

**438th MEETING OF THE
HEALTH SERVICES COST REVIEW COMMISSION**

September 12, 2007

Chairman Young called the meeting to order at 9:46 a.m. Commissioners Joseph R. Antos, PhD., Raymond J. Brusca, J.D., Trudy R. Hall, M.D., James Lowthers, William H. Munn, and Kevin J. Sexton were also present.

**ITEM I
REVIEW OF THE MINUTES OF THE EXECUTIVE AND PUBLIC SESSIONS OF
AUGUST 15, 2007**

The Commission voted unanimously to approve the minutes of the August 15, 2007 Public Meeting and the minutes of the Executive session.

**ITEM II
EXECUTIVE DIRECTOR'S REPORT**

Robert Murray, Executive Director, summarized the high priority projects that staff is currently working on. They include: 1) the Corrective Action Task Force; 2) review of the Inter-hospital Cost Comparison and Reasonableness of Charges methodologies; 3) working with members of the General Assembly on their efforts to craft health insurance reform; 4) Quality based reimbursement; and 6) meeting with representatives of MedPac who expressed interest in the HSCRC's outpatient payment system and of possibly adopting the Reasonableness of Charges screening methodology.

Mr. Murray also introduced Mr. Chris O'Brien as the new Assistant Chief - Audit & Compliance and announced the retirement of Ms. Marva Tan, Associate Director, Quality Initiative, effective November 1, 2007.

**ITEM III
DOCKET STATUS CASES CLOSED**

None

ITEM IV
DOCKET STATUS CASES OPEN

MedStar Health - 1945A

On April 25, 2007, MedStar Health filed an application on behalf of Union Memorial Hospital requesting approval to continue to participate in a global rate arrangement for cardiovascular services with Kaiser Foundation Health Plan of the Mid-Atlantic, Inc. for a period of one year, beginning September 1, 2007.

Although results of FY 2007 experience under this arrangement were unfavorable, MedStar renegotiated the global rates with the Kaiser Foundation. After review of the renegotiated rates, Staff recommended that the Commission approve the request for continued participation in the arrangement for one year commencing September 1, 2007. In addition, staff recommended that the approval be contingent on the execution of the standard Memorandum of Understanding.

The Commission voted unanimously to approve staff's recommendation.

Johns Hopkins Health System - 1951A

At the public meeting of July 18, 2007, the Commission voted to approve the request by the Johns Hopkins Health System (System), on behalf of its member hospitals, for continued participation in a global rate arrangement for solid organ and bone marrow transplants with United Health Care for one year beginning July 1, 2007. On August 27, 2007, the System submitted a request to extend the approval to include a global rate for kidney transplants.

After reviewing the data utilized to develop the kidney transplant rate, staff recommended that the System's request be approved for the period beginning July 1, 2007 through June 30, 2008.

The Commission voted unanimously to approve staff's recommendation.

University of Maryland Medical Center - 1956A & 1958A

On August 14, 2007, the University of Maryland Medical Center (Hospital) filed applications requesting approval to continue to participate in global rate arrangements for solid organ and blood and bone marrow transplant services for a period of three years with BlueCross and BlueShield Association Quality centers for Transplants and Maryland Physicians Care respectively, beginning September 1, 2007.

Based on the favorable experience for the last year under both arrangements, staff recommended that the Hospital's requests be approved for one year beginning September 1, 2007. In addition, staff recommended that the approvals be contingent on the execution of the standard Memorandum of Understanding.

The Commission voted unanimously to approve staff's recommendation.

Draft Recommendations - Medicare Managed Care Arrangements

Steve Ports, Principal Deputy Director-Policy and Operations, summarized draft recommendations for the three provider based Medicaid Managed Care Organizations' alternative rate setting arrangements. Mr. Ports announced that final recommendations would be presented at next month's public meeting.

ITEM V **UPDATE ON CORRECTIVE ACTION TASK FORCE**

Utilizing the agenda of the next meeting, Mr. Murray summarized the current activities of the task force. Mr. Murray noted that updated waiver test data forecasted a lower waiver cushion for 2009. Mr. Murray stated that the impact of various case mix adjustments would be studied by a workgroup. In addition, Mr. Murray noted that the immediate focus of the task force would be on short term options. The short term options include:1) splitting the Operating Room rate into inpatient and outpatient components so that the inpatient operating room rate could be used to manage to the Charge per Case target; 2) equalizing inpatient and outpatient update factors; 3) adopting a proposal by the industry for a .56% reduction in rate of growth in 2008 (to increase the Medicare cushion to more than 7%); and 4) reinstating volume adjustments based on fixed and variable costs.

Mr. Murray observed that the task force would also pursue long term options. Those options include:1) review of cost allocations; 2) Medicare utilization review; 3) more equitable funding of Uncompensated Care; and 4) pursuit of removal of Medicaid Day Limits.

Mr. Murray stated that the task force would focus on options resulting in a compromise recommendation between the originally approved 6.25% update factor and the modified update factor as recommended by staff.

Mr. Murray asserted that the 10% Medicare cushion recommended by staff would enable Maryland to ride out a cut in rate of growth, Balanced Budget Act type event. In addition, Mr. Murray stated that staff would re-affirm its agreement for a Financial Condition Study..

ITEM VI **NURSE SUPPORT PROGRAM II ANNOUNCEMENT**

Oscar Ibarra, Chief-Program Administration & Information Management, announced that applications for competitive institutional grants for Phase III of NSP II would be due March 3, 2008.

ITEM VII **LEGAL REPORT**

Regulations

Final Adoption

Rate Application and Approval Procedures – COMAR 10.37.10.03

The purpose of this action is to accelerate the potential lifting of the moratorium on the filing of full rate applications currently scheduled for November 1, 2008.

The Commission voted unanimously to adopt the proposed regulation with the non-substantive change.

Submission of Hospital Discharge Data Set to the Commission - COMAR 10.37.06.02 and .03

The purpose of this action is to expand the inpatient hospital discharge data set to capture an additional 15 diagnosis codes, an additional 15 diagnosis-present-upon-admission codes, and a new Type 4 Record.

The Commission voted unanimously to adopt the regulation changes as proposed.

ITEM VIII
HEARING AND MEETING SCHEDULE

October 10, 2007 Time to be determined, 4160 Patterson Avenue,
HSCRC Conference Room

November 16, 2007 Time to be determined, 4160 Patterson Avenue, HSCRC Conference Room

There being no further business, the meeting was adjourned at 10:29 a.m.