maryland
health services
cost review commission

Performance Measurement Workgroup

March 18, 2026

HSCRC Quality Team

Meeting Agenda

- PMWG & Policy Timelines
- AHEAD transition
- RY 2028 Readmission Reduction Incentive Policy & Future Discussion
- RY 2028 MHAC implementation & CAEM Plan
- CRISP Portal: ED LOS Dashboard

Workgroup Learning Agreements

- **Be Present** – Make a conscious effort to know who is in the room, become an active listener. Refrain from multitasking and checking emails during meetings.
- **Call Each Other In As We Call Each Other Out** – When challenging ideas or perspectives give feedback respectfully. When being challenged - listen, acknowledge the issue, and respond respectfully.
- **Recognize the Difference of Intent vs Impact** – Be accountable for our words and actions.
- **Create Space for Multiple Truths** – Seek understanding of differences in opinion and respect diverse perspectives.
- **Notice Power Dynamics** – Be aware of how you may unconsciously be using your power and privilege.
- **Center Learning and Growth** – At times, the work will be uncomfortable and challenging. Mistakes and misunderstanding will occur as we work towards a common solution. We are here to learn and grow from each other both individually and collectively.

REMINDER: These workgroup meetings are recorded.

PMWG & Policy Timelines

HSCRC Policy Calendar

RY 2028 Quality Core Policies									
Policy	**October**	**November**	**December**	**January**	**February**	**March**	**April**	**May**	**June**
QBR		Draft		Final					
MHAC			Draft		Final				
RRIP				Draft		Final			
ED Best Practices	Draft		Final						

All Core RY 2028 Policies have been approved. Staff working on memos for hospital industry. QBR sent, MHAC and RRIP being prepared.

PAU Policy: No policy changes for RY2027; PAU Redistribution Adjustments included in the Update Factor Recommendation.

Inpatient LOS: Meeting on 3/31/26 10:30-11:30 to review latest analytics and policy timeline.

PMWG Schedule

- Due to AHEAD transition, stakeholders have been asking if additional meetings will be scheduled.
- April HSCRC meeting is scheduled for the 3rd Wednesday of month (normally 2nd); thus April PMWG will be cancelled.
  - Provides time for staff to work on CAEM and readmission analytics
- PMWG will meet in May and staff will proposed schedule for June-September.

AHEAD Transition

AHEAD Updates and HGB Transition Timelines

- Maryland entered the AHEAD Model in 2026.
- CMS will set **Medicare FFS global budgets** starting in 2028.
  - Performance Year 1 (2026) and PY2 (2027) will be a transition period where the State will continue to set all-payer Hospital Global Budgets.
  - In order to smooth the transition, the State will be able to re-direct a portion of the total Medicare global budget amount between PY3 (2028) and PY5 (2030).
- The State will continue to set **non-Medicare FFS global budgets** with quality adjustments.

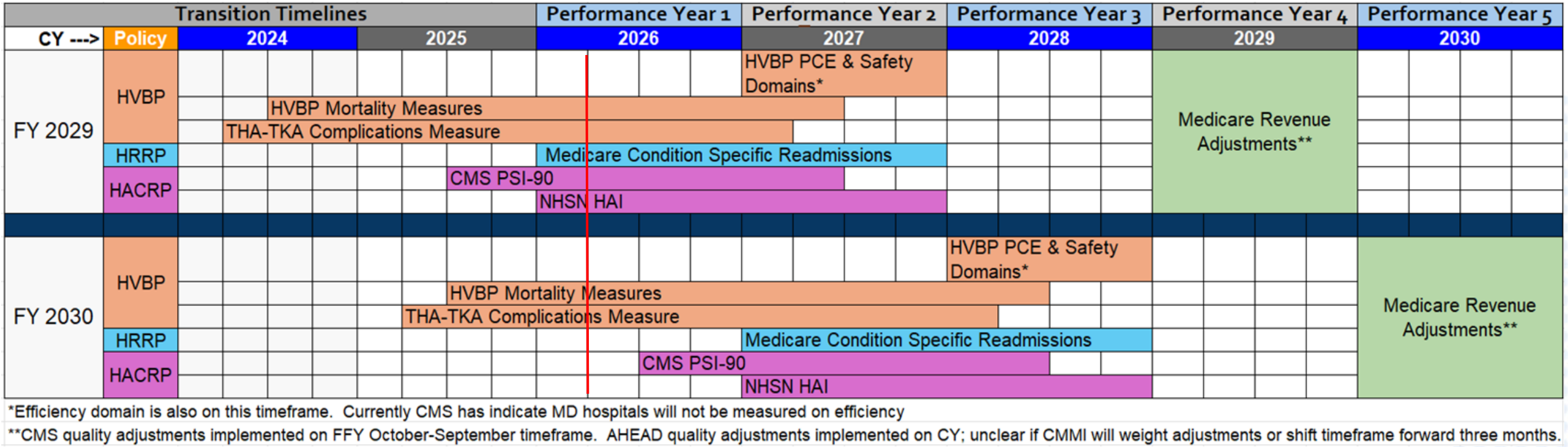
AHEAD Quality Transition

iv. CMS and the State may agree to defer the implementation of the transition to CMS Hospital Quality and Value-Based Programs in the CMS-Designed Hospital Global Budget Methodology to PY4 or PY5 if it is mutually determined that Maryland's hospitals have been provided insufficient time to reasonably implement the transition in PY3. In the event of such a delay in implementation, Maryland will continue to implement the State's hospital quality and value-based payment programs, as described in Section 11, in the intervening years.

Need input from PMWG on whether hospitals are ready to transition to CMS quality programs in FY29/PY3 (see next slide for performance periods associated with each option)

- Johns Hopkins Health System has indicated that three years is too long transition period (i.e., they recommend transitioning in FY29 (PY3).

CMS & HSCRC Policy Timelines



Current date

CY 2026 PMWG Priorities

Regardless of transition timeline (FY29/30), staff aims to align State quality programs with CMS quality programs where feasible, while maintaining flexibility to address state priorities and AHEAD goals.

PMWG Priorities:

1. Selection of complication and mortality measures for RY2029.
2. Decision on how to align RRIP program with AHEAD/CMS (i.e., align with PHAP goal or HRRP).
3. Review of revenue adjustment methodology and make case for maintenance of rewards (if moving to CMS programs in RY29).

For Discussion:

Medicare uses Medicare FFS (and MA) data for assessing performance for claims based measures of complications, mortality, and readmissions. CMS uses all-payer data for other measures such as HCAHPS and NHSN HAIs.

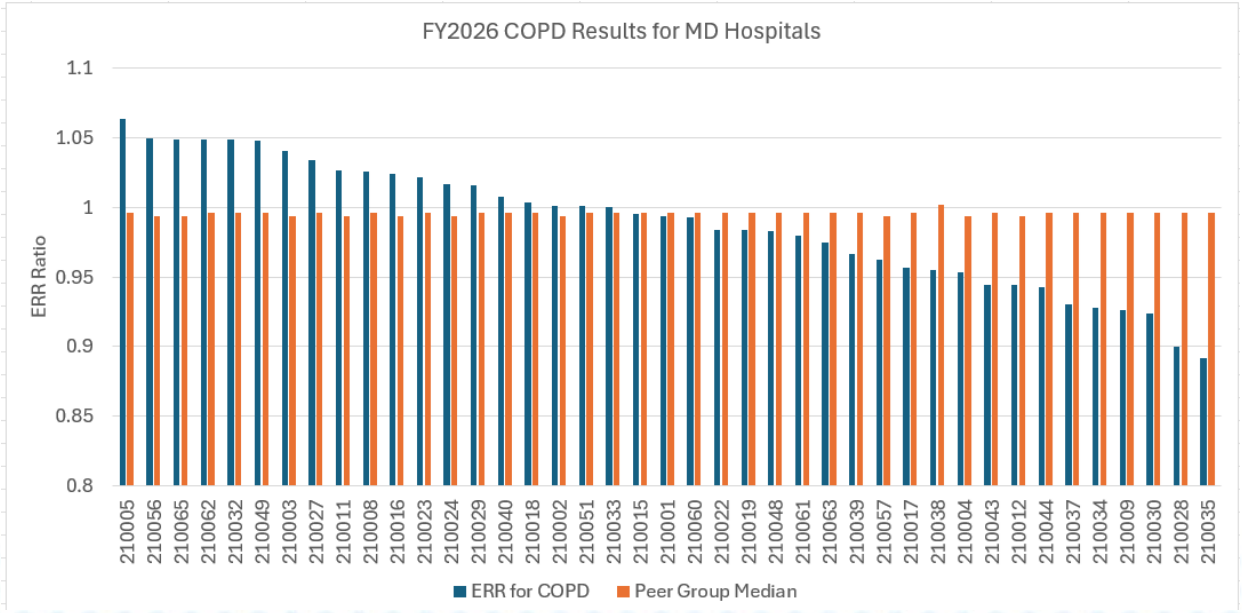
State has all-payer hospital data for calculation of complications, mortality, and readmissions.

Need to determine if Maryland quality programs will assess all-payer or non-Medicare FFS performance.

FY 2026 HRRP Results

- HRRP performance data for MD is available, but staff are requesting HRRP revenue adjustment estimates from CMMI (need DRG payment ratios and peer groups).
- Staff estimate that 37 out of 43 MD hospitals have an excess readmission ratio in FY 2026 above the peer group median* for at least 1 out of 6 of the measures and thus would receive a scaled payment reduction.

Example: FY 2026 results for COPD readmissions indicates that 19 out of 41 hospitals had an ERR > peer group median

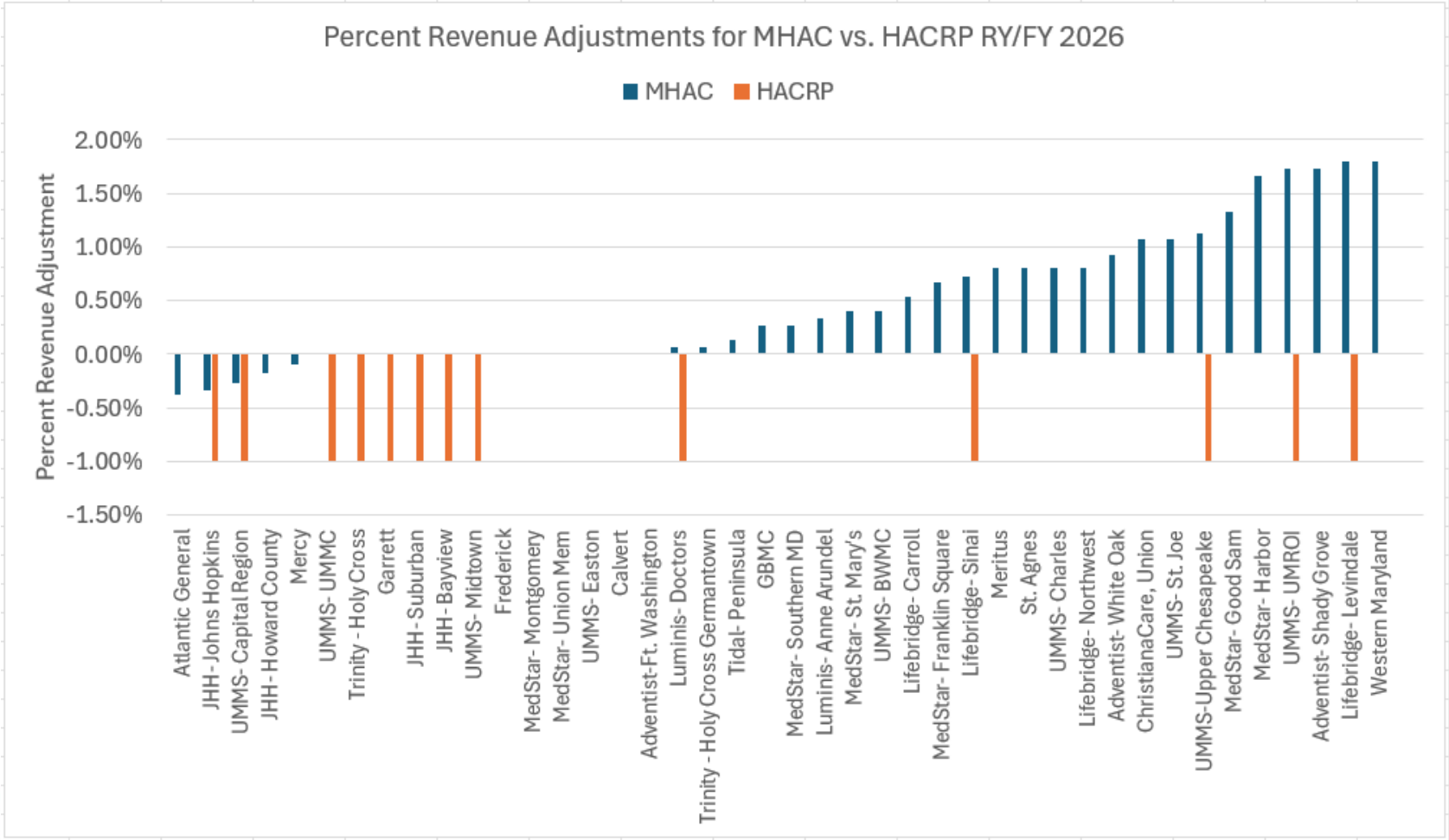


Only ERRs for conditions where the hospital is higher than peer group median are used to calculate HRRP revenue adjustment (i.e., hospitals do not get additional credit for how much better they are than the peer group median).

*Peer groups used from FY 2025

FY 2026 HACRP Results

13 out of 42 hospitals are in worst performing quartile and would receive 1 percent penalty



Note: Hospitals are scored in HACRP even if they only qualify for one of the six measures in the program.

Levindale and UMROI qualify for only 1-2 measures, which may account for difference in results compared to MHAC.

Discussion

- HSCRC discussing details of transition with CMMI
  - Confirming how HSCRC all-payer program adjustments will be implemented by CMS in RY/FY2028.
  - How will CMMI implement adjustments for CY timeframe?
  - Addition of MD hospitals to IQR validation? No MD hospitals included in FY 2028 validation sample.
- Are hospitals ready to transition in FY 2029?
  - Currently in performance period for all programs; hospitals should look into reporting timelines for preliminary data validation.
  - Recent changes to measures (not inclusive of all changes):
    - NHSN HAI measures will use updated standard population data to calculate SIR for HACRP (FY28) and HVBP (FY2029).
    - Removal of COVID exclusion and 12-month history of COVID as risk-adjuster for the HVBP clinical care mortality and Hip-Knee complication measures, as well as HRRP condition specific readmission measures.
    - Addition of MA to the condition specific readmission measures and reduction of performance period from 3 to 2 years.

Readmissions Updates

RY 2028 Final Recommendations--APPROVED

1. Maintain the 30-day, all-payer, all-cause, all-condition readmission measure.
2. Improvement Target - Maintain the statewide 4-year improvement target of -5.0 percent through 2026 compared to two-year base period of CY 2022 and CY 2023.
3. Attainment Target - Maintain the attainment target whereby hospitals performing at or better than the 65th percentile of statewide performance receive scaled rewards for maintaining low readmission rates.
    a. Adjust case-mix readmission rate by the Out of State (OOS) Utilization Adjustment to account for OOS readmissions and transfers for RY 2027 beyond.
    b. Apply corrected OOS readmission ratios for RY2026 and adjust revenue adjustments for hospitals that were negatively impacted only.
4. Maintain scaled rewards and penalties of up to 2 percent of inpatient revenue.
5. Monitor reductions in within-hospital readmission disparities and provide regular updates on by-hospital performance to stakeholders.
6. Assess opportunities for AHEAD alignment of readmission measure, improvement and attainment goals, revenue at-risk, and revenue adjustment methodology.

Attainment Methodology: Out of State Adjustment

- To fairly assess relative performance across hospitals (i.e., attainment), the case-mix adjusted readmission rate is adjusted for out of state readmissions.
  - Prior to RY 2018, readmission performance assessed on improvement only
  - Due to concerns about hospital with low readmission rates having less opportunity for improvement, the attainment goal was added in RY 2018
  - Adjustment was based on CMMI Medicare report that provides count of out of state readmissions
    - Staff validated the reported readmission count using Medicare CCW data in order to assess concerns from hospitals regarding the accuracy of the adjustment
  - Two issues were discovered during this validation:
    - Double counting of out of state readmissions when followed by third admission or transfer back to MD hospital
    - Transfers out of state inflate MD hospital denominator and flag a readmission if subsequently transferred back to Maryland

OOS Utilization Adjustment

- Working with stakeholders, staff identified an approach to adjusting readmission rates to account for OOS readmissions *and* transfers
  - **OOS Utilization Adjustment**= CCW Readmission Rate/ CCW- MD Readmission Rate
    - This will account for any OOS differences seen between CCW and Case-Mix
      - Validated this adjustment method by applying OOS readmission adjustment *and* OOS transfer adjustment

CCW Readmission Rate (A)	CCW MD Only Readmission Rate (B)	# of Readmissions in CCW (C)	# of Readmissions in CCW-MD (D)	OOS Readmission Adjustment (E)	# of Admission in CCW-MD (F)	# of Admissions in CCW (G)	OOS Transfer Adjustment (H)	OOS Utilization Adjustment (I)	OOS UA Adjusted Readmit Rate (J)
Calculated with 100% of National Claims	Calculated with only MD claims	from column A	from column B	E= C/D	from column B	from Column A	H= F/G	I=A/B	J=(B*I)=(B*E*H) =A
12.6%	10%	960	800	1.20	8400	8000	1.05	1.26	12.6%

- Commission approved to apply this adjustment to RY 2027 and beyond

Utilization Adjustment (UA)

- RY 2027 and beyond will use UA to calculate attainment rates
- RY 2027 attainment target is now 11.21%
  - This change is due to applying the UA to the base period
- Staff anticipates final UA will be available in late April, pending receipt of CCW data from CMMI
  - Currently assessing what to use for preliminary results during the performance period (i.e., previous year, timing of YTD data)
- Staff looking into inclusion of Medicaid data for future RYs

Revised Attainment Scale

All Payer Readmission Rate		RRIP % Inpatient Revenue Payment Adjustment
Lower Readmission Rate		2.0%
Benchmark	8.63%	2.00%
	9.92%	1.00%
Threshold	11.21%	0.00%
	12.51%	-1.00%
	13.80%	-2.00%
Higher Readmission Rate		-2.0%

RY 2026 Revenue Adjustment Update

Fix of Error, not updated methodology

- Commissioners approved an update to revenue adjustments only for hospitals who would benefit (i.e., lower penalty or higher reward) from the correction to OOS ratios.
  - 4 hospitals impacted: UMMS-Charles, Calvert, GBMC, and UMMS-Upper Chesapeake
- Rate setting team will implement these changes in the RY 2027 Update Factor
- If a hospital feels unfairly disadvantaged by a policy, they can request funding through the set aside, however, they must be deemed efficient to be eligible for that funding.

Future of RRIP Discussion

Discuss what is needed to be able to replicate for non-Medicare? Adapt condition specific measures to case-mix data? How would MD use peer groups? Attainment Only? What is target for performance? How will multiple measures be combined?

Alignment with HRRP

HRRP includes the following condition/procedure specific 30-day risk standardized unplanned readmission measures:

- Acute Myocardial Infarction (AMI)
- Chronic Obstructive Pulmonary Disease (COPD)
- Heart Failure (HF)
- Pneumonia
- Coronary Artery Bypass Graft (CABG) surgery
- Elective Primary Total Hip Arthroplasty and/or Total Knee Arthroplasty (THA/TKA)

- Compares performance of hospital to median of peer group based on dual proportion.
- Multiplies the ERR difference by DRG Ratio
  - Ratio of Medicare FFS base operating DRG payments for measure cohort to Medicare FFS base operating DRG payments for all discharges
- Sums across conditions for which hospitals have at least 25 eligible discharges across two year performance period.

Future of RRIP

Alignment with Population Health Accountability Plan

- State has submitted readmission goal of ~3 percent statewide improvement using the NCQA Plan All-Cause Readmission measure using payer claims for Medicare, Medicaid, and Commercial.
- If state does not meet PHAP targets in PY2, 4, 6, 10, CMS will issue a Warning Notice and may issue an Enforcement Action Notice.

MEASURE DESCRIPTION
Patients 18 years and older with acute inpatient and observation stays during the measurement year that were followed by an unplanned acute readmission for any diagnosis within 30 days and the predicted probability of an acute readmission.

- Payer specific, risk-adjusted by age, gender, principle dx, comorbidities, surgery status, observation stay.
- Continuous enrollment criteria and removal of patients with more than 3 (commercial) or 4 (medicare/medicaid) IP stays during year.

Reconciliation of Claims vs. Case-Mix

Mathematica adapted NCQA measure specifications to run on case-mix data; given large discrepancies, hMetrix is working to merge in claims and case-mix data to identify gaps.

2023	Denominator		O/E		Observed Count		Expected Count	
	Case mix	Claims	Case mix	Claims	Case mix	Claims	Case mix	Claims
Total	352,687	218,581	1.4101	1.0357	45,872	20,391	33,627	20,410
Commercial	80,256	22,688	1.7125	1.1205	6,343	1,142	3,704	1,019
MA	42,058	13,088	0.9109	1.0097	4,354	1,385	4,780	1,372
Medicaid	81,836	69,186	1.7590	1.0487	12,451	6,142	7,079	5,857
Medicare	148,537	113,619	1.2580	0.9638	22,724	11,722	18,064	12,162

Staff will bring back additional analyses to PMWG for input.

Discussion

- MHA and others have requested modeling of readmission measure options using the most currently available data:
  - HRRP measures
  - NCQA Plan All-Cause Readmissions
  - CMS Hospital-Wide Readmission Measure
- What is the goal of modeling and what do hospital think would be helpful to see?
- Staff are assessing feasibility and level of effort to adapt each these measures to the case mix data, but caution that running of the measure is only one part of the program methodology.
  - Suggest we bring back crosswalk for measure specification comparison.
  - Assess whether we are able to replicate risk-adjustment.
  - Also need to think about improvement and attainment goals, revenue adjustment methodology, and other questions previously discussed.

RY 2028 MHAC Policy & CAEM Plan

RY 2028 MHAC Reporting

- With the inclusion of PSI-90 at 1/6th of the program performance, staff are modifying MHAC reporting
  - PPC Report, PSI-90 Report, MHAC Scoring Report
- PSI-90 will have two year base period (FYs 2024-2025) and small hospitals will have two year performance period (CYs 2025-2026), just as done with PPCs
- HACRP requirement for PSI-90 is that at least one component indicator have 25 eligible discharges and that 7/10 indicators have at least 3 eligible discharges
  - This rule excludes Levindale and Chestertown from PSI-90 assessment; their MHAC scores will be based 100% on PPC performance

Clinical Adverse Event Measures Technical Subgroup to Evaluate Complication and Mortality Measures for Maryland Hospital GBRs

- **Goal:** Evaluate complication and mortality measures for use in payment adjustments under Maryland hospital GBRs (i.e., the GBRs for commercial, Medicaid, etc.).
- Staff reviewing volunteers and will contact additional experts as needed to ensure group has appropriate clinical, quality, and safety measurement expertise.
- Subgroup to establish and use criteria to evaluate measures for inclusion of in a non-Medicare quality-based payment program.
  - The group will consider measure validity and reliability, as well as data sources/availability, sample size, cost and reporting burden, Medicare alignment, and areas of opportunity/need specific to Maryland or sub-populations, etc.
- Anticipated, start date late April 2026, updates presented at monthly PMWG and final recommendations at August/September PMWG.

CAEM CY 2026 Draft Work Plan Highlights

- Finalize Project Scope
- Candidate Measures
  - Compile Measure Inventory, Known Measures
  - Limited Call for Measure Suggestions
- Deliberate Measure Selection Criteria
- Review Available Data Results
- Conduct Relevant Analysis
- Deliverables
  - Final Measure Selection Criteria
  - Selected Measures Draft
  - Final Measures RY 2029 and any pipeline measures to consider in future years

ED LOS Dashboard

ED LOS Tableau Dashboard

- Create Tableau dashboard using the ED date and time stamps submitted by MD hospitals on the inpatient and outpatient case-mix files.
  - Developed by hMetrix and hosted on the CRISP Reporting Services Portal.
- Goal is to provide summary of ED LOS for admitted (ED1) and discharged (OP18) patients for State and hospital monitoring.
- Allows analysis of ED LOS over time and the ability to stratify by patient and hospital characteristics.
- Version 1 under final review; additional data visualizations or linkages to other data can be added.
  - HSCRC interested is stakeholder input on additions to dashboard.

ED LOS CRISP Dashboard Demo

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THANK YOU!

Next Meeting: May 20, 2026