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March 9, 2022

The Honorable Delores Kelley, Chair
Finance Committee
Senate of Maryland3 East Miller Senate Office Building
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Submitted electronically

Re Senate Bill SB 834- Health Insurance - Two-Sided Incentive Arrangements and Capitated Payments - Authorization

Dear Chairwoman Kelley:

Thank you for the opportunity to share Cigna's support for Senate Bill 834 - Health Insurance - Two-Sided Incentive Arrangements and Capitated Payments - Authorization. Cigna appreciates the effort to allow Value Based Care arrangements in Maryland. ***The bill begins the work needed to place Maryland on par with the majority of country and would allow for innovative and modern approaches to reimbursement and collaboration between payers and providers.***

Since the passage of the Affordable Care Act in 2010, there has been increasing focus on reducing health care costs and improving quality and patient experience through value-based reimbursement. Value-based reimbursement pays health care providers based on the quality and efficiency of care delivered rather than the number of services delivered. The industry has made steady progress transitioning to value-based reimbursement models. Payers continue to align more health care spend to value and launch new value-based models designed to support providers' transition to value-based care.

The Department of Health and Human Services (HHS) has been an accelerating force behind the value-based care transition. Several key legislative efforts have reinvigorated and brought health care quality and efficiency efforts to the forefront, beginning with the passage of The Patient Protection and Affordable Care Act (ACA), comprehensive health care reform, in 2010. A key provision of the ACA was to support innovative care delivery models designed to lower health care costs through the establishment of the Centers for Medicare & Medicaid Services (CMS) Innovation Center. The ACA also created a pathway for Medicare to reward providers that lower expenditure growth while achieving quality standards through the Medicare Shared Savings Program (MSSP). In 2015, HHS also put pressure on the industry by releasing their value-based payment goal that 50% of fee for service (FFS) Medicare payments be tied to

"alternative payment models" (APMs) and 90% of payments were anticipated to be tied to "value-based arrangements," by the end of 2018.[1]

Cigna believes that value-based relationships with providers are key to continually improving sustainable affordability, quality care and experience. The Cigna Collaborative Care® program is Cigna's set of value-based provider collaboration models aimed at delivering better health, affordability, and customer and provider experience. ***We meet providers where they are in terms of risk readiness, experience, and their own strategic goals, and work with them to help ensure their success in value-based care. We do this through aligned incentives, peer-to-peer consultative support, actionable information, and alignment with our consumer health engagement programs.***

We launched our first value-based care relationship with a large primary care physician group in 2008, and since then have expanded Cigna Collaborative Care to include hospitals and specialty groups. Over the past decade, we have refined our program based on insights from our collaborative providers to better support them and their journey to value-based care, and have launched a payer-agnostic solution to work with independent providers. ***By 2019, over 50% of our payments in our Top 40 markets are in alternative payment models[2] and we established more than 650 commercial value-based arrangements nationwide, with strong results.[3]***

We are building on our success with Cigna Collaborative Care to deliver sustainable affordability and quality, while preserving customer choice and delivering a differentiated customer and provider experience. We are doing this by:

- Continuing to grow and innovate in Cigna Collaborative Care, expanding our model types to address areas of care where medical costs are highest.
- Taking a "whole" person view of the customer by integrating behavioral and pharmacy into value-based models.
- Connecting customers with quality doctors across all network solutions and helping them along their health journey based on their unique needs and preferences.
- Helping providers succeed in value-based care by delivering the right incentives and tools to support care coordination and anticipating and addressing obstacles to good outcomes.
- Delivering more affordable, cost predictable solutions to employers and support a healthier, more productive workforce.

To deliver our vision, we need to support providers to successfully manage the health of their patients, work with employers to guide their customers to value-based providers who are

[1] U.S. Department of Health and Human Services, "Better, Smarter, Healthier: In historic announcement, HHS sets clear goals and timeline for shifting Medicare reimbursements from volume to value," News, January 26, 2015. An APM is a payment approach that offers additional incentive payments for high-quality and cost-efficient care

[2] Cigna January 2019 analysis of medical payments in the top 40 US markets as of Q4 2018

[3] Cigna internal analysis of existing arrangements as of April 2019. Subject to change.

delivering good health outcomes, and help customers make informed health care decisions. Together, we can make it easier for customers to access affordable, quality care and promote our collective goal of building a more sustainable health care system.

Passage of SB 834 will facilitate our ability to begin bringing this success to Maryland for patients and providers. ***For these reasons, we urge the committee to give SB 834 a favorable report.***

Sincerely,

Kimberly Y. Robinson

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Director, Regulatory and State Government Affairs

cc: Members, Health and Government Operations Committee