

**448TH MEETING OF THE
HEALTH SERVICES COST REVIEW COMMISSION**

September 10, 2008

Chairman Donald A. Young, M.D., called the meeting to order at 9:30 a.m. Commissioners Raymond J. Brusca, J.D., Trudy R. Hall, M.D., James Lowthers, Kevin J. Sexton, and Herbert Wong, Ph.D. were also present.

**ITEM I
REVIEW OF THE MINUTES OF THE PUBLIC SESSION OF JULY 2, 2008**

The Commission voted unanimously to approve the minutes of the July 2, 2008 Public Meeting.

**ITEM II
EXECUTIVE DIRECTOR'S REPORT**

Robert Murray, Executive Director, reviewed the initiatives approved and taken by the Commission last spring, i.e., the process based Quality Reimbursement Initiative for implementation in FY 2009; the Outpatient Constraint System for implementation in FY 2009; the revisions to the Financial Conditions Report; the Uniform Assessment facilitating the major Medicaid coverage expansion for FY 2009 and future years; and the final update for FY 2009.

Mr. Murray also updated the Commission on the projects that staff has been working on in the summer and will continue to work on in the fall, i.e., the ROC/ICC review process including melding the inpatient charge per case and outpatient charge per visit into one combined ROC; the development of outcome based quality measures by the Quality Initiative Evaluation Work Group; review of the Community Benefit Report by its Advisory Group; and creation of a task force to address physician payment subsidization by hospitals and the role of the Commission in this effort.

**ITEM III
DOCKET STATUS CASES CLOSED**

1980R – Greater Baltimore Medical Center
1986A – Johns Hopkins Health System
1988A – MedStar Health

1982N – Dorchester General Hospital
1987A – MedStar Health

ITEM IV
DOCKET STATUS CASES OPEN

Washington Adventist Hospital – 1989N

On June 20, 2008, Washington Adventist Hospital submitted a rate application requesting a rate for its new Lithotripsy (LIT) service. The Hospital requested that the current state-wide median LIT rate be effective July 1, 2008.

The Commission's staff requested that the Hospital provide projected cost and volume data for the first year of LIT service. The data produced a rate of \$2,445 per procedure, while the state-wide median for LIT is \$2,613.08.

After reviewing the data, staff recommended the following:

- 1) That COMAR 10.37.10.07 requiring that rate applications be filed 60 days prior to the opening of a new service be waived;
- 2) That a LIT rate of \$2,445 per procedure be approved effective July 1, 2008;
- 3) That no change be made to the Hospital's charge per case standard for LIT services; and
- 4) That the LIT rate not be rate realigned until a full year's experience data have been reported to the Commission.

The Commission voted unanimously to approve staff's recommendation.

Harford Memorial Hospital – 1990N

On June 26, 2008, Harford Memorial Hospital filed an application for approval to replace its inpatient only off-site rebundled MRI rate with a rate for MRI services provided by the Hospital to both inpatients and outpatients. Through an oversight the Hospital received a rebundled MRI rate when the service was initiated in 2003. The Hospital requested that the oversight be corrected effective July 1, 2008.

After reviewing cost data supplied by the Hospital, staff recommended:

1. That COMAR 10.37.10.07 requiring that rate applications be filed 60 days prior to the opening of a new service be waived;
2. That an MRI rate based on the Hospital's cost data of \$25.16 per RVU, which is lower than the state-wide median of \$46.32 per RVU, be approved effective July 1, 2008;

3. That no change be made to the Hospital's Charge per Case standard for MRI services; and
4. That the MRI rate not be rate realigned until a full year's experience data have been reported to the Commission.

The Commission voted unanimously to approve staff's recommendation.

Johns Hopkins Health System – 1991A

On June 29, 2008, Johns Hopkins Health System filed an application on behalf of Johns Hopkins Bayview Medical Center requesting approval to continue to participate in a capitation arrangement among the Hospital, the Maryland Department of Health and Mental Hygiene (DHMH), and the Centers for Medicare and Medicaid Services. The Hospital serves as a provider in the federal Program of All-inclusive Care for the Elderly (PACE). The requested approval is for a period of 15 months effective retroactively to July 1, 2008.

Based on changes in reimbursement and eligibility criteria agreed to by DHMH, staff recommended that the Commission approve the renewal request for 15 months retroactive to July 1, 2008 and that the approval be contingent upon the execution of the standard Memorandum of Understanding.

The Commission voted unanimously to approve staff's recommendation.

Johns Hopkins Health System – 1993A

On July 7, 2008, the Johns Hopkins Health System filed an application on behalf of its member hospitals Johns Hopkins Hospital, Johns Hopkins Bayview Medical Center, and Howard County General Hospital, requesting approval to continue to participate in a global rate arrangement for cardiovascular services with the Canadian Medical Network for a period of one year retroactive to June 1, 2008.

Because the experience under this arrangement was favorable over the last year, staff recommended that the Commission approve the request for one year effective June 1, 2008, and that the approval be contingent upon the execution of the standard Memorandum of Understanding.

The Commission voted unanimously to approve staff's recommendation.

Johns Hopkins Health System – 1995A

On July 14, 2008, the Johns Hopkins Health System filed an application on behalf of its member hospitals Johns Hopkins Hospital, Johns Hopkins Bayview Medical Center, and Howard County General Hospital, for approval to participate in a global rate arrangement for cardiovascular services with Active Care Management for one year beginning September 1, 2008.

After review of the hospital component of the global rate, which is based upon the Hospitals' actual experience in treating these types of patients, and the professional fees component of the global rate, agreed upon by the participating physician practices, staff recommended approval of the request for one year effective September 1, 2008, and that the approval be contingent upon the execution of the standard Memorandum of Understanding.

The Commission voted unanimously to approve staff's recommendation.

University of Maryland Specialty Hospital – 1996N

On July 14, 2008, University Specialty Hospital submitted an application requesting approval of an "all-inclusive" Respiratory Therapy (RES) rate of \$1.2686 per RVU, and approved overhead costs to be applied to Medical Surgical Supplies (MSS) of \$738,493 to be effective July 1, 2008. The RES rate and MSS overhead will be revenue neutral. The RES and MSS overhead revenue will be apportioned from the Hospital's Room and Board rates.

After reviewing the Hospital's application, staff recommended:

- 1) That COMAR 10.37.07 requiring that rate applications be filed 60 days prior to the opening of a new service be waived;
- 2) That the requested rates be approved effective July 1, 2008;
- 3) That no change be made to the Hospital's charge per case standard for the new services; and
- 4) That the RES rate not be rate realigned until a full year's experience data have been submitted to the Commission.

The Commission voted unanimously to approve staff's recommendation.

University of Maryland Hospital Center- 1997A

On July 31, 2008, University of Maryland Medical Center submitted an application requesting

approval to continue to participate in a global rate arrangement for the collection of peripheral blood stem cells from donors with the National Bone Marrow Donor Program effective August 1, 2008.

Because last year's experience under this arrangement was favorable, staff recommended that the Commission approve the Hospital's request for continuation of this arrangement for one year beginning August 1, 2008, and that the approval be contingent on the execution of the standard Memorandum of Understanding.

The Commission voted unanimously to approve staff's recommendation.

University of Maryland Medical Center – 1998A

On July 31, 2008, the University of Maryland Medical Center submitted an application requesting approval to continue to participate in a global rate arrangement for solid organ and bone marrow transplants with the Blue Cross and Blue Shield Association Quality Centers for Transplant Services for one year beginning September 1, 2008.

Because last year's experience was favorable, staff recommended that the Commission approve the Hospital's request for continuation of this arrangement for one year effective September 1, 2008, and that the approval be contingent on the execution of the standard Memorandum of Understanding.

The Commission voted unanimously to approve staff's recommendation.

University of Maryland Medical Center – 2000A

On July 31, 2008, the University of Maryland Medical System submitted an application requesting approval to continue to participate in a global rate arrangement for solid organ, gamma knife, and blood and bone marrow transplant services with Aetna Health, Inc. for one year beginning August 1, 2008.

In prior years, the experience under this arrangement has not been favorable; however, because of re-negotiation of the contract and clinical efficiencies the experience this year was favorable. Therefore, staff recommended that the Commission approve the Hospital's request for continuation of this arrangement for one year effective August 1, 2008, and that the approval be contingent on the execution of the standard Memorandum of Understanding.

The Commission voted unanimously to approve staff's recommendation.

Johns Hopkins Health System – 2002A

On August 20, 2008, Johns Hopkins Health System filed an application on behalf of its member hospitals Johns Hopkins Hospital, Johns Hopkins Bayview Medical Center, and Howard County General Hospital, to participate in a global rate arrangement with Preferred Health Care for solid organ and bone marrow transplant services for one year beginning September 1, 2008.

After review of: 1) the hospital component, which is based on the Hospitals' mean historical charges for patients receiving these procedures; 2) the professional fees, which were agreed upon by the participating physician practices; and 3) the per diem payments for cases that exceed the arrangement's outlier threshold, staff believes that the Hospitals can achieve a favorable performance under this arrangement.

Therefore, staff recommended approval of the Hospitals' request to participate in the arrangement for one year effective September 1, 2008, and that the approval be contingent on the execution of the standard Memorandum of Understanding.

The Commission voted unanimously to approve staff's recommendation.

DRAFT RECOMMENDATIONS ON APPLICATION FOR CONTINUED PARTICIPATION IN THE MEDICAID HEALTH CHOICE PROGRAM

Steve Ports, Principal Deputy Director-Policy & Operations, summarized draft staff recommendations for the Alternative Method of Rate Determination applications of: MedStar Health, proceeding #1992A; the Johns Hopkins Health System, proceeding #2001A; and Maryland Physicians Care, proceeding #2003A; for approval to continue to participate in the Medicaid Health Choice Program. Final recommendations will be presented at the October Public Meeting.

ITEM V **SUMMARY OF FY 2007 DISCLOSURE OF HOSPITAL FINANCIAL AND STATISTICAL DATA**

Mr. Murray summarized the 2007 Disclosure of Hospital Financial and Statistical Data report. Mr. Murray noted that the Report has been prepared annually for virtually all of the Commission's existence as part of its mandate for public disclosure of the financial performance of all hospitals. As usual the focal point of the report is how Maryland hospitals are performing versus the nation in terms of rates of growth per equivalent admission in net operating revenue, net patient revenue, and costs. For most of the Commission's history Maryland hospitals have out performed the nation in rates of growth in these measures, however, in 2007 unfortunately this was not the case. On a cost per case basis the U.S. grew at a rate of about 5.5% while Maryland's increase was 6.2%. In addition, the Report showed that uncompensated care

increased to \$927 million. Also, Mr. Murray noted that as expected, total profit and operating profits increased in 2007 over 2006, resulting from the infusion of revenue to re-capitalize the industry.

Chairman Young asserted that it should be the goal of the Commission that the rate of growth in costs per equivalent admission in Maryland be brought back down and be lower than that of the nation. The Chairman expressed confidence that providers, payers, business, and labor will join the Commission in working toward that goal.

ITEM VI
STAFF FINAL RECOMMENDATION ON UNIVERSITY OF MARYLAND SCHOOL
OF MEDICINE REQUEST TO ACCESS THE HSCRC CONFIDENTIAL PATIENT
LEVEL DATA

Oscar Ibarra, Chief-Program Administration & Information Management, stated that the University Of Maryland School Of Medicine requested access to the Commission's inpatient and outpatient confidential data sets. The objective of the School of Medicine's request is to better understand and correlate influenza outbreaks to hospitalizations and emergency department utilization by using the dates of inpatient admissions or emergency department visits in the confidential data sets. These data will not be used to identify individual hospitals or patients.

Mr. Ibarra reported that in accordance with Commission policy, the request was reviewed by the HSCRC Confidential Data Review Committee. The Committee unanimously agreed to recommend access provided the applicant files annual progress reports to the Commission detailing any changes in the goals or design of the project, any changes in data handling procedures, work progress, and unanticipated events related to the confidentiality of the data. Therefore, staff recommended that the request for access to the HSCRC confidential data files be approved.

The Commission voted unanimously to approve staff's recommendation.

ITEM VII
LEGAL REPORT

Regulations

Final Adoption

Types and Classes of Charges Which Cannot Be Changed Without Prior Commission Approval
– COMAR 10.37.03.02

The purpose of this action is to help assure greater equity in hospital pricing practices.

Rate Application and Approval Procedures – COMAR 10.37.10.26-1

The purpose of this action is to set forth the assessment on hospitals to operate and administer the MHIP Plan consistent with recently enacted legislation.

The Commission voted unanimously to adopt the amended regulations.

Proposed

Rate Application and Approval Procedures- COMAR 10.37.10.04-2

The purpose of this action is to include a description of the Commission's new outpatient Charge-per Visit methodology within the existing case target methodology description.

The Commission voted unanimously to forward the proposed regulations to the AELR Committee for review and publication in the Maryland Register.

ITEM VIII
HEARING AND MEETING SCHEDULE

October 8, 2008	Time to be determined, 4160 Patterson Avenue, HSCRC Conference Room
November 5, 2008	Time to be determined, 4160 Patterson Avenue, HSCRC Conference Room

There being no further business, the meeting was adjourned at 10:14 a.m.