

**Health Services Cost Review Commission**

**Report on the Results of the Uncompensated Care Policy for Fiscal Year 2011**

**July 7, 2010**

## **Introduction**

The purpose of this report is to present the results of the Uncompensated Care Policy for fiscal year 2011 and to update the Commission on discussions surrounding the Uncompensated Care Policy.

The HSCRC's provision for uncompensated care in hospital rates is one of the unique features of rate regulation in Maryland. Uncompensated care includes bad debt and charity care. By recognizing reasonable levels of bad debt and charity care in hospital rates, the system enhances access to hospital care for those citizens who cannot pay for care. The uncompensated care provision in rates is applied prospectively and is meant to be predictive of actual uncompensated care costs in a given year.

The HSCRC uses a regression methodology as a vehicle to predict actual uncompensated care costs in a given year. The uncompensated care methodology has undergone substantial changes over the years since it was initially established. The most recent version of the policy was adopted by the Commission on May 2, 2007.

The uncompensated care regression estimates the relationship between a set of explanatory variables and the rate of uncompensated care observed at each hospital as a percentage of gross patient revenue. Under the current policy, the following variables are included as explanatory variables:

- The proportion of a hospital's total charges from inpatient non-Medicare admissions through the emergency room,
- The proportion of a hospital's total charges from inpatient Medicaid, self-pay, and charity cases,
- The proportion of a hospital's total charges from outpatient Medicaid, self-pay, and charity visits to the emergency room, and
- The proportion of a hospital's total charges from outpatient charges.

## **Discussions surrounding the Uncompensated Care Policy**

In the last three months, a number of hospital representatives have met with staff to discuss various issues related to the uncompensated care methodology. Most of the discussions have focused on the impact of the ongoing Medicaid expansion and the economy on the stability of the uncompensated care regression estimates. Discussions have also taken place on the difficulty of reconciliation and settlement of monies associated with "averted bad debt" and on reconstituting the explanatory variables used in the uncompensated care regression.

There were also suggestions for revising the regression model as presented by representatives from the Johns Hopkins Medical System and Mercy Medical Center at the Maryland Hospital Association's April 15, 2010 Financial Technical Issues Task Force meeting. A subsequent meeting was held by hospital representatives at the behest of MHA to further discuss the proposal on April 21, 2010.

A meeting was also held on May 6, 2010 between the HSCRC staff and hospital representatives to discuss possible recommendations from the MHA. On June 21, 2010, the MHA sent a letter (see attached) to HSCRC staff recommending "adding the final FY 2009 hospital-specific averted UCC best estimates to the reported UCC, and then proceeding with the regression and subsequent calculations," based on the June 9, 2010, report to the Commission.

### **The uncompensated care model**

The model remains as specified in the current methodology. The amount of uncompensated care in rates is computed as follows:

1. Compute a three-year moving average for uncompensated care for each hospital.
2. Use the most recent three years of data to compute the uncompensated care regression (while adding "dummy" variables for each year).
3. Generate a predicted value for the hospital's uncompensated care rate based on the last available year of data.
4. Compute a 50/50 blend of the predicted and three-year moving average as the hospital's amount in rates.
5. Calculate the statewide amount of uncompensated care in rates from this process, and generate the percentage difference between the preliminary amount in rates and the last year of actual experience.
6. Add/subtract the statewide difference (step 5) to the hospital's preliminary UCC rate (step 4) to get adjusted rates that tie to the State's last year of actual UCC experience.

The result is the hospital's UCC rate for the next fiscal year.

### **Medicaid's expansion and "averted bad debts"**

To account for the impact of Medicaid's expansion and "averted bad debts" on the UCC policy, staff is now using a methodology that parallels the Commission-approved method for handling uncompensated care resulting from the previous imposition of day-limits in State Medicaid reimbursement to acute care hospitals. Under that methodology, adjustments were made to the UCC policy by removing the pre-funded amounts in rates for day limits from actual uncompensated care prior to calculating the model described above. The pre-funded amounts were then added to the UCC rate calculated in step 6 to finance the day limits portion separately. Therefore, the impact of Medicaid's expansion and "averted bad debts" is accounted for by adding the "FY 2009 hospital-specific averted UCC best estimates" to hospital reported UCC and then applying the regression and other subsequent calculations. "FY 2009 hospital-specific averted UCC best estimates" refers to the hospital reconciled amount attributable to the ongoing Medicaid expansion based on the most current data available as of the date of this report.

Newly estimated "averted bad debts" for each hospital will be calculated and the UCC policy results adjusted for these new estimates before the 100 percent UCC pooling methodology is applied. The new uncompensated care provisions will become effective on July 1, 2010 with the new charge per case targets.

## **Result**

The result of this approach is that the prospective amount built into rates across the industry is the amount actually experienced in the last year of available data excluding any new estimates for averted bad debt due to Medicaid expansion. If, for example, uncompensated care were \$1 billion in fiscal year 2009, this model would establish rates that would deliver \$1 billion in fiscal year 2011 if volumes and rates remain the same.

Table 1 provides summary results of the UCC policy for Fiscal Year 2011 without additional expected offset for FY 2011 averted bad debt due to Medicaid expansion. Table 2 shows the results from the regression analysis and revenue neutrality adjustment. Table 3 provides details of the fiscal year 2009 data used in the regression model. Table 4 provides a statistical summary of the variables and regression results.

Final results will be available when hospitals and their representatives have reviewed and validated the data used in this report.

**Table 1**  
**Summary Results of the UCC Model for FY**  
**2011 (Without Additional Expected Offset**  
**for FY 2011 Averted Bad Debt due to**  
**Medicaid Expansion)**

Hospid	Hospital Name	UCC Provision for FY 2011
210001	Washington County Hospital	8.03%
210002	Univ. of Maryland Medical System	9.68%
210003	Prince Georges Hospital	15.15%
210004	Holy Cross Hospital of Silver Spring	7.72%
210005	Frederick Memorial Hospital	6.63%
210006	Harford Memorial Hospital	11.03%
210007	St. Josephs Hospital	3.72%
210008	Mercy Medical Center, Inc.	8.06%
210009	Johns Hopkins Hospital	6.55%
210010	Dorchester General Hospital	8.54%
210011	St. Agnes Hospital	7.79%
210012	Sinai Hospital	8.01%
210013	Bon Secours Hospital	17.60%
210015	Franklin Square Hospital	8.85%
210016	Washington Adventist Hospital	9.37%
210017	Garrett County Memorial Hospital	8.85%
210018	Montgomery General Hospital	6.74%
210019	Peninsula Regional Medical Center	6.75%
210022	Suburban Hospital Association, Inc	5.36%
210023	Anne Arundel General Hospital	4.86%
210024	Union Memorial Hospital	6.53%
210025	The Memorial Hospital	6.34%
210027	Braddock Hospital	5.18%
210028	St. Marys Hospital	7.79%
210029	Johns Hopkins Bayview Med. Center	9.36%
210030	Chester River Hospital Center	9.30%
210032	Union Hospital of Cecil County	9.25%
210033	Carroll County General Hospital	6.11%
210034	Harbor Hospital Center	10.24%
210035	Civista Medical Center	7.84%
210037	Memorial Hospital at Easton	6.21%
210038	Maryland General Hospital	13.12%
210039	Calvert Memorial Hospital	7.33%
210040	Northwest Hospital Center, Inc.	8.31%
210043	North Arundel General Hospital	8.41%
210044	Greater Baltimore Medical Center	3.94%
210045	McCready Foundation, Inc.	10.07%
210048	Howard County General Hospital	6.83%
210049	Upper Chesapeake Medical Center	7.09%
210051	Doctors Community Hospital	10.16%
210054	Southern Maryland Hospital	9.00%
210055	Laurel Regional Hospital	11.77%
210056	Good Samaritan Hospital	6.16%
210057	Shady Grove Adventist Hospital	7.97%
** 210058	James Lawrence Kernan Hospital	4.80%
210060	Fort Washington Medical Center	12.79%
210061	Atlantic General Hospital	6.47%
	STATE-WIDE	7.79%

**\*\* James Lawrence Kernan Hospital was excluded in the Regression Analysis**

**Table 2**  
**Policy Results from the Regression and Revenue Neutrality Adjustment for FY 2011**

Hospid	Hospital Name	UCC in Rates (July 1, 2008)	Actual UCC for FY '09	Adjusted UCC for FY '09 (Includes Averted Bad Debt)	Predicted UCC	FY '07 - FY '09 UCC AVERAGE	50/ 50 BLENDED UCC AVERAGE	Revenue Neutrality Adjustment	Policy Results	Dollar Amount
210001	Washington County Hospital	6.67%	8.52%	8.93%	7.60%	8.09%	7.84%	0.19%	8.03%	19,520,103
210002	Univ. of Maryland Medical System	8.69%	9.18%	9.73%	9.39%	9.58%	9.48%	0.19%	9.68%	90,956,801
210003	Prince Georges Hospital	13.35%	15.62%	16.06%	14.58%	15.33%	14.96%	0.19%	15.15%	39,468,386
210004	Holy Cross Hospital of Silver Spring	6.43%	7.57%	7.81%	7.81%	7.24%	7.53%	0.19%	7.72%	30,444,995
210005	Frederick Memorial Hospital	5.62%	5.77%	6.22%	6.97%	5.92%	6.44%	0.19%	6.63%	17,704,449
210006	Harford Memorial Hospital	8.24%	11.76%	12.09%	10.32%	11.35%	10.83%	0.19%	11.03%	10,610,783
210007	St. Josephs Hospital	2.81%	4.09%	4.18%	3.44%	3.63%	3.53%	0.19%	3.72%	14,855,320
210008	Mercy Medical Center, Inc.	7.79%	7.98%	8.35%	7.88%	7.86%	7.87%	0.19%	8.06%	30,817,744
210009	Johns Hopkins Hospital	5.65%	6.60%	6.78%	6.49%	6.22%	6.35%	0.19%	6.55%	106,059,065
210010	Dorchester General Hospital	8.25%	8.28%	9.20%	9.17%	7.54%	8.35%	0.19%	8.54%	4,506,124
210011	St. Agnes Hospital	7.07%	6.28%	6.72%	8.60%	6.59%	7.60%	0.19%	7.79%	27,950,282
210012	Sinai Hospital	7.06%	7.74%	8.03%	7.69%	7.95%	7.82%	0.19%	8.01%	50,257,665
210013	Bon Secours Hospital	13.68%	17.93%	18.30%	18.35%	16.47%	17.41%	0.19%	17.60%	21,494,275
210015	Franklin Square Hospital	7.93%	7.26%	7.83%	9.17%	8.15%	8.66%	0.19%	8.85%	36,717,174
210016	Washington Adventist Hospital	7.29%	8.64%	9.01%	8.84%	9.52%	9.18%	0.19%	9.37%	26,640,483
210017	Garrett County Memorial Hospital	8.08%	9.14%	10.20%	8.68%	8.65%	8.66%	0.19%	8.85%	3,259,496
210018	Montgomery General Hospital	6.03%	6.02%	6.17%	7.20%	5.90%	6.55%	0.19%	6.74%	9,478,173
210019	Peninsula Regional Medical Center	5.56%	6.45%	6.90%	6.66%	6.45%	6.55%	0.19%	6.75%	25,987,478
210022	Suburban Hospital Association, Inc	4.71%	5.09%	5.18%	5.40%	4.93%	5.17%	0.19%	5.36%	12,227,044
210023	Anne Arundel General Hospital	4.36%	4.28%	4.31%	4.95%	4.39%	4.67%	0.19%	4.86%	19,075,896
210024	Union Memorial Hospital	6.33%	6.23%	6.59%	5.85%	6.83%	6.34%	0.19%	6.53%	27,041,825
210025	The Memorial Hospital	4.86%	4.55%	5.35%	6.76%	5.54%	6.15%	0.19%	6.34%	6,736,665
210027	Braddock Hospital	4.06%	5.03%	5.60%	4.91%	5.07%	4.99%	0.19%	5.18%	8,640,855
210028	St. Marys Hospital	6.51%	5.41%	5.86%	9.16%	6.04%	7.60%	0.19%	7.79%	9,668,928
210029	Johns Hopkins Bayview Med. Center	8.68%	10.49%	11.05%	8.54%	9.81%	9.17%	0.19%	9.36%	48,086,357
210030	Chester River Hospital Center	7.39%	10.60%	11.26%	6.48%	11.73%	9.11%	0.19%	9.30%	5,664,419
210032	Union Hospital of Cecil County	7.89%	10.10%	10.95%	9.56%	8.55%	9.06%	0.19%	9.25%	11,725,479
210033	Carroll County General Hospital	5.17%	4.46%	4.94%	6.74%	5.09%	5.92%	0.19%	6.11%	11,985,072
210034	Harbor Hospital Center	9.05%	8.58%	9.23%	11.00%	9.09%	10.05%	0.19%	10.24%	20,568,875
210035	Civista Medical Center	6.10%	6.02%	6.50%	9.01%	6.29%	7.65%	0.19%	7.84%	8,123,830
210037	Memorial Hospital at Easton	5.92%	4.95%	5.47%	6.83%	5.20%	6.01%	0.19%	6.21%	9,931,215
210038	Maryland General Hospital	11.59%	13.14%	13.87%	13.17%	12.68%	12.93%	0.19%	13.12%	23,857,180
210039	Calvert Memorial Hospital	6.14%	5.86%	6.32%	8.40%	5.88%	7.14%	0.19%	7.33%	8,162,657
210040	Northwest Hospital Center, Inc.	7.30%	8.28%	8.60%	8.22%	8.03%	8.12%	0.19%	8.31%	17,603,988
210043	North Arundel General Hospital	6.73%	8.01%	8.40%	8.44%	8.00%	8.22%	0.19%	8.41%	26,020,749
210044	Greater Baltimore Medical Center	2.54%	2.87%	3.08%	4.67%	2.83%	3.75%	0.19%	3.94%	15,500,419
210045	McCready Foundation, Inc.	6.84%	10.39%	11.26%	10.04%	9.73%	9.88%	0.19%	10.07%	1,694,190
210048	Howard County General Hospital	5.73%	5.70%	5.99%	7.80%	5.48%	6.64%	0.19%	6.83%	15,765,851
210049	Upper Chesapeake Medical Center	5.47%	6.97%	7.27%	7.43%	6.37%	6.90%	0.19%	7.09%	15,567,723
210051	Doctors Community Hospital	8.25%	9.61%	10.04%	9.83%	10.11%	9.97%	0.19%	10.16%	19,172,518
210054	Southern Maryland Hospital	7.39%	8.05%	8.42%	8.80%	8.81%	8.80%	0.19%	9.00%	20,223,906
210055	Laurel Regional Hospital	11.07%	11.53%	12.02%	11.10%	12.05%	11.58%	0.19%	11.77%	10,784,190
210056	Good Samaritan Hospital	5.72%	5.30%	5.71%	6.27%	5.67%	5.97%	0.19%	6.16%	17,638,476
210057	Shady Grove Adventist Hospital	6.60%	6.92%	7.24%	8.41%	7.15%	7.78%	0.19%	7.97%	26,394,538
** 210058	James Lawrence Kernan Hospital	6.30%	7.54%	7.86%	2.65%	6.95%	4.80%	0.00%	4.80%	5,078,676
210060	Fort Washington Medical Center	9.60%	14.68%	15.07%	11.46%	13.73%	12.60%	0.19%	12.79%	6,041,966
210061	Atlantic General Hospital	5.64%	6.21%	6.67%	6.68%	5.89%	6.28%	0.19%	6.47%	4,952,323
	STATE-WIDE	6.73%	7.42%	7.79%	7.77%	7.43%	7.60%	0.19%	7.79%	1,000,664,606

\*\* James Lawrence Kernan Hospital was excluded in the Regression Analysis

**Table 3**  
**Fiscal Year 2009 Data Used in Regression for FY 2011**

Hospid	Hospital Name	Inpatient Medicaid Charges	Inpatient Non-Medicare Charges through the ER	Inpatient Self-Pay and Charity Charges	Outpatient Medicaid Charges through the ER	Outpatient Self-Pay and Charity Charges through the ER	Outpatient Revenue	UCC in Rates (July 1, 2008)	Gross Patient Revenue	Uncompensated Care
210001	Washington County Hospital	15,952,474	38,632,899	7,589,685	5,408,649	6,109,283	84,404,900	6.67%	\$243,018,300	\$21,593,368
210002	Univ. of Maryland Medical System	156,245,288	211,979,816	28,714,728	20,154,582	12,315,254	230,738,600	8.69%	\$940,100,100	\$94,995,091
210003	Prince Georges Hospital	63,962,391	87,265,226	10,231,269	5,709,816	10,991,631	55,608,200	13.35%	\$260,576,400	\$42,154,785
210004	Holy Cross Hospital of Silver Spring	50,300,641	72,057,998	14,009,580	5,637,406	6,592,324	104,017,600	6.43%	\$394,466,500	\$30,778,789
210005	Frederick Memorial Hospital	16,663,408	44,789,815	7,344,206	4,025,617	4,047,916	97,939,200	5.62%	\$266,844,200	\$15,936,769
210006	Harford Memorial Hospital	6,105,545	23,121,858	2,135,544	2,896,062	3,232,698	36,652,600	8.24%	\$96,235,600	\$11,641,401
210007	St. Josephs Hospital	13,845,556	44,266,439	7,684,253	1,959,318	2,819,792	104,312,600	2.81%	\$398,844,400	\$16,656,827
210008	Mercy Medical Center, Inc.	53,470,919	39,763,371	4,712,857	10,215,339	7,265,630	172,493,300	7.79%	\$382,169,900	\$32,245,015
210009	Johns Hopkins Hospital	238,447,216	203,793,243	9,290,264	23,864,212	16,266,132	532,549,400	5.65%	\$1,620,280,400	\$115,203,491
210010	Dorchester General Hospital	4,799,161	8,208,569	1,381,188	1,990,566	1,377,072	22,093,700	8.25%	\$52,734,300	\$4,671,120
210011	St. Agnes Hospital	39,588,328	69,594,308	13,158,174	8,259,139	6,945,992	106,315,300	7.07%	\$358,890,700	\$23,693,638
210012	Sinai Hospital	74,688,549	91,976,620	4,700,656	17,154,584	11,601,406	215,542,000	7.06%	\$627,278,200	\$51,450,780
210013	Bon Secours Hospital	23,302,229	39,995,914	10,790,145	7,596,937	8,070,408	40,612,800	13.68%	\$122,144,200	\$22,233,042
210015	Franklin Square Hospital	51,714,900	87,927,827	10,213,789	10,892,263	8,053,135	119,994,200	7.93%	\$414,987,900	\$32,241,273
210016	Washington Adventist Hospital	34,902,387	60,487,456	13,133,638	4,272,179	6,973,154	67,428,566	7.29%	\$284,247,984	\$25,335,354
210017	Garrett County Memorial Hospital	2,569,214	5,106,360	760,044	1,316,094	995,786	17,444,100	8.08%	\$36,812,400	\$3,626,040
210018	Montgomery General Hospital	8,131,948	28,869,822	4,488,155	1,842,120	2,049,850	41,711,400	6.03%	\$140,619,400	\$8,759,201
210019	Peninsula Regional Medical Center	29,619,422	57,572,291	11,512,770	7,138,622	5,920,880	122,608,300	5.56%	\$385,277,000	\$25,923,176
210022	Suburban Hospital Association, Inc	8,209,895	44,127,946	4,995,636	870,181	1,788,476	61,005,500	4.71%	\$228,243,300	\$11,850,343
210023	Anne Arundel General Hospital	20,659,710	50,459,440	6,304,903	3,275,172	4,042,253	132,999,100	4.36%	\$392,507,100	\$17,321,674
210024	Union Memorial Hospital	40,583,803	60,899,926	8,631,913	5,324,091	5,188,219	100,221,800	6.33%	\$413,847,100	\$27,152,228
210025	The Memorial Hospital	11,785,336	13,764,163	2,007,720	2,663,060	1,374,985	33,350,500	4.86%	\$106,194,800	\$5,500,327
210027	Braddock Hospital	6,930,410	17,588,088	3,325,686	1,092,822	824,958	79,602,300	4.06%	\$166,869,000	\$8,772,799
210028	St. Marys Hospital	9,293,320	22,882,844	3,666,776	3,982,189	2,452,100	54,536,400	6.51%	\$124,100,600	\$7,164,802
210029	Johns Hopkins Bayview Med. Center	71,125,805	86,667,581	18,193,203	8,808,268	10,707,631	173,521,800	8.68%	\$513,495,600	\$55,718,584
210030	Chester River Hospital Center	3,436,824	6,056,727	1,072,467	1,353,039	1,182,703	29,086,800	7.39%	\$60,914,200	\$6,740,590
210032	Union Hospital of Cecil County	12,546,014	17,520,386	3,244,674	5,020,856	4,061,508	58,238,200	7.89%	\$126,780,200	\$12,973,214
210033	Carroll County General Hospital	14,129,715	42,676,156	301,680	2,459,772	2,177,565	50,496,400	5.17%	\$196,154,700	\$9,199,746
210034	Harbor Hospital Center	35,035,129	45,075,760	6,591,080	7,339,924	5,284,135	50,840,100	9.05%	\$200,915,200	\$18,278,859
210035	Civista Medical Center	7,796,477	21,574,481	2,906,586	2,865,755	2,525,992	35,240,700	6.10%	\$103,621,000	\$6,558,625
210037	Memorial Hospital at Easton	13,744,371	20,378,409	3,027,840	3,368,904	2,765,253	61,997,900	5.92%	\$160,032,300	\$8,680,775
210038	Maryland General Hospital	56,783,529	47,535,543	5,356,870	4,723,381	4,002,021	42,813,000	11.59%	\$181,868,000	\$24,647,960
210039	Calvert Memorial Hospital	7,400,040	20,900,312	2,389,963	2,811,722	1,756,944	48,468,900	6.14%	\$111,417,900	\$6,762,052
210040	Northwest Hospital Center, Inc.	16,245,186	36,683,583	1,345,729	6,197,434	4,767,011	82,674,300	7.30%	\$211,714,700	\$18,004,572
210043	North Arundel General Hospital	15,308,972	62,717,014	9,045,149	6,552,618	9,170,935	106,197,100	6.73%	\$309,341,800	\$25,485,722
210044	Greater Baltimore Medical Center	13,815,354	47,179,356	3,068,008	3,436,144	2,565,757	161,811,600	2.54%	\$393,162,100	\$11,689,422
210045	McCready Foundation, Inc.	486,406	1,224,611	426,331	1,136,093	720,464	10,582,069	6.84%	\$16,819,985	\$2,028,739
210048	Howard County General Hospital	17,381,065	42,202,983	4,965,648	4,392,680	4,412,360	84,099,600	5.73%	\$230,685,500	\$13,889,857
210049	Upper Chesapeake Medical Center	11,630,699	42,905,186	1,729,814	4,123,845	3,944,147	79,900,400	5.47%	\$219,562,700	\$15,777,938
210051	Doctors Community Hospital	13,847,690	43,847,986	4,397,256	4,484,208	5,328,727	74,494,100	8.25%	\$188,720,500	\$18,712,956
210054	Southern Maryland Hospital	22,780,234	46,802,593	8,922,996	5,496,723	4,224,846	64,202,100	7.39%	\$224,831,800	\$18,541,942
210055	Laurel Regional Hospital	11,435,159	21,086,616	2,093,103	2,109,332	4,029,663	32,799,700	11.07%	\$91,640,000	\$10,815,240
210056	Good Samaritan Hospital	24,262,041	46,127,743	5,063,008	4,404,794	3,680,740	78,515,900	5.72%	\$286,296,100	\$16,002,954
210057	Shady Grove Adventist Hospital	31,115,779	69,386,808	9,253,034	5,379,982	5,721,686	112,384,799	6.60%	\$331,274,906	\$23,967,535
** 210058	James Lawrence Kernan Hospital	4,926,932	0	841,012	0	0	36,827,500	6.30%	\$105,778,700	\$8,146,125
210060	Fort Washington Medical Center	1,007,917	11,141,181	2,189,825	1,277,259	2,394,929	23,677,252	9.60%	\$47,242,143	\$7,237,932
210061	Atlantic General Hospital	2,059,390	8,919,426	1,316,867	1,379,530	1,965,090	38,586,400	5.64%	\$76,484,900	\$5,101,931
	STATE-WIDE	1,390,072,778	2,213,742,680	288,525,722	246,663,283	224,689,443	4,171,638,986	6.73%	\$12,846,044,718	\$1,001,864,603

\*\* James Lawrence Kernan Hospital was excluded in the Regression Analysis

**Table 4**  
**Statistical Summary of the Variables and Regression Results**

R-Square	0.7125			
Adjusted R-Square	0.6993			
<b>Variables:</b>	<b>Parameter Estimate</b>	<b>Standard Error</b>	<b>t Value</b>	<b>P-Value (Pr &gt;  t )</b>
The proportion of a hospital's total charges from inpatient non-Medicare admissions through the emergency room	0.22859	0.03907	5.85	<.0001
The proportion of a hospital's total charges from inpatient Medicaid, self-pay, and charity cases	0.16289	0.03279	4.97	<.0001
The proportion of a hospital's total charges from outpatient Medicaid, self-pay, and charity visits to the emergency room	0.49899	0.10997	4.54	<.0001
The proportion of a hospital's total charges from outpatient charges	0.06967	0.02855	2.44	0.0160





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June 21, 2010

Andy Udom  
Associate Director, Research and Methodology  
Health Services Cost Review Commission  
4160 Patterson Avenue  
Baltimore MD 21215

Dear Mr. Udom:

On behalf of Maryland's 47 acute care hospitals, the Maryland Hospital Association (MHA) recommends that the Commission modify its method for accommodating the FY 2009 averted uncompensated care (UCC) prospective reduction in the FY 2011 UCC policy. In your June 9 *Report on Preliminary Results of the Uncompensated Care Policy for FY 2011*, you propose "...adding the estimated averted bad debts to hospital reported UCC and then applying the regression and subsequent calculations." The hospital field recommends adding the final FY 2009 hospital-specific averted UCC best estimates to the reported UCC, and then proceeding with the regression and subsequent calculations. Using the final best estimate of FY 2009, averted UCC will have a relatively small statewide effect, but a more meaningful effect on specific hospitals.

I appreciate the opportunity to comment on the UCC policy and the continued dialogue with you on this technically challenging issue. If you have any questions, please contact me.

Sincerely,

A handwritten signature in black ink that reads 'Traci Lynn LaValle'.

Traci La Valle  
Assistant Vice President, Financial Policy

cc: Robert Murray, Executive Director, HSCRC