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Health Services Cost Review Commission

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To: Regional Partnership, Transformation Grant Recipients

Please find below a few updates and policy clarifications regarding the ongoing implementation of the Transformation Grants.

Rollover Policy and Financial Clarification

As a reminder, Transformation Grant awards to hospital reduce each year by 10%, FYs 2018 through 2020. In each of these years, partnerships are obligated to expend the full original award amount, incurring expenses to the hospitals for the 10%, 20%, and 30% reduction in the original award amount. This policy was set in place to ensure that some of the savings realized by the regional partnership activities accrue to payers. Please be sure to include hospital-generated expenditures in all future budgetary reports.

Separately, the HSCRC allowed Regional Partnerships to roll over unspent FY 2017 funds into their FY 2018 budget, acknowledging ramp up and hiring delays. This one-time policy allowed hospitals to continue to establish their partnerships and transformation activities. **Unspent funds can no longer be rolled over into FY 2019 or later years, and will be removed from rate orders beginning with FY 2020 budgets.**

December 2018 HSCRC Commission Meeting Summary

In the December 2018 Commission Meeting, staff presented an update on the Transformation Grants and noted the original expectations of the request for proposals (RFPs) issued in 2015. Staff highlighted successes achieved by Partnerships in FY 2017 and summarized some process and monitoring updates made in FY 2018, including Partnerships' adoption of CRISP analytic tools. Staff also provided a financial update on grant monies received in FY 2018, accounting for the 10% reduction in FY 2018 hospital rate orders.

Commissioners expressed interest in the variation in investment per patient, distinction between performance and the original expectations of the RFPs, and connection between the scope of interventions and the scope of investment.

The presentation to Commissioners may be found in the December 2018 public post-meeting

materials at <https://hscrc.maryland.gov/Pages/commission-meetings.aspx> and Partnerships' FY 2018 Narrative Reports may be found on the HSCRC website at <https://hscrc.maryland.gov/Pages/rfp-implement.aspx>.

Year 3 (FY 2019) Reporting Requirements

In FY 2019, mid-year budget reports and narrative reports are optional. Previous mid-year reports helped staff with understanding the progress that Partnerships made in implementing programs and building networks with partners, as well as any challenges that may have affected their budgets. As these programs mature and results become more measurable, only end year reporting will be required from Partnerships. This will build off the FY 2018 template and include items such as patients served and ROI. HSCRC will update the Regional Partnerships with more information on the required ROI calculation as this information becomes available.

Conclusion

We appreciate your Partnership's continued efforts to reach patients outside hospital walls to transform care in Maryland. If you have any questions regarding this letter, please respond to hscrc.rfp-implement@maryland.gov.