Final Recommendation on a Shared Savings Policy

Health Services Cost Review Commission

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HSCRC staff will present this final recommendation to the Commission on May 1, 2013.

Introduction

This recommendation proposes that the Commission implement a shared savings policy.

Past Commission Actions

HSCRC staff reported to the Commission on inclusion of a shared savings policy in conjunction with potential FY 2014 modifications to the ARR program at the November 7, 2012 and February 6, 2013 Commission meetings. As a draft recommendation at the April 10, 2013 meeting, Commission staff recommended the development of a shared saving methodology as a component of ARR. Based on public input, HSCRC staff has modified the draft recommendation to implement a shared savings policy based on readmissions, but outside of the ARR program structure.

Stakeholder Process

HSCRC staff engaged industry representatives to discuss shared savings as a component of ARR. HSCRC staff held our first workgroup on January 24, 2013 with hospital representatives, followed by a payer discussion on January 31. Most recently, HSCRC staff met with representatives from both hospitals and payers on March 14, followed by a meeting with the Maryland Hospital Association (MHA) on March 21, 2013. Subsequent to presenting the draft recommendation, HSCRC staff discussed recommendation modifications with a number of hospital representatives. We have included a letter from MHA in Appendix A.

Background

CMS Readmissions Program and Shared Savings

As noted in previous reports to the Commission, as of federal fiscal year 2013, Section 3025 of the Patient Protection and Affordable Care Act (H.R. 3590) requires the Secretary of Health and Human Services to reduce payments to hospitals relative to excess readmissions as a means to reducing Medicare readmissions nationally. Medicare requires Inpatient Prospective Payment System (IPPS) hospitals outside of Maryland to engage in Medicare's Hospital Readmissions Reduction program.

The Secretary is authorized to exempt Maryland hospitals from the Medicare Readmissions Reduction Program if Maryland submits an annual report describing how a similar program in the State achieves or surpasses the measured results in terms of patient health outcomes and cost savings under the Medicare program.

While both Medicare's and the HSCRC's readmissions reductions programs aim to reduce readmissions, the two programs' structures differ. ARR is broader than Medicare's program, applying of all-cause readmissions for all APR-DRGs. Medicare's program measures only heart attack, heart failure, and pneumonia. However, the HSCRC's ARR program tracks readmissions only to the facility of the index admission (an eligible admission to an acute hospital), focusing on intra-hospital (and in some cases intra-system) readmission. Currently, there is no identifier in the HSCRC data that tracks patients across facilities; therefore, readmissions across facilities cannot be identified.[1] Finally, the HSCRC program is constructed in a manner that converts existing admissions and readmissions into CPE approved revenue

[1] HSCRC and CRISP staff will report on the status of CRISP to HSCRC dataset matching at the June 2013 Commission meeting.

on a revenue neutral basis, allowing hospitals to keep the profit when readmissions are eliminated. Likewise, hospitals are at risk for increased readmissions on a case mix adjusted basis. In contrast, Medicare penalizes hospitals for high readmission rates, resulting in an overall system payment reduction of 0.3 percent of inpatient revenue in FY 2013 (CMS scales each hospital's DRG payments between 0 and 1 percent, for a national aggregate reduction of 0.3 percent) . Figure 1 reviews the status of Maryland hospitals compared to all US hospitals using CMS' FY2013 IPPS Final Rule: Hospital Readmissions Reduction Program-Supplemental Data (Revised March 2013).

Figure 1: Maryland Hospitals Ranked By Excess Readmissions in CMS' Hospital Readmissions Reduction Program*

National Quartiles: Hospital Ranked From Least to Most Excess Readmissions	Excess Readmissions Due To:		
	Pneumonia	Heart Failure	Heart Attack
Quartile 1 (Least Excess Readmissions)	4 (9%)	4 (9%)	2 (5%)
Quartile 2	4 (9%)	6 (14%)	7 (19%)
Quartile 3	7 (16%)	14 (32%)	10 (27%)
Quartile 4 (Most Excess Readmissions)	**29 (66%)**	**20 (45%)**	**18 (49%)**
Total hospitals included in analysis	3,123	3,110	2,262

Source: HSCRC analysis of CMS Readmission data, April 2013.
Note: Based on CMS data from July 1, 2008 to June 30, 2011. Some Maryland hospital did not have enough cases for CMS to calculate excess readmission figures (pneumonia= 1 hospital, health failure=1 hospital, heart attack=8 hospitals).

As illustrated in Figure 1, the majority of Maryland hospitals were ranked below the national average for Medicare's Hospital Readmission indicators, and many were in the lowest 25 percent. Four Maryland hospitals were ranked in the worst 100 hospitals in the nation for each of the three indicators. For pneumonia readmissions, one-fifth of Maryland hospitals (n=9) were ranked among the worst 200 hospitals in the nation for excess readmissions.

Medicare staff indicated that Maryland's ARR program may not meet the ACA "meet or exceed" requirement for financial savings to Medicare due to the lack of explicit savings. In the federal fiscal year 2013 final IPPS rule, CMS agreed to take a multi-year look at the existing program in Maryland for federal fiscal year 2013, while providing strong indication that HSCRC must develop an explicit policy to demonstrate Medicare savings based on hospital readmissions to gain exemption in federal fiscal year 2014.[2]

ARR Year 1 and Year 2 Status

From FY2011 to FY2012 (ARR Year 1 is FY2012), Maryland hospitals reduced both the admissions and readmissions as seen in Figure 2. From FY2011 to FY2012, readmissions decreased by 6.73 percent while

[2] Department of Health and Human Services, Centers for Medicare & Medicaid Services, 42 CFR Parts 412, 413, 424, and 476, [CMS-1588-F], RIN 0938-AR12. Medicare Program; Hospital Inpatient Prospective Payment Systems for Acute Care Hospitals and the Long-Term Care Hospital Prospective Payment System and Fiscal Year 2013 Rates; Hospitals' Resident Caps for Graduate Medical Education Payment Purposes; Quality Reporting Requirements for Specific Providers and for Ambulatory Surgical Centers. Final rule.

admissions decreased by 3.49 percent. In contrast, observations increased over the same time period by 45.54 percent. While ED visits increased by 4.5 percent from FY2011 to FY2012, ED visits occurring within 30 days of an inpatient stay decreased by 1.55 percent. The figure also includes the same indicators using hospital charges. Charges are not price leveled year to year.

Figure 2: Readmission and Related Utilization Trends: All-Cause, 30-Day Intra Hospital Readmissions By Counts and Charges

	Fiscal Year			Percent Difference		
Indicator	**FY2010**	**FY2011**	**FY2012**	**FY2010-11**	**FY2011-12**	**Difference**
Total Readmissions	74,474	70,766	65,999	-4.98%	-6.74%	-1.76%
Total Charges for Readmissions	$1,037,799,701	$1,047,939,068	$1,031,053,591	0.98%	-1.61%	-2.59%
Average Weight for Readmissions*	1.10	1.11	1.13	0.91%	1.80%	0.89%
Total Admissions	759,991	729,961	704,459	-3.95%	-3.49%	0.46%
Total Charges	$8,908,292,615	$9,096,083,627	$9,267,436,263	2.11%	1.88%	-0.22%
Average Weight	0.97	0.98	0.99	1.03%	1.02%	-0.01%
Readmissions as % of Total Admissions	9.80%	9.69%	9.37%	-1.07%	-3.36%	-2.29%
Readmission Charges as % of Total Charges	11.65%	11.52%	11.13%	-1.11%	-3.43%	-2.32%
0-1 Day Stay Readmissions	11,925	10,827	9,268	-9.21%	-14.40%	-5.19%
Charges for 0-1 Day Stay Readmissions	$ 54,285,434	$49,865,299	$45,016,700	-8.14%	-9.72%	-1.58%
Average Weight for 0-1 Day Stay Readmissions	0.80	0.79	0.80	-1.25%	1.27%	2.52%
0-1 Day Stay Admissions	153,914	132,657	118,158	-13.81%	-10.93%	2.88%
Charges for 0-1 Day Stay Admissions	$829,551,838	$751,930,937	$721,675,864	-9.36%	-4.02%	5.33%
Average Weight for 0-1 Day Admissions	0.78	0.79	0.80	1.28%	1.27%	-0.02%
0-1 Day Stays as % of Total Admissions	20.25%	18.17%	16.77%	-10.27%	-7.71%	2.56%
0-1 Day Stay Readmissions as % of Total Readmissions	16.01%	15.30%	14.04%	-4.45%	-8.22%	-3.77%
0-1 Day Stay Charges as % of Total Charges	9.31%	8.27%	7.79%	-11.23%	-5.80%	5.43%
Total Number of Observations	3,437	74,685	108,695	**	45.54%	
Total Charges for Observations	$12,813,194	$252,720,990	$435,402,509	**	72.29%	
Total Number of Observations within 30 Day of Inpatient Stay	208	5,217	7,520	**	44.14%	
Total Charges for Observations within 30 Day of Inpatient Stay	$1,511,118	$51,966,306	$81,088,118		56.04%	
Total Number of ED visits	2,013,002	2,059,669	2,152,450	2.32%	4.50%	2.19%
Total Charges of ED Visits	$1,202,510,000	$1,315,330,000	$1,559,100,000	2.32%	4.50%	2.19%
Total Number of ED visits within 30 Day of Inpatient Stay	65,430	67,212	66,167	2.32%	-1.55%	2.19%
Total Charges of ED visits within 30 Day of Inpatient Stay	$531,322,030	$573,698,529	$610,131,190	7.98%	6.35%	-1.63%
Total Number of Transfers	6470	6454	6309	-0.25%	-2.25%	-2.00%
Transfers as a % of Total Discharges	0.85%	0.85%	0.83%	-0.25%	-2.25%	-2.00%

Source: HSCRC, April 2013.

Note: Compiled from HSCRC Inpatient and Outpatient Data Sets. Average weights are calculated using FY2013 weights and applied to discharge APR-DRG SOI v29 for all years. Readmission counts include planned readmissions and oncology centers (differs from April draft recommendation). **Observation Rate Center was incorporated in FY2011 for most hospitals.

In Figure 3, we see that the decrease in statewide readmissions differed by payer. From FY2011 to FY2012 readmission decreased by 0.32 percentage points for all payers, 0.62 percentage points for Medicaid, and 0.44 percentage points for Medicare. Figure 3 also demonstrates that readmissions decreased for TPR hospitals as well as ARR hospitals.

Figure 3: Percent Readmissions by Payer and Hospital Payment Type Groups

Indicator	Fiscal Year			Percentage Point Difference		
	FY2010	FY2011	FY2012	FY2010-11	FY2011-12	Difference
Percent Readmissions - All Payer						
ARR	9.83%	9.71%	9.40%	-0.12%	-0.31%	-0.19%
TPR	10.40%	10.46%	9.79%	0.06%	-0.67%	-0.73%
Statewide	9.79%	9.69%	9.37%	-0.10%	-0.32%	-0.22%
Percent Readmissions - Medicaid						
ARR	9.80%	9.37%	8.73%	-0.43%	-0.64%	-0.21%
TPR	8.81%	7.95%	7.38%	-0.86%	-0.57%	0.29%
Statewide	9.39%	8.98%	8.36%	-0.41%	-0.62%	-0.21%
Percent Readmissions - Medicare						
ARR	13.79%	13.46%	13.07%	-0.33%	-0.39%	-0.06%
TPR	14.37%	14.55%	13.67%	0.18%	-0.88%	-1.06%
Statewide	13.81%	13.56%	13.12%	-0.25%	-0.44%	-0.19%

Source: HSCRC, April 2013.
Note: Compiled from HSCRC Inpatient and Outpatient Data Sets. Analysis did not remove exclusions or planned readmissions.

Recommendation: Implement a Shared Savings Policy

Based on feedback from CMS, HSCRC staff recommends the Commission include an explicit shared savings policy based on each hospital's readmissions.

Staff Reviewed Multiple Approaches

HSCRC staff reviewed multiple options for implementing a shared savings program in Maryland. Overall, HSCRC deemed it important to retain the fundamental structure of ARR, as the program has operated effectively in hospitals for the past two years. Therefore, staff has developed a recommended shared savings policy outside of the ARR policy.

The two major concepts most discussed were a scaling approach, similar to that employed under Medicare's Hospital Readmissions Reduction Program and a continuous improvement model. The scaling approach has a number of merits; most notably the similarity to CMS' Hospital Readmission Reduction program simplifies communications with CMS and strengthens Maryland's ability to gain exemption from CMS' program. However, HSCRC staff could not mitigate concerns over insufficient case mix adjustment and inability to track inter-hospital and out of state readmissions using HSCRC's all payer, case mix data.

An alternative shared savings model applies a continuous improvement mechanism. In this shared savings model, the HSCRC calculates a case mix adjusted readmission rate for each hospital for the base period and determines a required reduction to achieve the revenue for shared savings. The case mix adjustment is based on observed vs. expected readmissions, calculated using the statewide average readmission rate for each DRG SOI cell and aggregated for each hospital (see Figure 4).The risk adjusted readmission rate is calculated as observed/expected x state average readmission rate x normalization factor.[3] HSCRC staff then apply a shared savings benchmark, that is, the required readmission reduction to achieve the predetermined revenue for shared shavings, to the risk adjusted readmission rate to calculate the contribution from each hospital.

Implement a Continuous Improvement Shared Savings Policy

HSCRC staff recommends implementing the continuous improvement shared savings mechanism prospectively. This mechanism has a number of advantages:

- The mechanism is case mix adjusted by DRG-SOI (see Figure 4).
- A shared savings benchmark increases the incentive to reduce readmission rates. Hospitals that achieve readmissions reductions that are greater than the shared savings benchmark, would keep all of their savings, whereas hospitals that do not achieve the shared savings benchmark will not have any savings.
- Every hospital contributes to the shared savings; however, the shared savings are distributed in proportion to their case mix adjusted readmission rates in the base year.
- The shared savings amount is not related to actual reduction in readmissions during the rate year, hence providing equitable incentive across all hospitals. Hospitals that reduce their readmission rates better than the shared savings benchmark during the rate year will retain 100 percent of the difference between their actual reduction and the shared savings benchmark. They also would lower their readmission rate to be used as the base for the following rate year, hence lowering their contribution to the shared savings program for the following year.
- When applied prospectively, the HSCRC sets and may adjust the targeted dollar amount for shared savings, thus guaranteeing to Medicare and other payers a fixed amount of shared savings.
- As the shared savings contributions are calculated as a reduction in readmissions in the current ARR program, the methodology does not rank hospitals based on readmission rates, which require adjustment for inter hospital and out of state readmissions.
- As indicated above, while the shared savings policy is separate from ARR, the policy would promote the incentives of ARR. Shared savings mechanism requires hospitals to contribute a certain percentage from reductions, prospectively. For example, assuming a hospital with a 10 percent readmission rate has potential to gain 10 percent of revenue if it reduces all readmissions. If the shared savings readmission reduction is 3 percent, the hospital will contribute 10 percent x 3 percent=0.3 percent of its revenue to the shared savings program. For a hospital to receive additional revenue from ARR program, a hospital would need to reduce readmissions more than 3 percent.

[3] Risk adjusted rates are normalized to equalize observed vs. risk adjusted number of cases.

Figure 4: Risk Adjustment for a Shared Savings Continuous Improvement Mechanism. Hospital Readmission Rate and Ratio for FY2012, Based on APR-DRG and Severity, Including 0-1 Day Stays and Adjusted for Planned Admissions

Hospital ID	Hospital Name	Type	FY2012						
			Total Admissions	Expected Readmissions*	Observed Readmissions	Observed Rate	Readmission Ratio	Un-Normalized Risk Adjusted Rate*	Normalized Risk Adjusted Rate
			A	B	C	D = C/A	E = C/B	F = E*Total D	G = F*Total D/ Total F
210001	Meritus	TPR	17,499	1,453	1,468	8.39%	1.0105	8.78%	8.83%
210002	Univ. of Maryland	ARR	28,180	2,808	2,759	9.79%	0.9827	8.54%	8.59%
210003	Prince Georges	CPC	13,524	1,068	831	6.14%	0.7784	6.77%	6.80%
210004	Holy Cross	ARR	36,102	2,252	2,115	5.86%	0.9392	8.16%	8.21%
210005	Frederick Memorial	ARR	21,085	1,862	2,055	9.75%	1.1034	9.59%	9.64%
210006	Harford Memorial	ARR	5,279	577	556	10.53%	0.9633	8.37%	8.42%
210007	St. Josephs	ARR	18,144	1,444	1,282	7.07%	0.8877	7.72%	7.76%
210008	Mercy	ARR	19,146	1,372	1,315	6.87%	0.9585	8.33%	8.37%
210009	Johns Hopkins	ARR	45,148	4,244	4,652	10.30%	1.0962	9.53%	9.58%
210010	Dorchester General	TPR	2,843	316	293	10.31%	0.9267	8.05%	8.10%
210011	St. Agnes	ARR	20,603	1,803	1,718	8.34%	0.9529	8.28%	8.32%
210012	Sinai	ARR	28,821	2,601	2,665	9.25%	1.0246	8.91%	8.95%
210013	Bon Secours	ARR	6,659	792	835	12.54%	1.0537	9.16%	9.21%
210015	Franklin Square	ARR	24,346	2,187	2,280	9.36%	1.0426	9.06%	9.11%
210016	Washington Adventist	ARR	15,240	1,332	1,197	7.85%	0.8989	7.81%	7.85%
210017	Garrett County	TPR	2,421	187	137	5.66%	0.7307	6.35%	6.38%
210018	Montgomery General	ARR	9,793	897	866	8.84%	0.9656	8.39%	8.44%
210019	Peninsula Regional	ARR	21,065	1,870	1,903	9.03%	1.0178	8.85%	8.89%
210022	Suburban	ARR	13,735	1,263	1,091	7.94%	0.8635	7.51%	7.54%
210023	Anne Arundel	ARR	33,077	2,265	2,384	7.21%	1.0524	9.15%	9.19%
210024	Union Memorial	ARR	14,878	1,474	1,427	9.59%	0.9681	8.41%	8.46%
210027	Western Maryland	TPR	14,713	1,304	1,715	11.66%	1.3149	11.43%	11.49%
210028	St. Marys	ARR	8,578	717	877	10.22%	1.2233	10.63%	10.69%
210029	Johns Hopkins Bayview	ARR	21,526	1,871	2,043	9.49%	1.0917	9.49%	9.54%
210030	Chester River	TPR	2,798	274	297	10.61%	1.0849	9.43%	9.48%
210032	Union Hospital of Cecil	TPR	6,978	644	705	10.10%	1.0945	9.51%	9.56%
210033	Carroll County	TPR	13,103	1,138	1,261	9.62%	1.1083	9.63%	9.68%
210034	Harbor	ARR	11,545	974	922	7.99%	0.9469	8.23%	8.27%
210035	Civista	ARR	7,693	713	692	9.00%	0.9708	8.44%	8.48%
210037	Memorial of Easton	TPR	9,332	798	769	8.24%	0.9634	8.37%	8.42%
210038	Maryland General	ARR	9,356	1,001	981	10.49%	0.9799	8.52%	8.56%
210039	Calvert Memorial	TPR	8,192	700	597	7.29%	0.8527	7.41%	7.45%
210040	Northwest	ARR	13,493	1,477	1,687	12.50%	1.1419	9.93%	9.98%
210043	Baltimore Washington	ARR	19,169	1,889	1,974	10.30%	1.0448	9.08%	9.13%
210044	GBMC	ARR	22,337	1,552	1,248	5.59%	0.8043	6.99%	7.03%
210045	McCready	TPR	397	49	28	7.05%	0.5743	4.99%	5.02%
210048	Howard County	ARR	18,718	1,387	1,314	7.02%	0.9474	8.23%	8.28%
210049	Upper Chesapeake	ARR	14,671	1,271	1,258	8.57%	0.9898	8.60%	8.65%
210051	Doctors Community	ARR	11,868	1,290	1,198	10.09%	0.9286	8.07%	8.11%
210054	Southern Maryland	CPC	17,919	1,654	1,655	9.24%	1.0006	8.70%	8.74%
210055	Laurel Regional	CPC	6,455	517	347	5.38%	0.6713	5.83%	5.86%
210056	Good Samaritan	ARR	14,854	1,673	1,965	13.23%	1.1747	10.21%	10.26%
210057	Shady Grove	ARR	26,075	1,816	1,714	6.57%	0.9438	8.20%	8.25%
210058	Kernan	ARR	2,983	250	92	3.08%	0.3681	3.20%	3.22%
210060	Fort Washington	CPC	2,115	206	156	7.38%	0.7571	6.58%	6.61%
210061	Atlantic General	CPC	3,021	348	256	8.47%	0.7366	6.40%	6.44%
STATEWIDE TOTAL			**685,477**	**59,580**	**59,580**	**8.69%**	**1.0000**	**8.65%**	**8.69%**

* Based on Statewide readmissions by Initial Admission APR-DRG SOI for FY12

HSCRC staff modeled multiple scenarios within the continuous improvement shared savings mechanism.

Value of Shared Savings

Commission policy will determine the value of the shared savings dollar amount. HSCRC staff developed a model with a 0.3 percent and a 0.5 percent shared savings amount. See Figure 5 and Figure 6 in separate documents. The calculated shared savings benchmarks to achieve the modeled dollar amounts are 3.50 percent and 5.85 percent reductions in readmission rates, respectively. For FY 2013, HSCRC staff recommends providing for 0.3 percent shared savings.

Regardless of the value of the shared shavings for FY 2013, HSCRC staff recommends the Commission reevaluate the value of the shared savings on a regular basis, likely as an annual review in conjunction with update factor discussions.

Adjust for Planned Readmissions

Based on feedback from industry representatives, HSCRC staff concludes it prudent to remove planned readmissions for the continuous improvement shared savings logic. A planned readmission is an intentional readmission within 30 days of discharge from an acute care hospital that is a scheduled part of the patient’s plan of care. Planned readmissions are not necessarily a signal of deficient quality of care and will not be reduced as a result of improvements in care; thus, they should be excluded from the calculation of shared savings program.

HSCRC staff identified and employed AHRQ's planned admissions logic, which identifies planned readmissions in claims used by CMS and endorsed by the National Quality Foundation. AHRQ 's algorithm defines “planned” readmissions as those in which one of a pre-specified list of procedures took place with no acute illness or complication, or those for maintenance chemotherapy or rehabilitation. Thus, planned admissions can be either a non-acute readmission in which one of 35 typically planned procedures occurs, or a readmission for maintenance chemotherapy. For example:

- A readmission with a discharge condition category of biliary tract disease that included a cholecystectomy would be considered **planned**
- A readmission with a discharge condition category of septicemia that included a cholecystectomy would be considered **unplanned**
- A readmission with a discharge condition category of “complications of surgical procedures or medical care” that included a cholecystectomy would be considered **unplanned**

Figure 7 provides the distribution of the top 40 most commonly planned admissions. Using fiscal year 2012 data, preliminary analyses of planned admissions and readmissions, yielded interesting results. In particular, there were 685,477 cases statewide of which 77,351 or 11 percent were planned admission cases. Forty of the most frequently planned admissions by APR-DRGs represented 89 percent of these cases. Readmissions for maintenance chemotherapy or rehabilitation APR-DRGs were 100 percent planned in the AHRQ logic.

Staff modeled the impact of adjusting for planned readmissions, so that these admissions become index admissions for a 30-day episode. As expected, the adjustment reduced the hospital readmission rates, as planned readmissions are reclassified as index admissions in the ARR episode logic in relation to the proportion of planned admissions as seen in Figure 8.

Figure 7: Distribution of 40 Most Commonly Planned Admission APR DRGs by Type of Admission for Fiscal Year 2012

APR DRG CODE	APR DRG CODE DESCRIPTION	TYPE OF ADMISSION					
		PLANNED		UNPLANNED		TOTAL	
		NUMBER OF CASES	PERCENT OF CASES	NUMBER OF CASES	PERCENT OF CASES	NUMBER OF CASES	PERCENT OF TOTAL STATE CASES
985	REHAB - ORTHOPEDICS/ARTHRITIS	2,778	100.00%	0	0.00%	2,778	0.41%
693	CHEMOTHERAPY	2,613	100.00%	0	0.00%	2,613	0.38%
983	REHAB - STROKE	1,809	100.00%	0	0.00%	1,809	0.26%
860	REHABILITATION	920	100.00%	0	0.00%	920	0.13%
988	REHAB - BRAIN INJURY & RANCHO LEVELS (7,8)	866	100.00%	0	0.00%	866	0.13%
986	REHAB - NEUROLOGICAL	539	100.00%	0	0.00%	539	0.08%
987	REHAB - PAIN SYNDROMES	285	100.00%	0	0.00%	285	0.04%
982	REHAB - SPINAL CORD INJURY	220	100.00%	0	0.00%	220	0.03%
984	REHAB - AMPUTATION	161	100.00%	0	0.00%	161	0.02%
989	REHAB - LICENSED BRAIN INJURY (LEVELS 1 TO 6)	82	100.00%	0	0.00%	82	0.01%
980	REHAB DRG 850 (NATURE = REHAB) & LICENSED REHAB HOSPITAL	20	100.00%	0	0.00%	20	0.00%
3	BONE MARROW TRANSPLANT	6	100.00%	0	0.00%	6	0.00%
303	DORSAL & LUMBAR FUSION PROC FOR CURVATURE OF BACK	491	99.80%	1	0.20%	492	0.07%
482	TRANSURETHRAL PROSTATECTOMY	583	99.32%	4	0.68%	587	0.09%
262	CHOLECYSTECTOMY EXCEPT LAPAROSCOPIC	687	99.28%	5	0.72%	692	0.10%
263	LAPAROSCOPIC CHOLECYSTECTOMY	4,494	99.05%	43	0.95%	4,537	0.66%
480	MAJOR MALE PELVIC PROCEDURES	1,563	98.67%	21	1.33%	1,584	0.23%
512	UTERINE & ADNEXA PROCEDURES FOR NON-OVARIAN & NON-ADNEXAL	525	98.13%	10	1.87%	535	0.08%
511	UTERINE & ADNEXA PROCEDURES FOR OVARIAN & ADNEXAL MALIGNA	253	95.83%	11	4.17%	264	0.04%
304	DORSAL & LUMBAR FUSION PROC EXCEPT FOR CURVATURE OF BACK	4,110	92.88%	315	7.12%	4,425	0.65%
260	MAJOR PANCREAS, LIVER & SHUNT PROCEDURES	943	92.18%	80	7.82%	1,023	0.15%
302	KNEE JOINT REPLACEMENT	11,518	91.83%	1,025	8.17%	12,543	1.83%
163	CARDIAC VALVE PROCEDURES W/O CARDIAC CATHETERIZATION	989	91.24%	95	8.76%	1,084	0.16%
321	CERVICAL SPINAL FUSION & OTHER BACK/NECK PROC EXC DISC EX	3,247	90.09%	357	9.91%	3,604	0.53%
301	HIP JOINT REPLACEMENT	6,899	88.82%	868	11.18%	7,767	1.13%
261	MAJOR BILIARY TRACT PROCEDURES	129	87.76%	18	12.24%	147	0.02%
404	THYROID, PARATHYROID & THYROGLOSSAL PROCEDURES	935	87.55%	133	12.45%	1,068	0.16%
513	UTERINE & ADNEXA PROCEDURES FOR NON-MALIGNANCY EXCEPT LEI	3,217	86.22%	514	13.78%	3,731	0.54%
442	KIDNEY & URINARY TRACT PROCEDURES FOR MALIGNANCY	726	85.01%	128	14.99%	854	0.12%
310	INTERVERTEBRAL DISC EXCISION & DECOMPRESSION	2,372	84.23%	444	15.77%	2,816	0.41%
510	PELVIC EVISCERATION, RADICAL HYSTERECTOMY & OTHER RADICAL	202	81.12%	47	18.88%	249	0.04%
692	RADIOTHERAPY	37	80.43%	9	19.57%	46	0.01%
362	MASTECTOMY PROCEDURES	1,032	75.77%	330	24.23%	1,362	0.20%
166	CORONARY BYPASS W/O CARDIAC CATH OR PERCUTANEOUS CARDIAC	757	73.78%	269	26.22%	1,026	0.15%
228	INGUINAL, FEMORAL & UMBILICAL HERNIA PROCEDURES	555	71.06%	226	28.94%	781	0.11%
162	CARDIAC VALVE PROCEDURES W CARDIAC CATHETERIZATION	237	70.96%	97	29.04%	334	0.05%
305	AMPUTATION OF LOWER LIMB EXCEPT TOES	556	70.47%	233	29.53%	789	0.12%
519	UTERINE & ADNEXA PROCEDURES FOR LEIOMYOMA	2,032	68.76%	923	31.24%	2,955	0.43%
24	EXTRACRANIAL VASCULAR PROCEDURES	1,444	68.27%	671	31.73%	2,115	0.31%
120	MAJOR RESPIRATORY & CHEST PROCEDURES	840	61.99%	515	38.01%	1,355	0.20%
TOP 40 APR DRG TOTAL		**61,672**	**89.30%**	**7,392**	**10.70%**	**69,064**	**10.08%**
STATEWIDE TOTAL		**77,351**	**11.28%**	**608,126**	**88.72%**	**685,477**	**100.00%**

Source: HSCRC, April 2013.

Note: Compiled from HSCRC Inpatient Dataset with CPC exclusions.

Figure 8: Hospital Readmissions FY2012, Comparison of Planned Readmission Adjustment

Hospital ID	Hospital Name	Total Discharges	Percent Planned Admissions	Percent Readmissions		
				No Adjustment for Planned Readmissions	With Adjustment for Planned Readmissions	Impact of Planned Readmission Adjustment
210001	MERITUS	17,499	13.22%	8.85%	8.39%	-0.46%
210002	UNIVERSITY OF MARYLAND	28,180	12.60%	10.95%	9.79%	-1.16%
210003	PRINCE GEORGE	13,524	3.25%	6.40%	6.14%	-0.26%
210004	HOLY CROSS	36,102	5.69%	6.11%	5.86%	-0.25%
210005	FREDERICK MEMORIAL	21,085	7.98%	10.03%	9.75%	-0.28%
210006	HARFORD	5,279	3.50%	10.70%	10.53%	-0.17%
210007	ST. JOSEPH	18,144	18.55%	7.88%	7.07%	-0.81%
210008	MERCY	19,146	18.21%	7.95%	6.87%	-1.08%
210009	JOHNS HOPKINS	45,148	17.57%	11.41%	10.30%	-1.11%
210010	DORCHESTER GENERAL	2,843	2.99%	10.48%	10.31%	-0.17%
210011	ST. AGNES	20,603	8.85%	8.76%	8.34%	-0.42%
210012	SINAI	28,821	16.09%	10.38%	9.25%	-1.13%
210013	BON SECOURS	6,659	2.76%	12.94%	12.54%	-0.40%
210015	FRANKLIN SQUARE	24,346	7.66%	9.77%	9.36%	-0.41%
210016	WASHINGTON ADVENTIST	15,240	8.20%	8.33%	7.85%	-0.48%
210017	GARRETT COUNTY	2,421	9.38%	5.95%	5.66%	-0.29%
210018	MONTGOMERY GENERAL	9,793	6.57%	9.04%	8.84%	-0.20%
210019	PENINSULA GENERAL	21,065	12.58%	9.79%	9.03%	-0.76%
210022	SUBURBAN	13,735	20.30%	8.59%	7.94%	-0.65%
210023	ANNE ARUNDEL	33,077	13.41%	7.72%	7.21%	-0.51%
210024	UNION MEMORIAL	14,878	20.92%	10.19%	9.59%	-0.60%
210027	WESTERN MARYLAND	14,713	11.97%	12.43%	11.66%	-0.77%
210028	ST. MARY	8,578	6.37%	10.43%	10.22%	-0.21%
210029	HOPKINS BAYVIEW MED CTR	21,526	8.43%	9.76%	9.49%	-0.27%
210030	CHESTER RIVER	2,798	5.47%	10.79%	10.61%	-0.18%
210032	UNION HOSPITAL OF CECIL	6,978	5.80%	10.48%	10.10%	-0.38%
210033	CARROLL COUNTY	13,103	10.14%	9.96%	9.62%	-0.34%
210034	HARBOR	11,545	12.72%	8.51%	7.99%	-0.52%
210035	CIVISTA	7,693	6.19%	9.20%	9.00%	-0.20%
210037	MEMORIAL AT EASTON	9,332	13.35%	8.94%	8.24%	-0.70%
210038	MARYLAND GENERAL	9,356	3.66%	10.78%	10.49%	-0.29%
210039	CALVERT	8,192	6.01%	7.42%	7.29%	-0.13%
210040	NORTHWEST	13,493	4.82%	12.69%	12.50%	-0.19%
210043	BALTIMORE WASHINGTON	19,169	11.59%	10.88%	10.30%	-0.58%
210044	G.B.M.C.	22,337	11.66%	6.11%	5.59%	-0.52%
210045	MCCREADY	397	1.76%	7.05%	7.05%	0.00%
210048	HOWARD COUNTY	18,718	6.10%	7.24%	7.02%	-0.22%
210049	UPPER CHESAPEAKE HEALTH	14,671	10.11%	8.92%	8.57%	-0.35%
210051	DOCTORS COMMUNITY	11,868	8.56%	10.49%	10.09%	-0.40%
210054	SOUTHERN MARYLAND	17,919	4.68%	9.48%	9.24%	-0.24%
210055	LAUREL REGIONAL	6,455	9.74%	8.04%	5.38%	-2.66%
210056	GOOD SAMARITAN	14,854	19.49%	13.83%	13.23%	-0.60%
210057	SHADY GROVE	26,075	6.97%	6.90%	6.57%	-0.33%
210058	KERNAN	2,983	91.92%	7.58%	3.08%	-4.50%
210060	FT. WASHINGTON	2,115	10.87%	7.52%	7.38%	-0.14%
210061	ATLANTIC GENERAL	3,021	10.69%	8.74%	8.47%	-0.27%
STATE TOTAL		**685,477**	**11.28%**	**9.27%**	**8.69%**	**-0.58%**

Exclude Hospitals if Engaged in a Voluntary Agreement which Includes an Explicit Shared Savings Mechanism

HSCRC staff recommends the Commission exclude hospitals engaged in voluntary agreements from the shared shavings policy, provided the voluntary agreements include an explicit shared savings mechanism. For example, HSCRC and TPR hospitals are currently engaged in agreement negotiations. HSCRC staff intend for these voluntary agreements to include a shared savings mechanism. Provided that the renegotiated TPR agreements include a share savings mechanism, the TPR hospitals would be excluded from this statewide shared savings policy. Current ARR agreements do not include a shared savings mechanism and, therefore, ARR hospitals would be subject to this statewide shared savings policy.

Note that in determining the statewide expected readmission rates (discussed above), HSCRC staff recommends including all acute care hospitals. This is similar to methodology for CPE statewide weight development.

Coordinate with Lag Timeframes

While HSCRC staff modeled the shared savings policy on a fiscal year basis, we understand that our approach to shared savings must align with data lags and other policies being implemented by the HSCRC. It is likely that the actual timeframe for the first shared savings will be calendar year 2012 for implementation prospectively.

Interaction with Model Design Proposal

Shared savings is also an explicit component of Maryland proposed Model Design demonstration. In our submission the CMS, Maryland assured a 0.5 percent savings from shared savings beginning in FY 2015.

Appendix A
MHA Discussion Document

MHA
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April 18, 2013

Nduka Udom
Associate Director, Research & Methodology
Health Services Cost Review Commission
4160 Patterson Avenue
Baltimore, Maryland 21215-2299

Dear Andy:

On behalf of the 66 members of the Maryland Hospital Association (MHA), we appreciate the opportunity to comment on the Health Services Cost Review Commission (HSCRC) recommendations on Modifications to the Admission-Readmission Revenue (ARR) Methodology presented at the April 10 public meeting. We appreciate the thoughtful consideration HSCRC staff has put into the recommendations to modify the ARR program. We understand modifications are being made for one year only and support many of the changes to the program for fiscal year 2014 as proposed by the HSCRC staff. We are concerned about the recommendation to cancel the ARR contracts and the level of shared savings with payors.

First, we'd like to highlight the recommendations we support. The proposed modifications to the ARR methodology maintain the alignment of clinical and financial incentives to reduce readmissions, unlike the Medicare readmissions payment policy which assesses penalties on hospitals with higher than expected readmission rates and does nothing to counter the disincentive and lost revenue as a result of readmission reductions. Successful readmission reduction strategies save Medicare and other payors not only through reductions in readmissions, but also as a result of fewer admissions, emergency department visits, and observation stays as a result of better care coordination and more engaged follow-up after discharge.

MHA supports the following points in the staff recommendation:

- Include one-day stays in the ARR program and the charge-per-episode weight calculations.
- Exclude planned readmissions following the algorithm used in the Medicare methodology. While excluding planned readmissions from the readmission count and considering them initial admissions adds complexity to a methodology that is already challenging to monitor, excluding planned readmissions increases the understanding and confidence in the methodology among clinicians.
- Set individual hospital targets for readmission reductions based on expected values and the prior calendar year's statewide performance. The methodology proposed to generate the 0.3 percent savings required by the Centers for Medicare & Medicaid Services (CMS) sets higher readmission reduction targets for hospitals that are not performing as well as expected. Calculation of statewide performance should include hospitals paid under the Total Patient

- more -

Appendix A
MHA Discussion Document

Revenue system. Although hospitals operating under a global budget may have inherent differences in readmission trends due to isolated geography, proximity to state borders, and a much stronger incentive to reduce readmissions, all hospitals have opportunities to reduce readmissions. As hospitals continue to reduce readmissions, this methodology will need to be revisited. At some point, most of the avoidable readmissions will be culled from the system and further reductions would harm patient outcomes.

- Exclude hospice cases using "service code 10" to identify hospice cases. Hospice cases services are fundamentally different from acute care and by contract, are paid at different rates. Best practice is to discharge from acute care and admit to hospice when a person's care transitions from acute care to hospice, a practice that makes these cases easily identifiable.
- Palliative care can be provided concurrently with curative care and should continue to be included in the charge-per-episode methodology.
- Set statewide trim points for each All Patient Refined Diagnostic Related Group and Severity of Illness cell. Statewide trim points effectively increase the charge level at which cases are classified as outliers and reduce the complexity of administering and monitoring the system. Hospitals with relatively low charge-per-case targets will benefit from a slight increase to those targets, and at the same time bear greater risk should they experience an increase in the number of outlier cases. For hospitals with the lowest charge targets, the increase in the outlier threshold represents a substantial risk should the number of outlier cases increase. This risk is compounded as inpatient volumes decline or remain flat. It takes many more included cases to break even on the additional outlier case. HSCRC staff has stated that after reviewing historical data, most low charge hospitals have been harmed by the hospital-specific trim point policy. We would request HSCRC staff share that analysis. Likewise, we would ask that the HSCRC retrospectively evaluate the move to statewide trim points one and two years after implementation.

Although we support many of the technical components of the recommendation, we have significant concerns with parts of the recommendations. HSCRC staff proposes to share between 0.3 percent and 0.5 percent of all-payor inpatient revenue with Medicare and other payors. Nationally, the Medicare program expects to save approximately 0.3 percent of Medicare base payments. Shared savings at the 0.3 percent level is a substantially greater amount in Maryland as it is a percentage of all inpatient revenue compared to national Medicare-only base payments, which do not include additional payments for medical education, disproportionate share, and other add-ons to Medicare Diagnosis Related Group payments. Readmission reduction targets should be set to generate no more than 0.3 percent of inpatient revenue savings across all payors.

The second and related concern is the recommendation to terminate all 31 three-year ARR contracts for the entire third year. The ARR contract states that the HSCRC can terminate the agreements for only one reason — "for cause." The HSCRC's stated "cause" for cancelling the contracts is a "strong indication" from CMS staff that in order to meet the "meet or exceed" requirement in the Affordable Care Act for Maryland's exemption from the Medicare readmission program, the HSCRC would have to add an explicit shared savings element to the existing ARR program. This would mark the second, and more onerous, change in the three-year agreement in the first two years of the agreements. MHA objects for practical and legal reasons.

- more -

Appendix A
MHA Discussion Document

Andy Udom
April 18, 2013 Page 3

As a practical matter, the Maryland agreements cover all readmissions, compared to the Medicare program which only looks at three diagnoses: acute myocardial infarction, heart failure, and pneumonia. The Maryland program's larger sweep requires more commitment and resources than does Medicare's, and the third year was always likely to be the year in which the greatest opportunity for improvement existed. Similarly, a program that focuses on reducing readmissions on all Medicare cases has the capability of producing significantly greater reductions than a program measured only by a limited number of diagnoses. Last, but certainly far from least, cancelling contracts so soon at the start of a significant program sends the worst possible message to hospitals at a time when co-operation is needed.

From a legal perspective, MHA does not believe the HSCRC has the right to walk away from its contractual obligations. Indeed, the recommendation would terminate the contracts altogether and replace them with a policy that compelled hospitals to meet the new requirements. Replacing contractual relationships with mandates sends a message too.

The HSCRC can contract, but it does not escape the laws of contract just because it is a governmental entity. In Maryland, terminating a contract for cause has generally required the non-cancelling party to have breached the contract in some way. *Bd of Street Com'rs of Hagerstown v. Williams*, 96 Md. 532 (1903); *Chai Management, Inc. v. Leibowitz*, 50 Md. App. 504 (1982). The stated cause, not any hospital failure, but the act of a governmental entity or change in law — Medicare indicated the current ARR program "may not meet the Affordable Care Act requirement for financial savings." This might justify cancelling the remainder of the contract if indeed Medicare's contemplated action was an unforeseen and unforeseeable event that was not, and could not have been, known to be a possible result when the contracts were signed under the legal impossibility or commercial frustration doctrines. That is not the case. The Affordable Care Act provision in question was enacted in March 2010, both requiring a readmission program that applied to Maryland hospitals and giving the Secretary of the Department of Health & Human Services the authority to grant Maryland a waiver. The ARR policy was adopted eight months later, and the contracts were not signed until July 2011. The timing confirms that the HSCRC knew, or should have known, what CMS' position might be. A party to a contract cannot be excused from performance because of an intervening act of government if the action was reasonably foreseeable. In this case it was all but certain. The HSCRC could have inserted a cancellation right referencing the known potential Medicare problem, but it did not. The 31 hospitals have the right to insist that their contracts be honored. Individual hospitals are left with a difficult choice — agreeing to cancellation of a contract at a time when they need to know HSCRC actions are fair and predictable, or risk greater uncertainty and disruption by possibly losing the exemption from the Medicare readmissions program.

I appreciate your consideration of our comments and would be happy to respond to any questions you may have about them. I can be reached at 410-379-6200.

Sincerely,

Traci La Valle, Vice President, Financial Policy & Advocacy

cc: Commissioners, HSCRC

Figure 5: Calculation of Shared Savings Based on Inpatient Revenue Savings of 0.3% of Total Inpatient Revenue

Hospital ID	Hospital Name	Payment Type	*Rate Year 2013 Charge Target Information			FY12 Total Admissions (Including One Day Stays)	Average Approved Charge	FY12 Risk Adjusted Rate	Risk Adjusted Reduction Rate (Reduction Rate of 3.50%)	Reduced Readmission Rate for FY13	Risk Adjusted Number of Readmission in FY12	Risk Adjusted Number of Readmissions for FY13	Reduction in Readmissions for FY13	Shared Savings	Percent Reduction in Rate Year 2013 Approved Revenue
			Number of Included Cases	CPC/CPE Target	Approved Revenue under CPC/CPE Target										
			A	B	C = A*B	D	E = C/D	F	G = F*3.50%	H = F-G	I = F*D	J = H*D	K = J-I	L = K*E	M = L/C
210002	Univ. of Maryland Medical System	ARR	20,191	$29,726	$600,197,666	28,180	$21,299	8.59%	0.3005%	8.28%	2,419	2,335	(85)	-1,803,502	-0.3005%
210003	Prince Georges Hospital	CPC	11,879	$13,739	$163,205,581	13,524	$12,068	6.80%	0.2380%	6.56%	920	888	(32)	-388,454	-0.2380%
210004	Holy Cross Hospital of Silver Spring	ARR	30,114	$9,176	$276,326,064	36,102	$7,654	8.21%	0.2872%	7.92%	2,962	2,859	(104)	-793,563	-0.2872%
210005	Frederick Memorial Hospital	ARR	16,341	$10,361	$169,309,101	21,085	$8,030	9.64%	0.3374%	9.30%	2,033	1,961	(71)	-571,235	-0.3374%
210006	Harford Memorial Hospital	ARR	3,904	$10,885	$42,495,040	5,279	$8,050	8.42%	0.2946%	8.12%	444	429	(16)	-125,170	-0.2946%
210007	St. Josephs Hospital	ARR	13,989	$12,911	$180,611,979	18,144	$9,954	7.76%	0.2714%	7.48%	1,407	1,358	(49)	-490,246	-0.2714%
210008	Mercy Medical Center, Inc.	ARR	15,169	$12,654	$191,948,526	19,146	$10,026	8.37%	0.2931%	8.08%	1,603	1,547	(56)	-562,572	-0.2931%
210009	Johns Hopkins Hospital	ARR	32,298	$25,008	$807,708,384	45,148	$17,890	9.58%	0.3352%	9.24%	4,324	4,172	(151)	-2,707,358	-0.3352%
210011	St. Agnes Hospital	ARR	15,733	$13,333	$209,768,089	20,603	$10,181	8.32%	0.2914%	8.03%	1,715	1,655	(60)	-611,207	-0.2914%
210012	Sinai Hospital	ARR	21,402	$16,960	$362,977,920	28,821	$12,594	8.95%	0.3133%	8.64%	2,580	2,490	(90)	-1,137,197	-0.3133%
210013	Bon Secours Hospital	ARR	5,066	$13,953	$70,685,898	6,659	$10,615	9.21%	0.3222%	8.88%	613	592	(21)	-227,746	-0.3222%
210015	Franklin Square Hospital	ARR	18,614	$12,987	$241,740,018	24,346	$9,929	9.11%	0.3188%	8.79%	2,218	2,140	(78)	-770,668	-0.3188%
210016	Washington Adventist Hospital	ARR	11,817	$13,118	$155,015,406	15,240	$10,172	7.85%	0.2749%	7.58%	1,197	1,155	(42)	-426,076	-0.2749%
210018	Montgomery General Hospital	ARR	7,703	$10,352	$79,741,456	9,793	$8,143	8.44%	0.2953%	8.14%	826	797	(29)	-235,441	-0.2953%
210019	Peninsula Regional Medical Center	ARR	16,602	$13,219	$219,461,838	21,065	$10,418	8.89%	0.3112%	8.58%	1,873	1,808	(66)	-683,003	-0.3112%
210022	Suburban Hospital Association,Inc	ARR	10,041	$15,056	$151,177,296	13,735	$11,007	7.54%	0.2640%	7.28%	1,036	1,000	(36)	-399,163	-0.2640%
210023	Anne Arundel General Hospital	ARR	24,803	$10,118	$250,956,754	33,077	$7,587	9.19%	0.3218%	8.87%	3,041	2,935	(106)	-807,572	-0.3218%
210024	Union Memorial Hospital	ARR	10,775	$20,021	$215,726,275	14,878	$14,500	8.46%	0.2960%	8.16%	1,258	1,214	(44)	-638,594	-0.2960%
210028	St. Marys Hospital	ARR	6,070	$8,871	$53,846,970	8,578	$6,277	10.69%	0.3741%	10.31%	917	885	(32)	-201,417	-0.3741%
210029	Johns Hopkins Bayview Med. Center	ARR	16,784	$14,831	$248,923,504	21,526	$11,564	9.54%	0.3338%	9.20%	2,053	1,981	(72)	-830,942	-0.3338%
210034	Harbor Hospital Center	ARR	8,552	$13,590	$116,221,680	11,545	$10,067	8.27%	0.2895%	7.98%	955	922	(33)	-336,506	-0.2895%
210035	Civista Medical Center	ARR	6,074	$10,005	$60,770,370	7,693	$7,899	8.48%	0.2968%	8.18%	652	630	(23)	-180,394	-0.2968%
210038	Maryland General Hospital	ARR	7,235	$14,626	$105,819,110	9,356	$11,310	8.56%	0.2996%	8.26%	801	773	(28)	-317,064	-0.2996%
210040	Northwest Hospital Center, Inc.	ARR	9,611	$12,626	$121,348,486	13,493	$8,993	9.98%	0.3492%	9.63%	1,346	1,299	(47)	-423,705	-0.3492%
210043	Baltimore Washington Medical Center	ARR	14,105	$13,092	$184,662,660	19,169	$9,633	9.13%	0.3195%	8.81%	1,750	1,688	(61)	-589,948	-0.3195%
210044	Greater Baltimore Medical Center	ARR	18,486	$10,007	$184,989,402	22,337	$8,282	7.03%	0.2459%	6.78%	1,570	1,515	(55)	-454,953	-0.2459%
210048	Howard County General Hospital	ARR	15,573	$9,426	$146,791,098	18,718	$7,842	8.28%	0.2897%	7.99%	1,549	1,495	(54)	-425,240	-0.2897%
210049	Upper Chesapeake Medical Center	ARR	10,936	$10,554	$115,418,544	14,671	$7,867	8.65%	0.3027%	8.34%	1,269	1,224	(44)	-349,321	-0.3027%
210051	Doctors Community Hospital	ARR	8,778	$13,612	$119,486,136	11,868	$10,068	8.11%	0.2839%	7.83%	963	929	(34)	-339,272	-0.2839%
210054	Southern Maryland Hospital	CPC	15,226	$9,532	$145,134,232	17,919	$8,099	8.74%	0.3060%	8.44%	1,566	1,512	(55)	-444,050	-0.3060%
210055	Laurel Regional Hospital	CPC	5,798	$9,203	$53,358,994	6,455	$8,266	5.86%	0.2053%	5.66%	379	365	(13)	-109,528	-0.2053%
210056	Good Samaritan Hospital	ARR	10,553	$16,387	$172,932,011	14,854	$11,642	10.26%	0.3592%	9.90%	1,524	1,471	(53)	-621,160	-0.3592%
210057	Shady Grove Adventist Hospital	ARR	21,067	$9,269	$195,270,023	26,075	$7,489	8.25%	0.2886%	7.96%	2,150	2,075	(75)	-563,530	-0.2886%
210058	James Lawrence Kernan Hospital	ARR	2,656	$17,263	$45,850,528	2,983	$15,371	3.22%	0.1126%	3.10%	96	93	(3)	-51,607	-0.1126%
210060	Fort Washington Medical Center	CPC	1,879	$8,648	$16,249,592	2,115	$7,683	6.61%	0.2315%	6.38%	140	135	(5)	-37,618	-0.2315%
210061	Atlantic General Hospital	CPC	2,563	$13,180	$33,780,340	3,021	$11,182	6.44%	0.2252%	6.21%	194	188	(7)	-76,085	-0.2252%
Total			468,387	$13,899	$6,509,906,971	607,201	$10,721	8.69%	0.3042%	8.39%	52,344	50,511	(1,832)	-19,731,104	-0.3031%

* Rate Year 2013 Charge Targets and Related Data Elements, Effective July 1, 2012

Figure 6: Calculation of Shared Savings Based on Inpatient Revenue Savings of 0.5% of Total Inpatient Revenue

Hospital ID	Hospital Name	Payment Type	*Rate Year 2013 Charge Target Information			FY12 Total Admissions (Including One Day Stays)	Average Approved Charge	FY12 Risk Adjusted Rate	Risk Adjusted Reduction Rate (Reduction Rate of 5.85%)	Reduced Readmission Rate for FY13	Risk Adjusted Number of Readmission in FY12	Risk Adjusted Number of Readmissions for FY13	Reduction in Readmissions for FY13	Shared Savings	Percent Reduction in Rate Year 2013 Approved Revenue
			Number of Included Cases	CPC/CPE Target	Approved Revenue under CPC/CPE Target										
			A	B	C = A*B	D	E = C/D	F	G = F*5.85%	H = F-G	I = F*D	J = H*D	K = J-I	L = K*E	M = L/C
210002	Univ. of Maryland Medical System	ARR	20,191	$29,726	$600,197,666	28,180	$21,299	8.59%	0.5022%	8.08%	2,419	2,278	(142)	-3,014,424	-0.5022%
210003	Prince Georges Hospital	CPC	11,879	$13,739	$163,205,581	13,524	$12,068	6.80%	0.3978%	6.40%	920	866	(54)	-649,272	-0.3978%
210004	Holy Cross Hospital of Silver Spring	ARR	30,114	$9,176	$276,326,064	36,102	$7,654	8.21%	0.4800%	7.73%	2,962	2,789	(173)	-1,326,383	-0.4800%
210005	Frederick Memorial Hospital	ARR	16,341	$10,361	$169,309,101	21,085	$8,030	9.64%	0.5639%	9.08%	2,033	1,914	(119)	-954,778	-0.5639%
210006	Harford Memorial Hospital	ARR	3,904	$10,885	$42,495,040	5,279	$8,050	8.42%	0.4923%	7.92%	444	418	(26)	-209,213	-0.4923%
210007	St. Josephs Hospital	ARR	13,989	$12,911	$180,611,979	18,144	$9,954	7.76%	0.4537%	7.30%	1,407	1,325	(82)	-819,411	-0.4537%
210008	Mercy Medical Center, Inc.	ARR	15,169	$12,654	$191,948,526	19,146	$10,026	8.37%	0.4899%	7.88%	1,603	1,509	(94)	-940,299	-0.4899%
210009	Johns Hopkins Hospital	ARR	32,298	$25,008	$807,708,384	45,148	$17,890	9.58%	0.5602%	9.02%	4,324	4,071	(253)	-4,525,155	-0.5602%
210011	St. Agnes Hospital	ARR	15,733	$13,333	$209,768,089	20,603	$10,181	8.32%	0.4870%	7.84%	1,715	1,615	(100)	-1,021,588	-0.4870%
210012	Sinai Hospital	ARR	21,402	$16,960	$362,977,920	28,821	$12,594	8.95%	0.5237%	8.43%	2,580	2,429	(151)	-1,900,744	-0.5237%
210013	Bon Secours Hospital	ARR	5,066	$13,953	$70,685,898	6,659	$10,615	9.21%	0.5385%	8.67%	613	577	(36)	-380,661	-0.5385%
210015	Franklin Square Hospital	ARR	18,614	$12,987	$241,740,018	24,346	$9,929	9.11%	0.5329%	8.58%	2,218	2,088	(130)	-1,288,117	-0.5329%
210016	Washington Adventist Hospital	ARR	11,817	$13,118	$155,015,406	15,240	$10,172	7.85%	0.4594%	7.39%	1,197	1,127	(70)	-712,156	-0.4594%
210018	Montgomery General Hospital	ARR	7,703	$10,352	$79,741,456	9,793	$8,143	8.44%	0.4935%	7.94%	826	778	(48)	-393,523	-0.4935%
210019	Peninsula Regional Medical Center	ARR	16,602	$13,219	$219,461,838	21,065	$10,418	8.89%	0.5202%	8.37%	1,873	1,764	(110)	-1,141,591	-0.5202%
210022	Suburban Hospital Association,Inc	ARR	10,041	$15,056	$151,177,296	13,735	$11,007	7.54%	0.4413%	7.10%	1,036	976	(61)	-667,172	-0.4413%
210023	Anne Arundel General Hospital	ARR	24,803	$10,118	$250,956,754	33,077	$7,587	9.19%	0.5379%	8.66%	3,041	2,863	(178)	-1,349,798	-0.5379%
210024	Union Memorial Hospital	ARR	10,775	$20,021	$215,726,275	14,878	$14,500	8.46%	0.4948%	7.96%	1,258	1,185	(74)	-1,067,364	-0.4948%
210028	St. Marys Hospital	ARR	6,070	$8,871	$53,846,970	8,578	$6,277	10.69%	0.6252%	10.06%	917	863	(54)	-336,654	-0.6252%
210029	Johns Hopkins Bayview Med. Center	ARR	16,784	$14,831	$248,923,504	21,526	$11,564	9.54%	0.5579%	8.98%	2,053	1,933	(120)	-1,388,859	-0.5579%
210034	Harbor Hospital Center	ARR	8,552	$13,590	$116,221,680	11,545	$10,067	8.27%	0.4839%	7.79%	955	899	(56)	-562,445	-0.4839%
210035	Civista Medical Center	ARR	6,074	$10,005	$60,770,370	7,693	$7,899	8.48%	0.4962%	7.99%	652	614	(38)	-301,516	-0.4962%
210038	Maryland General Hospital	ARR	7,235	$14,626	$105,819,110	9,356	$11,310	8.56%	0.5008%	8.06%	801	754	(47)	-529,950	-0.5008%
210040	Northwest Hospital Center, Inc.	ARR	9,611	$12,626	$121,348,486	13,493	$8,993	9.98%	0.5836%	9.39%	1,346	1,267	(79)	-708,193	-0.5836%
210043	Baltimore Washington Medical Center	ARR	14,105	$13,092	$184,662,660	19,169	$9,633	9.13%	0.5340%	8.59%	1,750	1,647	(102)	-986,055	-0.5340%
210044	Greater Baltimore Medical Center	ARR	18,486	$10,007	$184,989,402	22,337	$8,282	7.03%	0.4111%	6.62%	1,570	1,478	(92)	-760,421	-0.4111%
210048	Howard County General Hospital	ARR	15,573	$9,426	$146,791,098	18,718	$7,842	8.28%	0.4842%	7.79%	1,549	1,459	(91)	-710,759	-0.4842%
210049	Upper Chesapeake Medical Center	ARR	10,936	$10,554	$115,418,544	14,671	$7,867	8.65%	0.5059%	8.14%	1,269	1,194	(74)	-583,865	-0.5059%
210051	Doctors Community Hospital	ARR	8,778	$13,612	$119,486,136	11,868	$10,068	8.11%	0.4746%	7.64%	963	906	(56)	-567,068	-0.4746%
210054	Southern Maryland Hospital	CPC	15,226	$9,532	$145,134,232	17,919	$8,099	8.74%	0.5114%	8.23%	1,566	1,475	(92)	-742,197	-0.5114%
210055	Laurel Regional Hospital	CPC	5,798	$9,203	$53,358,994	6,455	$8,266	5.86%	0.3431%	5.52%	379	356	(22)	-183,068	-0.3431%
210056	Good Samaritan Hospital	ARR	10,553	$16,387	$172,932,011	14,854	$11,642	10.26%	0.6004%	9.66%	1,524	1,435	(89)	-1,038,225	-0.6004%
210057	Shady Grove Adventist Hospital	ARR	21,067	$9,269	$195,270,023	26,075	$7,489	8.25%	0.4824%	7.76%	2,150	2,024	(126)	-941,900	-0.4824%
210058	James Lawrence Kernan Hospital	ARR	2,656	$17,263	$45,850,528	2,983	$15,371	3.22%	0.1881%	3.03%	96	90	(6)	-86,258	-0.1881%
210060	Fort Washington Medical Center	CPC	1,879	$8,648	$16,249,592	2,115	$7,683	6.61%	0.3869%	6.23%	140	132	(8)	-62,876	-0.3869%
210061	Atlantic General Hospital	CPC	2,563	$13,180	$33,780,340	3,021	$11,182	6.44%	0.3765%	6.06%	194	183	(11)	-127,170	-0.3765%
	Total		468,387	$13,899	$6,509,906,971	607,201	$10,721	8.69%	0.5085%	8.18%	52,344	49,281	(3,062)	-32,979,131	-0.5066%

* Rate Year 2013 Charge Targets and Related Data Elements, Effective July 1, 2012