Executive Session Minutes
of the
Health Services Cost Review Commission

October 9, 2013

Upon motion made, Chairman Colmers called the Executive Session to order at 12:11 p.m.

The Executive Session was held under the authority of Section 10-508 of the State-Government Article.

Participating, in addition to Chairman Colmers, were Commissioners Jencks, Keane, and Wong. Commissioners Bone and Mullen participated by telephone.

Donna Kinzer, Steve Ports, Jerry Schmith, Sule Calikoglu, and Dennis Phelps participated representing staff.

Also participating were Stan Lustman and Leslie Schulman Commission counsel.

**Item One**
The Chairman updated the Commission on the status of the State’s Model Demonstration Proposal.

**Item Two**
The Executive Director outlined to the Commission and the Commission discussed activities associated with the implementation of the proposal.

**Item Three**
The Executive Director discussed the impending activities of the Advisory Council and the various Work Groups.

**Item Four**
The Chairman briefly discussed the status of personnel matters.

The Executive Session was adjourned at 12:52 p.m.
Telephone Conference Executive Session  
of the  
Health Services Cost Review Commission  

MINUTES  

October 21, 2013  

Upon motion made, Chairman John Colmers called the phone conference meeting to order at 7:03 a.m.  

The meeting was held under the authority of Section 10-508 of the State-Government Article.  

Participating, in addition to Chairman Colmers, were Commissioners Bone, Jencks, Keane, Loftus, Mullen and Wong.  

Also participating was Stan Lustman, Commission counsel.  

ITEM  

The Commission discussed the report of the Executive Director Search Committee. The Commission voted unanimously to offer the position of Executive Director on a permanent basis to Donna Kinzer, Acting Executive Director. The Commission expressed its gratitude to Ms. Kinzer for her willingness to continue to serve in this role. The Commission also voted unanimously to express its sincerest appreciation to Ms. Kinzer for her outstanding work to date and its unwavering confidence in her to lead the Commission forward in successfully implementing the proposed new all payer model.  

The Executive Session was adjourned at 7:23 a.m.
MINUTES OF THE
501st MEETING OF THE
HEALTH SERVICES COST REVIEW COMMISSION

October 9, 2013

Chairman John Colmers called the meeting to order at 1:01 p.m. Commissioners George H.
Bone, M.D., Stephen F. Jencks, M.D., M.P.H., Jack C. Keane, and Herbert S. Wong, Ph.D. were
also in attendance. Commissioner Mullen participated by telephone.

REPORT OF THE SEPTEMBER 23, SEPTEMBER 30 AND OCTOBER 9, 2013
EXECUTIVE SESSIONS

Dennis Phelps, Associate Director-Audit & Compliance, summarized the minutes of the
September 23rd, September 30th, and October 9, 2013 Executive Sessions.

RATIFICATION OF THE MAKEUP OF THE ADVISORY COUNCIL

The Commission voted unanimously to ratify the makeup of the Advisory Council voted upon in
Executive session.

ITEM I
REVIEW OF AND THE SEPTEMBER 4, 23, AND 30 EXECUTIVE SESSIONS AND
THE MINUTES OF THE SEPTEMBER 4, 2013 PUBLIC MEETING

The Commission voted unanimously to approve the minutes of the September 4th, 23rd, and 30th
2013 Executive Sessions. In addition, the minutes of the September 4, 2013 Public Meeting were
unanimously approved.

ITEM II
UPDATE ON THE NEW ALL-PAYER MODEL FOR MARYLAND AND THE
APPOINTMENT OF THE ADVISORY COUNCIL

Donna Kinzer, Acting Executive Director, stated that with the posting of the updated draft All-
Payer Model application and the preparation for filing the application with the Center for
Medicare and Medicaid Innovation (CMMI), we will now begin to move all of the presentations
and information into the public meetings to promote transparency as staff begins the
implementation process. Staff has requested a January 1st implementation date for the Model.
Staff is focusing on the implementation activities to get to the January 1st date. We have already
started some of these activities such as changes in case mix reporting, the Chesapeake Regional
Information System for our Patients (CRISP) outpatient reporting, and monthly financial data
and utilization reporting. We will be continuing that process.

Ms. Kinzer presented an update on the New All-Payer Model (see "Update on New All-Payer Model for Maryland and Appointment of Advisory Council" on the Health Service Cost Review Commission (HSCRC) website).

Ms. Kinzer announced that the HSCRC had finalized appointments to the Advisory Council. The purpose of the Advisory Council is to provide the HSCRC with senior-level input on guiding principles for the overall implementation of the new All-Payer Model.

Chairman John Colmers thanked the Commissioners, staff, hospitals and payer representatives for the efforts and contributions made to complete the waiver modernization application. Chairman Colmers was particularly appreciative of the leadership shown by Health Secretary Joshua Sharfstein and Donna Kinzer during the process.

ITEM III
EXECUTIVE DIRECTOR’S REPORT

Ms. Kinzer noted that this will probably be the last Executive Director’s Report in this format. Instead of focusing on charge per case, the Report will be focused on the drivers of the total cost of care. Monitoring Maryland Performance (MMP) will incorporate charge per case capita concepts and will include highlights on a hospital-specific basis where warranted.

Ms. Donna Kinzer reported that the MMP indicated that the rate of growth in charge per case increased 2.33% for the year ended August 30, 2013, and that inpatient revenue decreased by 1.57%. Ms. Kinzer stated that for the same period, the number of inpatient cases decreased 3.82%. FY 2013 outpatient revenue increased 6.67%, with total gross revenue increasing by 1.55%.

According to Ms. Kinzer, for the first two months of fiscal year 2014, the unaudited average operating profits for acute hospitals was 1.36%; total profit margin for this period was 3.59%; and the median hospital profit was 1.57%, with a distribution of (1.92%) in the 25th percentile and 3.89% in the 75th percentile.

Ms. Kinzer outlined the progress on activities related to the implementation policies. Ms Kinzer indicated that over the past several months, staff has introduced new reporting requirements for CRISP in order to capture all outpatient activities, and for case mix reporting. This month, staff will introduce a draft policy for monthly financial and utilization reporting. At the November meeting, we will propose implementation policies related to volume adjustments and a number of other polices that will be effective January 1st.

In addition, on January 1st, unless the HSCRC is able to incorporate outpatient cases into the Charge per Case System, we will continue to maintain the case mix methodology currently in place, and we will withhold reincorporating 0-1 day stay cases until we can incorporate outpatient cases. Staff will provide a progress report at the November public meeting.
In addition, staff will also present a progress update on the “Two Midnight Rule” at the November meeting.

Ms. Kinzer stated that staff has been reviewing the FY 2014 updates to the funding requirements (net payments or net receipts by hospital) applicable to the uncompensated care pool. Overall the uncompensated care levels used for FY 2014 and FY 2013 are about the same. However, staff is concerned about the allocation between bad debts and charity care reported by some hospitals. Unless this issue is resolved, staff will recommend suspending the uncompensated care policy’s charity care “multiplier.”

Ms. Kinzer noted that January 1 rate orders will contain settlements for the year ended June 30, 2013 as well as adjustments for other items deferred and one-time adjustments. Settlements for volume, price, and case mix activity from July 1, 2013 to December 31, 2013 will occur with the July 2014 update.

Ms. Kinzer reported that due to changes that will occur under the new All-Payer model and the recent filing of several significant Certificate of Need (CON) applications, staff will need to modify its existing CON financial feasibility review process.

Ms. Kinzer presented an overview of the FY 2012, Annual Hospital Disclosure report. She stated for that in fiscal year 2012 patients at Maryland hospitals paid an average of $11,984 per hospital admission up from $11,711 paid in the previous year. This represents an increase of 2.3% which is below the estimated national average increase of 3.4% for the same period.

### ITEM IV
#### DOCKET STATUS CASES CLOSED

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<tr>
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### ITEM V
#### DOCKET STATUS CASES OPEN

**Johns Hopkins Health Systems – 2224A**

On August 14, 2013, Johns Hopkins Health System (“the “System”) filed an application for an Alternative Method of Rate Determination pursuant to COMAR 10.37.10.06 on behalf of Johns Hopkins Hospital, Johns Hopkins Bayview Medical Center, and Howard County General Hospital (the “Hospitals”). The System sought renewal for continued participation of Priority Partners Inc. in the Medicaid Health Choice Program. Priority Partners is the entity that assumes risk under this contract. The System requested renewal of this contract for one year beginning January 1, 2014.
Staff recommended:

1. Approval of the alternative rate application for one-year period beginning January 1, 2014.
2. That Priority Partners Inc. report to the Commission staff (on or before September 2014 meeting of the Commission) on the actual 2013 experience, preliminary CY 2014 financial performance (adjusted for seasonality) of the MCO, as well as projections for CY 2015; and
3. That this approval be contingent upon the execution of the standard Memorandum of Understanding.

The Commission voted unanimously to approve staff’s recommendation. Chairman Colmers recused himself from the discussion and the vote.

**Maryland Physicians Care 2225A**

On August 19, 2013, Maryland General Hospital, Saint Agnes Health System, Western Maryland Health System, and Meritus Health (the “Hospitals”) filed an application for an Alternative Method of Rate Determination pursuant to COMAR 10.37.10.06. The Hospitals sought renewal for continued participation by Maryland Physicians Care (“MPC”) in the Medicaid Health Choice Program. MPC is the entity that assumes risk under this contract. The Hospitals requested renewal of this contract for one year beginning January 1, 2014.

Staff recommended:

1. Approval of the alternative rate application for one-year period beginning January 1, 2014.
2. That Maryland Physicians Care report to the Commission staff (on or before September 2014 meeting of the Commission) on the actual 2013 experience, preliminary CY 2014 financial performance (adjusted for seasonality) of the MCO, as well as projections for 2015; and
3. That this approval be contingent upon the execution of the standard Memorandum of Understanding.

The Commission voted unanimously to approve staff’s recommendation.

**Johns Hopkins Hospital 2226A**

Johns Hopkins Health System (“System”) filed an application with the HSCRC on August 27, 2013 on behalf of Johns Hopkins Hospital, Johns Hopkins Bayview Medical Center and Howard County General Hospital (the Hospitals) requesting approval to continue its participation in a global rate arrangement with Preferred Health Care LLC for solid organ and bone marrow
transplants for a period of one year beginning October 1, 2013.

The staff recommended that the Commission approve the Hospitals’ application for a one year period commencing October 1, 2013, and that the approval be contingent upon the execution of the standard Memorandum of Understanding.

The Commission voted unanimously to approve staff’s recommendation. Chairman Colmers recused himself from the discussion and the vote.

**MedStar Health System 2227A**

On August 27, 2013, MedStar Health filed an application for an Alternative Method of Rate Determination pursuant to COMAR 10.37.10.06 on behalf of Franklin Square Hospital, Good Samaritan Hospital, Harbor Hospital, and Union Memorial Hospital (The “Hospitals”). MedStar Health sought renewal for continued participation by the MedStar Family Choice (MFC) in the Medicaid Health Choice Program. MFC is the entity that assumes risk under this contract. The Hospitals requested renewal of this contract for one year beginning January 1, 2014.

Staff recommended:

1. Approval of the alternative rate application for one-year period beginning January 1, 2014;
2. That MedStar Family Choice Program report to the Commission staff (on or before September 2014 meeting of the Commission) on the actual 2013 experience, preliminary CY 2014 financial performance (adjusted for seasonality) of the MCO, as well as projections for 2015; and
3. That this approval be contingent upon the execution of the standard Memorandum of Understanding.

The Commission voted unanimously to approve staff’s recommendation.

**University of Maryland Medical Center – 2228A**

The University of Maryland Medical Center filed a renewal application with the HSCRC on May, 23, 2013 seeking approval to continue its participation in a global rate arrangement with BlueCross BlueShield Association Quality Centers for Transplants for blood and bone marrow transplants for a period of three years beginning September 1, 2013.

The staff recommended that the Commission approve the Hospitals’ application for a one year period commencing September 1, 2013; that the hospital file a renewal application yearly for continued participation; and that the approval be contingent upon the execution of the standard Memorandum of Understanding.
The Commission voted unanimously to approve staff’s recommendation.

University of Maryland Medical Center- 2229A

The University of Maryland Medical Center (the “Hospital”) filed a renewal application with the HSCRC on September 10, 2013 seeking approval to continue its participation in a global rate arrangement with OptumHealth Care Solutions for solid organ and blood and bone marrow transplants for a one year period beginning November 1, 2013.

The staff recommended that the Commission approve the Hospitals’ application for a one year period commencing November 1, 2013, and that the approval be contingent upon the execution of the standard Memorandum of Understanding.

The Commission voted unanimously to approve staff’s recommendation.

University of Maryland Medical Center- 2230A

The University of Maryland Medical Center (the “Hospital”) filed a renewal application with the HSCRC on September 10, 2013 seeking approval to continue its participation in a global rate arrangement with Interlink Health Services for solid organ and blood and bone marrow transplant services for a one year period beginning November 1, 2013.

The staff recommended that the Commission approve the Hospital’s application for a one year period commencing November 1, 2013, and that the approval be contingent upon the execution of the standard Memorandum of Understanding.

The Commission voted unanimously to approve staff’s recommendation.

Johns Hopkins Health System – 2231A

Johns Hopkins Health System (“System”) filed an application with the HSCRC on September 23, 2013 on behalf of Johns Hopkins Bayview Medical Center (the Hospital) requesting approval to continue its participation in a capitation arrangement serving persons with mental health needs under the program title, Creative Alternatives. The arrangement is between the Johns Hopkins Health System and the Baltimore Mental Health System Inc. with services coordinated through the Hospital. The Hospital requests approval be for one year beginning on November 1, 2013.

The staff recommends that the Commission approve the capitation arrangement with Creative Alternatives for a one year period commencing November 1, 2013 and that the approval be contingent upon the execution of the standard Memorandum of Understanding.

The Commission voted unanimously to approve staff’s recommendation. Chairman Colmers
recused himself from the discussion and the vote.

**Johns Hopkins Hospital 2232A**

Johns Hopkins Health System ("System") filed an application with the HSCRC on September 27, 2013 on behalf of Johns Hopkins Hospital and Johns Hopkins Bayview Medical Center (the Hospitals) requesting approval to continue its participation in an amended global rate arrangement with Olympus Managed Health for solid organ and bone marrow transplant and cardiovascular services for a period of one year beginning November 1, 2013.

The staff recommended that the Commission approve the Hospitals’ application for a one year period commencing November 1, 2013, and that the approval be contingent upon the execution of the standard Memorandum of Understanding.

The Commission voted unanimously to approve staff’s recommendation. Chairman Colmers recused himself from the discussion and the vote.

**University of Maryland Medical Center- 2233A**

The University of Maryland Medical Center (the “Hospital”) filed a renewal application with the HSCRC on September 30, 2013 seeking approval to participate in a new global rate arrangement with Humana for solid organ and blood and bone marrow transplant services for a one year period beginning December 1, 2013.

The staff recommended that the Commission approve the Hospital’s application for a one year period commencing December 1, 2013, and that the approval be contingent upon the execution of the standard Memorandum of Understanding.

The Commission voted unanimously to approve staff’s recommendation.

**ITEM VI**

**DRAFT RECOMMENDATION ON CHANGES TO THE SUBMISSION OF FINANCIAL DATA**

Ms. Ellen Englert, Associate Director of Rate Setting, presented a draft recommendation to the Commission amending existing regulations regarding monthly financial data submission. (See “Amend Regulation to Change Monthly Financial and Statistical Reporting” on HSCRC website)

Currently, Maryland hospitals under the jurisdiction of the HSCRC submit monthly financial and utilization data (“Monthly Reporting Data”) to the HSCRC per COMAR 10.37.01.03. These monthly reports are filed electronically within 30 days of the last day of the month. The hospital
monthly reports are used to monitored financial performance, rate compliance, Medicare waiver, and the annual rate adjustment. The HSCRC has begun to implement processes to transition to population based revenue management and cost evaluation. In preparation for the new population based revenue compliance measurement requirement, hospital monthly reporting must separate revenues and volumes for Maryland residents from those outside of the State. In addition, the HSCRC needs to obtain better data for monitoring of Medicare revenue trends on a monthly basis and will require the same breakouts for Medicare revenues and utilization.

Therefore, staff is proposing an amendment to COMAR 10.37.01.03 as follows:

1. To change the Monthly Reporting Data to include revenue and utilization breakouts for out of state and Medicare patients in the hospital’s monthly reporting effective January 1, 2014;
2. That HSCRC and the hospitals work together to develop monthly breakouts and reconciliations of FY 2013 and Quarters 1 and 2 of FY 2014.

HSCRC Commissioners discussed the importance of data collecting, as it pertains to tracking hospital performance under the new modernized waiver.

Anne Hubbard, Assistant Vice President of Financial Policy and Advocacy of the Maryland Hospital Association (MHA), expressed appreciation for the collaborative efforts of the HSCRC staff on the reporting changes. Ms. Hubbard stated that MHA is committed to working with Staff to resolve outstanding issues related to the deadline of historical data, and whether or not the reporting requirement should be extended to non-waiver hospitals.

As noted, this is a draft recommendation, and no Commission action is necessary at this time.

ITEM VII
FINAL RECOMMENDATION ON MONTHLY SUBMISSION OF CASE MIX DATA

Ms. Claudine Williams, Associate Director-Policy Analysis and Research, presented the final recommendation to amend the Monthly Submission of Case Mix Data. (see, “Amend Regulation to Move Inpatient and Outpatient Case Mix Data Submission from Quarterly to Monthly” on the HSCRC website).

Ms. Williams noted that currently Maryland hospitals per COMAR 10.37.04.01 and 10.37.06.01 are required to submit case mix data to the Commission within 45-60 days following the end of the quarter during which the patient was discharged or died. The current submission schedule has created delays in the Commission’s ability to produce annual rate orders and to provide feedback to hospitals in a timely manner. Furthermore, the Commission’s ability to monitor population-based metrics and approved revenue under population based models is dependent on timely data to enable projections and mid-course corrections.

To correct this problem, HSCRC staff is proposing an amendment to COMAR 10.37.04.01 and
10.37.06.01 to change the quarterly inpatient and outpatient data submission to monthly submissions, effective January 1, 2014. Staff is also proposing to require all hospitals under the jurisdiction of the HSCRC to submit preliminary monthly inpatient and outpatient data within 15 days of the last day of the month during which the patient was discharged or died. Monthly submissions will be cumulative, up to three months, to allow hospitals to update data from the previous months within the same quarter.

In addition, Staff is proposing that the monthly data submission requirement for psychiatric and chronic hospitals become effective July 1, 2014 in order to accommodate the update to their data requirements effective January 1, 2014.

Finally, staff is recommending that the Commission require all hospitals (including chronic and psychiatric hospitals) to submit inpatient and outpatient FY 2014 quarter 2 data within 60 days following the quarter in which the patient was discharged or died. This change will allow hospitals time to prepare for the monthly data submissions beginning in February, 2014.

Tracy LaValle, Assistant Vice President-Financial Policy and Operations of the Maryland Hospital Association (MHA), expressed MHA’s support for staff’s recommendation. She expressed appreciation for Staff’s willingness to work with the hospitals to ensure data were accurate and deadlines attainable.

The Commission voted unanimously to approve staff’s recommendation.

ITEM VIII
LEGAL REPORT
REGULATIONS

Proposed and Emergency

Submission of Hospital Outpatient Data Set - COMAR 10.37.04.01

The purpose of this action is to require hospitals, beginning January 1, 2014, to submit monthly patient level outpatient visit data in the manner and format prescribed by the Commission, and to enable the Commission to fully monitor population-based metrics and approved revenue under population-based models.

The Commission voted unanimously to forward the proposed regulation to the AELR Committee for review and publication in the Maryland Register both as a proposed and emergency regulation.
Submission of Hospital Discharge Data Set - COMAR 10.37.06.01

The purpose of this action is to require hospitals, beginning January 1, 2014, to submit monthly patient level inpatient discharge data in the manner and format prescribed by the Commission, and to enable the Commission to fully monitor population-based metrics and approved revenue under population based models.

The Commission voted unanimously to forward the proposed regulation to the AELR Committee for review and publication in the Maryland Register both as a proposed and emergency regulation.

HEARING AND MEETING SCHEDULE

November 6, 2013  Time to be determined, 4160 Patterson Avenue, HSCRC Conference Room

December 4, 2013 Time to be determined, 4160 Patterson Avenue, HSCRC Conference Room

There being no further business, the meeting was adjourned at 2:20 p.m.