

Executive Director's Report

February 5, 2014

Monitoring Maryland Performance

For Twelve Months Ended December 2013:

- Charge per Case increased 5.76%
- Cases (admissions + new born) decreased (3.99%)
- Inpatient revenue increased 1.55%
- Outpatient revenue increased 5.79%
- Total gross revenue increased 3.21%

For Six Months Ended December 2013 versus the same time period in last year:

- Charge per Case increased 6.28%
- Cases (admissions + new born) decreased (4.22%)
- Inpatient revenue increased 1.80%
- Outpatient revenue increased 6.33%
- Total gross revenue increased 3.59%
- Total gross revenue per capita increased by 2.93 % but this does not exclude revenues for out of state residents.

Financial Condition

Data are available for profits for the first six months of FY 14 (July through December 2013). For this year to date period, average operating profits for all acute care hospitals was 1.43 percent. The total profit margin for this period is 5.03 percent. The median hospital had an operating profit of 2.27 percent, with a distribution as follows:

- 25th percentile at -0.61%
- 75th percentile at 5.10%

Maryland's New All-Payer Model Application is Approved

The Governor submitted the State's updated application to the Center for Medicare & Medicaid Innovation on October 11, 2013. The application has been approved effective January 1, 2014. Implementation activities are in process.

Implementation Steps for All-Payer Model

Hospital data submission for monitoring: Staff is performing audits of the data, since it will form the basis of monitoring under the All Payer model. Staff is working on an automated upload for the data, since it is more comprehensive. Currently, hospitals have to key in the data.

Transitional implementation policies: Proposed policies relative to implementation of proposed All-Payer model will be discussed today. These include interim changes to variable cost policies, payment model options, and other policy changes.

Advisory Council Report: The Advisory Council has prepared an initial report, which will be presented to the Commission today. All meeting materials from the Advisory Council are on the HSCRC website.

Transition activities: In the short term, HSCRC staff are focused on transitional activities

- Transition Approach with changes in hospital payment models to global models or modified charge per episode
- Monitoring changes

Implementation Priorities for January through June: The HSCRC staff will enhance the priorities for implementation activities after January 1, which it is creating with direction from the Commission and input from the Advisory Council, workgroups, and public comment from other stakeholders.

- Today, staff will present the work group charges and processes that have begun. These activities are public meetings and processes and information has been posted on the HSCRC website.
- Monitoring and Contract Compliance activities are underway

Other Activities

Charge per case update: HSCRC staff is working on incorporating both inpatient and outpatient activity into the new charge per case approach.

Two-midnight rule: One payer reported to us that it did not see the decrease in long stay observation cases it expected. HSCRC does not have the case mix data to check this. We have asked the payer to work with our staff and the Maryland Hospital Association to address this on a hospital specific basis. There is still confusion in this area and Medicare has delayed its compliance enforcement timeline. We will continue monitoring this activity.

Reminder Change in Commission Meeting Date

The HSCRC has changed the dates of Commission meetings beginning March of 2013. The new dates can be found on the Commission's website. Beginning in March, we will hold the meeting typically on the second Wednesday of the month (at 1PM), to allow additional time for staff review of monthly monitoring reports. The next meeting is March 12.

Medicaid Enrollment Under ACA

The total newly added to full Medicaid benefits is approximately 121,000. This reflects the population converted from Primary Adult Care coverage (PAC) to full Medicaid (95,000) plus newly eligible enrollees.

Alyson Schuster, Associate Director of Performance Measurement

Alyson Schuster has joined the staff as Associate Director of Performance Measurement taking the position formerly held by Sule Calikoglu. Alyson has a Ph.D. from Johns Hopkins School of Public Health and has many years of experience analyzing and reporting on quality and efficiency issues on a per member per month basis while working with Johns Hopkins Health Care. Alyson will be instrumental in helping to reshape our existing quality, efficiency, and other performance measurement programs.