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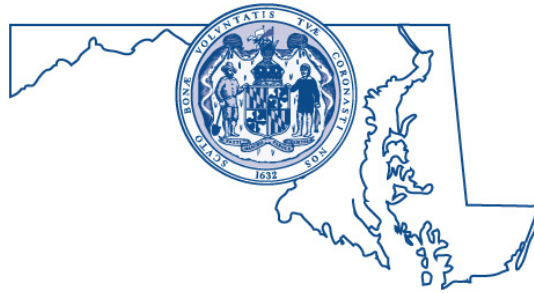
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To: Hospital CFOs, MPA Liaisons
From: William Henderson, Principal Deputy Director
Date: May 09, 2019
Re: RY 2020 Medicare Performance Adjustment Year 1 Results

Hospital CFOs –

The HSCRC has calculated the results of the Medicare Performance Adjustment (MPA) Year 1, the results of which are detailed in the attached excel file. The results will be effective in hospital Medicare payments beginning July 1, 2019. An overview of the excel file is included below.

On behalf of the HSCRC, we wanted to continue to thank hospitals for their dedication under the All-Payer Model and are excited that Maryland has begun the Total Cost of Care (TCOC) Contract with such strong results. The HSCRC will be working with the TCOC Work Group to explore the drivers of our success and continue to look for additional transformation and cost-saving opportunities in the data.

The HSCRC will implement the MPA **without** revenue-neutrality in Year 1 (RY2020). While staff proposed revenue-neutrality in the last TCOC meeting, we understand the concerns raised around communication on this approach and will not be implementing revenue-neutrality for RY2020. Staff preference is to implement MPA revenue-neutrality in the future, but we will work with stakeholders to evaluate this approach. Again, our sincere appreciation for your hard work in Year 1 and your continued engagement in future years of the MPA.

Best,
William Henderson

Excel File Overview: Columns C through AA detail the cost per capita for the base (CY2017) and performance year (CY2018) by attribution layer. Columns AD through AJ compare the hospital's performance to the target (National growth less 0.33% or 3.23%) and apply the quality adjustment. The final calculated adjustment (Column AJ) is applied to the hospital's total Medicare FFS Maryland resident cost (Column AK) to calculate the hospital's MPA Performance in dollars (Column AL). The performance in dollars is applied to the hospital's total Medicare FFS cost (Column AN) to calculate the final adjustment factor. **Column AO is the adjustment factor supplied to CMS to apply the impact to hospital rates.** This will be effective beginning July 1, 2019.