

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

**July 9, 2014**

Upon motion made, Chairman Colmers called the Executive Session to order at 11:39 a.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, and Wong.

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

Also attending were Stan Lustman, Commission counsel, and Jack Meyer, Ph.D., Facilitator.

**Item One**

Donna Kinzer, Executive Director, provided data and the Commission discussed the opportunities for improvement in potential avoidable utilization associated with “High Needs Patients” as the Commission moves forward under the new Model.

**Item Two**

With Phase I of the All-Payer Model completed, Ms. Kinzer presented, and the Commission discussed, a draft of Phase 2 activities which included: regulation, partnerships for public engagement, monitoring, infrastructure development, provider alignment, process improvement, and the role of the Advisory Council and work groups.

**Item Three**

The Commission directed the Executive Director to come back with a plan for flexible and timely resources and funding for imminent and important activities needed to support successful implementation of Phase 2.

The Executive Session was adjourned at 1:07 p.m.

**MINUTES OF THE**  
**510th MEETING OF THE**  
**HEALTH SERVICES COST REVIEW COMMISSION**

**July 9, 2014**

Chairman John Colmers called the meeting to order at 1:13 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 JULY 9, 2014 EXECUTIVE SESSION**

Dennis Phelps, Associate Director-Audit & Compliance, summarized the minutes of the July 9, 2014 Executive Session.

**ITEM I**  
**REVIEW OF THE MINUTES FROM JUNE 11, 2014 EXECUTIVE SESSION AND**  
**PUBLIC MEETING**

The Commission voted unanimously to approve the minutes of the June 11, 2014 Executive Session and Public Meeting.

**ITEM II**  
**EXECUTIVE DIRECTOR'S REPORT**

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

Mr. Romans reported that for the eleven months ended May 31, 2014, total gross revenue increased by 2.54% over the same period in FY 2013. Total gross revenue for Maryland residents increased by 2.40%; this translates to a per capita growth of 1.67%. Gross revenue for non-Maryland residents increased 3.98%.

Mr. Romans reported that for the five months of the calendar year ended May 31, 2014, total gross revenue increased by 1.35% over the same period in FY 2013. Total gross revenue for Maryland residents increased by 1.52%; this translates to a per capita growth of .81%. Gross revenue for non-Maryland residents decreased by .38%. Total Revenue under Global Budget Agreements increased by 1.88%; revenue under Total Patient Revenue agreements decreased by 1.52%; and total Out of State revenue decreased by 2.21%.

Mr. Romans reported that for the ten months ended April 30, 2014, Medicare Fee-For-Service gross revenue increased by 2.77% over the same period in FY 2013. Medicare Fee-For-Service for Maryland residents increased by 2.22%; this translates to a per capita growth decrease of

1.15%. Maryland Fee-For-Service gross revenue for non-residents increased by 9.04%.

Mr. Romans reported that for the fourth months of the calendar year ended April 30, 2014 Medicare Fee-For-Service gross revenue increased by .79%. Medicare Fee-For-Service for Maryland residents increased by .46%; this translates to a per capita growth decrease of 2.85%. Maryland Fee-For-Service gross revenue for non-residents increased by 4.48%.

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

According to Mr. Romans, for the first eleven months of fiscal year 2014, the unaudited average operating profit for acute hospitals was 2.29%. The median hospital profit was 2.83%, with a distribution of 0.89% in the 25<sup>th</sup> percentile and 5.84% in the 75<sup>th</sup> percentile.

Dr. Alison Schuster, Associate Director Data & Research, stated that there will be no official update on the Potentially Preventable Conditions (PPC) data for May 2014 as staff found significant differences in the April 2014 monthly PPC rate from what was reported for April last month. Staff is currently looking into the causes for the change and plan on communicating their findings to the hospitals and emphasize to them that the preliminary monthly data need to be complete and accurate as possible for monitoring purposes and to ensure Medicare is receiving accurate Present-On-Admission on submitted claims.

Dr. Schuster reported that the April 2014 data on readmissions were not available.

Per Donna Kinzer, Executive Director, stated that staff focused on the following implementation activities June and July:

- Continuing implementation of global budgets and planning for July 1 update.
- Global budgets and Charge per Case monitoring.
- Continuing the development of monitoring for both the All-Payer and Medicare requirements.
- Preparing data analysis to calculate possible adjustments to global budgets for changes in transfers to Johns Hopkins Hospital and University of Maryland Medical Center.
- Preparing data analysis to develop approaches for market share adjustments.
- Developing additional implementation planning.
- Meeting regularly with the Center for Medicare and Medicaid Innovation staff to provide and obtain data needed for monitoring.

## **REPORT OF THE DATA AND INFRASTRUCTURE WORK GROUP**

Dr. Sule Calikoglu Ph.D., Deputy Director Research and Methodology, presented an update on the status of the Data and Infrastructure Work Group (See “Data and Infrastructure Work Group Report: Recommendations on Data Infrastructure to Support Care Coordination” on the HSCRC website).

The Data and Infrastructure work group made the following recommendations:

- The State public and private sector health leaders need to develop a roadmap for its health care infrastructure.
- There should be a focused effort to get access to Medicare data because of its importance to care coordination and achieving the goals of the new model.
- The HSCRC and stakeholders should pursue the use of other data sources, in addition to comprehensive Medicare data, to support care coordination.
- The most efficient and effective way to host Medicare data is through a shared infrastructure that is accessible to hospitals and other providers
- Defining specific use of data will be important to preparing Maryland to setup an infrastructure efficiently as well as supporting the case to the Center for Medicare and Medicaid Innovation to secure the data.
- There needs to be an analysis of potential use cases of data to identify gaps in data sharing policy that should be addressed.
- Other infrastructure needs will need to be addressed.

## **REPORT OF THE PERFORMANCE MEASUREMENT WORK GROUP**

Ms. Dianne Feeney, Associate Director Quality Initiative, presented an update on the status of the Performance Measurement Work Group (See “Performance Measurement Work Group Report to the Commission: Strategy for Population Based, Patient Centered Performance Measurement” on the HSCRC website).

## **WORK GROUP PLAN JULY – DECEMBER**

Ms. Kinzer presented a draft update on implementation of Phase 2 of the Maryland New All-Payer Model (See “Maryland’s New All-Payer Model Phase 2 of Implementation Planning, Public Engagement, Monitoring, and Infrastructure” on the HSCRC website).

**ITEM III**  
**PRESENTATION ON CARE MANAGEMENT/COORDINATION STRATEGIES AND DEMONSTRATIONS**

Jack Meyer Ph.D., Managing Principal, Health Management Associates Advisory Council Facilitator, presented his report on the impact of care management on hospital utilization and spending (See “The Impact of Care Management on Utilization and Spending” on the HSCRC website).

Dr. Meyer shared his findings in which he provides a review of evidence about care management initiatives and a guide to setting priorities as the State implements the new all-payer model. He outlined the characteristics of successful strategies to improve health outcomes and lower total spending through improved care management for patients with complex medical needs.

**MARYLAND’S HOSPITALS AND CARE COORDINATION UPDATE**

Ms. Carmela Coyle, Maryland Hospital Association (MHA) President and CEO, shared the activities Maryland hospitals have engaged in to improve care coordination and MHA’s work statewide with its readmission reduction initiative, “Transitions: Handle With Care”(See “Maryland’s Hospitals & Care Coordination” on the HSCRC website).

**ITEM IV**  
**DOCKET STATUS CASES CLOSED**

**ITEM V**  
**DOCKET STATUS CASES OPEN**

**2248N-Baltimore Washington Medical Center**

On May 1, 2014, University of Maryland Baltimore Washington Medical Center (the Hospital”), a member of the University of Maryland Medical System, submitted a partial rate application to the Commission requesting a new rate for Anesthesiology (ANS) and Operating Room Clinic (ORC) services. The Hospital is requesting that the new rates be effective July 1, 2014.

After reviewing the application, Staff recommended:

1. That the ANS rate of \$2.15 per minute be approved effective July 1, 2014;
2. That the ORC rate of \$16.57 per minute be approved effective July 1, 2014;
3. That the Operating Room (OR) rate of \$26.19 per minute be approved effective July 1, 2014;
4. That the ANS, ORC, and OR rates not be rate realigned until a full year’s cost experience data have been reported to the Commission; and
5. That these new services will be subject to provisions of the new volume or Global Budget policies.

The Commission voted unanimously to approve staff’s recommendation.

### **2250A- University of Maryland Medical Center**

University of Maryland Medical Center (the “Hospital”) filed an application on June 4, 2014 requesting continued participation in a global rate arrangement for solid organ transplant and blood and bone marrow transplants for one year with Aetna Health, Inc. 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.

### **2251A- MedStar Health**

On June 19, 2014, MedStar Health System filed an application on behalf of Union Memorial Hospital (the “Hospital) requesting to continue to participate in a global rate arrangement for Cardiovascular services with Kaiser Foundation Health Plan of the Mid-Atlantic, Inc. for one year period beginning August 1, 2014.

Staff recommends that the Commission approve the Hospital’s application for an alternative method of rate determination for cardiovascular 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. Commissioner Loftus recused herself from the discussion and vote.

### **2252- MedStar Health**

On June 19, 2014, MedStar Health System filed an application on behalf of Union Memorial Hospital and Good Samaritan Hospital (the “Hospitals) requesting to continue to participate in a global rate arrangement for orthopedic services with MAMSI for a one year period beginning September 1, 2014.

Staff recommends that the Commission approve the Hospitals’ application for an alternative method of rate determination for orthopedic 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.

**ITEM VI**  
**REPORT ON GLOBAL BUDGET CONTRACTS AND FY 2015 CHANGES**

Ms. Kinzer presented an update on the global budget contracts and changes for Rate Year 2015 and beyond (See “Progress Report – Update on Global Budget” On the HSCRC website).

**ITEM VII**  
**FINAL RECOMMENDATION FOR REVISION TO THE RELATIVE VALUE UNITS SCALE FOR LABORATORY**

Chris Konsowski, Assistant Chief-Audit & Compliance, presented staff’s recommendation to adopt revisions to the Relative Value Units Scale for Laboratory.

The Commission voted unanimously to approve staff’s recommendation.

**ITEM XIII**  
**LEGAL REPORT**

**Regulations**

**Final Action**

**New All-Payer Model Agreement Data Requirements- COMAR 10.37.10.03**

The purpose of this action is to require hospitals to submit all data required for evaluation and monitoring purposes in compliance with the January 1, 2014 All-Payer Agreement executed between the State of Maryland and the Center for Medicare and Medicaid Innovation. This proposed regulatory change appeared in the May 2, 2014 issue of the Maryland Register. (41:9 Md. R 530).

The Commission voted unanimously to approve the final adoption of this proposed regulation.

**Working Capital Differentials- Payment of Charges- COMAR 10.37.10.26B**

The purpose of this action is to bring about greater uniformity in the calculation of current financing. This proposed regulatory change appeared in the May 2, 2014 issue of the Maryland Register. (41:9 Md. R 530-531).

The Commission voted unanimously to approve the final adoption of this proposed regulation.

**ITEM XIV**  
**HEARING AND MEETING SCHEDULE**

August 13, 2014

Time to be determined, 4160 Patterson Avenue  
HSCRC Conference Room

September 10, 2014

Time to be determined. 4160 Patterson Avenue  
HSCRC Conference Room

There being no further business, the meeting was adjourned at 3:33 pm.