

TO: Hospital CFOs  
FROM: Cait Cooksey, Deputy Director, Hospital Rate Regulation  
DATE: October 3, 2024  
RE: HSCRC Staff Contacts

**Joshua Sharfstein, MD**  
Chairman

**James N. Elliott, MD**  
Vice-Chairman

**Ricardo R. Johnson**

**Maulik Joshi, DrPH**

**Adam Kane, Esq**

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**Jonathan Kromm, PhD**  
Executive Director

**William Henderson**  
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Medical Economics & Data Analytics

**Allan Pack**  
Director  
Population-Based Methodologies

**Gerard J. Schmith**  
Director  
Revenue & Regulation Compliance

**Claudine Williams**  
Director  
Healthcare Data Management & Integrity

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Due to the recent retirements of Dennis Phelps and Chris O'Brien, points of contact for various reports and requests have been reassigned. The purpose of this memorandum is to provide guidance and clarification to the industry on who the appropriate staff contact will be moving forward on various HSCRC-related issues. For each of the items listed below, Staff have listed the primary point of contact and have attached the expected information that should be included in each request.

### **Deregulation Notifications**

Hospitals shall initiate deregulation requests by submitting a formal request letter on system letterhead to include the following:

- a. What service(s) is being deregulated
- b. The effective date of deregulation
- c. Anticipated \$ value of shift to unregulated setting

Letters should be addressed and emailed to [Cait Cooksey](mailto:cait.cooksey@maryland.gov) at [cait.cooksey@maryland.gov](mailto:cait.cooksey@maryland.gov). Please copy [Jerry Schmith](mailto:jerry.schmith@maryland.gov) at [jerry.schmith@maryland.gov](mailto:jerry.schmith@maryland.gov) and your hospital's assigned rate analyst.

### **At the Hospital Determinations**

Hospitals requesting determinations on outpatient services (pursuant to [COMAR 10.37.10.07-1](#)) must submit a formal written request letter on system letterhead, at least **60 days before the contemplated action**. Letters should be addressed and emailed to [Cait Cooksey](#) and [Jerry Schmith](#) should be copied. As a courtesy, Staff has attached to this memo a list of documentation criteria that will be considered by Staff in its evaluation of the request.

### **Alternative Rate Methodologies (ARM) Requests & Renewals**

Hospitals requesting approval and renewal of ARMs should submit a formal request on system letterhead. ARM requests shall include a rate application that will be publicly available to the Commissioners, the public, and Designated Interested Parties. Hospitals shall also submit a separate document identifying and containing the confidential information relevant to the type of alternative rate being requested. Application letters should be submitted to [Chris Konsowski](mailto:chris.konsowski@maryland.gov) at [chris.konsowski@maryland.gov](mailto:chris.konsowski@maryland.gov), with [Cait Cooksey](#) copied. As a courtesy, Staff has attached to this memo factors to be considered by the Commission in its evaluation of the application.

If you have any questions related to this memo, please contact [Cait Cooksey](#).

## HSCRC Staff Contacts

### Attachment

#### At The Hospital Determination

Hospitals requesting determinations on outpatient services (pursuant with [COMAR 10.37.10.07-1](#)) must submit a formal written request letter on system letterhead, at least **60 days before the contemplated action**, and include the following:

- a. What outpatient service(s) is being considered
- b. Justification for unregulated or regulated determination with accompanying information that addresses the following criteria:
  1. Location of the entrances, location and signage of parking; location and language of signage at entrances, within buildings, on the campus, and in parking areas effectively alerting the public that a given building or service is either at the hospital or not at the hospital; location of registration, changing, and waiting areas;
  2. Whether **billing reflects clearly that the service is rate regulated** or not rate regulated;
  3. Whether any **physical connection from an unregulated facility to the hospital**, such as tunnels, hallways, covered walkways, elevators, or connecting bridges, will be **restricted to hospital staff and physician use** in order to ensure that patients and visitors do not have access to the unregulated facility from the hospital;
  4. Whether there is any **duplication of an unregulated service within the hospital** in order to avoid inappropriate patient steering;
  5. Whether there is any **inappropriate mixing of regulated and unregulated services** in the same building, which would tend to have the effect of confusing patients about the regulated or nonregulated status of a given service being provided; and
  6. Whether any Medicare Part B physician's service being provided in an unregulated building also includes components of a Medicare Part A hospital service that would be reasonably expected by a patient to fall under Commission rate-setting.

This request will then be reviewed by the appropriate staff within the HSCRC, and a determination will be made within 30 days. Any hospital that fails to obtain or violates a staff determination on the hospital status of a given service, may be subject to fines for inaccurate reporting under [COMAR 10.37.01.03R](#), and paybacks for inappropriate charges made during the time a staff determination on an outpatient service was not obtained or adhered to.

## **Alternative Rate Methodologies (ARM) Requests & Renewals**

Hospitals requesting approval and renewal of ARMs should submit a formal request on system letterhead. ARM requests shall include a rate application that will be publicly available to the Commissioners, the public, and the Designated Interested Parties. Hospitals shall submit a separate document identifying and containing the confidential information relevant to the type of alternative rate being requested. The public application must address the following as it relates to the proposed arrangement:

- a. The services to be provided under the rate;
- b. How payment for services is distributed among the parties to the contract;
- c. The length and effective date of the proposed contract;
- d. The names of the system or hospital(s), related entities, and the insurer or third-party payer involved in the contract;
- e. The level and nature of the risk for the hospital, and
- f. The steps taken to limit the hospital's risk that the rate will not be sufficient to fund the costs of services at HSCRC rates (including the plans expected to restrain utilization under a fixed price contract).

A separate application shall be submitted for each insurer or third-party payer, and for each book of business (Commercial, Medicare, or Medicaid) with that payer. The requirement for separate applications is intended to expedite Commission consideration of applications that readily meet Commission standards for approval, while applications that do not meet those standards may be revised and resubmitted until those standards are met, or the Commission acts to disapprove them. The Commission may require submission of, or access to, a draft copy of the proposed contract with the payer. Contracts that allow for the provision of hospital services should contain provisions:

- a. That clarify the requirement of prior Commission approval;
- b. That HSCRC approved rates must be paid until the contract is approved; and
- c. That the Commission may call for termination of the contract at its discretion.

A description and the application requirements for each ARM category (procedure-based pricing for ambulatory surgery, global pricing for selected inpatient procedures, partial or full capitation, ARM extensions, and renewals of ARM agreements) are described in sub-sections .06 A to .06 F in the [Alternative Rate Methodologies Manual](#) on the HSCRC website.

Hospitals failing to obtain Commission approval prior to establishing alternative rate arrangements with a payer (either directly or through a related entity) will be subject to significant monetary penalties. There may also be implications for future inflation and GBR adjustments for non-compliant hospitals. (See COMAR [10.37.10.06](#) and [10.37.12](#) and Section .14 in the [Alternative Rate Methodologies Manual](#) for penalties related to failure to comply with alternative rate setting requirements).