

IN RE: THE PARTIAL RATE	*	BEFORE THE HEALTH SERVICES
APPLICATION OF	*	COST REVIEW COMMISSION
WASHINGTON ADVENTIST	*	DOCKET: 2009
HOSPITAL	*	FOLIO: 1913
TAKOMA PARK, MARYLAND	*	PROCEEDING: 2103N
* * * * *		

Staff Recommendation

February 2, 2011

This document was approved at the February 10, 2011 Commission meeting.

Introduction

On December 21, 2010, Washington Adventist Hospital ("the Hospital") submitted a partial rate application to the Commission requesting a rate for Definitive Observation (DEF) services. DEF is the delivery of more intensive care to patients than that provided by the Medical Surgical Acute (MSG) unit, yet not sufficiently intensive to require admission to an Intensive Care unit. Currently DEF is included in the Hospital's MSG rate center. The Hospital is requesting the statewide median rate with an effective date of January 1, 2011.

Staff Evaluation

To determine if the Hospital's DEF rate should be set at the lower of the statewide median or at a rate based on the DEF rate center's allocated costs and actual volumes, the staff requested that the Hospital submit to the Commission all costs and volumes associated with DEF and MSG for the period July 1, 2009 to June 30, 2010. Based on the information received, it was determined that the DEF rate based on the Hospital data would be \$1,202.79 per day, while the statewide median rate is \$1,137.59 per day.

In order to ensure that the DEF rate is revenue neutral, staff needs to move the applicable DEF patient days and revenue out of the MSG rate center and into DEF. Based on our analysis the following DEF days

and revenue should be taken out of MSG and moved to DEF:

	Current Rate	Budgeted Volume	Approved Revenue
Definitive Observation	\$1,137.59	21,428	\$24,376,279
Medical Surgical Acute	\$1,054.38	27,135	\$28,609,721

Recommendation

After reviewing the Hospital's application, the staff recommends:

1. That the DEF rate of \$1,137.59 per day be approved effective February 1, 2011.
2. That to remain revenue neutral, staff will remove 21,428 patient days and revenue of \$24,376,279 from of MSG and move to DEF.
3. That no change be made to the Hospital's Charge per Case standard for DEF services; and
4. That the DEF rate not be rate realigned until a full year's experience data have been reported to the Commission.