services Cost Review Commission and holds hospitals accountable at a level unseen in other states.

How Maryland compares to other states on employer-sponsored health care spending

5th Lowest in U.S.
Per capita health care spending by state, 2017

The Maryland Model is successful. Why aren’t consumer costs going down?

Maryland’s hospitals are managing to slow the rising cost of care. Consumers are not seeing the benefit. As health care spending slows in Maryland, data from employer-sponsored insurance plans show that both premiums and patient cost-sharing continue to rise steeply.

From 2013 to 2017 single coverage premiums in Maryland grew by 14.8%. Average out-of-pocket caps grew by 45.6%, and deductibles grew by 42.9%.