

**Executive Session
of the
Health Services Cost Review Commission**

MINUTES

February 6, 2013

Upon motion made in public session, Chairman Colmers called the meeting to order at 2:35 p.m.

The meeting was held under the authority of § 10-508 of the State-Government Article.

In attendance, in addition to Chairman Colmers, were Commissioners Bone, Jencks, Keane, Loftus, Mullen and Wong.

Item

The Commission discussed personnel matters.

The Executive Session was adjourned at approximately 3:30 p.m.

**Executive Session
of the
Health Services Cost Review Commission**

MINUTES

February 14, 2013

Upon motion made, Chairman Colmers called the phone conference Executive Session to order at 4:03 p.m.

The meeting was held under the authority of § 10-508 of the State-Government Article.

Participating, in addition to Chairman Colmers, were Commissioners Bone, Jencks, Keane, Loftus, Mullen, and Wong.

Patrick Redmon, Mary Pohl, Sule Calikoglu, Jerry Schmith, and Dennis Phelps participated representing staff.

Also participating were Leslie Schulman and Stan Lustman, Commission Counsel.

Item

Dr. Redmon provided the Commissioners with an update on the status of the effort to modernize the Medicare waiver.

The Executive Session was adjourned at approximately 5:00 p.m.

**Executive Session
of the
Health Services Cost Review Commission**

MINUTES

February 21, 2013

Upon motion made, Chairman Colmers called the phone conference Executive Session to order at 6:36 p.m.

The meeting was held under the authority of § 10-508 of the State-Government Article.

Participating, in addition to Chairman Colmers, were Commissioners Bone, Jencks, Keane, Loftus, Mullen, and Wong.

Patrick Redmon, Steve Ports, Sule Calikoglu, Jerry Schmith, and Ellen Englert participated representing staff.

Also participating was Stan Lustman, Commission Counsel.

Item

Dr. Redmon reviewed the application model for modernizing the Medicare waiver discussed with the Centers for Medicare and Medicaid Services (CMS) on February 20, 2013.

The Executive Session was adjourned at 7:51 p.m.

MINUTES OF THE
495th MEETING OF THE
HEALTH SERVICES COST REVIEW COMMISSION

February 6, 2013

Chairman John Colmers called the meeting to order at 1:11 p.m. Commissioners George H. Bone, M.D., Stephen F. Jencks, M.D., Jack C. Keane, Thomas R. Mullen, Bernadette C. Loftus, M.D., and Herbert S. Wong, Ph.D. were also present.

REPORT OF THE EXECUTIVE SESSION OF FEBRUARY 6, 2013

Dennis Phelps, Associate Director-Audit & Compliance, summarized the minutes of the February 6, 2013 Executive Session.

COMFORT ORDER – UNIVERSITY OF MARYLAND MEDICAL SYSTEM

The Commission voted unanimously to ratify the Comfort Order for the University of Maryland Medical System approved in Executive Session.

ITEM I
REVIEW OF THE MINUTES OF THE EXECUTIVE SESSION AND THE PUBLIC
MEETING OF JANUARY 9, 2013

The Commission voted unanimously to approve the minutes of the January 9, 2013 Executive Session and the Public Meeting.

ITEM II
EXECUTIVE DIRECTOR'S REPORT

Patrick Redmon, Ph.D., Executive Director, reported that Monitoring Maryland Performance (MMP) indicated that the rate of growth in charge per case (CPC) decreased by 3.30% for the month of November 2012 versus November 2011. For the twelve months ending October 2012 versus the same period in 2011, CPC decreased 0.87%; inpatient revenue decreased 2.07%; the number of inpatient cases declined by 3.45%; outpatient revenue increased 14.67%; and total gross revenue increased 3.84%.

Dr. Redmon noted that based on the latest waiver letter for the year ending September 30, 2011, the relative waiver test cushion stood at 2.43%. Staff had expected an adjustment to the test for cases where Medicare is the secondary payer; however, the adjustment was not made in this letter. It would be included in the next waiver letter.

ITEM III
DOCKET STATUS CASES CLOSED

2190A – St. Mary’s Hospital	2194A – Johns Hopkins Health System
2195A - Johns Hopkins Health System	2196A – Harbor Hospital
2197A - Johns Hopkins Health System	2198A – Johns Hopkins Health System
2199A - Johns Hopkins Health System	

ITEM IV
DOCKET STATUS CASES OPEN

Garrett County Memorial Hospital -2168R

On July 6, 2012, Garrett County Memorial Hospital filed a full rate application requesting overall rate increases of \$2,378,171 over three years. The requested rate increases were exclusively for capital and related to a \$23.5 million expansion project of its new wing and for other renovations.

Based on the results of the HSCRC’s rate methodology for capital and the Hospital’s unique circumstances, staff recommended:

- 1) That the Hospital’s Total Patient Revenue cap be adjusted by \$2,378,171 over three years beginning FY 2014;
- 2) That these adjustments be contingent on the approval of the Certificate of Need before the Maryland Health Care Commission without any material changes; and
- 3) That any material difference between the Hospital’s assumed interest rate and the actual interest rate secured be appropriately adjusted for.

The Commission voted unanimously to approve staff’s recommendation.

Adventist Behavioral Health – 2193R

On August 30, 2012, Adventist Behavioral Health submitted a full rate application requesting a 23.81% (\$6.4 million) rate increase effective October 1, 2012.

Based on its analysis, staff recommended that the Hospital be granted a 4.33% increase to its rate structure effective October 1, 2012. In addition, staff recommended that it be allowed to determine the amount of uncompensated care to be included in rates to mitigate the impact of the reduction in Purchase of Care funds provided to the Hospital by the Department of Health and Mental Hygiene. This amount will allow for the provision of care to patients not eligible for Medical Assistance who were previously cared for in State psychiatric hospitals.

The Commission voted unanimously to approve staff's recommendation.

MedStar Health – 2200A

MedStar Health filed an application with the HSCRC on January 4, 2013 on behalf of Union Memorial Hospital requesting approval to continue to participate in a global rate arrangement for orthopedic services with the NFL Player Joint Replacement Benefit Plan for a period of one year beginning February 1, 2013.

The staff recommended that the Commission approve MedStar Health's request for continuation of the arrangement for a one year period commencing February 4, 2013, and this approval be contingent upon the execution of the standard Memorandum of Understanding ("MOU").

The Commission voted unanimously to approve staff's recommendation.

ITEM V

STATUS REPORT ON DEVELOPMENT OF ADMISSION-READMISSION REVENUE AND ONE DAY STAY POLICY RECOMMENDATIONS

Dr. Redmon presented a report describing the status of staff's work to revise the Admission-Readmissions Revenue (ARR) program (see "Shared Savings in the Admission Readmissions Program with Modifications for Short Stay Cases" on the HSCRC website).

Dr Redmon stated that the ARR program is required to meet or exceed the results of the Centers for Medicare and Medicaid Services' (CMS') program for readmissions in order for Maryland to be exempt from the program. According to CMS, in order to maintain the exemption, the ARR program will have to share savings with the payers.

Dr Redmon disclosed that in the hospital and payer workgroup meetings, staff discussed the following policy options: 1) the sharing of ARR savings from reduced readmissions, scaling, the performance standard approach, and a continuous improvement approach; 2) the need to reincorporate short stay cases into Charge per Episode targets; 3) the opportunity to make the appropriate adjustments to the current logic for exclusions and outliers; and 4) approval to apply the FY 2012 case mix adjustment for one day stays on a two-year look-back basis in FY 2014 rather than in FY 2013.

Dr. Redmon stated that staff will continue to work with the hospital and payer groups to model the policy options, and that a preliminary recommendation will be presented at the March public meeting.

ITEM VI
LEGAL REPORT

Regulations

Final Adoption

Uniform Accounting and Reporting System for Hospitals – COMAR 10.37.01.03 & .06

The purpose of this action is to increase the civil penalties associated with the failure to timely file required reports with the Commission.

The Commission voted unanimously to approve the final adoption of this proposed regulation.
Rate Application and Approval Procedures – COMAR 10.37.10.06

The purpose of this action is to increase the monetary fines the Commission may impose for those hospitals that fail to comply with the Commission’s alternative rate methodology reporting requirements.

The Commission voted unanimously to approve the final adoption of this proposed regulation.

Cross-Subsidization –COMAR 10.37.12.02 & .03

The purpose of this action is to increase the monetary penalties the Commission may impose for those hospitals that fail to comply with the Commission’s fixed-price contract reporting requirements.

The Commission voted unanimously to approve the final adoption of this proposed regulation.

ITEM VII
LEGISLATIVE REPORT

Steve Ports, Principal Deputy Director-Policy & Operations, presented a summary of the legislation of interest to the HSCRC (see “Legislative Update-February 6, 2013” on the HSCRC website).

The bills included: 1) Senate Bill/House Bill 373 – Outpatient Services –Off-site Facility – Rate Regulation; 2) Senate Bill – Hospital – Notice to Outpatients _Outpatient Status and Billing Implications; 3) Senate Bill 274/House Bill 228 – Maryland Health Progress Fund; and 4) Senate Bill 127/House Bill 102 – Budget Reconciliation and Financing Act of 2013.

ITEM VIII
HEARING AND MEETING SCHEDULE

March 6, 2013

Time to be determined, 4160 Patterson Avenue,
HSCRC Conference Room

April 10, 2013

Time to be determined, 4160 Patterson Avenue,
HSCRC Conference Room

There being no further business, the meeting was adjourned at 2:26 p.m.