441st MEETING OF THE
HEALTH SERVICES COST REVIEW COMMISSION

January 9, 2008

Chairman Young called the meeting to order at 9:02 a.m. Commissioners Joseph R. Antos, Ph.D., Raymond J. Brusca, J.D., Trudy R. Hall, M.D., and James Lowthers were also present.

REPORT OF THE EXECUTIVE SESSION OF JANUARY 9, 2008

Oscar Ibarra, Chief-Program Administration & Information Management, summarized the minutes of the January 9, 2008 Executive Session.

ITEM I
REVIEW OF THE MINUTES OF THE EXECUTIVE AND PUBLIC SESSIONS OF DECEMBER 5, 2007

The Commission voted unanimously to approve the minutes of the Executive Session and the revised minutes of the December 5, 2007 Public Meeting.

COMFORT ORDER – WASHINGTON COUNTY HOSPITAL ASSOCIATION

The Commission voted unanimously to ratify the Comfort Order for Washington County Hospital Association approved in Executive Session.

ITEM II
EXECUTIVE DIRECTOR'S REPORT

Robert Murray, Executive Director, noted that staff is currently involved in the following projects and activities: 1) discussions regarding potential changes to the Medicare Waiver test; 2) possible legislative modification to Health Reform – Uniform Assessment vs. the Uncompensated Care Redeployment Option; 3) status of the Financial Conditions Report Task Force; 4) the Quality-Based Reimbursement Initiative; and 5) the Outpatient Payment Reform System.

Mr. Murray reported that during the deliberations of the Corrective Action Task Force, the Maryland Hospital Association (MHA) strongly suggested that we look into the possibility of changing the current Medicare Waiver test. After discussions with MHA, the staffs of the Department of Health and Mental Hygiene (DHMH) and HSCRC met with Senators Cardin and Mikulski on the advisability of initiating a request for a change in the waiver language.

Subsequently, the Secretary of Health requested that staff and MHA prepare a paper documenting their deliberations on the issue. However, staff believes it appropriate to re-convene the Task Force before reporting to the Secretary to address issues surrounding the Medicare Waiver, both those identified by the Task Force that could increase the waiver cushion, as well as identifying possible alternative tests should changing the waiver test be deemed advisable.

The Chairman stated that is was important to stress that this would be a thoughtful process looking at all options in order to be prepared should the opportunity arise; however, this is not to imply that we are supporting changes to the waiver test.

Mr. Murray explained that the original concept for on going funding of the expansion of coverage through the Medicaid Program, passed in the Special Legislative Session, was for the HSCRC to compute how much UCC was averted by the expansion in coverage on a hospital specific basis and then to adjust the rates of individual hospitals above their actual UCC based on the UCC averted, i.e., to replace back-end funding of UCC by redeploying UCC savings to help expand insurance coverage. The advantages of this methodology included: 1) it generated some matching federal funds; and 2) UCC savings would produce hospital rate reductions resulting in savings to payers and an increase in the waiver cushion. The disadvantages include: 1) the difficulty in estimating the averted UCC for each hospital; 2) the unintended consequence that the most vulnerable hospitals would see their rates increased; and 3) that it appears to be a more regressive way to fund the remaining UCC. After further deliberation, a methodology was being considered involving a uniform "provider tax" assessment. This method has the advantage of allowing the Commission's UCC Policy to function as it does now, producing a separate UCC component for each individual hospital, while generating the same revenue as the individual hospital averted UCC assessment.

Commissioner Sexton suggested that before the Commission gets to the public policy question, that staff provide a detailed explanation of the mechanics of how the two assessment methodologies would work.

Mr. Murray stated that both methodologies had been extensively modeled at an individual hospital level and asserted that this information would be provided to the Commissioners prior to the February public meeting.

ITEM III
DOCKET STATUS CASES CLOSED

1963N – Johns Hopkins Bayview Medical Center 1964N – Frederick Memorial Hospital

1966A & 1968A – Johns Hopkins Health System 1967A – MedStar Health

ITEM IV
DOCKET STATUS CASES OPEN

University of Maryland Medical Center – 1957A

On August 14, 2007, the University of Maryland Medical Center submitted an application requesting approval to continue to participate in a global rate arrangement for cardiac surgery with the Veterans Administration for a period of one year beginning September 1, 2007.

After review of the application, staff recommended that although in the first year of the arrangement volumes were low and the experience was only slightly favorable, the Hospital could achieve a favorable experience under the current arrangement. Therefore, staff recommended that the Hospital's request for continued participation be approved for a period of one year beginning September 1, 2007. In addition, staff recommended 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 – 1969A

On December 18, 2007, Johns Hopkins Health System (the System) filed an application on behalf of its member hospitals, the Johns Hopkins Hospital, Johns Hopkins Bayview Medical Center, and Howard County General Hospital requesting approval for continued participation in a capitation arrangement serving persons insured with Tricare. The arrangement involves between the System and Baltimore Mental Health Systems, Inc. The request is to extend the approval for a period of one year.

Staff recommended that the System's request be approved for one year beginning January 1, 2008 based on the historically favorable performance under this arrangement. In addition, staff recommended that the approval be contingent on the execution of the standard Memorandum of Understanding.

The Commission voted unanimously to approve staff's recommendation.

Frederick Memorial Hospital – 1970N

On December 19, 2007, Frederick Memorial Hospital filed an application requesting a rate for its new Hyperbaric (HYP) service. The Hospital requested that the state-wide median HYP be approved effective March 1, 2008.

After review of the application, staff recommended:

1. That the state-wide median HYP rate of $195.45 per hour be approved effective March 1, 2008;
2. That no change be made to the Hospital's charge per case standard for HYP services;

and

3. That the HYP 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.

ITEM V
UPDATE ON THE MHCC/HSCRC HEALTH INFORMATION EXCHANGE PROJECT

Steve Ports, Principal Deputy Director-Policy & Operations, provided background on the Health Information Exchange Project (the Project), which is a joint initiative of the HSCRC and MHCC. Mr. Ports noted that the Project was established in May of 2006 when both Commissions adopted regulations to fund health information technology initiatives. The regulations specified that MHCC would provide recommendations to the HSCRC on applications for health technology initiatives for consideration for funding. Mr. Ports stated that the Project is a two-pronged approach to health information exchange, i.e., health information that can be shared among providers and also shared with patients. The Project is now in the planning phase. MHCC, in collaboration with the HSCRC, has issued a request for applications (RFA) from stake-holding groups to identify the best approach to address health information exchange in Maryland. Mr. Ports introduced David Sharp, Director of the Maryland Health Care Commission's Center for Health Information, to provide an update on the Project.

Mr. Sharp stated that the purpose of the RFA is not to identify technology but to identify policies, principles, and solutions to issues that are essential to health information exchange, i.e., governance, access, privacy, security, costs, and how to establish a sustainable business model. After approximately eight or nine months, when the findings and recommendations of the selected planning groups are received, another RFA will be issued to develop the structure and to implement the Project. The intent is to provide a patient-centric, consumer controlled health information exchange initiative.

The Chairman inquired as to whether this initiative is a part of or related to a similar initiative by the Public Health and Human Services division of the Medicare Program.

Mr. Sharp stated that the objective of the Medicare initiative is how to coordinate a national health information network once states implement their own health information exchange programs. Maryland has been participating in multi-state collaborative initiatives with the Medicare Program's Office of the National Coordinator in how to create inter-state connections.

Commissioner Sexton asked Mr. Sharp to elaborate on the second RFA.

Mr. Sharp described the purpose of second RFA as taking the best of the ideas from the planning proposals, and decide what it is fundamentally that the health information exchange program in Maryland should look like.

Commissioner Sexton asked Mr. Sharp to elaborate on the second RFA.

Mr. Sharp replied that the RFA to implement the Program would probably be issued in late 2008 or early 2009 with the component of the start-up cost to be funded by the HSCRC to be up to $10 million.

ITEM VI
HEARING AND MEETING SCHEDULE

February 6, 2008	Time to be determined, 4160 Patterson Avenue, HSCRC Conference Room
March 5, 2008	Time to be determined, 4160 Patterson Avenue, HSCRC Conference Room

There being no further business, the meeting was adjourned at 9:37 a.m.