Closed Session Minutes
Of the
Health Services Cost Review Commission

February 11, 2015

Upon motion made in public session, Chairman Colmers call for adjournment into closed session to discuss the following item:

1. Status of Medicare Data Submission and Reconciliation.

The Closed Session was called to order at 12:06 p.m. and held under authority of - §§ 3-104 and 3-305(b)(7) of the General Provisions Article.

In attendance, in addition to Chairman Colmers, were Commissioners Bone, Jencks, Keane, Loftus, and Wong. Commissioner Mullen participated by telephone.

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

Also attending were Leslie Schulman and Stan Lustman, Commission Counsel.

Item One

David Romans, Director-Payment Reform and Innovation, presented an updated analysis of Medicare per beneficiary data. Authority: General Provisions Article, § 3-104.

Item Two

Stan Lustman, Commission Counsel, advised the Commission on the legal authority to implement a differential.

Executive Director Kinzer and Director Romans presented, and the Commission discussed, potential alternative Medicare reimbursement for hospital services vis-s-vis the All-payer Model – Authority General Provisions Article, §§ 3-104, and 3-105.

Closed Session was adjourned at 12:47 p.m.

MINUTES OF THE
516th MEETING OF THE
HEALTH SERVICES COST REVIEW COMMISSION

FEBRUARY 11, 2015

Chairman John Colmers called the public meeting to order at 12 pm. Commissioners George H. Bone, M.D., Stephen F. Jencks, M.D., MPH, Jack C. Keane, Bernadette C. Loftus, M.D., and Herbert S. Wong Ph.D. were also in attendance. Commissioner Mullen participated by telephone. Upon motion made by Commissioner Jencks and seconded by Commissioner Wong, the meeting was moved to Executive Session. Chairman Colmers reconvened the public meeting at 1:00 pm.

REPORT OF THE FEBRUARY 11, 2015 EXECUTIVE SESSION

Dennis Phelps, Associate Director-Audit & Compliance, summarized the minutes of the February 11, 2015 Executive Session.

ITEM I
REVIEW OF THE MINUTES FROM JANUARY 14, 2015 EXECUTIVE SESSION AND PUBLIC MEETING

The Commission voted unanimously to approve the minutes of the January 14, 2015 Executive Session and the Public Meeting.

ITEM II
EXECUTIVE DIRECTOR'S REPORT

Ms. Donna Kinzer, Executive Director, updated the Commission on several national initiatives and trends that could affect the performance of Maryland's All-Payer Model.

Ms. Kinzer noted that there was a recent downward trend in national Medicare per enrollee spending growth. The average spending growth from 2009-2012 was 2.3% compared to 6.3% in 2000-2008.

Ms. Kinzer stated that on January 26, 2015, the Department of Health and Human Services announced measurable goals and a timeline to move the Medicare program, and the health care system at large, toward paying providers based on the quality, rather than the quantity of care they render to patients.

Ms. Kinzer stated that the Center for Medicare & Medicaid Innovation (CMMI) and HSCRC staff have been discussing Maryland partnership strategies for Care Coordination and Infrastructure and Alignment on a monthly basis. While Maryland is initially ahead of the timelines in implementation, we will need to focus on partnership strategies to ensure that we

continue to stay ahead of requirements, in light of the Medicare savings requirements as well as the "guardrail" requirements relative to total cost of care.

Ms. Kinzer noted that:

- Nearly all of Maryland's hospitals' revenue are now under an alternative payment model with the implementation of the new All-Payer Model:
- The Department of Health and Mental Hygiene (DHMH) received a grant from CMMI of $2.5 million to develop parameters for Medicaid ACO model for dual eligibles;
- The work of the Care Coordination and Infrastructure and Alignment work groups will be crucial in recommending strategies that will move progress forward in Maryland;
- CRISP, MHCC and Med Chi worked together to submit a grant request to CMMI to participate in the Transforming Clinical Practice Initiative, which will invest up to $800 million nationally in providing hands on support to 150,000 physicians and other clinicians for developing the skills and tools needed to improve care delivery and transition to alternative payment models.

Ms. Kinzer stated that on January 1, 2015 Medicare introduced a non-visit based payment for chronic care management (CCM). A fee of $40 per month is available for primary care physician practices that care for beneficiaries with two or more chronic conditions. To be eligible for the CCM payment, physician practices must meet certain administrative criteria, including using electronic health records (EHR), offering round-the-clock access to staff who have access to EHR, designating a care practitioner for each patient, and coordinating care through transitions to and from the hospital, specialists, and other providers.

Ms. Kinzer reported that influenza levels in Maryland have decreased in January 2015. Should the incidence of influenza in FY 2015 exceed that of the GBR base year, staff may consider adding a one-time rate adjustment as specified in the GBR/TPR agreement. Staff is expected to complete their evaluation of influenza utilization by the March Commission meeting.

Ms. Kinzer noted that the 2015 Budget Reconciliation and Financing Act allows the Commission to include up to $15 million in hospital rates to support:

- Assisting hospitals cover costs associated with implementation of Maryland's All-Payer Model: and/or
- Funding of statewide and regional proposals that support the implementation of the All-Payer Model.

DHMH and the staff have developed a Request for Proposals for up to a total of $2.5 million in regional planning grants to support the development of multi-stakeholder health system transformation partnerships in 5 or more regions in Maryland.

Ms. Kinzer stated that the CMMI evaluation contractor will begin making site visits to hospitals and other stakeholders over the next several months. CMMI hopes to gain information about implementation of the All-Payer Model and the experiences of each set of stakeholders.

ITEM III
NEW MODEL MONITORING

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

Mr. Romans reported that for the six months ended December 31, 2014, All-Payer total gross revenue increased by 1.82% over the same period in FY 2013. All-Payer total gross revenue for Maryland residents increased by 2.46%; this translates to a per capita growth of 1.81%. All-Payer gross revenue for non-Maryland residents decreased by 4.28%.

Mr. Romans reported that for the 12 months of the calendar year ended December 31, 2014, All-Payer total gross revenue increased by 1.72% over the same period in FY 2013. All- Payer total gross revenue for Maryland residents increased by 2.12%; this translates to a per capita growth of 1.47. %. All-Payer gross revenue for non-Maryland residents decreased by 2.11%.

Mr. Romans reported that for the six months ended December 31, 2014, Medicare Fee-For-Service gross revenue increased by 1.85% over the same period in FY 2013. Medicare Fee-For-Service for Maryland residents increased by 2.62%; this translates to a per capita growth (.56%). Maryland Fee-For-Service gross revenue for non-residents decreased by 6.04%.

Mr. Romans reported that for the 12 months of the calendar year ended December 31, 2014, Medicare Fee-For-Service gross revenue increased by 1.78%. Medicare Fee-For-Service for Maryland residents increased by 2.10%; this translates to a per capita growth (1.12%). Maryland Fee-For-Service gross revenue for non-residents decreased by 1.63%.

According to Mr. Romans, for the six months of the calendar year ended December 31, 2014, unaudited average operating profit for acute hospitals was 2.61%. The median hospital profit was 4.00%, with a distribution of 1.74% in the 25th percentile and 7.14% in the 75th percentile. Rate Regulated profits were 4.79%.

Dr. Alyson Schuster, Associate Director Data & Research, presented a quality report update on the Maryland Hospital Acquired Conditions program based upon readmission data on discharges through November 2014.

Readmissions

- The All-Payer risk adjusted readmission rate was 11.98% for November 2014 YTD. This is a decrease of 4.08% from the November 2013 risk adjusted readmission rate.

- The Medicare Fee for Service risk adjusted readmission rate was 12.96% for November 2014 YTD. This is a decrease of 1.76% from the November 2013 YTD risk adjusted readmission rate.
- Based on the New-Payer model, hospitals must reduce Maryland's readmission rate to or below the national Medicare readmission rate by 2018. The Readmission Reduction incentive program has set goals for hospitals to reduce their adjusted readmission rate by 6.76% during CY 2014 compared to CY 2013. Currently, only 15 out of 46 hospitals have reduced their risk adjusted readmission rate by more than 6.76%.

Dr. Schuster noted that the Potentially Preventable Complication data will be presented on a quarterly basis, and that FY 2015 second quarter data were not available.

ITEM IV
DOCKET STATUS CASES CLOSED

2265A- Holy Cross Hospital
2282A- University of Maryland Medical Center
2283A- Johns Hopkins Health System
2286A- Johns Hopkins Health System

ITEM V
2285R- Johns Hopkins Bayview Medical Center

On December 23, 2014, Johns Hopkins Bayview Medical Center (the "Hospital") submitted a partial rate application to the Commission for a rate for Radiation Therapy (RAT) services to be provided to both inpatients and outpatients. This new rate would replace its currently approved rebundled RAT rate. The Hospital requests that the RAT rate be set at the lower of a rate based on its projected costs or the statewide median. The Hospital request that the RAT rate be effective on February 23, 2015.

After reviewing the Hospital application, Staff recommends the following:

- That the RAT rate of $28.06 per RVU be effective February 23, 2015;
- That no change be made to the Hospital's Global Budget Revenue for RAT services;
- That the RAT rate not be rate realigned until a full year of experience data have been reported to the Commission; and
- That these new RAT services will be subject to the provisions of the new volume or Global Budget Policies

The Commission voted unanimously to approve staff's recommendation. . Chairman Colmers recused himself from the discussion and vote.

2286A-Johns Hopkins Health Systems (Revised)

Johns Hopkins Health System (the "System"), on behalf its member hospitals Johns Hopkins Hospital, Johns Hopkins Bayview Medical Center, and Howard County General Hospital

(the "Hospitals"), filed an application on December 23, 2014 requesting approval to add heart failure services to its approved global rate arrangement with Optum Health, a division of United HealthCare. The Hospitals are requesting an approval for one year beginning February 1, 2015.

Staff recommends that the Commission approve the Hospitals' application for an alternative method of rate determination for heart failure services for one year beginning February 1, 2015, and that the approval be contingent upon the execution of the standard Memorandum of Understanding.

The Commission voted unanimously to approve staff's recommendation. Chairman Colmers recused himself from the discussion and vote.

2287A- University of Maryland Medical Center

University of Maryland Medical Center (the "Hospital"), filed an application on January 12, 2015 requesting approval to participate in a global rate arrangement for heart transplants and Ventricular Assist Device services with Cigna Health Corporation for one year beginning March 1, 2015.

Staff recommends that the Commission approve the Hospital's application for an alternative method of rate determination for heart transplants and Ventricular Assist Device services for one year beginning March 1, 2015, and that the approval be contingent upon the execution of the standard Memorandum of Understanding.

The Commission voted unanimously to approve staff's recommendation

30 Day Extensions

Staff requested 30 day extensions for Proceeding # 2288R MedStar Southern Maryland Hospital Center and Proceeding #2289R MedStar Franklin Square Hospital Center. The Commission voted unanimously to approve these extensions.

ITEM VI
VHQC (MEDICARE QUALITY IMPROVEMENT ORGANIZATION) PRESENTATION ON MARYLAND READMISSION DATA

Ms. Carla Thomas, Director Care Transitions, presented an update on the Virginia Health Quality Center (VHQC) Care Transitions Project and Maryland Readmissions Data (See "VHQC Transitions Project and Maryland Readmissions Data" on the HSCRC website).

Ms. Thomas provided an overview of VHQC activities related to coordinating care to reduce admissions and adverse drug events. The Care Transitions Project focuses action by engaging and developing communities of clinical and local service/support partners. In addition to specific goals of reducing inpatient utilization, the project aims to increase effective community

intervention, build community capacity to qualify for formal program or grant funding, and spread successful care transitions interventions.

Currently, VHQC is working with the Health Partners Coalition in Montgomery County, which includes five hospitals, and the Primary Care Coalition and touches approximately 15% of the Maryland Medicare beneficiaries. VHQC would like to expand activity in Maryland to existing or new partnerships so they reach approximately 60% of Medicare Fee for Service beneficiaries in Maryland.

ITEM VII
DRAFT RECOMMENDATION FOR MODIFICATION TO THE READMISSION REDUCTION INCENTIVE PROGRAM FOR FY 2017

Sule Calikoglu Ph.D., Deputy Director Research and Methodology, presented an update on the draft recommendations for the Readmission Reduction Incentive Program for FY 2017 (See "Update on the Recommendations for the Readmission Reduction Incentive Programs for FY2017" on the HSCRC website).

Dr. Calikoglu noted that since presenting the draft recommendations for the Readmission Reduction Incentive Program for FY2017 at the December Commission meeting, staff has been discussing the recommendations with the payment and workgroup members and working with the Center for Medicare and Medicaid Innovation to update the readmission rates. Staff is planning to present the final recommendations at the March Commission meeting.

ITEM VIII
DRAFT RECOMMENDATIONS FOR TOTAL AMOUNT AT RISK FOR QUALITY PROGRAM FOR FY 2017

Dr. Calikoglu presented an update on the draft recommendations for the total amount at risk for Quality Program for FY 2017 (See "Update on the Recommendations for Aggregate Revenue Amount at Risk Under Maryland Hospital Quality Programs for FY2017" on the HSCRC website).

Dr. Calikoglu noted that since presenting the draft recommendations for Aggregate Revenue Amount at Risk Under Maryland Hospital Quality Programs for FY2017 at the December Commission meeting, staff has been discussing the recommendations with the payment and workgroup members. Staff is planning to present the final recommendations at the March Commission meeting.

ITEM IX
WORK GROUP UPDATES

Mr. Steve Ports, Deputy Director Policy and Operations, Dr. Calikoglu, and Mr. Romans presented an update on both the Care Coordination and Consumer Engagement and the Payment Models Workgroups (See "Update on Work Groups" on the HSCRC website).

Dr. Calikoglu updated the Commission on the continuing development of payment policies regarding market shift adjustments.

Mr. Romans reported on the potential update to the Uncompensated Care (UCC) methodology for FY 2016. Mr. Romans noted that the preliminary calculation indicates that beyond the $166 million prospective UCC reduction in fiscal year 2015 rates, as much as $133 million in additional prospective reductions could be made in FY 2016 rates.

ITEM X
LEGISLATIVE REPORT

Mr. Ports presented a summary of the legislation of interest to the HSCRC (see "Legislative Update- February 11, 2015" on the HSCRC website).

The Bills included: 1) Senate 57/House Bill 72 Budget Reconciliation Act of 2015; 2) Senate Bill 469/House Bill 367 Public Health- Maryland Behavioral Health Crisis Response System; 3) Senate Bill 513 Hospital-Rate Setting- Participation in 340B Program Under the Federal Public Health Service; 4) Senate Bill 572 Hospital- Designation of Caregivers; and 5) Senate Bill 585/House Bill 553 Maryland No-Fault Birth Injury Fund.

ITEM XI
HEARING AND MEETING SCHEDULE

March 11, 2015	Times to be determined, 4160 Patterson Avenue HSCRC Conference Room
April 15, 2015	Times to be determined, 4160 Patterson Avenue HSCRC Conference Room

There being no further business, the meeting was adjourned at 3:19 pm.