Maryland
Hospital Association

April 24, 2026

Dr. Jon Kromm
Executive Director
Health Services Cost Review Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Dr. Kromm:

On behalf of the Maryland Hospital Association (MHA) and our member hospitals and health systems, we appreciate the opportunity to comment on the Health Services Cost Review Commission's (HSCRC) Care Transformation Initiative (CTI) FY 2025 payout results and considerations for the FY 2026 program. MHA appreciates HSCRC's ongoing efforts to support innovation in Medicare care delivery and achieve total cost of care savings as hospitals work to ensure Marylanders receive the care they depend on.

Hospitals have demonstrated a strong commitment to the CTI program, investing in and launching numerous impactful interventions across the state to advance innovation in the care of Medicare patients. However, the CTI program design has resulted in unanticipatedly high levels of calculated savings and wide variation in rewards and penalties across hospitals. The program's design has raised several key policy considerations that should be addressed. Lessons learned from the FY 2025 CTI experience should be carefully reviewed to assess not only short-term corrective action, but to also consider the precedent that is being set for future programs.

MHA respectfully offers the following suggestions to strengthen CTI FY 2026 planning, the Healthcare Outcome Payment Effort (HOPE) program that is under consideration, as well as future care delivery innovation programming:

- Reinforce policy stability and predictability to protect hospital investments in care transformation
- Enhance evaluation, monitoring, and safeguards to identify and address unintended consequences, ensuring reasonable and transparent outcomes
- Reconsider the timing and application of net neutrality for innovative initiatives
- Exercise fiduciary stewardship to support hospital financial sustainability

These actions are essential to preserve confidence in HSCRC programs, sustain hospital engagement, and achieve continuous total cost of care (TCOC) savings and transformation goals.

Policy Design and Implementation Recommendations

Stability and Investment Considerations

Proposing modifications to program policies after hospitals have made substantial investments in care transformation interventions raises important concerns regarding precedent and policy stability. Mid-course policy changes, particularly those affecting financial incentives, could undermine confidence in HSCRC's care transformation and population health improvement programs and discourage future long-term investments or full participation in innovative models of care. MHA encourages the Commission to establish a clear, consistent approach to how and when policies are adjusted. This will be critical to maintain credibility, support sustained engagement, and ensure that prior investments are not inadvertently penalized.

Evaluation and Monitoring

The FY 2025 CTI results underscore the need for a more structured, proactive approach to policy evaluation and monitoring. The program is reported to have generated more than $750 million in estimated total cost of care savings, and its zero-sum design may result in approximately $160 million in redistributions across hospitals, creating unanticipated volatility in rewards and penalties. Future efforts should include a thoughtful approach to ensure there are defined safeguards. A robust monitoring framework, both retrospective and predictive, is critical to assess impact, identify unintended consequences, and ensure outcomes are reasonable. Clearly defined protocols to evaluate emerging results and address anomalies would enhance transparency, enable timely course correction, and reinforce confidence that outcomes reflect performance rather than methodological compliance.

Net Neutrality and Innovation

Net neutrality has been a central design feature of the CTI program to drive TCOC savings. However, this requirement, when applied to performance years at the onset of a program may limit participation and long-term success, particularly for new or innovative programs. A more balanced approach to investment in care delivery innovation should recognize a variation in hospital starting points, the newness of the interventions, and allow sufficient time for the return on investment and expectation of savings. This type of approach would better support sustained transformation while preserving fairness and system stability. MHA respectfully urges HSCRC to reconsider the requirement to achieve immediate net neutrality when implementing innovative or emerging program models.

Fiduciary Stewardship

An important consideration is the need for guardrails in new policies that are guided by hospital financial stability and solvency as you operate in your role as fiduciary. Policies that introduce significant redistributions without appropriate guardrails risk undermining hospital financial stability and solvency and limiting the capacity to sustain long-term investments in care transformation. We encourage future policy development financial impact analyses, protections against excessive disruption, and mechanisms to preserve stability, particularly for hospitals and health systems disproportionately affected by policy-driven redistributions.

Defer the Healthcare Outcome Payment Effort (HOPE) Program Timeline

Based on the significant policy issues identified with the CTI program, MHA urges HSCRC to reconsider its HOPE Program approach and the policy implementation timeline. The revised May to July timeframe presented at the April 22 TCOC Workgroup meeting may not provide sufficient time to support comprehensive policy development, meaningful integration of lessons learned from the CTI program, or adequate assessment of potential unintended consequences prior to a final Commission vote. Hospitals will need clear guidance, well-defined parameters, and adequate lead time to develop evidence-based proposals that align with state priorities, target key populations, and produce measurable outcomes. HSCRC should not approve the HOPE Program until a thorough evaluation of the CTI program is complete and outstanding questions and concerns about the HOPE Program are addressed.

HSCRC proposes an application period in the second half of calendar year (CY) 2026. MHA recommends delaying any application period until the first half of CY 2027 at the earliest. This adjusted timeline would give HSCRC the time needed to resolve outstanding policy questions and develop a more deliberate program design, including determining whether Medicare will participate, developing an approach to engage commercial payers, and creating evaluation and monitoring procedures. It would also allow hospitals and key partners to perform strategic planning and design high-impact, sustainable interventions.

Additionally, as Maryland prepares to transition to the Center for Medicare and Medicaid Innovation's hospital global budget methodology, HSCRC should carefully evaluate the cost-benefit implications of advancing complex optional policy initiatives while foundational issues affecting hospital financial sustainability and key elements of the AHEAD Model implementation remain unresolved. Focusing instead on the most system-critical priorities facing Maryland hospitals would support a more sequenced and balanced approach. Addressing core sustainability challenges prior to layering additional transformation initiatives will better position the hospitals and HSCRC programs for long-term success as the foundation of the ecosystem that supports access to care.

Thank you for the opportunity to provide comments. MHA looks forward to continued collaboration with HSCRC as it works to address challenges in the CTI program and thoughtfully plan for future initiatives.

Sincerely,

Tequila Terry

Tequila Terry
Senior Vice President, Care Transformation & Finance

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