

To: Chief Financial Officers

From: Karen Teague, Associate Director, Medical Economics & Data Analytics

Date: February 20, 2025

Re: Second Annual Filing Modernization Feasibility Survey

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As described in the [memo](#) sent on November 30, 2023 and the [memo](#) sent on January 31, 2024, the HSCRC is undertaking a 3-year Annual Filing Modernization project to accomplish the following goals:

1. Modernize policies and templates used for gathering data on provider costs, population health resources, and various cost centers.
2. Revise the cost allocation framework to enable centralized application of consistent allocation algorithms across all Maryland hospitals.
3. Perform a complete review and update of the Accounting and Budget Manual to reflect current policy and practice and achieve greater user utility.
4. Assemble a set of comprehensive web-based tools for Maryland hospitals to utilize in completing and submitting their future Annual Filings.

As part of this process, Staff designed a series of surveys in order to understand current reporting structures and initial conceptual considerations for the revisions. The goal of the surveys is to understand the current status of cost and revenue reporting focusing on clinicians, overhead cost centers, allocation methods, and population health initiatives.

The second survey will be sent to hospitals in conjunction with distribution of this memo. Hospitals will have two weeks to respond to the survey. Survey responses will be due on **March 7, 2025**.

This survey is specifically focused on providing a deeper understanding of current hospital allocation methodologies, population health reporting, and drug tiering. This survey is unrelated to the development of the Clinician Cost Supplemental Schedule which is currently in process.

Please respond to all survey questions and fill out this survey for each hospital. To the extent that all information in the survey is the same for related system facilities, the system may respond once for those hospitals. Please list all included facility IDs in the box provided on the survey.

Attached are the survey questions for reference. Please reach out to Karen Teague
(karen.teague@maryland.gov)



HSCRC Annual Filing Modernization Survey

As previously noted, the HSCRC's efforts to modernize the Annual Filing contain several distinct workstreams. This survey is intended as a tool for use by the HSCRC to better understand current hospital reporting. It is not connected to the Clinician Cost Supplemental Schedule development currently in process.

This survey has been broken into two sections. The first aims to better understand certain elements of hospitals' Annual Filing reporting as it exists today. The second aims to better understand how hospitals are tiering their drugs.

Please fill out this survey for each hospital. To the extent that all information in the survey is the same across system facilities, the system may respond once for those hospitals. Please list all included hospital IDs in the box below.

We thank you in advance for your time and participation. Please reach out to Karen Teague (karen.teague@maryland.gov) with any questions.

* Hospital / System Name

* Hospital ID(s) (please list 5 digit CMS ID and separate multiple entries with a comma)



HSCRC Annual Filing Modernization Survey

Annual Filing Section (Questions 1 - 6)

This part of the survey is intended as a tool for use by the HSCRC in understanding the current Annual Filing reporting. Gaining a clearer understanding will enhance the estimation of the potential impact of possible changes in future Annual Filing reporting.

We are asking each hospital to respond to the survey based on the hospital's Fiscal 2024 Annual Filing. Please respond to all survey questions.

HSCRC Annual Filing Modernization Survey

Annual Filing Section

* **1. Schedule OADP Allocation Methodology** - the current instructions for the allocation of data processing costs allows the preparer to use one of the methodologies below. The options listed below reflect the language currently utilized in the Accounting & Budget Manual. Please select the methodology used. If multiple methodologies are used, please list the methodologies under 'Other'.

- FTEs
- Actual Worked Time
- Charge/Service Tickets
- Total Dollars Spent
- Other or Combination of Methodologies (please specify/describe the methodology)

* **2. Schedule E** - please list the allocation methodology used to allocate costs to the C and UA cost centers for each of the following:

E01: Ambulance Services (e.g. Number of Occasions of Service)

E02: Parking (e.g. Number of Parking Spaces)

E03: Doctor's Private Office Rent (e.g. Sq Footage)

E04: Office and Other Rentals (e.g. Sq Footage)

E05: Retail Operations (e.g. Sq Footage)

E06: Patient Telephones (e.g. Number of Patient Telephones)

E07: Cafeteria (e.g. Number of Meals Served)

E08: Day Care Center, Rec Areas, etc (e.g. Sq Footage)

E09: Housing (e.g. Avg Number of Persons Housed)

* **3. Schedule F** - please list the allocation methodology used to allocate costs to the C and UA cost centers for each of the following:

F01: Research (e.g. Number of Research Projects)

F02: Nursing Education (e.g. Number of Nursing Students)

F03: Other Professional Health Education (e.g. Number of Students)

F04: Community Health Education (e.g. Number of Participants)

* **4. Daily Hospital Services** - the allocation of selected overhead centers on Schedule J is split between inpatient, ambulatory, and outpatient. How does your organization allocate the costs, on the J schedule, related to the following patient care centers. Please select all that apply.

	Inpatient	Ambulatory	Outpatient
Hospital Emergency Services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clinic Services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Observation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Psychiatric Day and Night Care	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Same Day Surgery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* **5. Ambulatory Designation** - please provide clarification as to what criteria is used to determine whether a cost center is designated as ambulatory or outpatient?

HSCRC Annual Filing Modernization Survey

Annual Filing Section

6. Population Health Services - please indicate the cost centers on which the cost for the following three major types of population health services were reported. Please select all that apply.

6a. Population Health - Management, Infrastructure, & Analytics

- Program Strategy, Planning, and Administration
- Population Health Staff Education and Training
- Technology & Telehealth Infrastructure
- Interoperability of Data Systems (Shared Patient Identification)
- Digital Health Data Management and Analytics
 - Mobile Apps
 - Disease Specific Monitoring & Devices

	Cost Centers
DTY - Dietary	<input type="checkbox"/>
LL - Laundry & Linen	<input type="checkbox"/>
SSS - Social Services	<input type="checkbox"/>
PUR - Purchasing & Stores	<input type="checkbox"/>
POP - Plant Operations	<input type="checkbox"/>
HKP - Housekeeping	<input type="checkbox"/>
CSS - Central Services & Supply	<input type="checkbox"/>
PHM - Pharmacy	<input type="checkbox"/>

Cost Centers

FIS - General Accounting	<input type="checkbox"/>
PAC - Patient Accounts	<input type="checkbox"/>
MGT - Hospital Admin	<input type="checkbox"/>
MRD - Medical Records	<input type="checkbox"/>
MSA - Medical Staff Admin	<input type="checkbox"/>
NAD - Nursing Admin	<input type="checkbox"/>
OAD - Organ Acquisition Overhead	<input type="checkbox"/>

Other (please list all applicable cost centers not specified above)

6b. Population Health - Patient Engagement & Extending Health Maintenance into the Community

- Programmed Services to Improve Management of Chronic Conditions
- Resources to Improve Communication between Patients and Caregivers
- Care Management & Clinical Navigation (virtual or in person)
- Home-based Medication Management
- 24/7 Access to Urgent Care
- 24/7 Access to Behavioral Health Crisis Line
- 24/7 Intake to Substance Use Disorder (SUD) Care (virtual or in person)
- Post-hospitalization Transition to Home Mobile Care
- Coordination with Community Paramedicine (EMT Delivered Care & Support)

Cost Centers

DTY - Dietary	<input type="checkbox"/>
LL - Laundry & Linen	<input type="checkbox"/>
SSS - Social Services	<input type="checkbox"/>
PUR - Purchasing & Stores	<input type="checkbox"/>
POP - Plant Operations	<input type="checkbox"/>
HKP - Housekeeping	<input type="checkbox"/>
CSS - Central Services & Supply	<input type="checkbox"/>
PHM - Pharmacy	<input type="checkbox"/>

Cost Centers

FIS - General Accounting	<input type="checkbox"/>
PAC - Patient Accounts	<input type="checkbox"/>
MGT - Hospital Admin	<input type="checkbox"/>
MRD - Medical Records	<input type="checkbox"/>
MSA - Medical Staff Admin	<input type="checkbox"/>
NAD - Nursing Admin	<input type="checkbox"/>
OAD - Organ Acquisition Overhead	<input type="checkbox"/>

Other (please list all applicable cost centers, not specified above)

6c. Population Health - Health Related Social Needs (HRSN) Support

- Social Determinants of Health (SDOH) Management
- Food & Nutritional Support
- Housing Support & Assistance
- Access to On-Demand Transportation (Lyft, Uber, Taxi, etc)
- Patient Socialization

Cost Centers

DTY - Dietary	<input type="checkbox"/>
LL - Laundry & Linen	<input type="checkbox"/>
SSS - Social Services	<input type="checkbox"/>
PUR - Purchasing & Stores	<input type="checkbox"/>
POP - Plant Operations	<input type="checkbox"/>
HKP - Housekeeping	<input type="checkbox"/>
CSS - Central Services & Supply	<input type="checkbox"/>
PHM - Pharmacy	<input type="checkbox"/>

Cost Centers

FIS - General Accounting	<input type="checkbox"/>
PAC - Patient Accounts	<input type="checkbox"/>
MGT - Hospital Admin	<input type="checkbox"/>
MRD - Medical Records	<input type="checkbox"/>
MSA - Medical Staff Admin	<input type="checkbox"/>
NAD - Nursing Admin	<input type="checkbox"/>
OAO - Organ Acquisition Overhead	<input type="checkbox"/>

Other (please list all applicable cost centers, not specified above)

6d. Population Health - Other Types of Expenses - please list and describe (and include applicable cost centers where captured)



HSCRC Annual Filing Modernization Survey

Drug Tiering (Questions 1 - 10)

The HSCRC is seeking to enhance their understanding of drug tiering across hospitals on an industry-wide basis. It has been quite some time since any work has been done to look at how hospitals are tiering their drugs. Staff know that while most hospitals do tier, the process by which they tier can differ, even among system hospitals.

Staff began this process with informal discussions at a few select hospitals across the state and are following up with an industry wide survey to gain a broader perspective on the approaches used. Next steps will be determined based on survey results.

HSCRC Annual Filing Modernization Survey

Drug Tiering

Please note: choosing "**No**" will end the survey as the following questions are related to drug tiering. Please ensure your questions related to annual filing allocations are complete and correct before moving on to this section.

* **1.** When pricing drugs to patients, does your hospital tier their drugs?

Yes

No

HSCRC Annual Filing Modernization Survey

Drug Tiering

* **2.** Please describe your tiering methodology:

How many tiers do you have?

How are the markups by tier developed?

* **3.** What is your hospital's variation in applying overhead burden to the cost of drugs?

4. Does your hospital have more surgical services or medical services?

5. How does your hospital align the markups to your drug tiers back to the rate order charge to cost?

6. Is drug tiering managed by your reimbursement department or another department?

7. If your hospital is part of a system, do you follow the same tiering methodology as other hospitals within your system?

Yes

No

Optional Comments:

8. Are there any exceptions made to your tiering methodology? (e.g. oncology drugs)

Yes

No

If yes, please specify

9. How often is the tiering methodology reviewed and refreshed?

10. Do you perform any analyses on the outcomes of tiering to validate the system is working as intended? If so, please send an example of those results to us.

Please email example(s) to: karen.teague@maryland.gov

Yes

No