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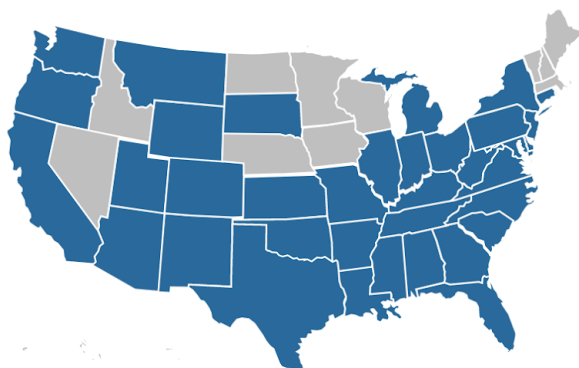4550 Montgomery Ave., Suite 950N
Bethesda, MD 20814

To Whom it May Concern:

Aledade is pleased to support HB 1148 Health Insurance – Two-Sided Incentive Arrangements and Capitated Payments – Authorization.

Aledade supports this bill because we know that value-based care works. Today, we partner with primary care practices in 37 states and have entered into successful two-sided risk sharing arrangements in 21 of those states. We support this legislation because it will help Maryland continue to progress toward a higher performing health system; the legislation includes important protections for physician practices including the requirement that these arrangements be truly voluntary; and, when these value-based arrangements are properly structured, they are good for patients, good for physicians, and good for society. **We are not aware of any other state that prohibits this type of partnership between willing physician groups and a health plan.**

Who we are:

Aledade is building a movement of independent physicians by aligning financial models with patient outcomes.

- ✓ 37 States
- ✓ 38 MSSP ACOs
- ✓ 98 Medicare & 47 Other Value-Based Care Partnerships
- ✓ 1K+ Independent Practices
- ✓ 11.9K+ Clinicians
- ✓ 752k MSSP patients, 1.7M+ total patients
- ✓ 90+ Electronic Health Records & Practice Management Systems
- ✓ $17+ Billion Under Management

Aledade was founded in 2014 and is headquartered in Bethesda, Maryland. In Maryland, we partner with 38 physician-led, independent primary care practices in the state, with more than 120 primary care clinicians who care for more than 26,000 attributed patients in an Enhanced Track (2-sided risk) Medicare Shared Savings Plan ACO.

Aledade participates as a Care Transformation Organization with the Maryland Primary Care Program (MDPCP) operated in Maryland by the Center for Medicare and Medicaid Innovation (CMMI) and the Maryland Department of Health. Aledade provides technology, analytics, and an interdisciplinary care team to 14 primary care practices who have 11,000 attributed Medicare beneficiaries.

But we are a national company. Across 37 states, Aledade partners with more than 1000 primary care physician practices, Federally Qualified Health Centers, and Rural Health Centers in value-based health care. Aledade does not own or build practices–we partner with these primary care practices to help them succeed in value-based care. By doing this, we are providing a new pathway to preserve independent primary care practices in Maryland and throughout the country. We are committed to outcome-based payment models to improve the value of health care delivered to Medicare beneficiaries and other Americans.

The physician practices we partner with are accountable for the quality and total cost of care for more than 1.8 million lives. Nearly half of those lives are in the Medicare Shared Savings Program (MSSP), but we also have value-based contracts with commercial health plans, Medicare Advantage organizations, and Medicaid managed care organizations.

A few more facts about Aledade and the practices we partner with:
- More than half of our primary care providers are in practices with fewer than 10 clinicians.
- More than 65% of our practices are in a federally-designated Primary Care Health Professional Shortage Area and nearly half are in a Medically Underserved Area.
- We have significant experience in two-sided (upside/downside) risk:
    - Medicare Shared Savings Program (Traditional Medicare): 38 contracts, all 2-sided risk
    - Medicare Advantage: 25 markets are in two-sided risk
    - Commercial: 19 markets are in two-sided risk
    - Medicaid: 6 markets are in two-sided risk

Value-based care works

Value-based care is a way to structure payment away from rewarding the volume of services delivered and instead rewarding things that matter such as the quality of care delivered, clinical outcomes, and patient experience.
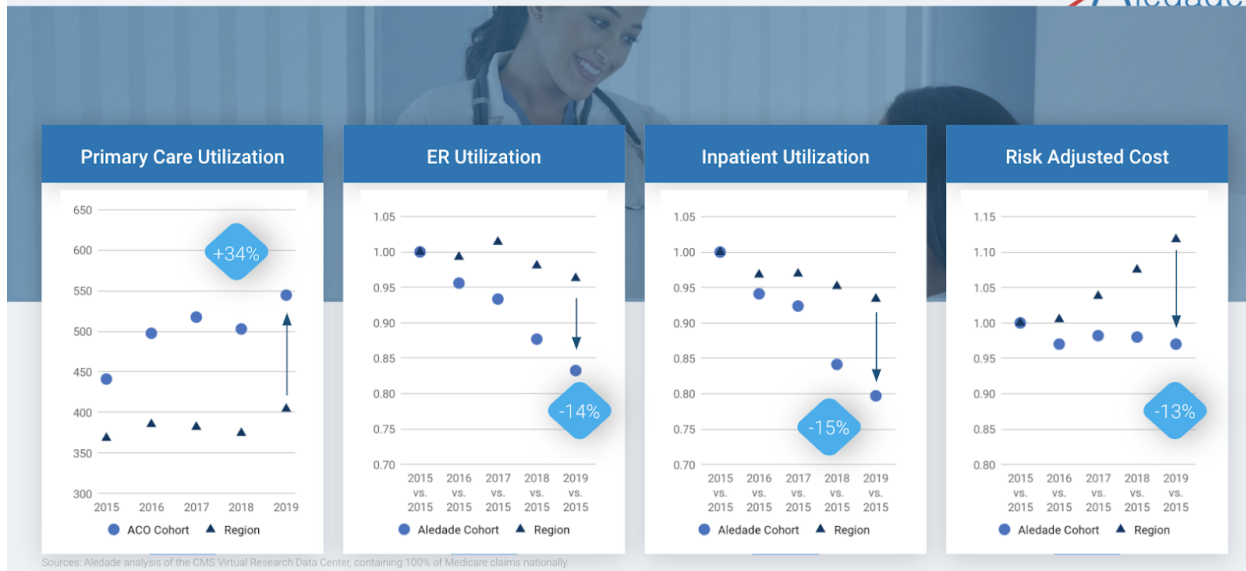
In 2020, despite the turmoil of the COVID pandemic, 92% of Aledade Medicare Shared Savings Program ACOs achieved savings, reducing the total cost of care by 7.4 percent and saving Medicare $315 million. For their success and work in providing care to over 400,000 Medicare patients, Aledade practices shared in over $93 million. Practices working with Aledade experience an average increase of 20-30% in Medicare revenue from participating in MSSP; our most mature practices have seen an increase of 50% or higher. And that's just Medicare. Our practices want to transform care for all of their patients and that increases their savings opportunities.

These savings come from real improvements in health care. Using objective, publicly available data from Medicare, a retrospective study of a cohort of 5 Aledade ACOs in disparate states including Louisiana, Kansas, West VA, Mississippi, and Florida:
- Prevented 10,917 unnecessary hospitalizations (20% below the cohort's historical baseline, and 15% better than the region's 4-year trend)
- Prevented 19,338 unnecessary emergency department visits (17% below the baseline and 14% better than the four year regional trend)
- Prevented 8,859 unnecessary skilled nursing facility visits (27% below the cohort's historical baseline, and 18% better than the region's 4-year trend) compared with the region)
- The cohort's risk-adjusted costs were 13% lower than the region's.

These results were generated by increasing Medicare beneficiaries' access to primary care. These ACOs provided 265% more annual wellness visits in 2019 compared to similar practices in their communities.

Results from our 2016 cohort demonstrate the power of our solution

Sources: Aledade analysis of the CMS Virtual Research Data Center, containing 100% of Medicare claims nationally.

This legislation will advance value-based care

Aledade works with all the major national health plans and dozens of Blue Cross plans. Our experience is that these plans often offer a variety of value-based contracts, with varying levels of risk sharing depending on the capabilities of a practice and their risk tolerance. We favor the ability of health plans in Maryland to offer two-sided risk models because we know this means that some plans will offer higher upside opportunities to our practices.

We also acknowledge that the health plans and the physician groups in Maryland have worked for months to improve the original version of this legislation. We believe the latest version nicely balances the legitimate concerns with physicians, especially ensuring that these arrangements are voluntary, while still allowing appropriate levels of risk sharing that can incentivize better care at lower cost.

Our nationwide network of hundreds of primary care practices has proven across states and across payers that you can reduce spending in health care and you can do it the right way: by helping patients stay healthy rather than waiting for them to get sick. We're excited to keep accelerating this success by moving Aledade ACOs into more advanced two-sided risk models, in which our partner physicians can be rewarded for their exceptional care.

We urge the Maryland General Assembly to pass HB 1148, to align Maryland with the other 36 states we do business in and allow Maryland providers the opportunity to partner with innovative organizations like Aledade to enter into payment arrangements that simultaneously improve patient care and lower health care costs.

Thank you for the opportunity to share our experience and our support of this legislation.

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