



Market Shift Adjustment Update

Payment Work Group
March 2nd, 2015

HSCRC

Health Services Cost
Review Commission

Market Shift Adjustments (MSAs) Draft Principles--Purpose

- ▶ Purpose of MSAs is to provide a basis for increasing or decreasing the approved regulated revenue of hospitals operating under global revenue arrangements to ensure that revenue is appropriately reallocated when shifts in patient volumes occur between hospitals.
 - ▶ Support objectives of Triple Aim
 - ▶ Fundamentally different than a volume adjustment
 - ▶ Independent of general volume increases
 - ▶ Focus is on “shifts” rather than share

Market Shift Adjustments (MSAs) Draft Principles--Application

- ▶ Applied as part of global budget mechanism.
- ▶ Only one of many mechanisms.
- ▶ Examples of other situations where global budgets might be adjusted for changes in volumes include;
 - ▶ Opening of a new hospital,
 - ▶ Increases in transfers of patients,
 - ▶ Discontinuation of services, changes in levels of services,
 - ▶ Shifts to unregulated settings,
 - ▶ Shifts from/to out of state hospitals or
 - ▶ Actions that undermine the Triple Aim.

Market Shift Adjustments (MSAs) Draft Principles--Features

- ▶ **Specified population**
 - ▶ Staff is using a virtual service area based on zip codes for urban and suburban hospitals. More defined service area used for rural areas.
- ▶ **Defined set of covered services**
- ▶ **Budget neutral to maximum extent practicable**
- ▶ **Generally excludes reductions in potentially avoidable utilization**

Market Shift Adjustment Work in Progress

- ▶ **A work in progress**
FY2015 Q1 and preliminary Q2 data released on Feb 27th
 - ▶ Data cleanup (possible resubmissions)
 - ▶ Understanding the service line trends
- ▶ **Outpatient weights**
 - ▶ Weight methodology
 - ▶ Oncology, drugs and radiation therapy methodology
- ▶ **Turning to define the calculation of the revenue transfer**
 - ▶ Intend to utilize 50% variable cost in routine calculations
- ▶ **Approach to payer/MSO driven market shifts**

Implementation Timelines

- ▶ **Measurement Period for FY2016 GBRs (July 2015)**
 - ▶ July-Dec 2014 Discharges -
 - ▶ July-Dec 2013 Discharges
- ▶ **Measurement Period for FY2017 GBRs (July 2016)**
 - ▶ Jan-Dec 2015 Discharges -
 - ▶ Jan-Dec 2014 Discharges