To: Chief Financial Officers

From: William Henderson, Director of Medical Economics & Data Analytics

Date: November 30, 2023

Re: Annual Filing Modernization

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Each year, the Maryland Health Services Cost Review Commission (HSCRC) utilizes various data collection tools to gather critical information regarding the operations, financial condition, and experiences of the Maryland regulated hospitals. This data is used for monitoring, modeling, analyzing, and ultimately, rate setting.

The annual hospital cost report (Annual Filing) is a centerpiece within the data collection tools. The Accounting and Budget Manual contains forms and instructions for hospitals on the completion and submission of financial reports. The HSCRC recognizes that significant shifts occurring in the healthcare and hospital industry require critical updates of the current Annual Filing data collection tool and submission process. These updates will help eliminate critical information gaps to enhance the measurement of performance and evaluation of the adequacy of regulated rates and hospital conditions.

As a result, the HSCRC is undertaking a 3-year Annual Filing Modernization project to accomplish the following goals:

1. Modernize policies and templates used for gathering data on provider costs, population health resources, and various cost centers.
2. Revise the cost allocation framework to enable centralized application of consistent allocation algorithms across all Maryland hospitals.
3. Perform a complete review and update of the Accounting and Budget Manual to reflect current policy and practice and achieve greater user utility.
4. Assemble a set of comprehensive web-based tools for Maryland hospitals to utilize in completing and submitting their future Annual Filings.

The HSCRC has contracted with external consultants to assist with this modernization. The consulting team includes I3 Healthcare Consulting, Mathematica, and SB & Company. This modernization will require participation from each Maryland health system and health insurers to provide critical input and advice to meet these goals. In the months ahead, the HSCRC will ask for stakeholder input and support on data requirements and feasibility. We expect to send out surveys to hospitals in the next month and follow that with a series of workgroup meetings. As always, we ask for your patience while participating in this very important project.

Please direct any questions regarding this modernization to Karen Teague (karen.teague@maryland.gov)