

**IN RE: THE APPLICATION FOR  
ALTERNATIVE METHOD OF RATE  
DETERMINATION  
UNIVERSITY OF MARYLAND  
MEDICAL CENTER  
BALTIMORE, MARYLAND**

**\* BEFORE THE MARYLAND HEALTH  
\* SERVICES COST REVIEW  
\* COMMISSION  
\* DOCKET: 2011  
\* FOLIO: 1923  
\* PROCEEDING: 2113A**

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**Staff Recommendation**

**June 1, 2011**

This recommendation was approved by the Commission on June 1, 2011.

## **I. INTRODUCTION**

On April 22, 2011, the University of Maryland Medical Center (“UMMC,” or the “Hospital”) filed an application with the Commission for an alternative method of rate determination, pursuant to COMAR 10.37.10.06. The Hospital has requested approval to continue to participate in a renegotiated global rate arrangement with the Gift of Life Foundation (GOL) for the collection of bone marrow and peripheral blood stem cells from GOL on an outpatient basis, donors to facilitate Hematopoietic Stem Cell transplants into unrelated GOL recipients. The Hospital seeks approval of the arrangement for one year beginning April 1, 2011.

## **II. OVERVIEW OF APPLICATION**

The contract will continue to be held and administered by University Physicians, Inc. (“UPI”), which is a subsidiary of the University of Maryland Medical System. UPI will manage all financial transactions related to the global price contract including payments to the Hospital and bear all risk relating to services associated with the contract.

## **III. FEE DEVELOPMENT**

The hospital portion of the global rates for the collection of bone marrow and peripheral blood stem cells has been updated and is based on actual experience in FY 2010 and 2011 for cases performed at UMMC. The remainder of the global rates comprised of physician services has been negotiated with the participating physician group.

## **IV. IDENTIFICATION AND ASSESSMENT OF RISK**

The Hospital will continue to submit bills to UPI for all contracted and covered services. UPI will continue to be responsible for billing the payer, collecting payments, reimbursing physicians, and disbursing payments to the Hospital at its full HSCRC

approved rates. The Hospital contends that the arrangement between UPI and the Hospital holds the Hospital harmless from any shortfalls in payment from the global price contract.

## **V. STAFF EVALUATION**

Staff found that the Hospital's experience under this arrangement for the last year was slightly unfavorable. However, in addition to recalibrating the hospital portion of the global rate, UMMC has implemented several utilization reduction initiatives.

## **VI. STAFF RECOMMENDATION**

After reviewing the revised global rates and recognizing the efforts to reduce hospital charges through utilization reduction, staff recommends that: 1) the Commission waive the requirement that applications be filed at least 30 days before the requested effective date (COMAR 10.37.06(5)); and 2) the Commission approve the Hospital's request for an alternative method of rate determination for the collection of bone marrow and peripheral stem cells for one year commencing April 1, 2011. UMMC will be required to file a renewal application for review to be considered for continued participation in the arrangement.

Consistent with its policy paper regarding applications for alternative methods of rate determination, the staff recommends that this approval be contingent upon the execution of the standard Memorandum of Understanding ("MOU") with the Hospital for the approved contract. This document would formalize the understanding between the Commission and the Hospital, and would include provisions for such things as payments of HSCRC-approved rates, treatment of losses that may be attributed to the contract, quarterly and annual reporting, confidentiality of data submitted, penalties for noncompliance, project termination and/or alteration, on-going monitoring, and other issues specific to the proposed contract. The MOU will also stipulate that operating losses under the contract cannot be used to justify future requests for rate increases.