



# Monitoring Maryland Performance Financial Data

Year to Date thru April 2015



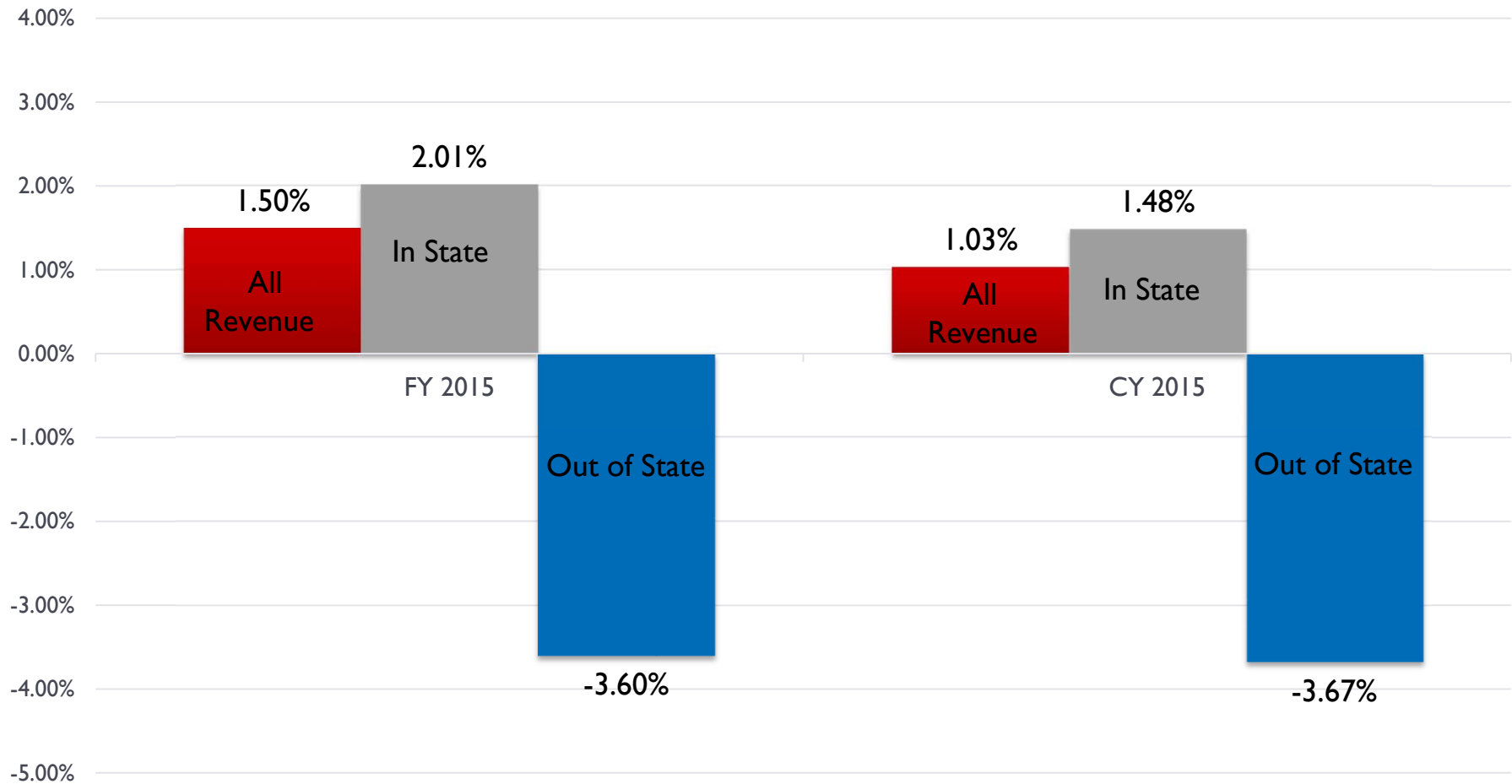
**HSCRC**

Health Services Cost  
Review Commission

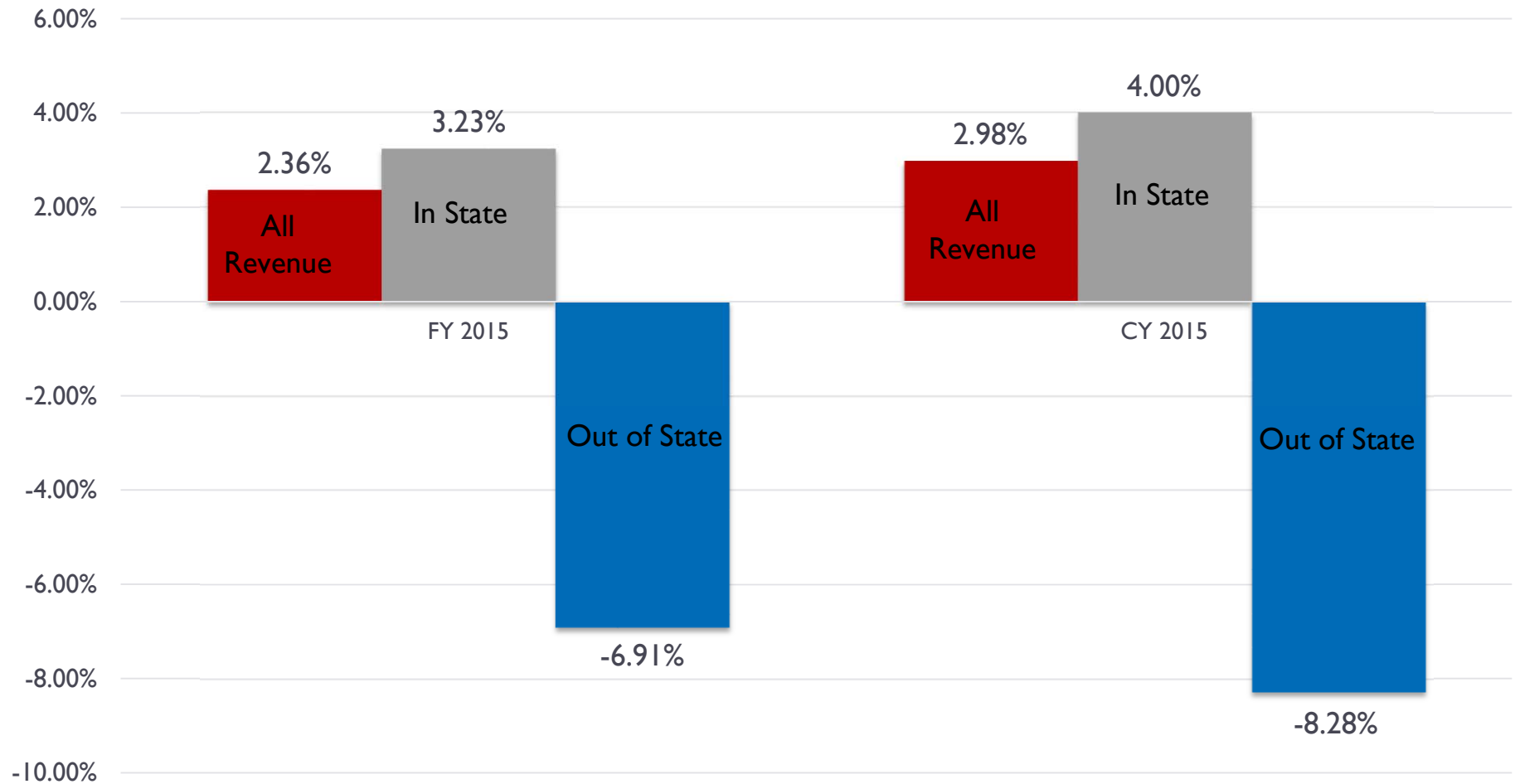
---

## Gross All Payer Revenue Growth

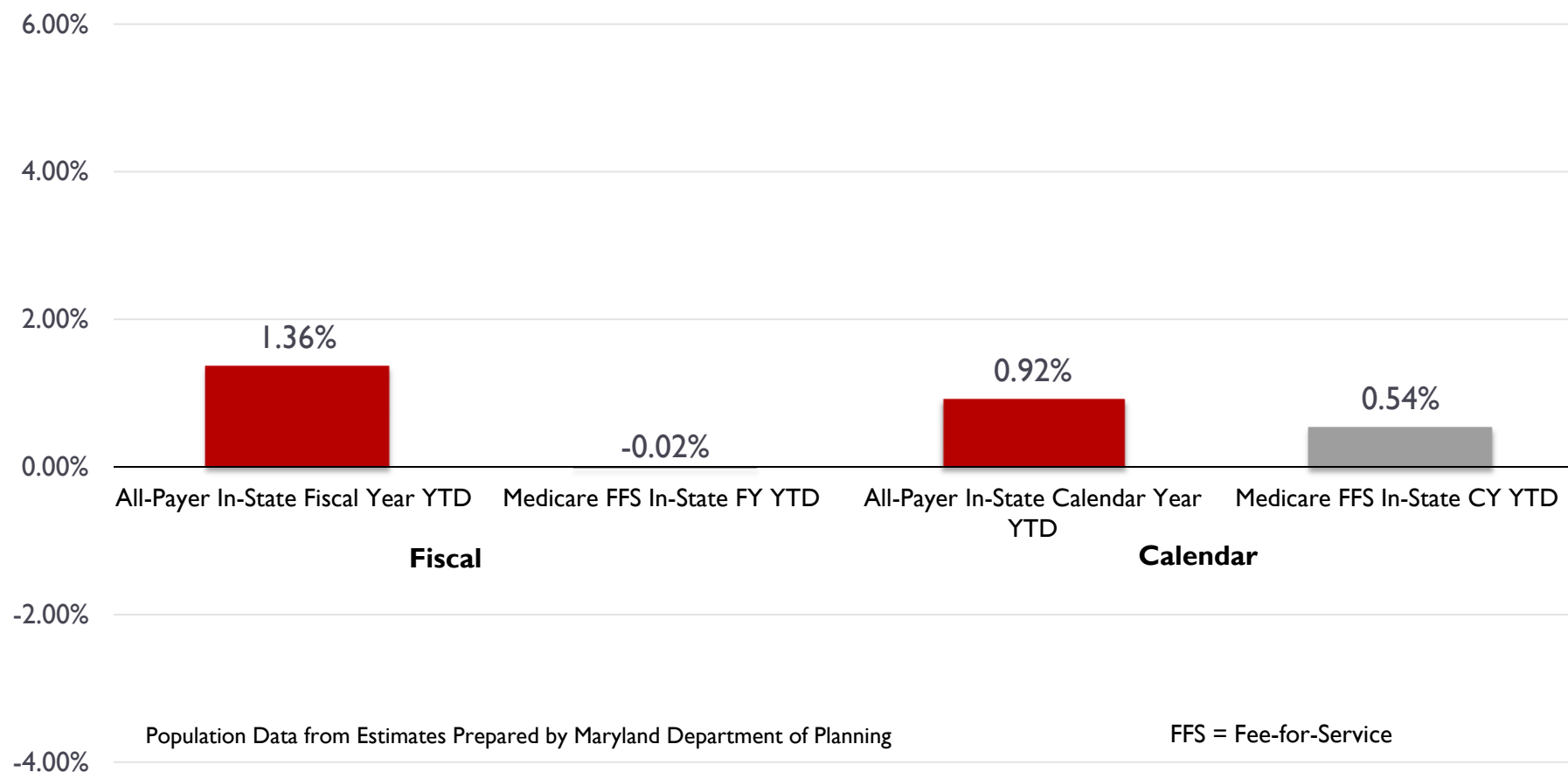
Year to Date (thru April 2015) Compared to Same Period in Prior Year



## Gross Medicare Fee-for-Service Revenue Growth Year to Date (thru April 2015) Compared to Same Period in Prior Year

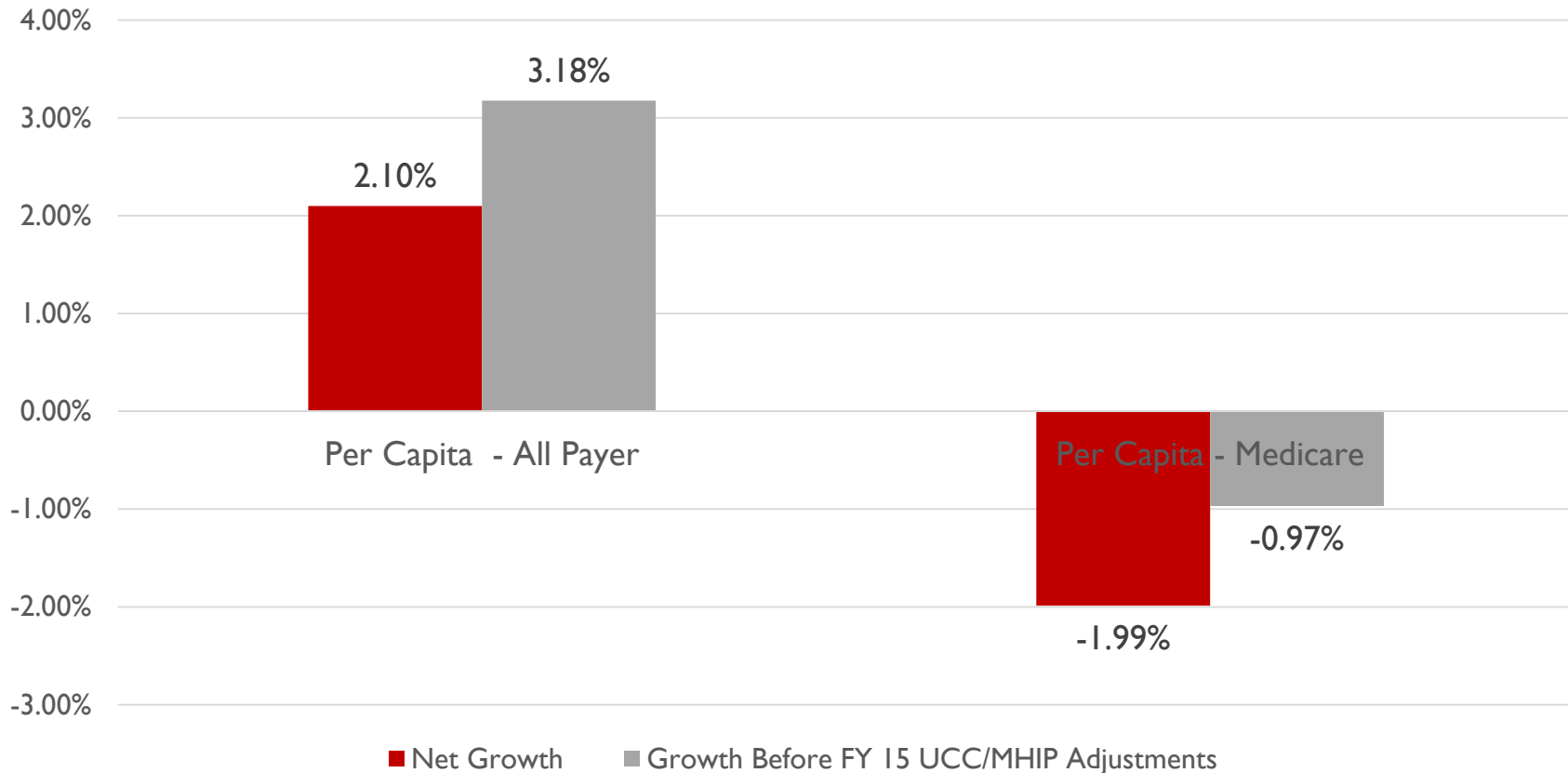


## Per Capita Growth Rates Fiscal Year 2015 and Calendar Year 2015



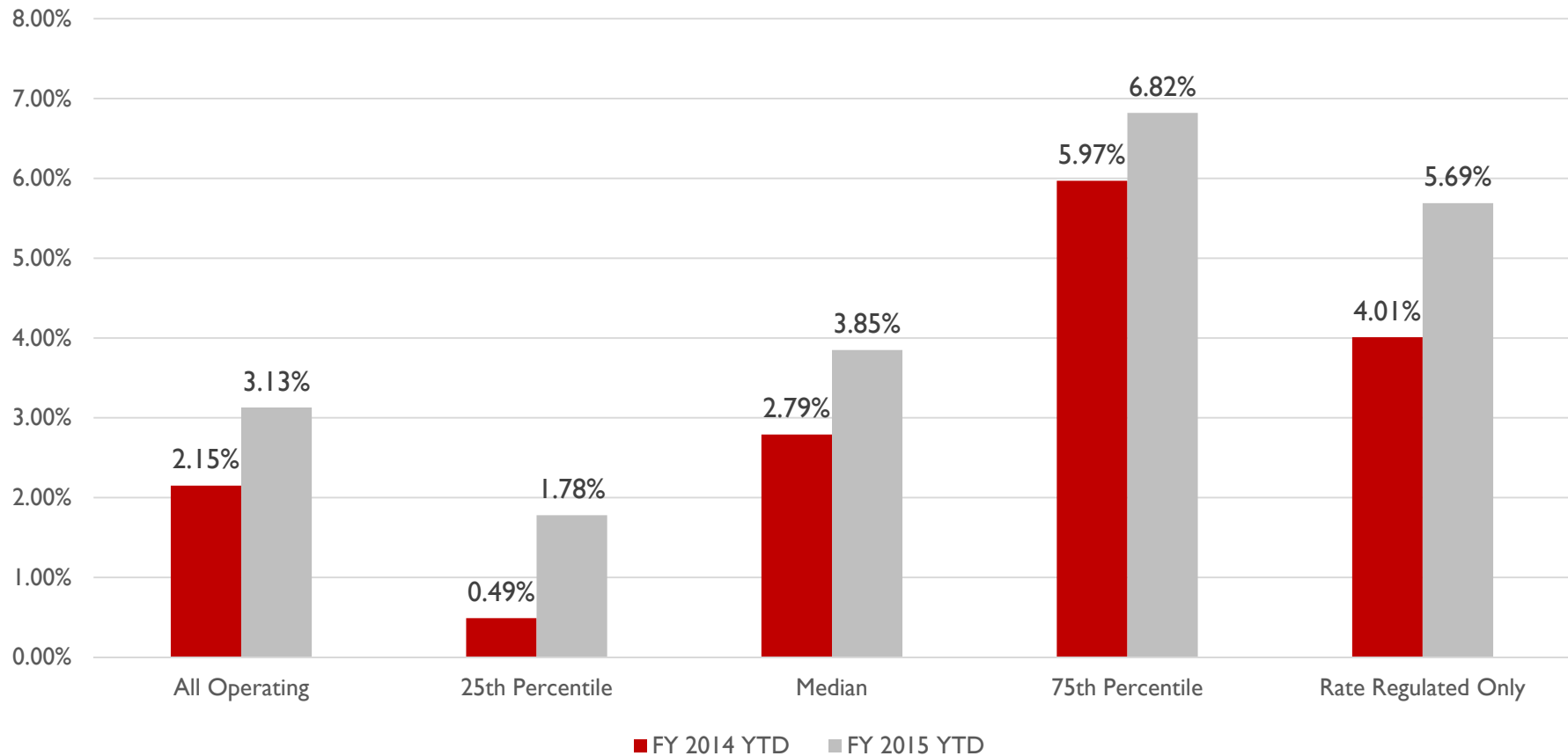
- **Calendar and Fiscal Year trends to date are below All-Payer Model Guardrail for per capita growth.**

## Per Capita Growth – Actual and Underlying Growth CY 2015 Year to Date Compared to Same Period in Base Year (2013)



- ▶ Per capita growth rates distorted by the availability of only two months of CY 2015 data.
- ▶ Underlying growth reflects adjustment for FY 15 revenue decreases that were budget neutral for hospitals. 1.09% revenue decrease offset by reduction in MHIP assessment and hospital bad debts.

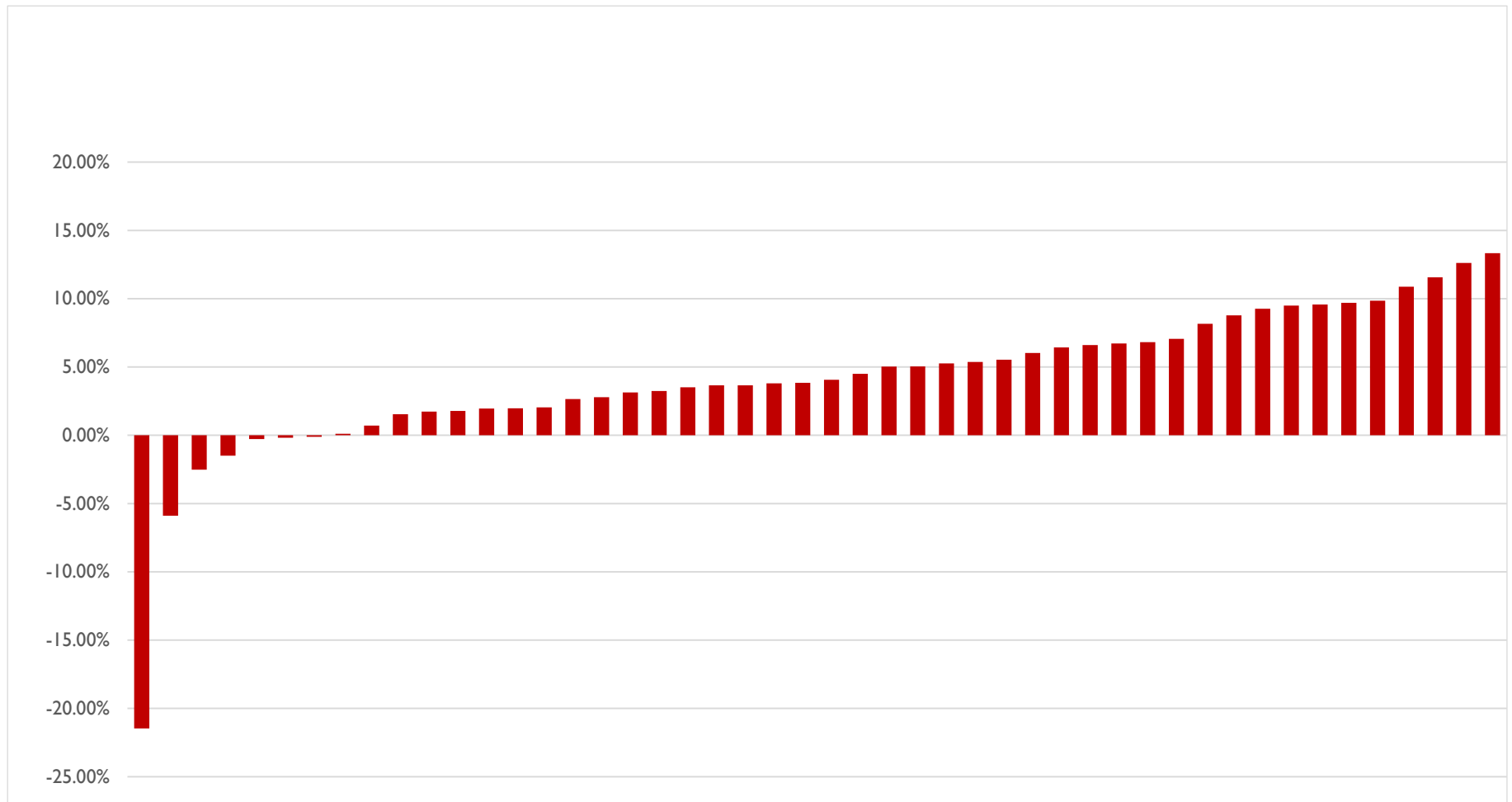
# Operating Profits: Fiscal 2015 Year to Date (July-April) Compared to Same Period in FY 2014



- Year-to-Date FY 2015 hospital operating profits improved compared to the same period in FY 2014.

# Operating Profits by Hospital

Fiscal Year to Date (July – April)



## Purpose of Monitoring Maryland Performance

---

**Evaluate Maryland's performance against All-Payer Model requirements:**

- **All-Payer total hospital per capita revenue growth ceiling** for Maryland residents tied to long term state economic growth (GSP) per capita
  - 3.58% annual growth rate
- **Medicare payment savings** for Maryland beneficiaries compared to dynamic national trend. Minimum of \$330 million in savings over 5 years
- **Patient and population centered-measures** and targets to promote population health improvement
  - Medicare readmission reductions to national average
  - 30% reduction in preventable conditions under Maryland's Hospital Acquired Condition program (MHAC) over a 5 year period
  - Many other quality improvement targets



# Data Caveats

---

- Data revisions are expected.
- For financial data if residency is unknown, hospitals report this as a Maryland resident. As more data becomes available, there may be shifts from Maryland to out-of-state.
- Many hospitals are converting revenue systems along with implementation of Electronic Health Records. This may cause some instability in the accuracy of reported data. As a result, HSCRC staff will monitor total revenue as well as the split of in state and out of state revenues.
- ▶ All-payer per capita calculations for Calendar Year 2015 and Fiscal 2015 rely on Maryland Department of Planning projections of population growth of .64% for FY 15 and .56% for CY 15. Medicare per capita calculations use actual trends in Maryland Medicare beneficiary counts as reported monthly to the HSCRC by CMMI.

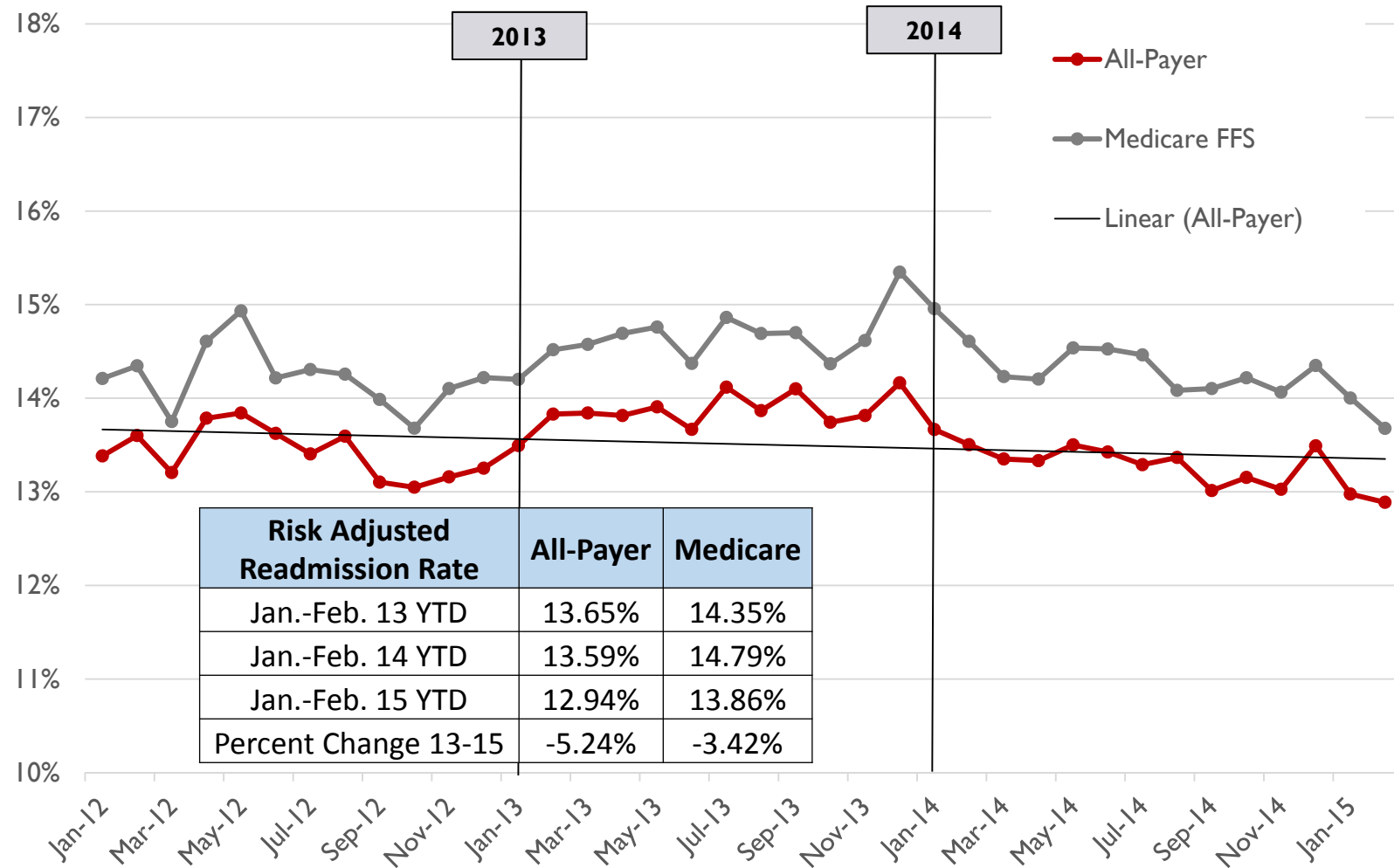


# Monitoring Maryland Performance Quality Data

June 2015 Commission Meeting Update



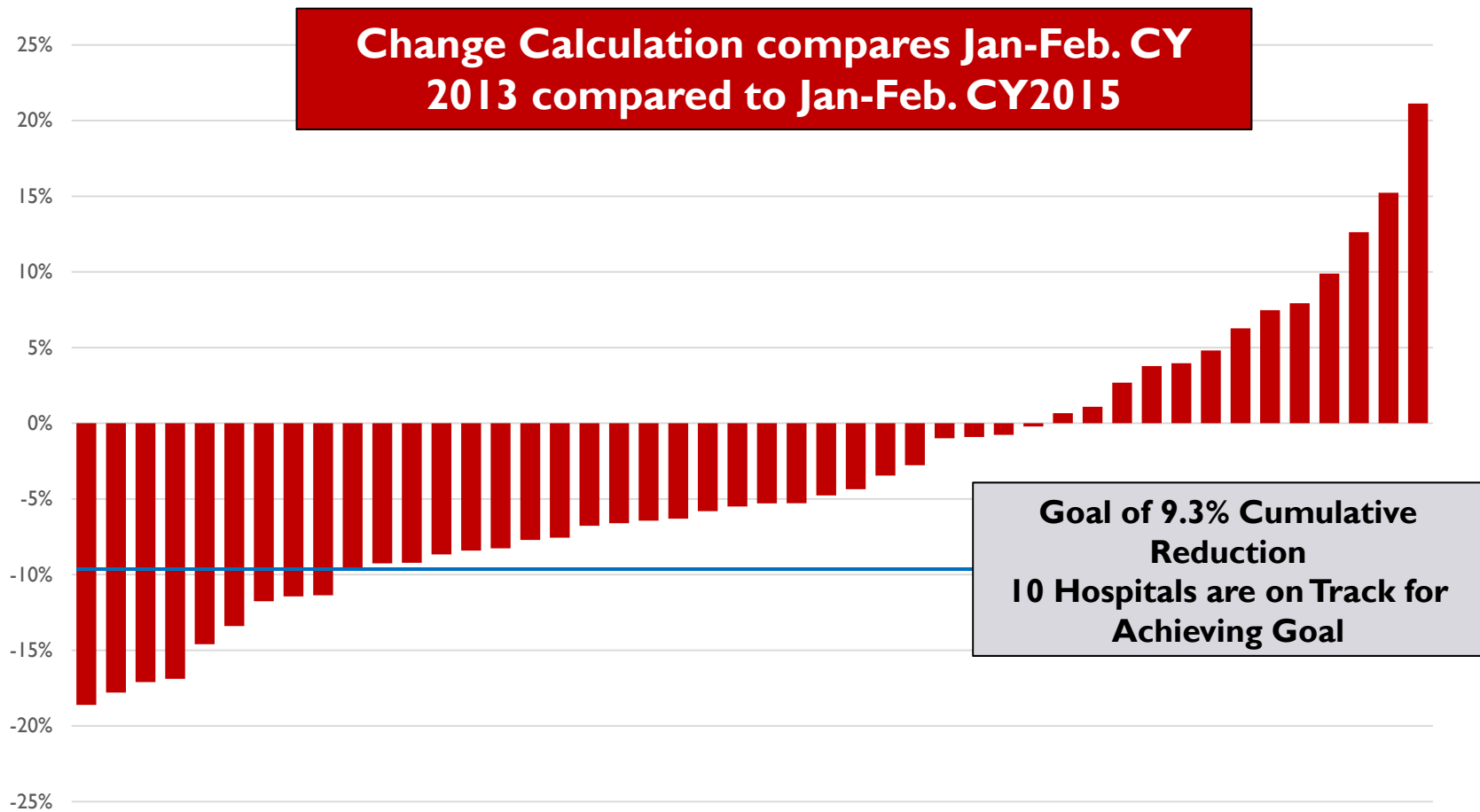
# Monthly Risk-Adjusted Readmission Rates



Note: Based on final data for January 2013 - December 2014, and preliminary data through March 2015.



# Change in All-Payer Risk-Adjusted Readmission Rates by Hospital



Note: Based on final data for January 2012 - December 2014, and preliminary data through March 2015.



# Final Recommendations for Balanced Update

June 10, 2015

**HSCRC**

Health Services Cost  
Review Commission

# Balanced Update Summary

---

		Revenue Adjustments	Per Capita Adjustments
<b><u>Revenue Adjustments Linked to Hospital Cost Drivers/Performance</u></b>			
Inflation	A	2.40%	
Volume (population growth)	B	0.57%	
Medicaid Expansion - Ongoing Utilization Growth	C	0.38%	
Infrastructure (includes up to 0.25% for competitive grants)	D	0.59%	
Opening of Holy Cross Germantown Hospital	E	0.21%	
Shared Savings (net adjustment)	F	-0.20%	
Quality Incentive Payments	G	0.15%	
<b>Planned Revenue Increase for Hospitals</b>	<b>H= Sum: A thru G</b>	<b>4.10%</b>	<b>3.51%</b>
Reserve for Unforeseen Adjustments	I	0.50%	
<b>Revenue Increase for Hospitals if All Reserves are Allocated</b>	<b>J = H + I</b>	<b>4.60%</b>	<b>4.00%</b>
<b><u>Adjustments with Neutral Impact on Hospital Financial Statements</u></b>			
MHIP Assessment: Funds removed from rates; hospitals relieved from paying assessment	K	-0.57%	
Uncompensated Care: Amount in rates reduced; decline in rates offset by Medicaid payments for previously uninsured/underinsured patients	L	-0.84%	
<b>Total Allowed Revenue Growth</b>	<b>M = J + K + L</b>	<b>3.19%</b>	<b>2.61%</b>

## Update Maintains Compliance with Waiver Tests

---

### ▶ All-Payer Test

- ▶ Maximum allowable growth thru FY 2016 is 9.21%
- ▶ Estimated growth through FY 2016 with update is 5.24%
  - ▶ Estimated growth thru FY 2016 would be 7.80% if not for declines in uncompensated care and MHIP assessment in FY 2015 and FY 2016.

### ▶ Medicare Savings Goal – Maryland per beneficiary fee-for-service costs grow 0.5% slower than nation

- ▶ Maximum All-Payer revenue growth for FY 2016 that achieves Medicare savings goal is estimated at 3.45%.
- ▶ Proposed All-Payer revenue growth for FY 2016 is 3.19%,

# Infrastructure Funding - Oversight and Accountability

---

- ▶ Payers have expressed concern about oversight and accountability
- ▶ Staff Approach
  - ▶ Continue annual infrastructure reporting
  - ▶ Require all hospitals to submit multi-year plans for improving care coordination, chronic care, and provider alignment by December 1, 2015
    - ▶ Engage consultants to review and evaluate the strategic plans, develop a learning collaborative, and as necessary provide technical assistance to hospitals
    - ▶ Require each hospital to identify process and quality measures for inclusion in their annual infrastructure report.
  - ▶ Collect data and monitor performance on outcome and process measures that pertain to all hospitals
  - ▶ Seek returns on investment for payers and patients in future updates by enhancing the shared savings program.
  - ▶ Evaluate the benefits of converting the annual infrastructure report to a biannual report



# Summary of Recommendations

---

## ▶ Base Update

- ▶ 2.4% for revenues under global budgets
- ▶ 1.6% for revenues subject to waiver but excluded from global budgets
- ▶ 1.9% for psychiatric hospitals and Mt. Washington Pediatric Hospital

## ▶ Infrastructure

- ▶ 0.40% adjustment to GBR budgets
- ▶ 0.30% adjustment for specialty hospitals to reduce potentially avoidable utilization
- ▶ Upto an additional 0.25% available through competitive awards to hospitals implementing or expanding innovative care coordination, physician alignment, and population health strategies.
- ▶ Require all hospitals to submit multi-year plans for improving care coordination, chronic care, and provider alignment by December 1, 2015
- ▶ Require specialty hospitals to begin submitting admission and discharge data to CRISP by April 1, 2016 to facilitate tracking of readmissions.

## ▶ Medicaid Deficit Assessment

- ▶ Calculate for FY 2016 at same total amount as FY 2015 and apportion it between hospital funded and rate funded in same total amounts as FY 2015.