

## MEMORANDUM

To: Hospital CFOs  
Cc: Hospital Case-mix Liaisons, MHA  
From: Allan Pack, Principal Deputy Director,  
Jerry Schmith, Principal Deputy Director  
Date: August 23, 2022  
Re: 12 Month Final Market Shift Report (CY 2021)

The purpose of this memo is to provide the final Marketshift Reports for the *twelve months* of CY 2021. These reports were run with final data using the groupers APR-DRG v 37 and EAPG v 3.15. In July of year 2022 – the start of Rate Year 2023, hospitals’ will receive a **one-time adjustment** to their rate orders, which will be based on this final marketshift report and other adjustments. In particular, staff will make the following other adjustments to the marketshift analysis to realign the July 1 rate orders:

- Service lines affected by the confounding effects of COVID will be excluded from the market shift final adjustments: Pulmonary, Infectious Disease, Ventilator Support, Clinic, and OP Psychiatry

Additional modifications to the CY 2021 market shift include: excluding data from Alternative Care Sites (ACS) using casemix reserve flag A; excluding all OP lab tests with a COVID diagnosis, which significantly affected EAPG 388 (Level III Microbiology Tests) and EAPG 397 (Level II Microbiology Tests), among others; excluding EAPG 459 (Vaccine Administration); continuing to move total knee and hip arthroplasties into the inpatient dataset; and only implementing this marketshift adjustment as a one-time adjustment.

Staff have elected to only implement the marketshift as a one-time adjustment because while there is a need to run a marketshift adjustment so that money follows the patient, there is a general concern, expressed in public workgroup meetings, that marketshift adjustments with CY 2021

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data may still be confounded by COVID (e.g. discharge issues, increased LOS, labor shortages, temporary changes in patient behavior).

Staff believe that since the CY 2021 marketshift adjustments are in line with historical values from prior iterations of the marketshift policy (once the various exclusions are applied), the Commission can implement a marketshift in line with existing policy. Furthermore, staff do not believe additional protections for negative marketshift adjustments are necessary since marketshift adjustments are in line with historical values from prior iterations of the marketshift policy (see below) AND since the Commission is electing to implement the marketshift as a one-time adjustment to be replaced by a future marketshift adjustment, which will be based on a time period less affected by COVID, e.g. CY 2022.

**Figure 1: Historical Marketshift Adjustments Summary Statistics\***

(\$ Millions)

	2016 over 2015		2017 over 2016		2018 over 2017		2019 over 2018		2021 over 2019	
	<u>MSA \$</u>	<u>MSA** (%)</u>	<u>MSA \$</u>	<u>MSA** (%)</u>	<u>MSA \$</u>	<u>MSA** (%)</u>	<u>MSA \$</u>	<u>MSA** (%)</u>	<u>MSA \$</u>	<u>MSA** (%)</u>
Min	-\$4.9	-6.9%	-\$10.8	-4.7%	-\$6.4	-3.9%	-\$4.7	-5.0%	-\$10.6	-7.2%
Max	\$8.6	7.7%	\$18.5	2.7%	\$6.6	2.5%	\$8.7	3.1%	\$11.4	5.8%
1st quartile	-\$1.6	-0.9%	-\$1.6	-0.8%	-\$1.0	-0.9%	-\$1.7	-1.1%	-\$1.3	-1.0%
3rd Quartile	\$0.9	0.5%	\$1.4	0.8%	\$0.9	0.5%	\$1.3	0.5%	\$1.9	1.0%
IQR	\$2.5	1.4%	\$3.1	1.6%	\$1.9	1.4%	\$3.0	1.6%	\$3.1	2.0%

\* Hospitals that we converted to free standing medical centers (FMF's) were omitted from the analysis in the year the conversion occurred

\*\* The percentage statistics and dollar statistics are calculated separately and may represent different hospitals in a given year. The percentage statistics were calculated by expressing the marketshift adjustments as a percent of CY 2021 charges.

If you have any questions, please contact Denise Johnson at [Denise.Johnson@maryland.gov](mailto:Denise.Johnson@maryland.gov) or Allan Pack at [Allani.Pack@maryland.gov](mailto:Allani.Pack@maryland.gov). Staff will send another correspondence when the reports can be reviewed on the CRISP Reporting Service (CRS) portal at [reports.crisphealth.org](https://reports.crisphealth.org) in the Marketshift Adjustment report card. If you need help logging in please email [support@crisphealth.org](mailto:support@crisphealth.org).

## Attachments:

Attachment 1: Table 1. Q1-Q4 CY 2021 Final market shift adjustment report with new case mix methodology, consolidation of cells, 3M's APR DRG-version 37 and EAPG-version 3.15 groupers, and exclusions noted above.

Row Labels	Discharges/Visits		Disch/visit Diff	Ecmad CY19	ECMAD CY21	Ecmad Diff	Market Shift	Sum of MSA	Total Charge CY19	Total Charge CY21	Average of avcost_CY19
	CY19	CY21									
Adventist White Oak	66,186	49,056	-17,130	12,760	13,003	243	\$ 983	\$ 8,591,119	\$ 214,145,443	\$ 224,776,362	\$ 25,440
Anne Arundel	279,758	211,916	-67,842	39,587	34,581	-5,006	\$ (1,101)	\$ (6,779,112)	\$ 479,294,974	\$ 516,740,065	\$ 11,447
Ascension Saint Agnes Hospital	143,041	126,971	-16,070	17,949	15,997	-1,952	\$ (383)	\$ (3,475,835)	\$ 296,197,073	\$ 288,393,144	\$ 15,702
Atlantic General	62,688	53,552	-9,136	4,881	4,553	-328	\$ 59	\$ 406,001	\$ 62,778,802	\$ 65,195,021	\$ 12,975
Calvert	60,003	57,941	-2,062	6,837	6,644	-193	\$ 176	\$ 1,069,255	\$ 103,824,900	\$ 107,702,519	\$ 14,785
Carroll	67,658	57,374	-10,284	10,885	9,850	-1,035	\$ (273)	\$ (2,127,781)	\$ 171,729,520	\$ 164,842,796	\$ 15,847
Christianacare, Union	82,042	72,508	-9,534	6,739	6,322	-417	\$ 144	\$ 1,143,406	\$ 108,758,504	\$ 104,126,659	\$ 15,215
Doctors	74,363	51,019	-23,344	11,718	8,812	-2,907	\$ (1,379)	\$ (10,565,140)	\$ 173,364,721	\$ 146,563,218	\$ 14,874
Frederick	107,694	85,948	-21,746	19,123	16,856	-2,267	\$ (677)	\$ (5,906,510)	\$ 275,294,197	\$ 268,554,825	\$ 13,139
Ft. Washington	30,519	19,673	-10,846	2,539	1,928	-611	\$ (137)	\$ (678,329)	\$ 36,530,269	\$ 39,111,430	\$ 13,925
Garrett	49,723	41,388	-8,335	3,006	3,007	1	\$ 79	\$ 572,947	\$ 36,967,633	\$ 36,626,468	\$ 11,656
GBMC	177,492	148,590	-28,902	26,100	23,472	-2,628	\$ (636)	\$ (4,693,356)	\$ 356,936,935	\$ 373,657,585	\$ 13,760
Germtown ED	22,591	18,430	-4,161	1,032	882	-150	\$ 8	\$ 59,081	\$ 14,091,202	\$ 14,196,163	\$ 13,654
Grace Medical center	25,477	19,938	-5,539	2,695	1,098	-1,596	\$ (848)	\$ (10,221,582)	\$ 63,711,095	\$ 25,256,218	\$ 20,687
HC-Germantown	37,612	34,443	-3,169	6,161	6,802	641	\$ 908	\$ 5,911,007	\$ 86,169,622	\$ 101,207,190	\$ 13,568
Holy Cross	124,683	101,643	-23,040	27,728	24,466	-3,262	\$ (1,245)	\$ (8,778,791)	\$ 368,057,157	\$ 374,939,055	\$ 12,598
Howard County	104,693	85,731	-18,962	17,636	16,764	-872	\$ 207	\$ 1,431,302	\$ 236,219,936	\$ 232,216,026	\$ 12,347
JH Bayview	208,360	169,683	-38,677	21,902	19,806	-2,096	\$ (283)	\$ (2,280,503)	\$ 404,277,443	\$ 447,675,031	\$ 15,407
Johns Hopkins	489,051	451,830	-37,221	65,963	63,334	-2,630	\$ 656	\$ 8,354,698	\$ 1,355,161,344	\$ 1,451,805,254	\$ 19,348
McCready	12,586	12,089	-497	481	361	-120	\$ (33)	\$ (394,580)	\$ 9,413,476	\$ 3,769,770	\$ 18,590
MedStar Fr Square	175,171	160,651	-14,520	25,565	24,560	-1,005	\$ 417	\$ 3,520,294	\$ 391,401,246	\$ 362,891,596	\$ 12,936
MedStar Good Sam	92,328	77,618	-14,710	9,646	8,748	-898	\$ (23)	\$ (186,697)	\$ 185,286,995	\$ 179,119,892	\$ 13,281
MedStar Harbor	59,534	51,149	-8,385	7,874	7,441	-433	\$ 112	\$ 705,160	\$ 130,686,897	\$ 127,419,212	\$ 14,254
MedStar Montgomery	55,627	49,513	-6,114	7,750	7,283	-467	\$ 180	\$ 1,764,712	\$ 129,874,864	\$ 123,636,299	\$ 15,575
MedStar Southern MD	61,155	54,101	-7,054	11,254	10,584	-670	\$ (9)	\$ (460,279)	\$ 199,752,709	\$ 186,542,845	\$ 15,042
MedStar St. Mary's	109,081	91,437	-17,644	11,312	10,663	-649	\$ 31	\$ 237,572	\$ 142,497,863	\$ 143,768,022	\$ 12,191
MedStar Union Mem	101,048	85,669	-15,379	20,155	19,685	-470	\$ 757	\$ 7,403,032	\$ 334,811,297	\$ 316,545,086	\$ 15,170
Mercy	227,123	224,532	-2,591	29,541	29,088	-454	\$ 1,207	\$ 11,421,757	\$ 461,901,236	\$ 483,488,403	\$ 14,895
Meritus	102,387	94,802	-7,585	15,903	15,594	-309	\$ 18	\$ 175,918	\$ 222,100,595	\$ 251,545,143	\$ 13,684
Northwest	84,451	66,000	-18,451	11,267	10,072	-1,195	\$ (65)	\$ (218,797)	\$ 189,937,241	\$ 174,499,339	\$ 14,625
Peninsula	165,883	147,461	-18,422	21,116	20,148	-969	\$ 71	\$ 635,783	\$ 285,347,701	\$ 297,372,761	\$ 12,860
Shady Grove	129,011	99,945	-29,066	22,612	20,748	-1,864	\$ (291)	\$ (2,826,907)	\$ 349,911,789	\$ 358,500,322	\$ 17,814
Sinai	200,901	172,350	-28,551	26,971	25,797	-1,174	\$ 595	\$ 5,720,302	\$ 576,198,784	\$ 611,035,560	\$ 17,057
Suburban	62,404	54,875	-7,529	17,339	16,068	-1,270	\$ (123)	\$ (480,423)	\$ 247,267,012	\$ 258,669,508	\$ 13,747
UM-Bowie ED	29,113	21,428	-7,685	1,358	1,012	-347	\$ (73)	\$ (554,151)	\$ 19,433,050	\$ 16,459,413	\$ 14,305
UM-BWMC	152,279	124,746	-27,533	22,872	20,892	-1,980	\$ (101)	\$ (1,353,009)	\$ 339,197,158	\$ 324,699,231	\$ 14,197
UM-Cambridge	32,384	25,281	-7,103	2,067	1,463	-603	\$ (326)	\$ (2,965,073)	\$ 31,725,759	\$ 27,296,846	\$ 14,999
UM-Capital Region Medical Center	47,954	38,916	-9,038	10,779	10,074	-705	\$ 170	\$ 2,300,150	\$ 211,005,608	\$ 224,351,299	\$ 17,857
UM-Charles Regional	70,818	63,854	-6,964	7,851	7,668	-183	\$ 230	\$ 1,959,814	\$ 112,928,466	\$ 114,842,150	\$ 13,833
UM-Chestertown	36,939	31,580	-5,359	2,071	1,717	-355	\$ (127)	\$ (1,165,736)	\$ 34,719,140	\$ 38,182,056	\$ 16,894
UM-Easton	75,427	66,878	-8,549	10,300	9,775	-525	\$ (58)	\$ (630,524)	\$ 186,696,708	\$ 190,379,708	\$ 17,280
UM-Harford	48,712	36,505	-12,207	4,619	3,873	-746	\$ (213)	\$ (1,696,418)	\$ 74,367,678	\$ 69,840,729	\$ 15,229
UM-Laurel	28,937	22,063	-6,874	2,044	1,579	-465	\$ 6	\$ (458,802)	\$ 42,165,695	\$ 26,562,834	\$ 18,760
UMMMC	334,684	296,058	-38,626	48,920	46,606	-2,314	\$ 405	\$ 3,636,885	\$ 1,059,352,990	\$ 1,158,733,267	\$ 20,150
UMMC Midtown	48,535	42,324	-6,211	6,289	6,150	-139	\$ 426	\$ 5,068,896	\$ 136,650,209	\$ 139,583,841	\$ 18,133
UM-Queen Anne's ED	16,448	15,823	-625	728	723	-6	\$ 48	\$ 230,194	\$ 6,648,875	\$ 7,399,001	\$ 9,129
UMROI	34,857	29,066	-5,791	2,865	2,653	-211	\$ 117	\$ 873,160	\$ 99,390,886	\$ 103,275,713	\$ 10,618
UM-St. Joe	98,242	95,427	-2,815	22,262	21,557	-705	\$ 541	\$ 2,898,949	\$ 322,078,787	\$ 328,845,565	\$ 13,836
UM-Upper Chesapeake	151,146	119,435	-31,711	17,269	15,999	-1,270	\$ (295)	\$ (2,174,930)	\$ 251,486,191	\$ 246,661,595	\$ 13,261
Western Maryland	112,384	92,455	-19,929	12,305	11,713	-593	\$ 152	\$ 1,203,880	\$ 180,644,834	\$ 178,998,285	\$ 14,704
Grand Total	5,171,183	4,419,665	-751,518	718,630	668,474	-50,156	\$ 0	\$ 6,222,008	\$ 11,808,392,305	\$ 12,058,499,317	\$ 15,388