

Executive Director's Report

May 14, 2014

Monitoring Maryland Performance

Since September, the HSCRC staff has been working on the collection of data in new formats for monitoring under the new All-Payer Model. We now have a first summary of monitoring under the new approach. Much of the data is the same as the previous monitoring reports, but we are now also focused on breaking out in-state and out-of-state residents as well as Medicare.

In the new All-Payer Model, we focus on fiscal year results (July 1 through June 30) as well as calendar year results.

- The focus is to evaluate the growth in revenue per capita, ensuring that we maintain the growth in revenues at or below the 3.58% per capita requirement.
- A second area of focus is the Medicare savings requirement of \$330 million over 5 years, based on the payments made to all hospitals on behalf of Maryland beneficiaries, regardless of regulatory status or hospital location. Our new reports from Maryland entities do not have all of the data we need to monitor these results. However, they will give us an indication of how we are doing in regulated Maryland hospitals. We are currently seeking the data from Medicare to conduct the more comprehensive monitoring.
- Caveat: We expect to see revisions in the data. If the residency is unknown, we have asked hospitals to report this as a Maryland resident. As more data becomes available, there may be shifts from Maryland to out-of-state. Many hospitals are converting revenue systems along with implementation of Electronic Health Records. This may cause some instability in the accuracy of reported data. As a result, we will keep an eye on total revenue as well as the split of in state and out of state revenues.

Fiscal Year to Date--Nine Months Ended March 2014 versus the same time period in last year:

All-Payer

- All-Payer gross revenue increased 3.03%
- All-Payer gross revenue for Maryland residents increased by 2.89%. This translates to a per capita growth of 2.16%.
- All-Payer gross revenue for non-residents increased by 4.49%.

Calendar Year to Date--Three Months Ended March 2014 versus the same time period in last year:

Calendar Year to Date figures are influenced by the snow in January and February as well as rate update lags for the conversion to GBR.

All-Payer

- All-Payer gross revenue increased .17%

- All-Payer gross revenue for Maryland residents increased by .63%. This translates to a per capita growth of -.08%.
- All-Payer gross revenue for non-residents decreased by -4.67%.

Medicare

Staff is evaluating the reporting of Medicare and whether to include Medicare Advantage in evaluating results. We are reviewing both categories as we are not satisfied regarding the distinction in the data. The data is under audit and we will continue to evaluate the results. The figures below are based on Medicare Fee-For-Service only.

- Medicare Fee-For-Service gross revenue increased .19%
- Medicare Fee-For-Service gross revenue for Maryland residents increased by .10%. This translates to a per capita decrease of -3.20%.
- Maryland Fee-For-Service gross revenue for non-residents increased by 1.13%.

Population estimates

- The Department of State Planning projects population growth for the upcoming year are .71% and 3.41% age over 65, used as a proxy for growth in Medicare beneficiaries.

Financial condition

Data are available for profits for the first nine months of FY 14 (July 2013 through March 2014). For this year to date period, average operating profits for all acute care hospitals was 1.78 percent. The total profit margin for this period is 4.42% percent. The median hospital had an operating profit of 2.53% percent, with a distribution as follows:

- 25th percentile at -0.04%
- 75th percentile at 5.92%

Implementation Steps for All-Payer Model

Hospital data submission for monitoring: Staff has started the onsite audit at hospitals of the data for the base period of the All-Payer test. This will involve a strong focus on the split between in-state and out-of-state revenues, as this is important to the integrity of measuring the growth of revenue per resident that is the foundation of the All-Payer test.

Implementation Planning: The Commission and staff has begun the process of extending the implementation planning timeline and strategy beyond the initial 6 month timeline, including consideration of input from the Advisory Council and work groups.

Implementation Priorities through June:

During April, HSCRC staff were focused on:

- Monitoring under the new requirements, working with hospitals to refile and reconcile data for several changes initiated in the review process
- Work group meetings (separate staff presentation provides an update)
- Preparation of recommendations on uncompensated care, balanced update, and shared savings.
- Continuing work on global budget negotiations for those not yet complete

During the month of May, HSCRC staff will be focused on:

- Continuing execution of work group activities
- Continuing implementation of global budgets and planning for July 1 update
- Focus on global budget and CPC monitoring. Compliance projections through the fiscal year end will be obtained from each hospital.
- Continuing the development of monitoring for both the All-Payer and Medicare requirements.

Upcoming staff reports include:

- June
 - Final recommendations on the balanced updates for July
 - Final recommendations for adjustments to uncompensated care in rates
 - Final recommendations for FY 2015 readmission shared savings
 - Final staff recommendation on support for the Maryland Patient Safety Center
 - Report of Physician Alignment and Engagement, and Performance Measurement

Other Activities

Charge per case update and Two-midnight rule: Staff was not focused on these two areas during the last month, but we will turn attention to these topics again during upcoming meetings.

Staff Announcements

We are very pleased to announce that on May 21, 2014 David Romans will be joining the senior staff team to assist us with monitoring and implementation of the new all-payer model. David has served as the Deputy Secretary of the Maryland Department of Budget and Management since June 2007 and has taken the lead on many of the health-related issues for the Department during that period of time. Prior to that, David worked for the Department of Legislative Services as a senior operating budget manager and the primary budget analyst on many key State health-related budgets including the Medicaid Program.

Hospitals Under Global Revenue Models

Update as of 5/14/2014

FY 2014 Global Budget Agreements

ID	Hospital	Affiliation	Actual FY 13
5050 Shady Grove		Adventist	\$ 362,277,247
210016 WAH		Adventist	249,870,484
87 Germantown ER		Adventist	13,725,997
210055 Laurel Regional		Dimensions	121,542,160
210003 Prince George's		Dimensions	249,194,550
333 Bowie EMG		Dimensions	13,677,929
210029 Hopkins Bayview		Hopkins	596,807,218
210048 Howard County		Hopkins	279,095,749
210009 Johns Hopkins		Hopkins	2,132,795,435
210022 Suburban		Hopkins	280,578,547
215033 Levindale		LifeBridge	53,610,127
210040 Northwest		LifeBridge	248,252,705
210012 Sinai		LifeBridge	684,513,503
210015 Franklin Square		MedStar	469,792,199
210056 Good Samaritan		MedStar	295,622,767
210034 Harbor		MedStar	201,140,964
210062 Southern Maryland		MedStar	253,544,106
210024 Union Memorial		MedStar	406,581,848
210043 BWMC		University	376,812,786
210035 Civista		University	137,003,860
210006 Harford		University	106,013,814
210058 Kernan		University	115,227,460
210038 Maryland General		University	216,173,783
210063 St. Joseph's		University	337,661,509
210002 University of MD		University	1,241,601,464
218992 University Shock Trauma		University	188,680,878
210049 Upper Chesapeake		University	283,858,454
88 Queen Anne EMG		University	4,999,918
210023 Anne Arundel			541,867,872
210013 Bon Secours			122,596,895
210051 Doctors Community			216,854,386
210005 Frederick Memorial			337,093,592
210044 GBMC			421,172,480
210004 Holy Cross			461,351,270
210008 Mercy			470,760,326
210019 Peninsula General			412,641,496
210011 St. Agnes			404,669,958
			13,309,665,736
Revenue excluded from global budgets, JHHS			(582,735,010)
Revenue excluded from global budgets, UMMS			(111,825,668)
			\$ 12,615,105,058

Total Patient Revenue Hospitals

Hospital		Affiliation	Actual FY 13
ID	Hospital		
210039	Calvert Memorial Hospital		\$ 138,862,906
210030	Chester River Hospital Center	University	59,206,382
210010	Dorchester General Hospital	University	59,897,850
210037	Memorial Hospital at Easton	University	186,358,594
210033	Carroll Hospital Center		249,075,082
210017	Garrett County		44,018,658
210045	McCready Memorial		17,976,486
210001	Meritus Hospital		301,350,725
210032	Union of Cecil		153,372,921
210027	Western MD Regional		314,237,386
			\$ 1,524,356,990
Total Revenues Under Global Models			\$ 14,139,462,048
Total Revenues FY 2013			\$ 15,301,290,356
Percent of Revenue Under Global Models			92%