

**43<sup>rd</sup> MEETING OF THE  
HEALTH SERVICES COST REVIEW COMMISSION  
AMENDED**

**February 7, 2007**

Chairman Kues called the meeting to order at 10:01 a.m. Commissioners Joseph R. Antos, Ph.D., Raymond J. Brusca, J.D., Michael J. Eusebio, Trudy R. Hall, M.D., William H. Munn, and Kevin J. Sexton were also present.

**ITEM I  
REVIEW OF THE MINUTES OF THE EXECUTIVE AND PUBLIC SESSIONS  
OF JANUARY 3, 2007**

The Commission voted unanimously to approve the minutes of the January 3, 2007 Executive and Public sessions.

**ITEM II  
DOCKET STATUS - CASES CLOSED**

1931A – Johns Hopkins Health System

**ITEM III  
DOCKET STATUS - CASES OPEN**

**University of Maryland Medical Center – 1923A**

At its September 13, 2006 public meeting, the Commission voted to approve University of Maryland Medical Center's request for continued participation in a global rate arrangement for solid organ transplant, gamma knife, and blood and bone marrow transplants with Aetna Health, Inc. for one year beginning August 1, 2006.

On January 5, 2007, the Hospital submitted a request to extend the approval to include a global rate for cadaveric and living donor liver transplants.

Staff recommended that the Commission approve the Hospital's request to add an alternative method of rate determination for cadaveric and live donor liver transplant services, for the period from February 1, 2007 through July 31, 2007, when the Commission's approval of the other components of the arrangement with Aetna Health,

Inc. expires. Staff also recommended that approval be contingent upon the execution of the standard Memorandum of Understanding.

The Commission voted unanimously to approve staff's recommendation.

### **Johns Hopkins Health System – 1935A**

The Johns Hopkins Health System, on behalf of the Johns Hopkins Hospital, Johns Hopkins Bayview Medical Center, and Howard County General Hospital filed an application on December 19, 2006 for approval for continued participation in a capitation arrangement serving persons insured with Tricare (Department of Defense's managed health care program for the spouses and children of active duty services members, of military retirees, and of deceased members of the military). The System requested that approval be granted for a one year period beginning January 1, 2007.

Staff recommended:

- 1) That continued participation in the arrangement be approved for one year commencing January 1, 2007 based upon both historical favorable contract performance and projections;
- 2) That approval be contingent on continued adherence to the standard Memorandum of Understanding.

The Commission voted unanimously to approve staff's recommendation.

### **University of Maryland Medical Center – 1936A**

On January 5, 2007, the University of Maryland Medical Center filed an application requesting approval to enter into a global price arrangement for liver and blood and bone marrow transplants for a period of one year beginning February 1, 2007.

Staff recommended that the Commission approve the Hospital's request, and that approval be contingent on upon the execution of the standard Memorandum of Understanding.

The Commission voted unanimously to approve staff's recommendation.

## **ITEM IV** **FINES FOR DELINQUENT REPORTING**

Staff recommended that Johns Hopkins Bayview Medical Center be fined \$98,200 for submitting Monthly Reports of Achieved Volumes and Ambulatory Care Data Set that were substantially incorrect. The reports contained information associated with a clinic whose status was changed unilaterally from a non-regulated clinic to a regulated clinic without prior determination by the Commission that it was subject to regulation.

Staff recommended that \$50,000 be imposed immediately, with the balance of \$48,200 suspended on the condition that Bayview remain in compliance with all Commission reporting requirements for 24 months.

In addition, staff recommended that because staff did not believe that Bayview intentionally evaded the process, and because the service was subsequently deemed subject to regulation contingent upon specific adjustments, the payback of any charges deemed to be excessive associated with Bayview's unilateral action be suspended for 36 months. The suspension was conditioned on Bayview's strict compliance on all "at the hospital" issues including the Commission's policy of a required prior determination on jurisdiction for services that a hospital wishes to establish, relocate, or convert from regulated or non-regulated status.

**ITEM V**  
**UPDATE ON THE RATE REALIGNMENT ISSUE AND THE CHAIRMAN'S**  
**COMMENTS ON OVERALL SYSTEM MANAGEMENT**

Robert Murray, Executive Director, reported that staff had intended to have a final recommendation related to the 1% rate realignment shift issue for today's public meeting. However, the Maryland Hospital Association (MHA) informed staff that it was the industry's belief that the issue was larger than the 1% shift. MHA contended that the situation is not confined to the two academic institutions but was spread across all hospitals. Mr. Murray noted that staff has done some preliminary analysis and does not believe that magnitude of the mis-aligned revenue is nearly as large as MHA alleges. However, in order to look at this entire issue more holistically, MHA has suggested that action on this issue be delayed so that we can ascertain the total amount of revenue that could be shifted from inpatient to outpatient if there were rate realignment across the entire system. The Commission has agreed to do so. Mr. Murray stated that once staff had finished its analyses, a technical workgroup would be formed to study the issue.

Vice Chairman Sexton asked whether by holistic approach it was meant that staff would look at everything including the issue's impact on Maryland's position relative to the nation and where we stand relative to Medicare.

Mr. Murray stated that it was staff's intent to deal with the whole issue of rate realignment revenue shifts rather than just the current situation involving the 1% revenue shift.

The Chairman expressed concern about the management of our rate setting methodologies and policies by staff and by hospital CFOs. The Chairman noted that although he had been assured the data base issues used to calculate NOR/EIPA are now close to being resolved, we still have had some surprises such as the 1% rate realignment revenue shift. This is understandable considering the changes that the rate setting system has gone through in the last 6 or 7 years, e.g., the Charge per Case methodology, the 3 year arrangements, and APR-DRG conversion. The Chairman observed, however, that we must keep in mind as we go through these transitions that we continue to adhere to the basic policies and legislative mandates that require that rates be set in reasonable relation to costs.

The Chairman added that even with the surprises, we are doing very well as a State. We are beating our benchmarks; expenses are being controlled; and things are progressing in numerous areas.

## **ITEM VI** **LEGAL REPORT**

### **Regulations**

#### **Proposed**

#### **The Repeal of - Submission of Hospital Ambulatory Care Data Set to the Commission – COMAR 10.37.04.01 - .07 and Regulations .01 - .07 and Submission of Hospital Ambulatory Surgery Data Set – COMAR 10.37.07.01 - .07 and the Adoption of - Submission of Hospital Outpatient Data Set – COMAR 10.37.04. 01. - .07**

The purpose of this action is to consolidate the Commission's current ambulatory surgery and ambulatory care data sets into one uniform outpatient data set. These new regulations will expand and refine the outpatient hospital data set to include all hospital outpatient services, including emergency department visits, clinic visits, ambulatory surgery services, and referred ancillary services. The additional data will also enhance the Commission's ability to analyze and monitor hospital based outpatient case mix related issues, compare hospital outpatient service costs, and set case rates for outpatient services.

The Commission voted unanimously to forward the proposed regulations to the AELR Committee for review and publication in the Maryland Register.

**ITEM VII**  
**HEARING AND MEETING SCHEDULE**

March 7, 2007	Time to be determined, 4160 Patterson Avenue HSCRC Conference Room
April 11, 2007	Time to be determined, 4160 Patterson Avenue HSCRC Conference Room

There being no further business, the meeting was adjourned at 10:26 a.m.