Phone Conference Executive Session
of the
Health Services Cost Review Commission

MINUTES

September 23, 2013

Upon motion made, Chairman John Colmers called the phone conference meeting to order at 5:00 p.m.

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

Participating in addition to Chairman Colmers, were Commissioners Bone, Keane, Mullen and Wong.

Donna Kinzer, Steve Ports and Sule Calikoglu participated representing staff.

Also participating by phone was Stan Lustman, Commission counsel.

ITEM

The Commission discussed updates to the Model Demonstration Application.

The Phone Executive Session was adjourned at 6:20 p.m.

Phone Conference Executive Session
of the
Health Services Cost Review Commission

MINUTES

September 30, 2013

Upon motion made, Chairman John Colmers called the phone conference meeting to order at 2:30 p.m.

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

Participating in addition to Chairman Colmers, were Commissioners Bone, Jencks, Keane, Loftus, Mullen and Wong.

Donna Kinzer, Steve Ports, Sule Calikoglu, and Dennis Phelps participated representing staff.

Also participating were Stan Lustman and Leslie Schulman, Commission counsel, as well as Alice Burton, Commission consultant.

ITEM ONE

The Commission discussed the proposed Final Charge to the Advisory Council as well as the makeup of the Advisory Council.

The Commission voted unanimously to approve the proposed Final Charge and the Advisory Council slate with the addition of David Salkever, Ph.D.

ITEM TWO

The Commission discussed potential changes to its statutory and regulatory authority.

The Executive Session was adjourned at 3:27 p.m.

MINUTES OF THE
500th MEETING OF THE
HEALTH SERVICES COST REVIEW COMMISSION

September 4, 2013

Chairman John Colmers called the meeting to order at 1:04 p.m. Commissioners George H. Bone, M.D., Stephen F. Jencks, M.D., M.P.H., Jack C. Keane, Thomas R. Mullen, Bernadette C. Loftus, M.D., and Herbert S. Wong, Ph.D. were present.

REPORT OF THE SEPTEMBER 4, 2013 EXECUTIVE SESSION

Dennis Phelps, Associate Director-Audit & Compliance, summarized the minutes of the September 4, 2013 Executive Session.

ITEM I
REVIEW OF THE MINUTES OF THE JULY 10, 2013 EXECUTIVE SESSION AND PUBLIC MEETING

The Commission voted unanimously to approve the minutes of the July 10, 2013 Executive Session and Public Meeting.

ITEM II
EXECUTIVE DIRECTOR'S REPORT

Ms. Donna Kinzer, Acting Executive Director, reported that Monitoring Maryland Performance (MMP) indicated that the rate of growth in charge per case increased 2.04% for the fiscal year June 30, 2013 and that inpatient revenue decreased by 1.61%. Ms. Kinzer stated that for the same period the number of inpatient cases decreased 3.58%. FY 2013 outpatient revenue increased 9.13% with total gross revenue increasing by 2.39%.

According to Ms. Kinzer preliminary FY 2013 unaudited operating profits for acute hospitals is .72%, total profit margin for the year is 3.39% and the median hospital profit is 1.10%, with a distribution of (1.32%) in the 25th percentile and 4.76% in the 75th percentile. Ms. Kinzer reminded Commissioners that Meaningful Use Funds are included in these numbers as operating revenue and may overstate the operating revenue amounts.

Ms. Kinzer noted that HSCRC staff are preparing new monthly reporting requirements to enable performance monitoring under population-based and global rate setting approaches, as well as providing more timely and accurate waiver monitoring. Staff will present a recommendation later in this meeting regarding monthly case mix data. Ms. Kinzer also stated that at the October Public Meeting staff will present a recommendation for revising monthly financial and statistical

reporting changes.

Ms. Kinzer stated that CMS has instituted new billing requirement for Medicare in Maryland hospitals effective October 1st. Hospitals will be required to include the Present on Admission ("POA") indicator for diagnoses and conditions to allow a determination of whether a condition was hospital acquired. Prior to October 1st Maryland hospitals have been exempt from reporting the POA indicator. This coding is very important because the POA will form the basis for both quality and cost comparisons for Medicare in 2014 and beyond. HSCRC staff urges hospitals to pay close attention to depth of coding and POA indicators for Medicare beginning October 1st. HSCRC staff will work with the Maryland Hospital Association to provide training and guidance.

Ms. Kinzer noted effective October 1st, 2013 Medicare will implementing a "2 midnight rule" that will result in most 0 to 1 day stays being classified as outpatient for Medicare. To deal with this new rule, Staff will present a final recommendation later in this meeting regarding "Medicare's Two Midnight Rule".

Ms. Kinzer stated that discussions continue with the federal government concerning the State's Model Demonstration Proposal. In the next month HSCRC staff expects to release plans for work, make call for white papers of selected technical issues, and gain input on a public process in its evaluation of approaches and requirements for new care and payments models..

ITEM III
DOCKET STATUS CASES CLOSED

2210A - Johns Hopkins Health System
2212A- Johns Hopkins Health System
2213A- University of Maryland Medical Center
2214A- University of Maryland Medical Center
2216A- Johns Hopkins Health System

ITEM IV
DOCKET STATUS CASES OPEN

Upper Chesapeake Medical Center – 2215R

On June 14, 2013, Upper Chesapeake Medical Center submitted an application requesting a rate for Radiation Therapy (RAT) services. The Hospital currently has a rebundled rate for RAT services. The hospital is requesting that the new RAT rate be effective September 1, 2013. After reviewing the application, staff recommended:

1. That the RAT rate of $28.11 per RVU be approved effective September 1, 2013
2. That no change be made to the Hospital's Charge per Episode standard for RAT services; and
3. That the RAT 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 – 2217A

On July 24, 2013, the Johns Hopkins Health System (the System) filed an application on behalf of its member hospitals. The System requests approval from the HSCRC to add pediatric and adult live donor liver transplant to the global rate arrangement for solid organ and bone marrow transplant services with CIGNA Health Corporation that was approved at the Commission's December 5 2012 public meeting . The System requested that the Commission approve the revised arrangement effective September 1, 2013 with an expiration date of December 31, 2013.

The staff recommended that the Commission approve the Hospitals' request to add pediatric and adult live donor liver transplant to the existing solid organ and bone marrow alternative rate arrangement with CIGNA Health Corporation effective September 1, 2013 with an expiration date of December 31, 2013, that Hospital file a renewal application and that the approval be contingent upon the execution of the standard Memorandum of Understanding.

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

John Hopkins Health System– 2218A

On July 24, 2013, the Johns Hopkins Health System ("System") filed a renewal application on behalf of the John Hopkins Bayview Medical Center (the Hospital) requesting approval for continued participation in a capitation arrangement among the System, Maryland Department of Health and Mental Hygiene (DHMH) and the Centers for Medicare and Medicaid Services (CMS). The Hospital doing business as Hopkins Elder Plus (HEP), serves as a provider in the federal "Program of All-inclusive Care for the Elderly". Under this program, HEP provides services for a Medicare and Medicaid dually eligible population of frail elderly. The System is requesting approval for a period of one year effective September 1, 2013.

The staff recommended that the Commission approve the Hospital's renewal application for an alternative method of rate determination for a one year period beginning on September 1, 2013 and that the approval is contingent upon the execution of the standard Memorandum of Understanding.

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

MedStar Health – 2219A

MedStar Health filed an application with the HSCRC on July 26, 2013 on behalf of Union Memorial Hospital and Good Samaritan Hospital (the "Hospitals") requesting approval to continue its participation in a global rate arrangement with Kaiser Foundation Health Plan of the Mid-Atlantic for cardiovascular services for a period of one year beginning October 1, 2013.

The staff recommended that the Commission approve the Hospitals' application for an alternative method of rate determination for cardiovascular services, for a one year period commencing October 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. Commissioner Loftus recused herself from the discussion and vote.

Johns Hopkins Health System – 2221A

Johns Hopkins Health System ("System") filed an application with the HSCRC on August 1, 2013 on behalf of Johns Hopkins Hospital, Johns Hopkins Bayview Medical Center and Howard County General Hospital (the Hospitals) requesting approval to continue its participation in a global rate arrangement with the Canadian Medical Network for cardiovascular procedures, kidney transplant services and bone marrow transplant for a period of one year beginning September 1, 2013.

The staff recommended that the Commission approve the Hospitals' application for an alternative method of rate determination for solid organ and bone marrow transplant services for a one year for a one year period commencing September 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. Chairman Colmers recused himself from the discussion and the vote.

MedStar Health – 2222A

MedStar Health filed an application with the HSCRC on August 1, 2013 on behalf of Union Memorial Hospital and Good Samaritan Hospital (the "Hospitals") requesting approval to continue its participation in a global rate arrangement with MAMSI for orthopedic services for a period of one year beginning September 1, 2013.

The staff recommended that the Commission approve the Hospitals' application for an alternative method of rate determination for orthopedic services, for a one year period commencing September 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.

Atlantic General Hospital – 2223N

On August 2, 2013, Atlantic General Hospital submitted an application requesting a rate for Lithotripsy (LIT) services. The hospital is requesting that the new LIT rate be effective August 1, 2013.

After reviewing the application, staff recommended:

1. That the LIT rate of $3,039.29 per procedure be approved effective October 1, 2013
2. That no change be made to the Hospital's Charge per Case standard for LIT services; and
3. That the LIT 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.

Medicaid Health Choice Program

Mr. Steve Ports summarized staff's draft recommendations for the applications of MedStar Health System on behalf of MedStar Family Choice; Maryland General Hospital, St. Agnes Health system, Western Maryland Health System and Meritus Health on behalf of Maryland Physicians Care and Johns Hopkins Health System on behalf of Priority Partners, Inc. for continued participation in the Medicaid Health Choice Program for one year beginning January 1, 2014.

Mr. Ports announced that the final recommendations will be presented at the October 9, 2013 public meeting.

ITEM V
FINAL RECOMMENDATION FOR THE EXPANSION of REQUIRED HEALTH INFORMATION EXCHANGE DATA TO SUPPORT POPULATION – BASED METHODOLOGIES

Ms. Claudine Williams presented a final recommendation for Expansion of the Required Health Information Data to Support Population-based Methodologies (see, "Expansion of the Required Health Information Data to Support Population-based Methodologies" on the HSCRC website).

Ms. Williams noted the following changes from the "draft" recommendation:

1. Phone number was added as a required data field for submission to CRISP. CRISP uses the phone number to help create the Master Patient Index ('MPI").
2. CRISP has developed a required data field list for historical data that hospitals are being requested to submit for calendar year 2012.

Ms. Williams stated that because of the movement to population-based strategies that require complete historical data, staff proposes that the Commission require hospitals to submit data fields for all outpatient visits by December 1, 2013 through the existing connectivity with CRISP. In addition, staff proposed that hospitals also be required to provide outpatient data for CY 2012 based on CRISP's historical data field list requirement.

Tracy LaValle, Assistant Vice President-Financial Policy and Operations of the Maryland Hospital Association, voiced support of the Staff's recommendation.

The Commission voted unanimously to approve staff's recommendation.

ITEM VI
FINAL RECOMMENDATION REGARDING MEDICARE'S TWO MIDNIGHT RULE EFFECTIVE OCTOBER 1, 2013

Ms. Donna Kinzer presented the final recommendation Regarding Medicare Two Midnight Rule. (see, "Staff's Final Recommendation Regarding Medicare's Two Midnight Rule Effective October 1, 2013" on the HSCRC website).

CMS issued a final rule on August 2, 2013 regarding the classification of hospital inpatients and outpatients. Under this rule effective October 1, 2013, Medicare hospital stays crossing 2 midnights will qualify as inpatient when supported by proper physician documentation. Medicare stays spanning less than 2 midnights will be considered outpatient. For patients whose stay spans fewer than 2 midnights but the services are identified on the Medicare "inpatient-only" list of procedures, CMS will pay for an inpatient stay. CMS will also reimburse for an inpatient stay in exceptional cases such as beneficiary death or transfer.

HSCRC staff stance is that the "2 Midnight Provision" is considered a Medicare medical policy therefore it will apply to Maryland hospitals for Medicare claims. The HSCRC does not establish payor medical coverage policies or benefit design. Medicaid and commercial insurers establish their own medical policies and benefit design. Therefore the HSCRC does not intend to adopt the 2-Midnight policy for commercially insured or Medicaid patients.

Staff expects that observation stays beyond 48 hours will be reduced by October 1st, 2013. If such observation cases do not decrease, the HSCRC may be forced to modify existing policies.

Staff will explore policy changes that would establish a charge per case methodology that includes inpatient as well as similar outpatient observation cases. The goal to implement this revised methodology by January 1, 2014. Ms. Kinzer noted that if staff cannot develop a policy

that includes both one day stays and observation within the CPC system, they would continue to exclude one day stays from inpatient constraint. Staff will update the commissioners at the November meeting with a report of the implementation of the new rule and any other follow up activities.

Commissioners Bone and Jencks express their concern about how the “Two Midnight Rule” will impact physician decision making and how this rule will be explained to patients.

Ms. Traci LaValle Assistant Vice President-Financial Policy and Operations of the Maryland Hospital Association, voiced support of the Staff’s recommendation and stated that MHA is planning an educational session to help hospitals understand the new rule

The Commission voted unanimously to approve staff’s recommendation.

ITEM VII
DRAFT RECOMMENDATION on MONTHLY SUBMISSION of CASE MIX DATA

Ms. Claudine Williams presented a draft recommendation to amend the Monthly Submission of Case Mix Data. (see, “Monthly Submission of Case Mix Data” on the HSCRC website).

Ms. Williams noted that currently Maryland hospitals per COMAR 10.37.04.01 and 10.37.06.01 are required to submit case mix data to the commission within 45-60 days following the end of the quarter during which the patient was discharged or died. This submission requirement is creating delays in the Commission’s ability to monitor and provide feedback to hospitals in a timely manner. Furthermore, the ability to monitor population based metrics and approved revenue under population based models is dependent on timely data to enable projections and mid-course corrections.

To correct this problem, HSCRC staff is proposing an amendment to COMAR 10.37.04.01 and 10.37.06.01 to change the quarterly inpatient and outpatient data submission to monthly submissions, effective January 1, 2014. Staff is also proposing to require all hospitals under the jurisdiction of the HSCRC to submit monthly inpatient and outpatient data within 15 days of the last day of the month during which the patient was discharge or died.

In addition, Staff is proposing that the monthly data submission requirement for psychiatric and chronic hospitals become effective July 1, 2014 to accommodate the update to their data requirements effective January 1, 2014.

Finally staff is recommending that the Commission require all hospitals (including chronic and psychiatric hospitals) to submit inpatient and outpatient for FY 2014 quarter 2 data within 30 days after the quarter the patient was discharged or died. This change will allow hospitals time to get ready for the monthly data submissions beginning in February, 2014.

Since this is a draft recommendation, no action was required by the commissioners.

ITEM VII
CONFIDENTIAL DATA EXTENSION REQUEST

Ms. Claudine Williams presented a recommendation to extend the U.S Department of Health & Human Services' Request for an Extension to Access Retrospective HSCRC Confidential Patient Level Data.

Per Ms. Williams this request came from the U.S Department of Health and Human Services, Assistant Secretary for Preparedness and Response, Biomedical Advance Research and Development to extend the previous approval for access to retrospective HSCRC inpatient and outpatient confidential data to include the first six months of CY 2013 (January-June). The original request for access to CY 2008 through FY 2012 was approved at the April 10 public meeting.

The reason for this extension request is due to a robust outbreak of influenza in the US that included Maryland for the 1st 6 months of CY 2013.

Staff recommends that the request to extend access to the HSCRC inpatient and outpatient confidential data files for CY 2013 (January-June) be approved.

The Commission voted unanimously to approve staff's recommendation.

HEARING AND MEETING SCHEDULE

October 9, 2013	Time to be determined, 4160 Patterson Avenue, HSCRC Conference Room
November 6, 2013	Time to be determined, 4160 Patterson Avenue, HSCRC Conference Room

There being no further business, the meeting was adjourned at 2:11 p.m.