

**Executive Session Minutes
Of the
Health Services Cost Review Commission**

September 10, 2014

Upon motion made, Chairman Colmers called the Executive Session to order at 12:03 p.m.

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

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

In attendance representing staff were Donna Kinzer, David Romans, Steve Ports, Sule Calikoglu, Ellen Englert, and Dennis Phelps.

Also attending were Leslie Schulman and Stan Lustman and Commission counsel, Jack Meyer, Ph.D., Facilitator, and Rob Cohen, consultant.

Item One

Donna Kinzer, Executive Director, updated the Commission on the timing of the CRISP recommendation.

Item Two

David Romans, Principal Deputy Director of Payment Reform and Innovation, summarized and the Commission discussed the Medicare Monitoring Report from CMMI.

Item Three

The Commission voted unanimously to appoint Vincent DeMarco and Ms. Leni Preston as consumer representatives to the Advisory Council.

The Executive Session was adjourned at 1:00 p.m.

MINUTES OF THE
511th MEETING OF THE
HEALTH SERVICES COST REVIEW COMMISSION

September 10, 2014

Chairman John Colmers called the meeting to order at 1:07 p.m. Commissioners George H. Bone, M.D., Stephen F. Jencks, M.D., MPH, Jack C. Keane, Bernadette C. Loftus, M.D., Tom Mullen, and Herbert S. Wong, Ph.D. were also in attendance.

REPORT OF THE SEPTEMBER 10, 2014 EXECUTIVE SESSION

Dennis Phelps, Associate Director-Audit & Compliance, summarized the minutes of the September 10, 2014 Executive Session.

ITEM I
REVIEW OF THE MINUTES FROM JULY 9, 2014 and AUGUST 13, 2014 EXECUTIVE
SESSIONS AND JULY 9, 2014 PUBLIC MEETING

The Commission voted unanimously to approve the minutes of the July 9, 2014 and August 13, 2014 Executive Sessions and the July 9, 2014 Public Meeting.

YIH SHYONG WENG

Chairman Colmers presented Mr. Yih Shyong Weng with a plaque to express the appreciation of the Commissioners and staff for Mr. Weng's dedication and hard work during 36 years with the HSCRC. Mr. Weng retired this past August.

ITEM II
EXECUTIVE DIRECTOR'S REPORT

Ms. Donna Kinzer, Executive Director, introduced George Anyumba as the newest member of the HSCRC staff. Mr. Anyumba has a Master's degree in Public Health from Morgan State University. Mr. Anyumba will be working as a Health Policy Analyst.

ITEM III
NEW MODEL MONITORING

Mr. David Romans, Director Payment Reform and Innovation, stated that Monitoring Maryland Performance (MMP) for the new All-Payer Model for the month of July will focus on fiscal year (July 1 through June 30) as well as calendar year results.

Mr. Romans reported that for the fiscal year ended June 30, 2014, All-Payer total gross revenue increased by 2.57% over the same period in FY 2013. All-Payer total gross revenue for Maryland residents increased by 2.32%; this translates to a per capita growth of 1.60%. All-Payer gross revenue for non-Maryland residents increased 5.16%.

Mr. Romans reported that for the month ended July 31, 2014, All-Payer total gross revenue increased by 4.54% over the same period in FY 2014. All-Payer total gross revenue for Maryland residents increased by 5.55%; this translates to a per capita growth of 4.83%. All-Payer gross revenue for non-Maryland residents decreased by 4.46%.

Mr. Romans reported that for the seven months of the calendar year ended July 31, 2014, All-Payer total gross revenue increased by 2.05% over the same period in FY 2013. All-Payer total gross revenue for Maryland residents increased by 2.23%; this translates to a per capita growth of 1.54%. All-Payer gross revenue for non-Maryland residents decreased by .29%.

Mr. Romans reported that for the fiscal year ended June 30, 2014, Medicare Fee-For-Service gross revenue increased by 2.99% over the same period in FY 2013. Medicare Fee-For-Service for Maryland residents increased by 2.52%; this translates to a per capita growth decrease of .86%. Maryland Fee-For-Service gross revenue for non-residents increased by 8.23%.

Mr. Romans reported that for the six months of the calendar year ended June 30, 2014 Medicare Fee-For-Service gross revenue increased by 1.71%. Medicare Fee-For-Service for Maryland residents increased by 1.56%; this translates to a per capita growth increase of 1.54%. Maryland Fee-For-Service gross revenue for non-residents increased by 3.32%.

Mr. Romans noted that July's Medicare Fee-For-Service revenue is still under review.

According to Mr. Romans, for the fiscal year ended June 30, 2014, the unaudited average operating profit for acute hospitals was 2.49%. The median hospital profit was 2.76%, with a distribution of 1.45% in the 25th percentile and 5.83% in the 75th percentile.

According to Mr. Romans, for the first month of fiscal year 2015, the unaudited average operating profit for acute hospitals was 3.35%. The median hospital profit was 3.72%, with a distribution of 2.56% in the 25th percentile and 8.07% in the 75th percentile.

Dr. Alyson Schuster, Associate Director Data & Research, presented a quality report update on the Maryland Hospital Acquired Conditions program based upon Potentially Preventable Complications (PPCs) data and discharges through July 2014 and readmission data on discharges through May 2014.

Potentially Preventable Complications

- The All-Payer risk adjusted PPC rate was 0.99 for July 2014 YTD. This is a decrease of 24.77% from the July 2013 YTD risk adjusted PPC rate.

- The Medicare Fee for Service risk adjusted PPC rate for was 1.08 for year to date July 2014. This is a decrease of 29.40% from the July 2013 risk adjusted PPC rate.
- These preliminary PPC results indicate that hospitals are on track for achieving the annual 6.89% PPC reduction required by CMMI to avoid corrective action.

Readmissions

- The All-Payer risk adjusted readmission rate was 12.20% May 2014 YTD. This is a decrease of 3.03% from the May 2013 risk adjusted readmission rate.
- The Medicare Fee for Service risk adjusted readmission rate was 13.19% for May 2014 YTD. This is a decrease of .78% from the May 2013 risk adjusted readmission
- Based on the New-Payer model, hospitals must reduce Maryland's readmission rate to or below the national Medicare readmission rate by 2018. The Readmission Reduction incentive program has set goals for hospitals to reduce their adjusted readmission rate by 6.76% during CY 2014 compared to CY 2013. Currently, only 17 out of 46 hospitals have reduced their risk adjusted rate by more than 6.76%

ITEM IV **DOCKET STATUS CASES CLOSED**

2248N- Baltimore Washington Medical Center
 2250A- University of Maryland Medical Center
 2251A- MedStar Health
 2252A- MedStar Health
 2255A- Holy Cross Health

ITEM V **DOCKET STATUS CASES OPEN**

2253N-Fort Washington Medical Center

On June 26, 2014, Fort Washington Medical Center (the "Hospital"), submitted a request to the Commission requesting a rate for its new Clinic (CL) service. The Hospital is requesting that the new CL rate be effective September 1, 2014.

After reviewing the application, Staff recommended:

1. That the CL rate of \$16.08 per RVU be approved effective September 1, 2014;
2. That no change be made to the Hospital's Charge per Episode standard for CL services;
3. That the CL rate not be rate realigned until a full year's cost experience data have been reported to the Commission; and
4. That the new service will be subject to provisions of the new volume or Global Budget policies.

The Commission voted unanimously to approve staff's recommendation.

2254A- University of Maryland Medical Center

University of Maryland Medical Center (the “Hospital”) filed an application on July 1, 2014 requesting continued participation in a global rate arrangement for solid organ transplant, gamma knife, and blood and bone marrow transplant services for three years with Aetna Health beginning August 1, 2014.

Staff recommends that the Commission approve the Hospital’s application for an alternative method of rate determination for solid organ transplant, gamma knife, and blood and bone marrow transplant services for one year beginning August 1, 2014, and that the approval be contingent upon the execution of the standard Memorandum of Understanding.

The Commission voted unanimously to approve staff’s recommendation.

2256A- University of Maryland Medical Center

University of Maryland Medical Center (the “Hospital”) filed an application on July 15, 2014 requesting continued participation in a global rate arrangement for blood and bone marrow transplant services with BlueCross and BlueShield Association Blue Distinction Centers for a period of one year beginning September 1, 2014.

Staff recommends that the Commission approve the Hospital’s application for an alternative method of rate determination for blood and bone marrow transplant services for one year beginning September 1, 2014, and that the approval be contingent upon the execution of the standard Memorandum of Understanding.

The Commission voted unanimously to approve staff’s recommendation.

2258A- University of Maryland Medical Center

University of Maryland Medical Center (the “Hospital”) filed an application on July 23, 2014 requesting continued participation in a global rate arrangement for solid organ, and blood and bone marrow transplant services for one year with Maryland Physicians Care beginning August 23, 2014.

Staff recommends that the Commission approve the Hospital’s application for an alternative method of rate determination for solid organ, and blood and bone marrow transplant services for one year beginning August 23, 2014, and that the approval be contingent upon the execution of the standard Memorandum of Understanding.

The Commission voted unanimously to approve staff’s recommendation.

2259A-Johns Hopkins Health System

Johns Hopkins Health System, on behalf its member hospitals Johns Hopkins Hospital and Johns Hopkins Bayview Medical Center (the “Hospitals”), filed an application on July 24, 2014 requesting continued participation in a global rate arrangement for cardiovascular procedures with Quality Health Management beginning September 1, 2014.

Staff recommends that the Commission approve the Hospitals’ application for an alternative method of rate determination for cardiovascular procedures for one year beginning September 1, 2014, 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 vote.

2260A Holy Cross Germantown Hospital

On August 1, 2014, Holy Cross Germantown Hospital (the “Hospital”), submitted a full rate application to be effective October 1, 2014. The Hospital is a new 93 bed acute care hospital located in Germantown, Maryland. The Hospital is requesting Holy Cross Hospital (HCH) FY 2015 rates.

The Hospital includes 60 general medical/surgical, 15 ICU beds, 12 obstetric beds, and six acute psychiatric beds.

Based on Staff review, Staff recommended the following:

1. The Hospital initial rate be set at HCH FY 2015 rates
2. That rates be effective October 1, 2014 or the initial opening date of the new facility whichever is later.
3. The Hospital will remain linked to the HCH unit rates until such time as volumes stabilize. It is anticipated that stabilization will be achieved in FY 2017.
4. As a new facility, that the Hospital maintain a 100% variable cost factor until stable volumes are achieved in FY 2017 or volumes projected in the CON are reached, whichever comes earlier.
5. That the specific mechanics of the updates and aligning unit rates to HCH be managed through the GBR/Non GBR agreement with Holy Cross Health, similar to other GBR/Non-GBR system agreements in the State.
6. That no later than FY 2018, the Hospital will work with the HSCRC staff to convert to one of the prevailing HSCRC Population Health Based reimbursement models based on FY 2017 actual volumes and unit rates.

Following discussion by the Commissioners, it was decided to amend the Staff’s recommendation to include that the rate for the Hospital will be linked to the HCH unit rates as

shown on its Rate Order Nisi and updated annually using a revenue neutral approach relative to the Hospital.

The Commission voted unanimously to approve staff's amended recommendation.

2261A-Johns Hopkins Health System

Johns Hopkins Health System, on behalf its member hospitals Johns Hopkins Hospital and Johns Hopkins Bayview Medical Center (the "Hospitals"), filed an application on August 25, 2014 requesting continued participation in a global rate arrangement for solid organ and bone marrow transplant services with INTERLINK Health Services, Inc. for 1 year beginning October 1, 2014.

Staff recommends that the Commission approve the Hospitals' application for an alternative method of rate determination for solid organ and bone marrow transplant services for one year beginning October 1, 2014, 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 vote.

2262A-Johns Hopkins Health System

Johns Hopkins Health System, on behalf its member hospitals Johns Hopkins Hospital, Johns Hopkins Bayview Medical Center and Howard County General Hospital (the "Hospitals"), filed an application on August 25, 2014 requesting continued participation in a global rate arrangement for cardiovascular procedures with Coventry Health of Delaware, Inc. beginning October 1, 2014.

Staff recommends that the Commission approve the Hospitals' application for an alternative method of rate determination for cardiovascular procedures for one year beginning October 1, 2014, 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 vote.

2263A-Johns Hopkins Health System

Johns Hopkins Health System, on behalf its member hospitals Johns Hopkins Hospital and Johns Hopkins Bayview Medical Center (the "Hospitals"), filed an application on August 27, 2014 requesting continued participation in a global rate arrangement for solid organ and bone marrow transplant services with 6 Degrees Health, Inc. beginning October 1, 2014.

Staff recommends that the Commission approve the Hospitals' application for an alternative

method of rate determination for solid organ and bone marrow transplant services for one year beginning October 1, 2014, 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 vote.

ITEM VI
DRAFT RECOMMENDATION ON CRISP FUNDING AND PARTNERSHIP

Mr. Steve Ports, Principal Deputy Director Policy and Operations, presented Staff's draft recommendation on the Chesapeake Regional Information System for our Patients (CRISP) FY 2015 funding (See" Draft Recommendation: Maryland's Statewide Health Information Exchange for our Patients: Additional FY 15 HSCRC Funding" on the HSCRC website).

Staff's draft recommendation is to increase funding to CRISP by an additional \$2 million above the \$2.5 million already approved in rates in December 2013.

The additional funding will be used:

- To expand CRISP capacity to assist in meeting expanded needs under the New All-payer model and facilitating transparent availability of population based reports and analyses
- For additional AD Hoc Analysis, Monitoring and Reporting
- For evaluation and Planning
- For analyses of Medicaid Saving from All-payer model
- To further UC Analytics from the ACA Medicaid Expansion
- To detail summary reports on PAU at the case level
- For other population reports
- For higher utilizer analyses for care management planning
- For tableau programming to support report production

As this is a draft recommendation, no action was taken.

ITEM VII
DRAFT RECOMMENDATION FOR UPDATING THE QUALITY BASED REIMBURSEMENT PROGRAM FOR FY 2017

Ms. Dianne Feeney, Associate Director Quality Initiative, presented Staff's draft recommendation on updating the Quality Based Reimbursement Program (QBR) for FY2017 (See "Draft Recommendation for Updating the Quality Based Reimbursement Program for FY 2017" on the HSCRC website).

The proposed draft recommendations were:

- To allocate 2% of hospital approved inpatient revenue for QBR relative performance in FY 2017.
- To adjust measurement domain weights to include 5% for process, 15% for outcomes (mortality), 35% for safety, and 45% patient experience of care.

As this is a draft recommendation, no action was taken.

ITEM XIII
UPDATE ON GLOBAL BUDGETS

Ms. Ellen Englert, Associate Director Hospital Rate Regulation, presented an update on the status of the FY 2015 rate orders. In addition, Dr. Sule Calikoglu, Deputy Director of Research and Methodology, presented an update on the activities of the Payment Work Group. (See “Update on Global Budget” on the HSCRC website).

ITEM IX
REPORT ON STRATEGIES FOR AN EFFICIENCY MEASURE

Dr. Calikoglu summarized the discussions that have occurred in the Performance Work Group meetings in regards to potential measures on hospital efficiency. (See “Strategies for Efficiency Measure” on the HSCRC website).

ITEM X
SUMMARY OF FY2013 COMMUNITY BENEFITS REPORT

Steve Ports, Principal Deputy Director-Policy and Operations, provided background and summarized the FY 2013 Maryland Hospital Community Benefits Report (CBR) (see “Maryland Hospital Community Benefits Report FY 2013” on the HSCRC’s website).

According to Mr. Ports, the FY CBR indicated that hospitals: 1) reported a total of \$1.5 billion in community benefits for FY 2013 (compared to \$1.4 billion in FY 2012); 2) provided an average of 11.12% of total operating expenses in community benefits (compared to 10.06% in FY 2012); 3) provided net charity care of \$55 million; and 4) provided net community care of \$712.4 million or 5.2% of hospitals’ net operating expenses (up from \$651.6 million and 4.82% of hospitals’ net operating expenses in FY 2012).

ITEM XIV
HEARING AND MEETING SCHEDULE

October 15, 2014	Time to be determined, 4160 Patterson Avenue HSCRC Conference Room
November 12, 2014	Time to be determined. 4160 Patterson Avenue HSCRC Conference Room