MedChi NEWS

Maryland Signs Updated AHEAD Agreement

Maryland officially signed the updated amendment to the AHEAD State Agreement with the Centers for Medicare & Medicaid Services (CMS), marking a major milestone for Maryland's long-standing, nation-leading value-based health care model.

For more than a decade, Maryland's global budget and all-payer system has been the method to pay Maryland hospitals. The updated agreement ensures this model continues with major changes.

The new AHEAD model sets ambitious statewide goals for decelerating healthcare spending, increasing investment in primary care, and improving population health. The agreement reflects months of detailed negotiations with CMS and strong engagement from Maryland's hospitals, payers, physicians, and other health system partners.

At a high level, the final agreement includes:

- Stability in the early years: only modest adjustments in 2026 and 2027, with CMS's new global budget methodology beginning in 2028.
- EQIP extended in perpetuity – A major win for physicians and the state
- Protection of Maryland's global budget system: CMS and Maryland reaffirm the all-payer model and commit to a smoother, phased transition to the updated CMS global budget framework.
- Flexibility for hospitals and physicians:
  - A bridge period preventing sudden or destabilizing shifts in Medicare hospital revenues.
  - A new guardrail ensuring that excess Medicare savings are reinvested back into hospital global budgets.
  - Continued flexibility to invest in population health.
  - Preservation of physician value-based care programs until new models are developed.
- Greater flexibility on choice and competition requirements, including extended implementation timelines.
- Alignment with Medicaid: creating a pathway for Medicaid rates to track with Medicare global budget rates as federal rulemaking progresses.
- Lower threshold for services under global budgets: Reduced from 90% to 85%, while retaining the ability for Maryland to set Maryland-specific rates for certain carved-out services.

Maryland hospitals are now reviewing participation agreements and preparing for the implementation timeline. Several cross-cutting policy issues will require continued collaboration across state agencies, including:

- Post-acute care
- Graduate medical education
- Cost-shifting dynamics
- Medicare Advantage alignment
- Primary care investment requirements

Governor Moore has established a state regulatory working group to coordinate and resolve these issues, with a final set of recommendations due in June 2026.

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