

**Executive Session Minutes
Of the
Health Services Cost Review Commission**

January 9, 2013

Upon motion made, Chairman Colmers called the meeting to order at 12:05 p.m.

The meeting was held under the authority of Section 10-508 of the State-Government Article.

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

Patrick Redmon, Steve Ports, Mary Pohl, Jerry Schmith, and Dennis Phelps attended representing staff.

Also attending were Leslie Schulman and Stan Lustman Commission Counsel.

Item One

Dr. Redmon provided the Commissioners with an update on the status of the effort to modernize the Medicare waiver. The Commissioners also discussed briefly some of the various activities to be undertaken in the future in conjunction with a modernized waiver.

Item Two

Steve Ports summarized the potential Medicaid budget shortfall.

Item Three

Mr. Ports updated the Commissioners on the release of the findings of the legislative audit.

Item Four

Mr. Ports discussed personnel issues with the Commissioners.

Item Five

Mr. Ports described the process utilized by staff to review and comment on bills that are of interest to the Commission.

The Executive Session was adjourned at 1:01 p.m.

MINUTES OF THE
494th MEETING OF THE
HEALTH SERVICES COST REVIEW COMMISSION

January 9, 2013

Chairman John Colmers called the meeting to order at 1:05 p.m. Commissioners George H. Bone, M.D., Stephen F. Jencks, M.D., Jack C. Keane, and Thomas R. Mullen were also present. Commissioners Bernadette C. Loftus, M.D. and Herbert S. Wong, Ph.D. participated by telephone.

REPORT OF THE EXECUTIVE SESSION OF JANUARY 9, 2013

Dennis Phelps, Associate Director-Audit & Compliance, summarized the minutes of the January 9, 2013 Executive Session.

ITEM I
REVIEW OF THE MINUTES OF THE EXECUTIVE SESSIONS OF NOVEMBER 7
AND DECEMBER 5, 2012 AND THE PUBLIC MEETING OF NOVEMBER 7, 2012

The Commission voted unanimously to approve the minutes of the November 7 and December 5, 2012 Executive Sessions and the Public Meeting of November 7, 2012.

ITEM II
EXECUTIVE DIRECTOR'S REPORT

Patrick Redmon, Ph.D., Executive Director, reported that Monitoring Maryland Performance (MMP) indicated that the rate of growth in charge per case increased by 2.54% for the twelve months year ended November 2012; inpatient revenue decreased 0.91%; the number of inpatient cases declined by 3.37%; outpatient revenue increased 14.58%; and total gross revenue increased 4.55%. Dr. Redmon noted that for the 5 months through November 2011 compared to the 5 months ending November 2012, average operating profit for acute hospitals was 1.23%, with the median hospital at 1.51%.

Dr. Redmon noted that based on the latest waiver letter for the year ending September 30, 2011, the relative waiver test cushion was 2.43%. Staff had expected an adjustment to the test for cases where Medicare is the secondary payer, but the adjustment was not made in this letter.

Dr. Redmon stated that: 1) discussions concerning an alternative waiver test continued with the Center for Medicare and Medicaid Services (CMS); 2) Maryland has received an exemption from CMS' national Value Based Purchasing program; 3) the Disparities Data Report to the Governor and Legislature due January 1, 2013 has been submitted; 4) final rate orders have been

issued; and the annual Disclosure of Hospital Financial and Statistical Data for 2011 has been released and is on the HSCRC website.

Dr. Redmon introduced the newest member of the staff, Donna Perkins. Ms. Perkins comes to the HSCRC staff from the Anne Arundel County Health Department where she was an epidemiologist for the Office of Assessment, Planning, and Response. Ms. Perkins has also served as a Communicable Disease Investigator and Lead Data Epidemiologist at the Pima County Department of Health in Tucson, Arizona.

ITEM III
DOCKET STATUS CASES CLOSED

2177A – Maryland Physicians Care	2178A – Johns Hopkins Health System
2179A – MedStar Health	2188A – University of Maryland Medical System
2189A - University of Maryland Medical System	2191A - Johns Hopkins Health System
2192A - Johns Hopkins Health System	

ITEM IV
DOCKET STATUS CASES OPEN

St. Mary's Hospital – 2190N

On August 8, 2012, St.Mary's Hospital, a member of MedStar Health, submitted an application requesting a rate for Hyperbaric (HYP) services. The Hospital requested that the new HYP rate be effective December 1, 2012.

After reviewing the application, staff recommended:

- 1) That a HYP rate of \$336.12 per hour of treatment be approved effective December 1, 2012;
- 2) That no change be made to the Hospital's Charge per Episode standard for HYP services; and
- 3) That the HYP rate not be rate realigned until a full year's cost experience data have been reported to the Commission.

The Commission voted unanimously to approve staff's recommendation.

Johns Hopkins Health System – 2194A

Johns Hopkins Health System (“System”) filed an application with the HSCRC on November 7, 2012 on behalf of its member hospitals requesting approval from the HSCRC to add solid organ transplant services to the current global rate arrangement for bone marrow transplant services with Cigna Health Corporation. The System requests approval for a period of one year beginning January 1, 2013.

The staff recommended that the Commission approve the System’s request to add solid organ transplant services to the current approved alternative method of rate determination for bone marrow transplant services, for a one year period commencing January 1, 2013, and this approval be contingent upon the execution of the standard Memorandum of Understanding (“MOU”).

The Commission voted unanimously to approve staff’s recommendation, with Chairman Colmers recusing himself from the discussion and vote.

Johns Hopkins Health System – 2195A

Johns Hopkins Health System (“System”) filed an application with the HSCRC on November 12, 2012 on behalf of its member hospitals requesting approval from the HSCRC for continued participation in a renegotiated global rate arrangement for solid organ and bone marrow transplant services with Coventry Transplant Network. The System requests that the Commission approve the arrangement for one year beginning January 1, 2013.

The staff recommended that the Commission approve the System’s application for a one year period commencing January 1, 2013, and that the approval be contingent upon the execution of the standard Memorandum of Understanding.

The Commission voted unanimously to approve staff’s recommendation, with Chairman Colmers recusing himself from the discussion and vote.

Johns Hopkins Health System – 2197A

Johns Hopkins Health System (“System”) filed an application with the HSCRC on December 4, 2012 on behalf of its member hospitals requesting approval from the HSCRC to continue to participate in a global rate arrangement for cardiovascular services with Global Excell Management. The System requests that the Commission approve the arrangement for one year beginning January 1, 2013.

The staff recommended that the Commission: 1) waive the requirement that alternative rate applications be filed 30 days before the proposed effective date; and 2) approve the System’s

application for a one year period commencing January 1, 2013; and 3) that the approval be contingent upon the execution of the standard Memorandum of Understanding.

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

Johns Hopkins Health System – 2198A

Johns Hopkins Health System ("System") filed an application with the HSCRC on December 4, 2012 on behalf of its member hospitals requesting approval from the HSCRC to continue to participate in a global rate arrangement for cardiovascular services, kidney transplant, and bone marrow transplants with the Canadian Medical Network. The System requests that the Commission approve the arrangement for one year beginning January 1, 2013.

The staff recommended that the Commission: 1) waive the requirement that alternative rate applications be filed 30 days before the proposed effective date; and 2) approve the System's application for a one year period commencing January 1, 2013; and 3) that the approval be contingent upon the execution of the standard Memorandum of Understanding.

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

Johns Hopkins Health System – 2199A

Johns Hopkins Health System ("System") filed an application with the HSCRC on December 4, 2012 on behalf of its member hospitals requesting approval from the HSCRC for continued participation in a global rate arrangement for solid organ and bone marrow transplant services with Aetna Health, Inc. The System requests that the Commission approve the arrangement for one year beginning February 1, 2013.

The staff recommended that the Commission approve the System's application for a one year period commencing February 1, 2013, and that the approval be contingent upon the execution of the standard Memorandum of Understanding.

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

ITEM V
**FINAL RECOMMENDATIONS REGARDING MARYLAND HOSPITAL ACQUIRED
CONDITION (MHAC) AND QUALITY-BASED REIMBURSEMENT (QBR) SCALING
MAGNITUDES, AND MHAC STANDARD FOR EXPECTED VALUES**

Steve Ports, Principal Deputy Director-Policy and Operations, summarized staff's final recommendation, and Sule Calikoglu, Ph.D., Associate Director-Performance Measurement, presented the results of the Commission's quality initiatives, MHAC and QBR (see "Final Staff Recommendation on QBR and MHAC Scaling Magnitudes and Standard for Expected Values for the FY 2014 and FY 2015 Updates to Hospital Rates" on the HSCRC website). Mr. Ports reported that only two new elements (Sections "a" and "b" of recommendation #3) had been added. These changes proposed that 1% of the total 3% scaling factor should reflect improvement on a targeted set of measures for FY 2015, and that improvement should be scaled in a manner in which hospitals that achieve improvement better than the median improvement rate in the base year receive additional revenue under the 1% improvement scale.

Sule Calikoglu, Ph.D., discussed how the recommendations were developed, as well as how the Potentially Preventable Complications that make up the targeted set of measures in the improvement scale in Section "a" of recommendation #3 were selected.

Commissioner Jencks observed that if we really want to get hospitals to change, maybe we should focus on one or two measures rather than five.

Mr. Ports pointed out that hospitals' performance will be evaluated each year and that the hospital industry will be consulted to determine whether the measures should be changed or whether the number of measures should be reduced.

Traci LaValle, Assistant Vice President-Financial Policy of the Maryland Hospital Association (MHA), expressed support for staff recommendations numbers 1, 2, 4, and 5. Ms. LaValle suggested that certain revisions to staff recommendation #3. These revisions were that: 1) hospitals that were already performing well on the targeted measures, but did not show significant improvement, be held harmless; and 2) for the next cycle FY 2016, that the scaling methodology be re-visited.

Nicole Stallings, Assistant Vice President-Quality Policy & Advocacy of MHA, discussed some issues that were not addressed directly in staff's recommendation. They included: 1) work to be done to implement mortality measures; and 2) the need for coordination between the quality and finance departments in hospitals on quality programs.

John Hamper, Director-Provider Reimbursement, Analytics & Compliance of CareFirst of Maryland, expressed support for staff's recommendation.

The Commission voted unanimously to approve staff's recommendation.

ITEM VI
REPORT ON MARYLAND PATIENT SAFETY CENTER RESPONSES TO REQUESTS
FROM THE FINAL RECOMMENDATIONS FOR CONTINUED FINANCIAL
SUPPORT

Dianne Feeney, Associate Director-Quality Initiative, summarized staff's report on the Maryland Patient Safety Center's (MPSC's) responses to requests in the final recommendation for continued support of the Maryland Patient Safety Center(see "MPSC Funding Contingent Upon Estimated Relocation Expenses and Data Standardization Updates" on the HSCRC website).

The responses included: 1) several communication and education strategies as well as site visits and auditing tools to improve standardization of data collection; and 2) a schedule of expenses related to the relocation of the MPSC.

Ms. Feeney reported that based on the information received, staff recommended that the following steps be taken by the Commission: 1) that the MPSC be required to routinely report to the Commission on its efforts and results in recruiting all settings of care to engage with the MPSC and its activities; 2) release the \$100,000 of MPSC funding held in abeyance; and 3) that MPSC be required to routinely report to the Commission on its efforts and results in standardization in data collection, including auditing results.

Robert Imhoff, III, President and CEO of the MPSC, expressed his support for staff's recommendation.

The Commission voted unanimously to approve staff's recommendation.

ITEM VII
PRESENTATION OF DRAFT REVISED ELECTROCARDIOGRAPHY RELATIVE
VALUE UNITS (RVUs)

Chris O'Brien, Chief-Audit & Compliance, requested approval to distribute proposed revisions to the Relative Value Unit (RVU) Scale for Electrocardiography services to all hospitals for their review and comment.

The Commission voted unanimously to approve staff's recommendation.

ITEM VIII
HEARING AND MEETING SCHEDULE

February 6, 2013

Time to be determined, 4160 Patterson Avenue,
HSCRC Conference Room

March 6, 2013

Time to be determined, 4160 Patterson Avenue,
HSCRC Conference Room

There being no further business, the meeting was adjourned at 2:15 p.m.