maryland
health services
cost review commission

December 18, 2020

Dear Colleagues,

COVID-19 continues to have an unprecedented impact on our State's economy, our State's healthcare system, and our daily life. The Health Services Cost Review Commission ("Commission") remains committed to ensuring hospitals have access to the financial resources they need to be an effective source of care during the pandemic, especially as hospital staff represent a critical frontline resource in combating the virus. We are grateful for the commitment of healthcare workers as they care for Marylanders struggling to overcome COVID-19 and its lasting effects.

Given the recent resurgence of COVID-19 across the State, the Commission is working to ensure hospitals are financially stable and freed from non-critical operational and reporting requirements so they can focus on addressing the acute COVID-19 health needs of Marylanders. To support the financial needs of hospitals as data show patient volumes spiking, in our last public meeting the Commission took action to resume our COVID-19 Surge Policy. The surge policy will account for the increase in COVID-19 volumes and enable hospitals to receive funding even if charges exceed the original global budget revenue (GBR) target.

In addition to providing financial support, the Commission is also working to ensure operational burdens are lifted during the crisis. The Commission staff is performing a thorough analysis of our policies and reporting requirements and are working to waive, adjust, or delay requirements so that hospitals can devote resources instead to treating patients and preparing for vaccination of the public. The attached document is an update to our COVID-19 Frequently Asked Question document released earlier in 2020. This document includes details on the specific changes being made across global budget methodologies, data reporting, quality programs, and numerous other Commission policy areas.

We understand that this third COVID-19 surge presents unique challenges for hospitals. We believe the combination of the Commission COVID-19 Surge Policy coupled with steps we are taking to reduce unnecessary operational requirements will aid hospitals in focusing on the crisis. The Commission will continue to monitor the surge closely to identify further action that may be needed.

We want to express our deep gratitude to Maryland's hospitals as they work to mitigate the effects of the COVID-19 public health crisis. We appreciate the continued support and care of Marylanders during these unprecedented times.

Sincerely,

Adam Kane
Chair

Katie Wunderlich
Executive Director

Health Services Cost Review Commission (HSCRC)

An Update to COVID-19 Frequently Asked Questions

Updates as of December 18, 2020

1. To address near term, current fiscal year revenue adjustments, will the HSCRC modify or delay implementation of global budget adjustments and methodologies due to COVID-19?

The directions expressed in this answer represent current HSCRC thinking and may change due to the fluidity of the COVID-19 response and ongoing engagement with stakeholders. Additional public comment on these decisions will be solicited during the RY 2021 Update Factor policy-making process.

Global Budgets

The Commission has taken unprecedented steps to stabilize the market while hospitals are preparing for a potential increase in hospitalizations related to COVID-19 cases. Specifically, in the lead up to the COVID-19 outbreak, the liquidity of hospitals has been negatively affected due to significant volume declines and corollary revenue decreases that are occurring as a result of the cancellation of elective procedures as Marylanders take precautionary measures to avert the need for hospitalization at this time. To provide liquidity and financial stability to hospitals in the near term, the Commission has taken the following steps:

- Expanded charging capacity for hospitals above standard corridor allowance from March 1, 2020 through September 30, 2020;
- Directed staff to evaluate corridors each week to determine if further charging variance is required on a case-by-case basis;
- Waived penalties related to RY 2020 global budget undercharges; and
- Allowed hospitals to accrue revenues not charged in the final quarter of RY 2020 to be recouped in RY 2021.

In taking these actions, the Commission is using the flexibility and strength of our Model and rate setting authority to respond in real time to public health emergencies and evolving health care needs.

Efficiency

In addition to modifying the HSCRC's foundational global budget methodologies to respond to volume fluctuations precipitated by COVID-19, under the authority granted to the Commission in Health-General Article, Section 19-207, the Commission has also elected to:

- Permanently suspend the withholding of portions of the RY 2021 update factor related to the Integrated Efficiency policy.

Volume and Quality

All other methodologies previously approved by the Commission that are based on performance evaluations predating the COVID-19 pandemic and were scheduled to be executed July 1st will be implemented as planned, including:

- RY 2021/CY 2019 Market Shift Adjustment
- RY 2021 Demographic Adjustment
- RY 2021 Maryland Hospital Acquired Condition (MHAC) Program
- RY 2021 Readmission Reduction Incentive (RRIP) Program
- RY 2021 Quality Based Reimbursement (QBR) Program (implement January 2021)
- RY 2021 Potentially Avoidable Utilization (PAU) Program
- RY 2021 Medicare Performance Adjustment (MPA)
- RY 2021 Uncompensated Care (UCC) Policy
- RY 2021 Complexity and Innovation (CAI) Policy

Special Adjustments

Additional RY 2021 budget adjustments that will occur in RY 2021 without substantial further modification are as follows:

- Previously identified Deregulation Adjustments from CY 2019, which all have been mutually agreed to, will proceed without delay.
- Revisions to clinic relative value units (RVUs), which effectively reduce charging capacity for clinic services while redistributing revenue to other rate centers, will be implemented July 1st.

2. For policies that affect future fiscal years over the long term, will the HSCRC modify or delay implementation of global budget adjustments and methodologies due to COVID-19?

The directions expressed in this answer represent current HSCRC thinking and may change due to the fluidity of the COVID-19 response and ongoing engagement with stakeholders. Additional public comment on these decisions will be solicited during the RY 2021 Update Factor policy-making process.

Volume

Given the expected fluctuation in volumes that are not indicative of permanent hospital caseloads:

- The HSCRC will suspend RY 2021/CY 2020 Market Shift Adjustments that overlap with the response to COVID-19, effective March 1, 2020. Staff may consider suspending all CY 2020 Market Shift Adjustments based on analyses to determine the reliability of the market shift dataset.

- Similarly, staff may consider not utilizing CY 2020 market shares to determine allotment of the RY 2022 Demographic Adjustment. The Commission will provide funding associated with population growth through the RY 2022 Demographic Adjustment but may need to assess other attribution methodologies if the CY 2020 dataset is unreliable.

- Staff will suspend evaluations of Complexity and Innovation during the COVID-19 response. Prospective funding for historical average growth will not be prorated, as staff anticipates that delays in service delivery during the COVID-19 response may result in higher-than-normal demand later in the fiscal year.

- Staff may also consider using a modified/abridged version of RY 2020 data to determine the level of Uncompensated Care built into rates for RY 2022.

Quality

In light of CMS' recent decision,[1] the Commission will not use data from January 1, 2020 to June 30, 2020 to determine global budget adjustments for the following Quality programs:

- RY 2022 Maryland Hospital Acquired Condition (MHAC) Program
- RY 2022 Readmission Reduction Incentive (RRIP) Program – inclusive of new disparity metric
- RY 2022 Quality Based Reimbursement (QBR) Program
- RY 2022 Potentially Avoidable Utilization (PAU) Program

Staff will consider other options such as implementing RY 2022 revenue adjustments for these programs based on data from the latter half of CY 2020 or using data prior to 2020 alone or in conjunction with the 6-months of CY 2020. . Nonetheless, staff will continue to follow CMS' lead on assessing quality performance and may consider suspending RY 2022 quality pay-for-performance adjustments entirely if retrospective analyses indicate concerns about data reliability. However, at this time, the HSCRC does not have the discretion to suspend quality revenue adjustments unless CMS announces a suspension and with CMMI approval. HSCRC will evaluate several factors to make decisions regarding RY 2022, including, but not limited to:

- Correlation of hospital performance over time and across hospital variation
- Lower case counts that, when assessed as a rate (MHAC complication rate, RRIP readmission rate, QBR mortality rate), may be more prone to volatility not indicative of clinical performance
- Random distribution of COVID-19 cases in diagnosis-related groupings, which affects various case mix adjustments

[1] "In addition, no data reflecting services provided January 1, 2020 through June 30, 2020 will be used in CMS's calculations for the Medicare quality reporting and value-based purchasing programs. This is being done to reduce the data collection and reporting burden on providers responding to the COVID-19 pandemic.

CMS recognizes that quality measure data collection and reporting for services furnished during this time period may not be reflective of their true level of performance on measures such as cost, readmissions and patient experience during this time of emergency and seeks to hold organizations harmless for not submitting data during this period."
CMS Announces Relief for Clinicians, Providers, Hospitals and Facilities Participating in Quality Reporting Programs in Response to COVID-19

Furthermore, HSCRC staff has requested of CMMI to delay the start of the QBR redesign subgroup and associated report that is due at the end of the June per the CMMI exemption letter.

Special Adjustments

Additional RY 2022 budget adjustments that will be suspended during the crisis are:

- Deregulation Adjustments based on CY 2020 analyses. Staff may consider implementing adjustments in future years if the observed deregulation continues after the COVID-19 pandemic abates
- The Episode Quality Improvement Program (EQIP) will continue as planned with the start date of January 1, 2022.
- Care Redesign Programs. Staff will continue to operationalize ECIP and HCIP as usual. Staff does not believe any adjustments are necessary to to CRP calendar reporting and submission deadlines at this time, but will consider the impact of COVID-19 as the year progresses.
- CY 2021 Medicare Performance Adjustment. Staff will continue to operationalize the MPA as scheduled but will retrospectively consider the impact of COVID-19 on the State and the national performance and consider modifying or suspending the revenue adjustment.
- RY 2022 Care Transformation Initiatives. Initial CTI submissions have been received by the HSCRC. However, Staff will delay the payment implications for the CTI until July 1 of 2021. The initial 6 month period will be a reporting period only.

3. What impact will COVID-19 have on required HSCRC reporting?

The table below shows changes to required reporting and submission timelines, as well as updates on scheduled report modifications, made through the date of this document. Further modifications may be made at a later date by staff.

Policy/Function	Performance Period	Recommendation	Additional Notes
Casemix Reporting	Preliminary Monthly Ongoing	Continue with current rules	Current rules allow hospitals to skip preliminary monthly submissions or submit with errors. Please contact Claudine Williams (claudine.williams@maryland.gov) or Oscar Ibarra (Oscar.Ibarra@maryland.gov) for questions regarding case mix submissions.

Policy/Function	Performance Period	Recommendation	Additional Notes
Casemix Reporting	Final Quarterly Ongoing	Continue with current rules	Hospitals can request an extension. All requests should be submitted via DAVE and a reason for the request must be included, as well as the date of expected submission for extension requests. Please contact Claudine Williams (claudine.williams@maryland.gov) or Oscar Ibarra (Oscar.Ibarra@maryland.gov) for questions regarding case mix submissions.
Monthly Financial Reporting	Monthly Ongoing	Continue with current rules	Hospitals may request an extension by contacting Amanda Vaughan, but the HSCRC believes extensions to financial reporting are not necessary or desirable at this time.
Monthly Casemix to Financial Reconciliation	Quarterly Ongoing, Q2 of FY21	HSCRC will continue to send reconciliation spreadsheets but routine hospital explanations will not be required.	Staff may reach out to hospitals for further explanation if an outlier value is identified
Annual Filing	FY 2021	Hospitals can continue to submit revisions to FY20 as normal. For FY21 standard rules apply, due dates are in Fall of 2021	Could consider extensions at later date
Community Benefit Report	FY 2020	The deadline for FY2020 reporting has been changed to April 1, 2021.	
Denials	Quarterly Ongoing	Hospitals have the option to forgo reporting for Q2 and Q3 of FY 2021; those that do so will be required to catch up at a later time	Require written notification for hospitals who wish to defer reporting

Policy/Function	Performance Period	Recommendation	Additional Notes
Uncompensated Care	Quarterly Ongoing	Hospitals have the option to forgo reporting for Q2 and Q3 of FY 2021; those that do so will be required to catch up at a later time	Require written notification for hospitals who wish to defer reporting
Casemix Audits	FY 2021	Continue as is	If hospitals with an audit scheduled have concerns, they may contact claudine.williams@maryland.gov to discuss.
Annual Filing Revisions for Population Health	FY 2020	Deadline extended to 3//31/21	FY20 data is preliminary.
NSP Annual Reporting	FY 2022	Continue with current rules, due dates are in Fall of 2021	Could consider extensions at a later date (see further information on the grant funding below)
CMS Quality Data Reporting	FY 2020/FY2021	Follow CMS Directives	CMS provided initial guidance on 3/22/2020 regarding data submissions and reporting for pay-for-performance programs.[2] A subsequent Interim Final Rule was published on 9/2/2020[3]. This confirmed that CMS will not use CY2020 Q1 or Q2 data for pay-for-performance programs even if submitted and reserves the right to suspend revenue adjustments for FFY2022 at future date through memos ahead of IPPS rules.
CRP Hospital Quarterly Reports	FY 2020	April 15 reporting delayed to July 15	

[2] CMS Announces Relief for Clinicians, Providers, Hospitals and Facilities Participating in Quality Reporting Programs in Response to COVID-19
[3] Additional Policy and Regulatory Revisions in Response to the COVID-19 Public Health Emergency

4. What impact will COVID-19 have on HSCRC grant programs?

- *Regional Partnership Catalyst Grant Program* - The Regional Partnership Catalyst Grant Program is scheduled to launch in January 2021. No reporting is due until the end of grant year one. Mid-year grant review sessions will be scheduled with each partnership to identify progress on grant funded activities. HSCRC will evaluate later in 2021 the need to extend 2022 reporting deadlines or modify scale targets.

- *Medicare Advantage Partnership Grant Program* - The first semi-annual report for Round One Medicare Advantage Partnership Grant Program participants is due February 15, 2021. Given the potential that hospitals resources may still be heavily focused on the COVID-19 surge, the first semi-annual report will be instead due by April 30th.

- *COVID-19 Long-Term Care Grant Program* - Given the short duration of this grant program, the monthly CRISP reporting will not be modified. Hospitals and/or their long-term care partners should provide monthly COVID-19 data as indicated in the reporting instructions provided in December 2020.

- *NSPI Funding for RY 2022* **-** The hospitals will be working on the Initial Budget for RY 2022 funding in Q1 of CY2021. The maximum amount of funding is based on the net patient revenue reported in the FY 2020 financial disclosure report. Hospitals are required to submit the initial budget to verify the amount of funds that will be added to their Global budgets and reported in their annual rate orders. Due to the COVID-19 situation, the hospital will be granted an extension until May 1 (from the normal deadline of March 31) to complete the initial budget and program descriptions. If hospitals are unable to meet that deadline, they should reach out to HSCRC staff.