



To: Chief Financial Officers of all Hospitals

From: William Henderson, Principal Deputy Director <sup>W74</sup>  
 Medical Economics and Data Analytics

Date: August 11, 2020

Re: Preliminary Reporting Schedule of Population Health  
 and Care Transformation Expenses, Due 210 Days after  
 Hospital Fiscal Year End

**Adam Kane, Esq**  
 Chairman

**Joseph Antos, PhD**  
 Vice-Chairman

**Victoria W. Bayless**

**Stacia Cohen, RN, MBA**

**John M. Colmers**

**James N. Elliott, MD**

**Sam Malhotra**

**Katie Wunderlich**  
 Executive Director

**Allan Pack**  
 Director  
 Population-Based Methodologies

**Open**  
 Director  
 Payment Reform & Provider Alignment

**Gerard J. Schmith**  
 Director  
 Revenue & Regulation Compliance

**William Henderson**  
 Director  
 Medical Economics & Data Analytics

Attached is a preliminary schedule of Population Health and Care Transformation expenses and filing instructions for that schedule. This will supplement the Annual Cost Report data that is due 180 days after the end of the fiscal year.

**Preliminary Schedule**

This is a preliminary reporting schedule and is being introduced for FY2020 on a pilot basis in order to test the approach and definitions utilized. The Health Services Cost Review Commission (HSCRC) began discussing this schedule with stakeholders in early 2020, prior to the COVID-19 crisis. Consensus had largely been reached on the schedule and its introduction on a preliminary basis for FY2020. While the advent of the crisis prevented the finalization of this work the HSCRC is moving forward with the introduction of this schedule as it is preliminary in nature and because the HSCRC believes that gathering this information will be important to the future of the Maryland Total Cost of Care Model.

As this schedule is preliminary the FY2020 data reported by hospitals will be used in informational reporting only and with appropriate caveats. It will not be incorporated into any methodologies nor is it being introduced as an official part of the annual filing for FY2020. The information will be subject to review by HSCRC staff only for the purposes of improving the data collection and reporting process and not as a test of hospital compliance. Hospitals should strive to follow the definition of included services provided, the HSRC will meet with industry workgroups as a follow-up to this reporting before finalizing those definitions in future years. The HSCRC has provided opportunities for hospitals to discuss and

explain their data and interpretations within the schedule.

The HSCRC would like to receive this report by 210 days after the hospital year end for fiscal year 2020.

### **System Level**

Unlike other annual filing schedules this reporting schedule is organized at a system level. Ultimately each hospital would be obligated to file this schedule as it will be considered a mandatory report filed annually.

### **Background**

One of the central concepts of the global budget system under the Maryland Total Cost of Care Model is that hospitals will redirect funds saved from eliminating low value direct care into high value indirect efforts that improve population health and the effectiveness and efficiency of necessary care.

However, the HSCRC's current cost data reporting does not capture these investments separately. Instead these costs are incorporated in broader generic categories such as administration and/or recorded on entities that are outside of the regulated hospital. This lack of data hampers the HSCRC and the industry in understanding and describing the scale of these investments and in evaluating their effectiveness. This reporting schedule will fill this data gap. As a result, all stakeholders will be better able to understand and evaluate industry investments in population health and care transformation and make better decisions in directing future investments.

Please feel free to reach out to me or other members of staff if you have questions regarding this report.