# Final Recommendations for Competitive Regional Partnership Catalyst Grants

November 13, 2019

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## OVERVIEW

The Maryland Health Services Cost Review Commission ("HSCRC," or "Commission") staff have prepared the following final recommendation to reauthorize the funding and to establish an updated approach for the Regional Partnership Transformation Grant Program. Funding for the current program is set to expire on June 30, 2020. Given this, the HSCRC staff have outlined a new design for the grant program to support the goals of the Total Cost of Care Model. Under the proposed new grant program, hospitals and their partners would collaborate on interventions to support statewide population health priorities. The following includes the HSCRC staff final recommendation that incorporates stakeholder feedback received during the public comments period. If approved, the new grant program referred to herein as the *Regional Partnership Catalyst Grant Program*, would become effective **January 1, 2021**.

## FINAL STAFF RECOMMENDATION

The final HSCRC staff recommendation for the Regional Partnership Catalyst Grant Program includes the following components:

- Establish the new Regional Partnership Catalyst Grant Program effective January 1, 2021;

- Allocate 0.25 percent of annual statewide all-payer hospital revenue for a five year period (January 2021 – December 2025). Grant funding will end on December 31, 2025;
    - Year 1: CY2021 (January 1, 2021 – December 31, 2021)
    - Year 2: CY2022 (January 1, 2022 – December 31, 2022)
    - Year 3: CY2023 (January 1, 2023 – December 31, 2023)
    - Year 4: CY2024 (January 1, 2024 – December 31, 2024)
    - Year 5: CY2025 (January 1, 2025 – December 31, 2025)
    - Grant funding will end on December 31, 2025;

- Create three grant funding streams that align with statewide population health priorities as identified under the MOU with CMS;

- Require hospitals to collaborate with community partners and collect data on fund sharing arrangements;

- Use the HSCRC impact measurement approach that establishes scale targets and/or ROI methodology for Medicare, Medicaid, and other payers as data become available;

- Issue an RFP to competitively bid grant funds;

- Require each participating hospital CEO & CFO to agree to sustain successful interventions through other funding sources at the end of the grant period;

- Establish accountability and oversight as described in the recommendation document; and

- Implement the HSCRC methodology for temporary transition funding that would be required to be repaid by Regional Partnerships.

## STAKEHOLDER FEEDBACK SUMMARY

To ensure stakeholder feedback was considered in the design of the Regional Partnership Catalyst Grant Program, HSCRC staff accepted public comments on the draft recommendation. Staff received eighteen comment letters from stakeholders in response to the draft recommendation. The respondents were:

1. Senator Brian Feldman
2. Behavioral Health System of Baltimore
3. Montgomery County Department of Health and Human Services
4. LifeSpan Network
5. Jewish Social Services Agency
6. Totally Linking Care
7. Delegate Joseline Peña-Melnyk
8. Anne Arundel Medical Center & Doctors Community Health System
9. Montgomery County Hospitals (Adventist Healthcare, Suburban Hospital, MedStar Montgomery Medical Center, Holy Cross Health)
10. Nexus Montgomery
11. Maryland Hospital Association
12. University of Maryland Medical System
13. Trivergent Health Alliance
14. MedStar Health
15. CareFirst
16. Maryland Department of Health
17. MedChi
18. Johns Hopkins Health System & Johns Hopkins Medicine

All comment letters expressed support for the continuance of Regional Partnership grants. Additionally, there was widespread support for the two identified funding priority areas – diabetes services and behavioral health crisis services. Staff reviewed all the letters and identified five overarching themes related to suggested changes. Each of these five themes is addressed below.

1. **Stakeholder Comment: The program should have an all-payer focus and impact measurement. The program currently appears too directed towards the Medicare population.**

   *Staff Response:* The HSCRC intends for the Regional Partnership Catalyst Grant Program to support activities that would positively impact all Marylanders regardless of payer source. Regional Partnerships must focus their investments on the full population in their catchment area, regardless of payer source. HSCRC staff recommends a modified impact

measurement approach that includes Medicare, Medicaid, and other payers' data if it becomes available. Staff is working with the Medicaid team to obtain baseline and claims data. The scale targets for all funding streams will be modified to have year 1 – 5 targets based on all-payer metrics.

2. **Stakeholder Comment: The program should have more flexibility and allow more evidence-based programs to be funded.**

*Staff Response:* HSCRC staff acknowledge that the current funding streams are more prescriptive than the past grants. Staff also understand that these programs cannot solely address all the population health challenges facing our State. A focus on developing infrastructure in key areas for diabetes and behavioral health will, however, ultimately provide for a long-term and wide-scale population health impact. The more narrow scope of funding is not intended to imply that these areas of focus are the sole factors in improving diabetes and behavioral health services in the State. Rather, HSCRC staff identified programs and infrastructure needs to accelerate these population health goals and recognize that Regional Partnerships may offer complimentary programs that can optimize the impact of these new resources.

*Diabetes Funding Stream:* Staff has been directive in order to make a substantial impact on expanding the Diabetes Prevention Program (DPP), Diabetes Self-Management Training (DSMT), and Medical Nutrition Therapy (MNT). Regional Partnership grants alone will not decrease the burden of diabetes in Maryland, but can have a marked effect on creating focus on diabetes across the regions and expanding DPP supplier levels. Additionally, DPP has proven long-term ROI in preventing the onset of Type II Diabetes. DPP and DSMT also offer sustainability through billable claims once initial start-up costs are covered by the grants. Staff recommends keeping the grant activities specifically focused on the Diabetes Prevention Program (DPP)), the Diabetes Self-Management Training (DSMT), and Medical Nutrition Therapy (MNT) as identified in the draft recommendation.

*Behavioral Health Funding Stream:* Staff selected the Crisis Now model for this funding stream as it outlines an evidence-based framework for improving crisis services in the State. The State of Arizona has successfully operated this model for 20 years with proven results for its entire population. There is some flexibility inherently in this funding stream as Regional Partnerships can design implementation strategies related to one or more of the three core components of the model – call centers, mobile crisis teams, and residential stabilization centers. These are foundational elements of sound behavioral health acute support models and therefore must be the initial investments. This core of services provides Maryland an opportunity to organize its acute behavioral health needs and connect regional systems to other programs for optimal behavioral health support. The Regional Partnership grants alone will not solve all of the behavioral health challenges within the State. HSCRC staff carefully selected an area of impact where hospitals and community partners could work collectively under a common agenda, with mutually reinforcing activities that within their scope of influence. Directed funding towards crisis services can substantially expand the availability of an underdeveloped healthcare service, greatly improve patient care and achieve cost savings for the system.

Finally, when initially discussing continuing Regional Partnership supports, the Commission set clear guidelines to focus efforts for a measurable impact on the system. Given this, staff have

prioritized impact measurement in the new Catalyst iteration of the HSCRC grant program. Allowing additional flexibility in program funding would create operational difficulty in measuring impact and likely would lead to inconsistent impact measurement. Furthermore, diffuse activities could weaken the Regional Partnership impact in these key population health areas and lead to unclear return on investment putting future iterations of the program at risk.

3. **Stakeholder Comment: The HSCRC should require Regional Partnerships to share grant funds with community collaborators and/or let non-hospital stakeholders apply directly for funds.**

   *Staff Response*: Funding will be issued only to hospitals under the rate-setting authority of the HSCRC however community partner support will be required as a condition of grant eligibility. The level of collaboration with other community stakeholders will be an important component in proposal evaluation for the Regional Partnership Catalyst Grants. While staff will not set a pre-determined level of funding, in-kind support, or partnership with collaborating organizations, whether or not the Regional Partnership includes meaningful partnership will be weighted heavily during the proposal evaluation process. Regional Partnerships will be required to provide details on financial and in-kind collaboration agreements as part of the RFP process. Additionally, HSCRC will collect the details about collaboration arrangements as part of the on-going monitoring process

4. **Stakeholder Comment: The current timeline is too accelerated. Regional Partnerships need more time to develop relationships and write their proposals.**

   *Staff Response:* Staff acknowledges that the originally proposed timeline was accelerated. The intention was to begin the Catalyst Grant Program on July 1, 2020, immediately after the current Transformation Grant Program funding expires. Given that staff also supports providing some transition funding to legacy Transformation Regional Partnerships, the initial urgency to begin the program on July 1, 2020 is less pressing.

   To ensure the Regional Partnerships have ample planning time, staff propose moving the Request for Proposal (RFP) deadline from January 2020 to June 2020. Under this schedule, rate orders would be issued for Catalyst Grant Program awardees in January 2021. The modified Catalyst grant application process would include the following key dates:

   - RFP Release – January 2020
   - Proposals Due – June 2020
   - Rate Orders Issued – January 2021

   The five year grant period would start January 2021 and end December 2025. The HSCRC will fund the grants according to the following schedule:

   - Year 1: CY2021 (January 1, 2021 – December 31, 2021)
   - Year 2: CY2022 (January 1, 2022 – December 31, 2022)
   - Year 3: CY2023 (January 1, 2023 – December 31, 2023)
   - Year 4: CY2024 (January 1, 2024 – December 31, 2024)
   - Year 5: CY2025 (January 1, 2025 – December 31, 2025)
   - Grant funding will end on December 31, 2025.

Additionally, staff also recommends modifying the year 1 scale targets to include a planning period for the Regional Partnerships. The staff will develop year 1 scale targets for each funding stream to reflect expectations associated with building relationships with community partners and other key planning milestones.

5. **Stakeholder Comment: The HSCRC should provide financial support to legacy Regional Partnerships to assist with sustainability of legacy programs.**

   *Staff Response:* Staff proposes a new methodology designed to provide "temporary transition funding" for existing Regional Partnerships. Under this approach, existing Regional Partnerships can obtain temporary transition funding in the form of "borrowed" funds from future participating hospital global budget revenue (GBR). The HSCRC staff will work with Regional Partnerships to add the temporary transition funding to participating hospital rates as an increase in FY2021 and FY2022. These funds would then have to be repaid in full through a reduction of participating hospital rates in FY2023 and FY2024.

   The temporary transition funding will provide interested Regional Partnerships with funding for a maximum of two years after June 30, 2020. Each hospital currently participating in a Regional Partnership would be eligible for a maximum amount equivalent to their FY2020 Regional Partnership Transformation grant amount. To qualify for the temporary funding, a Memorandum of Understanding (MOU) agreeing to repay the funds would be required from each hospital making the request. Appendix B provides an example of how the temporary transition funding would be issued and repaid.

   While the temporary transition funding will provide extended financial support to enable additional testing time for interventions, Regional Partnerships must still identify a plan for long-term sustainability through alternative funding for these interventions. In addition to the option to request temporary transition funding, legacy Regional Partnership interventions may also qualify for reconciliation payments through the Care Transformation Initiative (CTI) program if the intervention successfully reduces total cost of care using the HSCRC ROI methodology. To determine whether or not a reconciliation payment is possible, Regional Partnerships are encouraged to apply for CTI funding in addition to making a request for temporary transition funding. Finally, hospitals participating in Regional Partnerships should also consider leveraging existing community benefit funding as another option to financially sustain legacy interventions.

## REGIONAL PARTNERSHIP CATALYST GRANTS

The HSCRC staff recommends a new competitive grant program be established effective January 1, 2021. The new *Regional Partnership Catalyst Grant Program* will build upon the legacy Regional Partnership Transformation grant program and enable hospitals to continue working with community resources to build infrastructure needed to sustainably support the population health goals of the Total Cost of Care Model.

## The HSCRC Grant Philosophy

The new Regional Partnership Catalyst Grant Program will be based on the HSCRC grant philosophy that the funding is designed to a) foster collaboration between hospitals and community partners and b) to enable the creation of infrastructure to disseminate evidence-based interventions. The following core principles will apply to the new Regional Partnership Catalyst Grant Program:

- *Eliminate duplication* – Given Maryland's shift from the All-Payer Model to the Total Cost of Care Model, care must be taken to ensure both interventions and grant funds are not duplicative with other new elements of the Model.
- *Ensure alignment with State priorities* – Funded interventions must support the goals of the Total Cost of Care Model and priority conditions identified under the Statewide Integrated Health Improvement Strategy.
- *Ensure broad collaboration* – There must be widespread engagement of local resources with a common agenda and mutually reinforcing activities to more effectively implement interventions.
- *Leverage evidence-based practices* – Funded interventions should be based on evidence that a model being proposed will achieve success.
- *Identify impact* – As a condition of funding, impact will be measured through the achievement of scale targets and progress goals, health improvement, and/or return on investment (ROI).
- *Ensure sustainability* – Funded interventions must have a plan for sustainability that includes both a plan to integrate successful interventions into hospital operations and a financial plan to ensure there is a permanent source of funding to continue the intervention after the grant expires.
- *Revamp grant oversight* – The HSCRC will leverage grant-making best practices and will provide additional oversight resources to ensure there is visibility, shared learning opportunities, and compliance with the intended purpose of the grant program.
- *Communicate & collaborate with stakeholders* – The HSCRC will continue the culture of collaboration with grantees to ensure information is clear, sensitive to concerns, and timely.

## Structure of the New Recommended Grant Program

The new Regional Partnership Catalyst Grant program would require hospitals to competitively bid for funding that would begin January 1, 2021. The HSCRC staff proposes that funding be narrowly focused to support interventions that align with goals of the Total Cost of Care Model and support the Memorandum of Understanding that Maryland is establishing with the Centers for Medicare & Medicaid Services (CMS) for a Statewide Integrated Health Improvement Strategy (SIHIS). The Regional Partnership Catalyst Grant Program will include allocations of funds called "funding streams" that are designed to encourage focus on the key state priorities. The three recommended funding streams are as follows:

- **Funding Stream I: "Diabetes Prevention & Management Programs"** – This funding stream would award grants to Regional Partnerships to support the implementation of the Centers for Disease Control (CDC) approved diabetes prevention and American Diabetes Association (ADA) recommended diabetes management programs.

- **Funding Stream II: "Behavioral Health Crisis Programs"** – This funding stream would award grants to Regional Partnerships to support the implementation and expansion of behavioral health crisis management models that improve access to crisis intervention, stabilization, and treatment referral programs.

- **Funding Stream III: "Population Health Priority Area #3"** – This funding stream would award grants to Regional Partnerships to support the third population health priority area that is yet to be defined for Maryland.

The approach to the Regional Partnership Catalyst Grants would be a departure from the legacy program format, which allowed more flexibility for regional partnerships to develop their own models and interventions. The HSCRC staff believes a more structured approach around key population health priority areas will ensure Regional Partnership efforts align and contribute to State efforts to maximize impact under the Total Cost of Care Model goals, while still allowing for regional customization. While the grant program will be designed to focus on infrastructure in these areas, the HSCRC will encourage Regional Partnerships to also work with communities to develop additional interventions that address upstream factors related to diabetes and behavioral health prevention and supplement the HSCRC grant funded programs.

### *Funding Stream I: Diabetes Prevention & Management Programs*

Under the Total Cost of Care Model, Maryland has identified diabetes as one of two population health priority areas to be included in its Statewide Integrated Health Improvement Strategy. Diabetes is a highly prevalent and devastating chronic condition that is impacting Marylanders. The costs of treating diabetes and ensuring good health outcomes for patients living with diabetes can be addressed by focusing on the prevention of new diabetic cases and more effective management of current populations with diabetes.

The diabetes funding stream will award grants to Regional Partnerships that choose to support and implement the Centers for Disease Prevention & Control (CDC) recommended National Diabetes Prevention Program (DPP). Across the country, diabetes education and self-management programs have a robust evidence base. National DPP is designed to prevent or delay the onset of Type II diabetes, and has shown long-term success in helping to prevent the onset of diabetes and promote weight-loss for those with pre-diabetes. Implementing more education and lifestyle change support has been shown to improve outcomes and spending for those living with diabetes. As a component of this funding stream, the HSCRC will promote and specifically track the development of the Medicare Diabetes Prevention Program (MDPP), a CMMI Model demonstration which enables Medicare reimbursement for National DPP provision to Medicare beneficiaries. HSCRC staff will set scale targets and measure progress of this funding through measuring MDPP claims in Medicare data.

As an additional component of the diabetes funding stream, the HSCRC will also promote and track development of Medicare Diabetes Self-Management Training (DSMT) and Medical Nutrition Therapy (MNT). These services provide training, lifestyle change help and diabetes management curriculum to Medicare beneficiaries to help better control their Type II diabetes. Organizations must receive American Diabetes Association (ADA) accreditation for their DSMT programs. The goals of DSMT are to increase knowledge and skills of persons with diabetes to manage the disease. MNT is provided by registered dietitians as an intensive, focused and comprehensive nutrition

therapy service. Through MNT dietitians work with diabetic patients to establish goals, a care plan, and interventions based on in-depth individual nutrition assessments. If delivered concurrently, DSMT and MNT have been shown more effective in helping patients manage diabetes. Medicare reimburses for both of these services and therefore scale and progress of this funding will be measured from Medicare claims.

Maryland needs significantly more diabetes prevention and management resources in order to provide the service to all Marylanders in need. Based on modeling performed by HSCRC staff, Maryland would need 227 National DPP suppliers to manage the estimated pre-diabetic population aged 55 and up in Maryland. There are currently 49 in the State and only three participating in the Medicare DPP Model demonstration. Given this shortage, the goals of this funding stream are to build a more adequate National DPP supplier capacity within Maryland that becomes available for the entire health system to utilize and encourage MDPP participation specifically to support the Medicare population. By choosing to support this approach, the HSCRC believes that Regional Partnerships can help to disseminate an evidence-based intervention that will not only aid in more effective prevention and management of diabetes among Marylanders, but also contribute to existing statewide efforts for maximal impact.

In addition to the robust evidence base for these prevention and management programs, the HSCRC also selected these approaches because they provide Regional Partnerships with a pathway to sustainable reimbursement through Medicare and Medicaid after the expiration of grant funding. Medicare billing for these services is available for certified suppliers. However, to be eligible for Medicare diabetes related billing, potential MDPP, DSMT and MNT suppliers must make substantial investments in certification, training, and administration before reimbursement is possible. The HSCRC anticipates that through the Regional Partnership Catalyst Grant funding, Regional Partnerships can help build the infrastructure and address any startup costs – recruitment, training, and certification of diabetes prevention and management support services – and be fully self-sustaining after four years.

### *Funding Stream II: Behavioral Health Crisis Services*

Under the Total Cost of Care Model, Maryland has also identified opioid use disorder as the second population health priority area to be included in its Statewide Integrated Health Improvement Strategy. Across the State, hospitals cite both opioid use disorder and acute mental health treatment access issues as factors that contribute significantly to emergency department (ED) overcrowding. Under the TCOC Model, Maryland has clear incentives to reduce unnecessary ED and hospital utilization. Currently though, Maryland lacks adequate behavioral health infrastructure and services to divert the volume of crisis needs from EDs and inpatient services to more appropriate care settings in the community.

Improving crisis resources necessitates system-wide investment and collaboration. However, economies of scale often make it financially infeasible for a single hospital to invest resources. Further exacerbating this situation, community-based organizations that currently provide many of these services for the State do not receive reimbursement for all of their crisis management services and often struggle to provide the volume of support needed.

Access to crisis services is a key component to developing sustainable health spending and ensuring appropriate utilization of the health system. The Regional Partnership Catalyst Grant Program will include a funding stream for behavioral health crisis services. Specifically, grants will be awarded to focus on developing and expanding infrastructure for comprehensive crisis management services that enable Marylanders to receive care in settings other than traditional hospital EDs. Similar to the diabetes funding stream, this funding will be tied to specific scale targets set to measure progress. Regional Partnerships will also be expected to form a financial sustainability plan, which HSCRC staff will review and vet prior to awarding funds. The HSCRC will consider proposals that include interventions and programs supported in the "Crisis now: Transforming Services is Within Our Reach" action plan developed by the National Action Alliance for Suicide Prevention. These may include one or more of the following:

- Crisis Call Center & "Air Traffic Control" Services
- Community-Based Mobile Crisis Teams
- Short-term, "sub-acute" residential crisis stabilization programs

### *Funding Stream III: Reserve Fund*

Under the SIHIS Memorandum of Understanding with CMS, Maryland has the ability to identify a third population health priority area. The HSCRC is working with State agency partners to make decisions on this. In preparation for this potential additional focus area, the HSCRC staff proposes reserving twenty percent of the Regional Partnership Catalyst Grant funding to support the third priority area when it is defined. If approved by the Commission, this funding would become available for grant applications. By creating a third funding stream, the HSCRC will be able to help Regional Partnerships engage in activities to support State effort.

## Collaboration Requirements

Regional Partnership Catalyst Grant applicants will need to demonstrate that widespread collaboration will be part of their proposed model. Partnerships must include a variety of resources that have the ability to influence population health including but not limited to Local Health Improvement Coalitions, Local Health Departments, community-based organizations, local behavioral health authorities, social service organizations, provider organizations, etc. Where needed, the HSCRC staff will collaborate with the Maryland Community Health Resources Commission (CHRC), the Maryland Department of Health (MDH), and other subject matter expert organizations and individuals as necessary to assist hospitals with identifying interested community-based organizations and other healthcare resources that can increase effectiveness of Regional Partnerships.

It is important to note that funding will be issued only to hospitals under the rate-setting authority of the HSCRC however community partner support will be required as a condition of grant eligibility.

While staff will not set a pre-determined level of funding, in-kind support, or partnership with collaborating organizations, whether or not the Regional Partnership includes meaningful partnership will be weighted heavily during the proposal evaluation process. Regional Partnerships will be required to provide details on financial and in-kind collaboration agreements as part of the RFP

process. Additionally, HSCRC will collect the details about collaboration arrangements as part of the on-going monitoring process.

## Impact Measurement

Under the Total Cost of Care Model, the State must systematically work to reduce the cost of care for Medicare beneficiaries while also improving statewide population health for all Marylanders. Regional Partnership Catalyst Grants will be designed to help the system develop infrastructure for long term achievement of these goals. The Regional Partnership funds remain important mechanisms to foster partnerships across the State and to mobilize diverse community resources under a unified agenda with mutually reinforcing activities. This collaboration should contribute to the State's progress toward Total Cost of Care Model long-term population health goals. The HSCRC staff proposes two approaches to measuring the impact and effectiveness of interventions performed by Regional Partnerships.

### *Scale Targets*

Quantifying and explaining the impact that Regional Partnership activities have is important to justify continued funding in Maryland's health system. The HSCRC understands that improving infrastructure and resources for diabetes prevention and management and behavioral health crisis services will produce long-term positive impact for the health system. Even so, ROI will only be measureable after the appropriate infrastructure is developed to support interventions. In the interim, the HSCRC has developed *scale targets* to ensure progress is made toward the infrastructure needed to support long-term ROI. Scale targets are pre-determined targets that Regional Partnerships will need to achieve during the grant period in order to receive continued funding. The targets will be set from data, such as claims, so that progress can be independently verifiable and objectively measured between Regional Partnerships. Regional Partnerships will *not* be accountable for a specific total cost of care savings goal during the grant period, but will be held accountable to achieve scale targets instead.

### *ROI Methodology*

The HSCRC will develop a defined methodology for measuring ROI that uses Medicare, Medicaid, and commercial claims (as these data become available) to identify total cost of care savings. This methodology will be used to determine post-grant financing eligibility (through Care Transformation Initiative reconciliation payments or other mechanisms) for funding streams that do not include a claims reimbursement mechanism to achieve long-term sustainability.

The funding streams will incorporate scale targets and components of ROI on an all-payer basis as follows:

| Diabetes Prevention Impact Measurement | Diabetes Management Impact Measurement |
|---|---|

| | |
|---|---|
| • Awardees must be able to demonstrate successful completion of Scale Targets for Diabetes Prevention Program for Medicare and Medicaid. These Scale Targets will be designed to measure the growth of DPP in the State, the effectiveness of engaging beneficiaries, and the outcomes of those who receive services. Year 1 in particular will include key planning milestones.<br><br>• The HSCRC staff will include final impact measurement requirements in the RFP. | • Awardees must be able to demonstrate successful completion of Scale Targets for billing Diabetes Self-Management Training (DSMT) and Medical Nutritional Therapy (MNT) for beneficiaries with diabetes.<br><br>• The HSCRC staff will include final impact measurement requirements in the RFP. |

| **Behavioral Health Crisis Program Impact Measurement** |
|---|
| • Awardees must be able to demonstrate successful completion of Scale Targets for implementation or expansion of the three components in the Crisis Now Model for Medicare and Medicaid.<br>• The HSCRC ROI policy will apply for post-grant funding (e.g., CTI or other mechanisms)<br>• The HSCRC staff will include final impact measurement requirements in the RFP. |

## Financial Budget

The HSCRC recommends that the new Regional Partnership Catalyst Grant Program have an annual investment of 0.25 percent of statewide all-payer hospital revenue, consistent with prior investments. Given the time needed to sufficiently build partnerships and infrastructure, including workforce and implementation of interventions, the staff recommends the grant period run for five years (CY 2021 through the end of CY 2025). Upon approval by the Commission, the HSCRC staff will launch a competitive bidding process for grants that would be effective January 1, 2021. The grant amounts would be added to hospital annual rates as temporary adjustments for the following five year period:

- Year 1: CY2021 (January 1, 2021 – December 31, 2021)
- Year 2: CY2022 (January 1, 2022 – December 31, 2022)
- Year 3: CY2023 (January 1, 2023 – December 31, 2023)
- Year 4: CY2024 (January 1, 2024 – December 31, 2024)
- Year 5: CY2025 (January 1, 2025 – December 31, 2025)
- Grant funding will end on December 31, 2025.

## Competitive Bid Process

The HSCRC recommends establishing a competitive bidding process for the Regional Partnership Catalyst Grant Program that would require the submission of new proposals to be eligible for funding effective for January 1, 2021. Proposed evaluation criteria would include consideration of the following elements:

- Alignment with Total Cost of Care Model Goals
- Infrastructure/ROI Plan
- Widespread Engagement & Collaboration
- Evidence-Based Approach
- Efficacy of Previous Funding
- Governance & Operational Planning
- Innovation
- Sustainability Plan

The HSCRC will form an unbiased evaluation committee to review the grant applications and make recommendations on scoring. Additionally, the HSCRC will engage key subject matter experts with diabetes prevention/management and behavioral health crisis management expertise to assist in the review and evaluation of grant applications.

## Oversight & Auditing

The HSCRC staff will establish new requirements to ensure conditions of the Regional Partnership Catalyst Grants are clearly defined and agreed to before acceptance of the award. Each hospital CEO/CFO will be required to sign the award acceptance to ensure mutual understanding of the timeframe of the grant and to ensure there is planning for long-term sustainability. HSCRC grant oversight procedures will include:

- *Biannual Progress/Performance Reports* – Regional Partnerships will provide program performance reporting as defined by HSCRC. Reporting will include information on activities performed to achieve scale targets, collaboration levels, and funding sharing.
- *CRISP Monitoring Reports* – The HSCRC will work with CRISP to design new reporting tools to measure the achievement of scale targets and total cost of care savings. These reports will be readily available and accessible to both the State and Regional Partnership teams.
- *Financial Auditing* – The HSCRC will continue to perform at least annual audits for every Regional Partnership that is funded. The audit procedures will ensure grant funding is used in compliance with awarded proposals.
- *Site Visits* – The HSCRC will conduct site visits regularly with all grantees to understand more about the activities being performed, progress to date, and the levels of success that Regional Partnerships are achieving toward the goals of the program.
- *Additional Oversight & Program Administration* – The HSCRC intends to allocate additional staff resources to the oversight of the Regional Partnership Catalyst Grant program. Additionally, upon approval from the Commission, HSCRC staff intends to procure a grants management consultant to assist with post-award program administration.

Regional Partnership grantees will also be required to increase visibility of programmatic activities through update presentations to Commissioners, information sharing within communities, and participation in a State-supported learning collaborative.

## LEGACY GRANTS SUNSET PROCESS

The existing Regional Partnership Transformation Grant funding is scheduled to end on June 30, 2020. The HSCRC recognizes that some Regional Partnerships have promising interventions that have not had time to fully mature and consequently no sustainability plan has been identified. For these Regional Partnerships, additional time may be needed to transition to an alternative source of funding. The HSCRC proposes a "temporary transition funding" approach in order to support existing Regional Partnerships that need the additional financial support for a limited period of time.

Under the temporary transition funding approach, existing Regional Partnerships can obtain funding in the form of "borrowed" funds from future participating hospital global budget revenue (GBR). The HSCRC staff will work with Regional Partnerships to add the temporary transition funding to the participating hospital rates as an increase in FY2021 and FY2022. These funds would then have to be repaid in full through a reduction of participating hospital rates in FY2023 and FY2024.

The temporary transition funding will provide interested Regional Partnerships with funding for a maximum of two years after June 30, 2020. Each hospital currently participating in a Regional Partnership would be eligible for a maximum amount equivalent to their FY2020 Regional Partnership Transformation grant amount. To qualify for the temporary funding, a Memorandum of Understanding (MOU) agreeing to repay the funds would be required from each hospital making the request. Appendix B provides an example of how the temporary transition funding would be issued and repaid.

While the temporary transition funding will provide extended financial support to enable additional testing time for interventions, Regional Partnerships must still identify a plan for long-term sustainability through alternative funding for these interventions. In addition to the option to request temporary transition funding, legacy Regional Partnership interventions may also qualify for reconciliation payments through the Care Transformation Initiative (CTI) program if the intervention successfully reduces total cost of care using the HSCRC ROI methodology. To determine whether or not a reconciliation payment is possible, Regional Partnerships are encouraged to apply for CTI funding in addition to making a request for temporary transition funding. Finally, hospitals participating in Regional Partnerships should also consider leveraging existing community benefit funding as another option to financially sustain legacy interventions.

## CONCLUSION

The HSCRC staff believes a newly designed Regional Partnership Catalyst Grant program can make a positive contribution to the State under the Total Cost of Care Model. While the new program will include an overhaul of requirements and administration procedures, the recommendation is to maintain the same historical 0.25 percent of statewide all-payer hospital revenue for budgeting purposes. The staff recommendation includes a number of fundamental changes to ensure the funding impact and effectiveness of the interventions are maximized. To start, grants will be

competitively rebid to ensure all activities comply with the new grant model. Grants would be used to fund initiatives directly linked to Maryland's population health priority areas. This will ensure hospital efforts align with other statewide activities to maximize impact. Additionally, the recommendation includes an emphasis on widespread collaboration with community health resources. Another element of the recommendation is to establish a pre-defined approach for measuring the impact of investment dollars through HSCRC created scale targets and ROI methodology. Finally, the HSCRC will improve its oversight functions to ensure that there is regular reporting, auditing, and best practice sharing about Regional Partnership activities. By incorporating all of the new elements articulated in this draft recommendation, the HSCRC staff believes the grant program can be a highly successful component of the Total Cost of Care Model.

## FINAL STAFF RECOMMENDATION

The final HSCRC staff recommendation for the Regional Partnership Catalyst Grant Program includes the following components:

- Establish the new Regional Partnership Catalyst Grant Program effective January 1, 2021;
- Allocate 0.25 percent of annual statewide all-payer hospital revenue for a five year period (January 2021 – December 2025). Grant funding will end on December 31, 2025;
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    - Grant funding will end on December 31, 2025;
- Create three grant funding streams that align with statewide population health priorities as identified under the MOU with CMS;
- Require hospitals to collaborate with community partners and collect data on fund sharing arrangements;
- Use the HSCRC impact measurement approach that establishes scale targets and/or ROI methodology for Medicare, Medicaid, and other payers as data become available;
- Issue an RFP to competitively bid grant funds;
- Require each participating hospital CEO & CFO to agree to sustain successful interventions through other funding sources at the end of the grant period;
- Establish accountability and oversight as described in the recommendation document; and

- Implement the HSCRC methodology for temporary transition funding that would be required to be repaid by Regional Partnerships.

## APPENDIX A: BACKGROUND ON EXISTING REGIONAL PARTNERSHIPS

The Commission authorized the Regional Partnership Transformation Grant program in June 2015. This four-year competitive grant-based program was designed to create and fund hospital-led multidisciplinary teams that work across statewide geographic regions to develop interventions for high-risk and high-utilizing Medicare beneficiaries, who often present at hospitals with multiple complex and chronic conditions. As part of the program, hospitals partnered with neighboring hospitals and/or diverse community organizations including local health departments, provider organizations, community health workers, and behavioral health resources to develop interventions that were intended to result in more efficient care delivery under the metrics of the All-Payer Model.

There are 14 hospital-led partnerships created and funded through the grant program that include 41 of Maryland's acute care hospitals (Appendix A) and serve both rural and urban areas across the State. The most common interventions performed by Regional Partnerships include behavioral health integration, care transitions, home-based care, mobile health, and patient engagement/education strategies and have focused primarily on reducing potentially avoidable utilization for high-need and high-risk Medicare patients.

The funding model for the Regional Partnership Transformation Grant program was approved by the Commission in June 2015 and authorized up to 0.25 percent of FY 2016 total statewide all-payer hospital revenue to be distributed to grant applicants under a competitive bidding process. Based on this, the HSCRC released a "Request for Proposals" (RFP) and subsequently awarded hospitals $37 million in FY 2017 to implement the regional programs. Awards were reduced annually in an effort to prepare hospitals to develop financial alternatives for sustaining programs. An annual ten percent hospital cost sharing requirement was established each year through the final year of funding (FY2020).

- FY 2017 = $37.0M
- FY 2018 = $33.3M (10% Cost Share)
- FY 2019 = $29.6M (20% Cost Share)
- FY 2020 = $25.9M (30% Cost Share)

The grants limited the maximum award to 0.50 percent of a hospital's FY 2016 global budget for each approved application. Funding was issued via HSCRC-approved rate increases for hospitals who participated in Regional Partnerships. The grants are scheduled to expire on June 30, 2020.

| **Regional Partnership** | **Member Hospital(s)** |
|---|---|
| Bay Area Transformation Partnership | 1. Anne Arundel Medical Center<br>2. UM-Baltimore Washington Medical Center |
| Calvert Memorial - It Takes a Village | 1. Calvert Memorial Hospital |
| Community Health Partnership of Baltimore | 1. Johns Hopkins Hospital<br>2. Johns Hopkins - Bayview Medical Center<br>3. MedStar - Franklin Square<br>4. MedStar - Harbor Hospital<br>5. Mercy Medical Center<br>6. Sinai Hospital |
| GBMC | 1. GBMC |
| Howard Health Partnership | 1. Howard County Regional Hospital |
| LifeBridge | 1. Carroll Hospital Center<br>2. Northwest Hospital<br>3. Sinai Hospital |
| MedStar House Call Program | 1. MedStar - Good Samaritan<br>2. MedStar - Union Memorial |
| Nexus Montgomery | 1. Holy Cross Hospital<br>2. Holy Cross - Germantown<br>3. MedStar - Montgomery General<br>4. Shady Grove Adventist Hospital<br>5. Suburban Hospital<br>6. Washington Adventist Hospital |
| Peninsula Regional | 1. Atlantic General Hospital<br>2. McCready Hospital<br>3. Peninsula Regional Medical Center |

| | |
|---|---|
| Totally Linking Care - Southern MD | 1. Calvert Memorial Hospital<br>2. Doctor's Community Hospital<br>3. Fort Washington Medical Center<br>4. UM - Laurel Regional Medical Center<br>5. MedStar - Southern MD<br>6. MedStar - St. Mary's Hospital<br>7. UM - Prince George's Hospital |
| Trivergent Health Alliance | 1. Frederick Memorial Hospital<br>2. Meritus Medical Center<br>3. Western Maryland Medical Center |
| UM-St Joseph | 1. UM - St. Joseph |
| UMUCH-UHCC | 1. UM - Harford Memorial Hospital<br>2. Union Hospital of Cecil County<br>3. UM - Upper Chesapeake Hospital |
| West Baltimore Collaborative | 1. Bon Secours Hospital<br>2. St. Agnes Hospital<br>3. University of Maryland Medical Center<br>4. UM-Midtown |

Additional information about the programs of these grantees may be found on the HSCRC website at: https://hscrc.maryland.gov/Pages/regional-partnerships.aspx

## APPENDIX B: TEMPORARY TRANSITION FUNDING EXAMPLE

The following is intended to be an example of the HSCRC proposed temporary transition funding process. Regional Partnership participating hospitals would receive and repay funding through adjustments to participating hospitals' Global Budget Revenue (GBR).

*Scenario:* Hospital A is currently participating in a Regional Partnership and wants to receive temporary transition funding to support the continuation of an intervention started under the Regional Partnership Transformation Grant Program. Hospital A is willing to "borrow" from future GBR to fund the intervention. Before the temporary transition funding is provided, Hospital A has a $100 Million GBR.

- Step 1: Hospital A receives approval from their CEO/CFO to apply for transition funding and signs the MOU
- Step 2: HSCRC receives the MOU and approves the transition funding request for $2 Million for two years
- Step 3: HSCRC issues the temporary funding as an increase to Hospital A's GBR in FY2021 and FY2022
- Step 4: Hospital A repays the temporary funding through a decrease in GBR in FY2023 and FY2024

| Time Period | Funding Amount | Effect on GBR |
|---|---|---|
| **FY2021 (July 2020 – June 2021)** | $100 Mil GBR +$2 Mil in Temporary Transition Funding | $102 Mil |
| **FY2022 (July 2021 – June 2022)** | $100 Mil GBR +$2 Mil in Temporary Transition Funding | $102 Mil |
| **FY2023 (July 2022 – June 2023)** | $100 Mil GBR -$2 Mil in Temporary Transition Funding | $98 Mil |
| **FY2024 (July 2023 – June 2024)** | $100 Mil GBR -$2 Mil in Temporary Transition Funding | $98 Mil |