

State of Maryland  
Department of Health



Adam Kane  
Chairman

Joseph Antos, PhD  
Vice-Chairman

Victoria W. Bayless

Stacia Cohen

John M. Colmers

James N. Elliott, M.D.

**Health Services Cost Review Commission**

4160 Patterson Avenue, Baltimore, Maryland 21215  
Phone: 410-764-2605 · Fax: 410-358-6217  
Toll Free: 1-888-287-3229  
[hscrc.maryland.gov](http://hscrc.maryland.gov)

Katie Wunderlich  
Executive Director

Allan Pack, Director  
Population Based  
Methodologies

Chris Peterson, Director  
Payment Reform &  
Provider Alignment

Gerard J. Schmith, Director  
Revenue & Regulation  
Compliance

William Henderson, Director  
Medical Economics &  
Data Analytics

March 19, 2020

Dear Colleagues,

The Health Services Cost Review Commission (HSCRC) is committed to taking quick and proactive action to ensure the stability of Maryland hospitals during the State of Emergency so that focus remains on preparing for patient care and treatment for those affected by the 2019 Novel Coronavirus (COVID-19). The HSCRC stands in support of the State of Maryland and is working with other Maryland regulatory agencies to address any emergency Certificate of Need, licensure, regulatory or charging barriers that might prevent hospitals from sufficiently expanding inpatient capacity.

We again wish to assure hospitals, providers, clinicians, patients, and families that we will do our part to support efforts to respond to this public health emergency. **Our unique Maryland Health Model allows us to respond to emergencies such as this one so all of us can keep the focus on patient care.**

This letter serves as a follow-up to the HSCRC correspondence dated March 13th and is intended to describe the initial, proactive steps that we are taking to ensure stable and predictable revenue for hospitals as they prepare for the eventual surge of patients affected by COVID-19. Today, many hospitals are encountering significant, short-term volume losses as Marylanders comply with directives to practice social isolation and self-quarantine and hospitals actively delay elective and non-emergent services. Over the coming months however, projections indicate that there will be a surge of patients requiring emergency, inpatient, and ICU hospital services. Maryland's population-based budgeting model provides an inherent advantage to hospitals by guaranteeing revenue, even as volumes fluctuate. Additionally, the HSCRC will advance new policies during the State of Emergency to further stabilize hospital revenue amid volume fluctuations, address the need for emergency temporary inpatient medical/surgical and ICU capacity, and identify and account for other emergency costs that may arise.

## **Allow Hospitals to Recoup Full Global Budget**

To ensure hospital finances remain sound -- especially as volumes decline due to self-quarantining and cancelled elective surgeries, while hospitals gear up for COVID-related utilization -- the HSCRC will permit hospitals to increase rate corridors up to the 10 percent threshold or by an additional 5 percentage points from their current charging position, whichever is greater. This action will allow hospitals that are undercharged due to volume losses to increase their charges in order to make up for lost revenue and prepare for the eventual COVID-19 spike. This rate corridor increase will be a temporary, one-time adjustment to ensure financial viability to hospitals as they prepare for a spike in COVID-19 patients.

HSCRC will consider additional corridor relief beyond this new policy on a case-by-case basis. HSCRC staff will also review charging capacity on a weekly basis.

To further accommodate any GBR revenue that may not be able to be billed in FY 2020 due to fluctuating volumes over the final quarter, HSCRC staff will suspend undercharge penalties and allow hospitals to recoup those undercharges over the 12 months of FY 2021 as a one-time adjustment. In effect, hospitals will be allowed to bill any undercharge to the next fiscal year, thus allowing them to recoup any lost revenue associated with this ramp-up period. As was mentioned in our earlier letter, hospitals should follow Centers for Disease Control and Prevention (CDC) medical coding guidelines to track COVID-19 related volume changes, for both patients that screen positive, as well as those that are ultimately negative, for COVID-19. It is critically important that coding guidelines are followed so that we have a uniform way to evaluate volume changes and ensure appropriate funding.

## **Create Emergency Funding Mechanism to Cover Costs Associated with Expanded Emergency Capacity**

HSCRC has been working with various State agencies to support the temporary expansion of inpatient medical/surgical beds and intensive care beds in the State. To that end, HSCRC is committed to establishing an Emergency Funding Mechanism in FY 2021 to cover all expenses related to temporary expansion identified through Emergency Certificates of Need. This mechanism will be included in the FY 2021 update factor and will be available to all projects that obtain an Emergency Certificate of Need.

We are also considering how to address other emergency-related expenses, both those incurred at the hospital and those that the hospital incurs when partnering with local health departments and other community organizations that further public health efforts during this time of emergency. Such emergency expenses could include costs related to screening, treating, staffing, supplies, and medical community support. We will evaluate other emergency-related expenditures to potentially include those as well through the Emergency Funding Mechanism.

## Next Steps

The concrete steps outlined in this letter are only the initial efforts we will be taking to stabilize the hospital delivery system. We will continue to monitor the crisis and develop additional approaches that will be necessary to address COVID-19 implications for hospitals and Marylanders affected by COVID-19, especially as hospitals begin to experience anticipated dramatic volume increases. We are currently working on a temporary, emergency volume policy that can be put in place to provide sufficient, timely resources to respond to a spike in COVID-19 admissions. We welcome and encourage your input on this and other issues in the days and weeks ahead. We also reiterate the request that hospitals follow Centers for Disease Control and Prevention (CDC) medical coding guidelines to track COVID-19 related volume changes, for both patients that screen positive, as well as those that are ultimately negative, for COVID-19. It is critically important that coding guidelines are followed so that we have a uniform way to evaluate volume changes and ensure appropriate funding.

The HSCRC will also work with other regulatory agencies and the hospital industry to identify regulatory barriers that need to be waived and support new protocols that may be effective such as billing for telehealth or at the hospital designation for regulated services. Furthermore, we will be suspending work on rate applications and new quality and financial methodologies, as well as monitoring existing methodologies in order to focus our collective efforts on COVID-19. For instance, quality programs that are currently in place will be reviewed and modified as necessary in order to isolate the effects of COVID-19.

Finally, we have created a separate email address ([hscrc.covid-19@maryland.gov](mailto:hscrc.covid-19@maryland.gov)) to respond to all COVID-19 inquiries from hospitals and other stakeholders. We would encourage that each hospital identify a single point of contact so that all requests, inquiries, and information can be streamlined together. The HSCRC team is monitoring this inbox and will provide a coordinated response.

We want to thank each of you, along with the care professionals in your organization, for responding to this emergency public health crisis. We are committed as you are to the health of our community and to those who serve. We will use the flexibility of our rate system to respond nimbly to this rapidly changing crisis.

Sincerely,

Handwritten signature of Adam Kane in cursive, with a small "CKW" monogram above the name.

Adam Kane, Chairman, HSCRC

Handwritten signature of Katie Wunderlich in cursive.

Katie Wunderlich, Executive Director, HSCRC