

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

October 15, 2014

Upon motion made, Chairman Colmers called the Executive Session to order at 12:08 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, and Mullen. Commissioners Loftus and Wong participated by telephone.

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, Commission counsel, Jack Meyer, Ph.D., Facilitator, Rob Cohen, consultant, and Spencer Wildonger, Johns Hopkins Medicine.

Item One

David Romans, Principal Director of Payment Reform and Innovation, presented and Donna Kinzer, Executive Director, and the Commission discussed the progress of Medicare Data collection and analyses of HSCRC and Medicare data.

Item Two

The Executive Director updated the Commission and the Commission discussed the formation and potential charges of the Care Coordination, Physician Alignment, and Consumer Engagement, Outreach and Alignment workgroups.

The Executive Session was adjourned at 12:59 p.m.

MINUTES OF THE
512th MEETING OF THE
HEALTH SERVICES COST REVIEW COMMISSION

OCTOBER 15, 2014

Chairman John Colmers called the meeting to order at 1:06 p.m. Commissioners George H. Bone, M.D., Stephen F. Jencks, M.D., MPH, Bernadette C. Loftus, M.D., and Tom Mullen were in attendance.

REPORT OF THE OCTOBER 15, 2014 EXECUTIVE SESSION

Dennis Phelps, Associate Director-Audit & Compliance, summarized the minutes of the October 15, 2014 Executive Session.

ITEM I
REVIEW OF THE MINUTES FROM SEPTEMBER 10, 2014 EXECUTIVE SESSION
AND PUBLIC MEETING

The Commission voted unanimously to approve the minutes of the September 10, 2014 Executive Session and the Public Meeting.

ITEM II
EXECUTIVE DIRECTOR'S REPORT

Ms. Donna Kinzer, Executive Director, presented an update on the Work Group activities that are ongoing and those that will be initiated as part of the Phase 2 of the new All-Payer Model (See "Update on Stakeholder Input and Work Groups" on the HSCRC website).

Ms. Kinzer noted that Staff will continue to meet with the Advisory Council as needed, as well as maintaining five work groups to support Phase 2 activities. Ms. Kinzer stated that the next Advisory Council meetings with the Commissioners will be on November 12th at 10:00am. This meeting will focus on the progress made in Phase 1 and the plans for Phase 2 and beyond.

Ms. Kinzer noted that the Payment Models Work Group and the Performance Measurement Work Group are organized around HSCRC core regulatory activities. The Payment Models Work Group is focused on refinements to global budgets including market share approaches, adjustments for transfers, Global Budget Revenue rate corridors, updates to UCC policy and the balanced update for FY 2016. The Performance Measurement Work Group is expected to report to the Commission in December with their final recommendations on the Maryland Hospital Acquired Conditions Program (MHAC) FY 2017 Policy and in January with their final recommendations on the Readmissions FY 2017 Policy.

Ms. Kinzer stated that Physician Engagement and Alignment Work Group is exploring financial models to align incentives among providers including potential approaches to developing an integrated care network and potential expansion of pay for performance opportunities.

Ms. Kinzer noted that two new work groups, the Care Coordination Work Group and the Consumer Engagement, Outreach and Education Work Group, are currently being formed. The Care Coordination Work Group will make recommendations regarding care coordination infrastructure that should be considered for statewide, regional and local resourcing as well as outlining the strategy to address high needs patients, including high utilizers and high risk individuals. The Consumer Engagement, Outreach and Education Work Group will focus on educating consumers on topics related to the hospital All-Payer Model.

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 August will focus on fiscal year (July 1 through June 30) as well as calendar year results.

Mr. Romans reported that for the two months ended August 31, 2014, All-Payer total gross revenue increased by 3.13% over the same period in FY 2014. All-Payer total gross revenue for Maryland residents increased by 3.79%; this translates to a per capita growth of 3.09%. All-Payer gross revenue for non-Maryland residents decreased by 2.99%.

Mr. Romans reported that for the eight months of the calendar year ended August 31, 2014, All-Payer total gross revenue increased by 2.01% over the same period in FY 2013. All-Payer total gross revenue for Maryland residents increased by 2.28%; this translates to a per capita growth of 1.59%. All-Payer gross revenue for non-Maryland residents decreased by .67%.

Mr. Romans reported that for the two month ended August 31, 2014, Medicare Fee-For-Service gross revenue increased by 3.37% over the same period in FY 2013. Medicare Fee-For-Service for Maryland residents increased by 4.11%; this translates to a per capita growth increase of 1.35%. Maryland Fee-For-Service gross revenue for non-residents decreased by 4.22%.

Mr. Romans reported that for the eight months of the calendar year ended August 31, 2014, Medicare Fee-For-Service gross revenue increased by 2.12%. Medicare Fee-For-Service for Maryland residents increased by 2.21%; this translates to a per capita growth decreased of .51%. Maryland Fee-For-Service gross revenue for non-residents increased by 1.16%.

According to Mr. Romans, for the two months of the calendar year ended August 31, 2014, unaudited average operating profit for acute hospitals was 3.10%. The median hospital profit was 3.93%, with a distribution of 1.89% in the 25th percentile and 7.80% 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 August 2014 and readmission data on discharges through July 2014.

Potentially Preventable Complications

- The All-Payer risk adjusted PPC rate was 1.01 for August 2014 YTD. This is a decrease of 22.17% from the August 2013 YTD risk adjusted PPC rate.
- The Medicare Fee for Service risk adjusted PPC rate for was 1.12 for year to date August 2014. This is a decrease of 26.09% from the August 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 12.05% July 2014 YTD. This is a decrease of 3.67% from the July 2013 risk adjusted readmission rate.
- The Medicare Fee for Service risk adjusted readmission rate was 13.06% for July 2014 YTD. This is a decrease of 1.18% from the July 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 14 out of 46 hospitals have reduced their risk adjusted rate by more than 6.76%.

ITEM IV **DOCKET STATUS CASES CLOSED**

2253N- Fort Washington Medical Center
2254A- University of Maryland Medical Center
2256A- University of Maryland Medical Center
2258A- University of Maryland Medical Center
2259A- Johns Hopkins Health System
2260R- Holy Cross Germantown Hospital
2261A- Johns Hopkins Health System
2262A- Johns Hopkins Health System
2263A- Johns Hopkins Health System

ITEM V
DOCKET STATUS CASES OPEN

2257A- MedStar Health

Mr. Steve Ports, Principal Deputy Director Policy and Operations, summarized Staff's draft recommendation for the applications of the MedStar Health System on behalf of Franklin Square Hospital, Good Samaritan, Harbor Hospital and Union Memorial Hospital (the "Hospitals"). MedStar Health seeks renewal for continued participation of MedStar Family Choice ("MFC") in the Medicaid Health Choice Program for one year beginning in January 1, 2015.

Mr. Ports announced that the final recommendation will be presented at the November public meeting.

2264N- Bowie Emergency Facility

On September 5, 2014, Dimensions Healthcare System- Bowie Emergency Center (Bowie), a member of Dimensions Healthcare System, submitted an application requesting a rebundled rate for CT Scanner (CAT) services; that its Global Revenue Budget (GBR) be increased for the new service; and that Bowie be included in the Uncompensated Care (UCC) Policy. The Hospital is requesting that the rebundled rate be set at the state-wide median rate effective October 13, 2014.

After reviewing the Hospital's application, the staff recommends the following:

- That the CAT rate be set at \$6.99 per RVU effective October 13, 2014;
- That, in order to ensure that there was no increase in cost to the public as a result of Bowie now appropriately billing for CAT service, the decision to adjust Bowie's GBR will be deferred until FY 2015 CAT experience data are available;
- That the CAT rate not be rate realigned; and
- That the issue of whether Free Standing Emergency Facilities should be included in the UCC Policy will be considered for FY 2016.

The Commission voted unanimously to approve staff's recommendation.

2266A- Johns Hopkins Health System

On September 5, 2014, Johns Hopkins Health System ("System") filed a renewal application on behalf of the Johns Hopkins Bayview Medical Center (the "Hospital") requesting approval for continued participation in a capitation arrangement among the System, the Department of Health and Mental Hygiene, and the Centers for Medicare and Medicaid Services. The Hospital, doing business as Hopkins Elder Plus (HEP) serves as a provider in the federal "Program of All-inclusive Care for the Elderly." Under this program, HEP provides services for Medicare and Medicaid dually eligible population of frail elderly. The System is requesting approval for a

period of one year effective December 1, 2014.

The Staff recommended that the Commission approve the Hospital's renewal application for an alternative method of rate determination for a one year period beginning on December 1, 2014, and that the approval is 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.

2267A- University of Maryland Medical Center

The University of Maryland Medical Center (the "Hospital") filed an application on September 18, 2014 requesting continued participation in a global rate arrangement for solid organ and blood and bone marrow transplant services with OptumHealth Care Solutions, Inc. beginning November 1, 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 November 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.

2268A- University of Maryland Medical Center

The University of Maryland Medical Center (the "Hospital") filed an application on September 18, 2014 requesting continued participation in a global rate arrangement for solid organ and blood and bone marrow transplant services with Interlink Health Services, Inc. beginning November 1, 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 November 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.

2269A- Johns Hopkins Health System

Mr. Ports summarized staff's draft recommendation for the application filed by Johns Hopkins Health System (the "System") on behalf of John Hopkins Hospital, Johns Hopkins Bayview Medical Center, Howard County General Hospital, and Suburban Hospital (the "Hospitals"). The System is seeking approval for continued participation of Priority Partners, Inc. in the Medicaid

Health Choice Program. The Hospitals are requesting to renew the contract for one year beginning on January 1, 2015.

Mr. Ports announced that the final recommendation will be presented at the November public meeting.

2270A- St. Agnes Health, Maryland General Hospital, Meritus Health, Western Maryland Health System and Holy Cross Health

Mr. Ports summarized staff's draft recommendation for the applications of Maryland General Hospital, Saint Agnes Health System, Western Maryland Health System, and Meritus Health (the "Hospitals"). The Hospital are requesting continued participation of Maryland Physician Care (MPC") in the Medicaid Health Choice Program. The Hospitals are requesting to renew the contract beginning January 1, 2015.

Mr. Ports announced that the final recommendation will be presented at the November public meeting.

2271A-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 September 25, 2014 requesting continued participation in a global rate arrangement for solid organ and bone marrow transplant services with MultiPlan, Inc. beginning November 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 November 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.

2272A-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 September 30, 2014 requesting continued participation in a global rate arrangement for solid organ and bone marrow transplant services with Blue Cross Blue Shield Blue Distinction Centers for Transplants beginning November 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 November 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.

2273A-Johns Hopkins Health System

Johns Hopkins Health System, on behalf of Johns Hopkins Bayview Medical Center (the "Hospital"), filed an application on October 1, 2014 requesting continued 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 Systems, Inc., with the services coordinated through the Hospital. The Hospital requests that the effective date be November 1, 2014.

The Staff recommended that the Commission approve the Hospital's renewal application for an alternative method of rate determination for a one year period beginning on November 1, 2014, and that the approval is 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

FINAL RECOMMENDATION ON CRISP FUNDING AND PARTNERSHIP

Mr. Ports presented Staff's final recommendation on the Chesapeake Regional Information System for our Patients (CRISP) FY 2015 funding (See " Final 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

The Commission voted unanimously to approve staff's recommendation.

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

Dr. Sule Calikoglu, Deputy Director of Research and Methodology, presented Staff's final recommendation on updating the Quality Based Reimbursement Program (QBR) for FY2017 (See "Final Recommendation for Updating the Quality Based Reimbursement Program for FY 2017" on the HSCRC website).

The proposed draft recommendations were:

- To allocate "up to 2%" of hospital approved inpatient revenue for QBR relative performance in FY 2017.
- The precise percent at risk allocated for the QBR program will be determine by the end of CY 2014 and will entail broader stakeholder discussion and subsequent Commission action about percentage of revenue at risk for the performance based payment policies as a whole, and will be contingent upon feedback from and compliance with CMMI under the All-payer Model.
- To adjust measurement domain weights to include 5% for process, 15% for outcomes (mortality), 35% for safety, and 45% patient experience of care.

The Commission voted unanimously to approve staff's recommendation.

ITEM XIII
GLOBAL BUDGETS UPDATE

Dr. Calikoglu, presented an update on the activities of the Payment and Performance Work Groups. (See "Update on Global Budget" on the HSCRC website).

ITEM IX
MHCC PRESENTATION ON THE MEDICAL CARE DATA BASE

Maryland Health Care Commission (MHCC) Executive Director Ben Steffen presented an update on the status of creating the state's Medical Care Database (See "Update on the Medical Care Data Base" on the HSCRC website).

Mr. Steffen stated that current plans call for the availability of calendar year 2014 data for privately insured plans to be available by August 2015, with Medicaid and Medicare data approximately two months after that. MHCC's estimate is that about 90% of all privately insured

individuals' claims data will be included in the database, which will be used to develop, along with other potential resources, reports required under the all- payer model on monitoring the total cost of care on an all-payer basis

HEARING AND MEETING SCHEDULE

November 12, 2014

Time to be determined, 4160 Patterson Avenue
HSCRC Conference Room

December 10, 2014

Time to be determined. 4160 Patterson Avenue
HSCRC Conference Room

There being no further business, the meeting was adjourned at 3:07 pm.