

**Final Recommendation on Changes to the Uncompensated Care  
Regression Model Outpatient Variables**

Health Services Cost Review Commission  
4160 Patterson Avenue  
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June 6, 2012

This recommendation was approved by the Commission on June 6, 2012.

## **Introduction**

The purpose of this paper is to recommend for Commission approval changes to the outpatient variables used in the uncompensated care regression model when setting prospective rates. This recommendation is a final proposal and is ready for Commission action today.

As stated in the staff's Draft Recommendation of last month, the HSCRC's provision for uncompensated care in hospital rates is one of the hallmarks of rate regulation in Maryland. Uncompensated care includes bad debt and charity care. By recognizing reasonable levels of bad debt and charity care in hospital rates, the system enhances access to hospital care for those citizens who cannot pay for care. The uncompensated care provision in rates is applied prospectively and is meant to be predictive of actual uncompensated care costs in a given year. As a component of the uncompensated care methodology, the HSCRC uses a regression methodology as a vehicle to predict actual uncompensated care costs in a given year.

The uncompensated care methodology has undergone substantial changes over the years since it was initially established, including changes to the variables used in the predictive regression and the funding through pooling. The most recent version of the uncompensated care policy was adopted by the Commission on July 6, 2011 to accommodate a new approach to the Charity Care Adjustment.

With the HSCRC's collection of more robust outpatient data over the last three years, this recommendation proposes to change two of the variables used in the uncompensated care predictive regression as discussed below.

This recommendation does not modify the overall uncompensated care model, other methodologies associated with the calculation of uncompensated care, the allocation of uncompensated care in rates, the charity care adjustment, nor does this recommendation alter the policies regarding uncompensated care pooling.

## **The Uncompensated Care Model**

Under the current policy, HSCRC staff compute the amount of uncompensated care in rates as follows:

1. Compute a three-year moving average for uncompensated care for each hospital
2. Use the most recent three years of data to compute the uncompensated care regression (while adding "dummy" variables for each year)
3. Generate a predicted value for the hospital's uncompensated care rate based on the last available year of data
4. Compute a 50/50 blend of the predicted and three-year moving average as the hospital's amount in rates
5. Calculate the statewide amount of uncompensated care in rates from this process, and generate the percentage difference between the preliminary amount in rates and the last year of actual experience

6. Multiply the percentage difference (step 5) by the hospital's preliminary uncompensated care rate (step 4) to get adjusted rates that tie to the State's last year of actual UCC experience (this is referred to as the Revenue Neutrality Adjustment)
7. Take the results (step 6) by hospital and make the charity care adjustments to them (Charity Care Adjustment is calculated as 20% of the deviation of Expected Rate from Actual Charity Care).

HSCRC staff use the result of the hospital's uncompensated care rate in the calculation of the 100 percent statewide uncompensated care pool for the next fiscal year.

### **Current Variables Used in the Uncompensated Care Regression**

Within the uncompensated care model, the uncompensated care regression--Step 2 in the model described above--estimates the relationship between a set of explanatory variables and the rate of uncompensated care observed at each hospital as a percentage of gross patient revenue. Under the current policy, HSCRC staff includes the following as explanatory variables:

- Inpatient
  - Variable 1: The proportion of a hospital's total charges from inpatient non-Medicare admissions through the emergency department
  - Variable 2: The proportion of a hospital's total charges from inpatient Medicaid, self-pay, and charity cases
- Outpatient
  - Variable 3: The proportion of a hospital's total charges from outpatient Medicaid, self-pay, and charity visits to the emergency department
  - Variable 4: The proportion of a hospital's total charges from outpatient charges

### **Discussions Surrounding the Outpatient Variables used in the Regression Model**

When the Commission adopted the variables used in the regression model at its May 2, 2007 public meeting, the Johns Hopkins Health System and Mercy Medical Center commented to Commission staff that the outpatient variable, "the proportion of a hospital's total charges from outpatient services" (Variable 4, above), did not adequately capture the true measure of the outpatient poor population at many Maryland hospitals. The commentators contended that while the variable was statistically significant in helping to explain the overall uncompensated care level across all hospitals, it also inadvertently penalized hospitals with invariably high outpatient emergency room visits, but whose proportion of hospital's total charges from outpatient services appeared to be relatively small. The commentators attributed this to the fact that the Commission did not collect comprehensive outpatient data from hospitals. At that time, the only outpatient datasets collected by the Commission were ambulatory care and ambulatory surgery data.

The Commission began the collection of comprehensive outpatient data from Maryland hospitals under its jurisdiction effective July 1, 2007, including emergency department visit data. From the inception of this enhanced data collection effort, Commission staff intended to reevaluate Variable 4 ("the proportion of a hospital's total charges from outpatient services") as an

outpatient measure in the regression model. Commission staff understands that outpatient uncompensated care is due partly to high uncollectable copayments and coinsurance associated with certain outpatient services such as the emergency department and clinic visits.

With FY 2011 outpatient data, Commission staff now has available the three consecutive and complete years of outpatient data needed to reevaluate the outpatient variables used in the regression model to predict the reasonable levels of bad debt and charity care in hospital rates.

Over the past few months the Financial Technical Issues Task Force of the Maryland Hospital Association (MHA) and Commission staff has been working independently on a range of possible measures to replace the current outpatient variables in the regression model. On February 14, 2012, the MHA representatives met with Commission staff to discuss the findings.

Based on that meeting and subsequent review of the regression predictive variables, MHA representatives and Commission staff agree to recommend that the Commission replace both outpatient regression variables (Variables 3 and 4). We suggest that in the regression model the Commission:

- Variable 3:
  - Remove: The proportion of a hospital's total charges from outpatient Medicaid, self-pay, and charity visits to the emergency department
  - Replace with: The proportion of a hospital's total charges from outpatient non-Medicare emergency department charges
- Variable 4:
  - Remove: The proportion of a hospital's total charges from outpatient services
  - Replace with: The proportion of a hospital's total charges from outpatient Medicaid, self-pay, and charity visits

### **Impact of the Changed Uncompensated Care Regression Model Outpatient Variables**

Commission staff considers the change to the outpatient variables to be an improvement to the current methodology, conceptually, statistically, and analytically. The change incorporates newly available data to better predict actual uncompensated care in the system. Updating the outpatient variables is especially important now with the recent shifts of hospital services from the inpatient to the outpatient setting.

These recommended changes to the outpatient regression variables do not alter the total prospective uncompensated care dollars built into rates across the system. Instead, these variable changes result in an improved distribution of that revenue among hospitals in the rate setting system.

Exhibit 1 shows the results of a preliminary calculation of uncompensated care rates for FY 2013 with the regression model Variables 3 and 4 replaced. Exhibit 2 provides a summary of the preliminary results from the model with the charity care adjustment. Exhibit 3 provides a

statistical summary of the data elements and regression results of the current and the proposed methodologies. Exhibit 4 shows the difference in uncompensated care rates by comparing the results of the current and the proposed methodologies by hospital. Note in Exhibit 4 that the overall statewide difference is 0%.

Commission staff will publish the final results of this change in the regression variables for calculating uncompensated care when all the data for this report have been checked and validated by hospitals by the end of June 2012.

Note that as Commission staff continue to refine methodologies based on newly available data, the Commission should emphasize again to hospital staff the continued need for hospitals to ensure outpatient data quality.

### **Public Comments on the Draft Recommendation**

During the comment period that ended May 28, 2012, staff received one comment letter. The letter is attached on page 12 of this document. In this letter, the Maryland Hospital Association is generally supportive of the idea behind the draft proposal.

### **Recommendation**

HSCRC staff recommends that the variables "the proportion of a hospital's total charges from outpatient Medicaid, self-pay, and charity visits to the emergency department" and "the proportion of a hospital's total charges from outpatient services" be replaced by "the proportion of a hospital's total charges from outpatient non-Medicare emergency department charges" and "the proportion of a hospital's total charges from outpatient Medicaid, self-pay, and charity visits," respectively, as outpatient measures in the regression model used to establish the uncompensated care provision for Maryland acute care hospitals, effective July 1, 2012.

**Exhibit 1**  
**Policy Results from the Regression and Revenue Neutrality Adjustment for FY 2013**

Hospid	Hospital Name	UCC in Rates (July 1, 2011)	Actual UCC for FY 11	Adjusted UCC for FY 11 (Includes Averted Bad Debt)	Predicted UCC	FY 09- FY 11 UCC Average	50/ 50 Blended UCC Average	Revenue Neutrality Adjustment	Policy Results without Charity Care Adjustment	Dollar Amount (\$)
210001	Meritus Medical Center	6.80%	7.73%	8.94%	8.29%	8.98%	8.64%	0.9844	8.50%	23,444,650
210002	Univ. of Maryland Medical System	7.23%	7.82%	9.39%	9.92%	9.36%	9.64%	0.9844	9.49%	105,640,567
210003	Prince Georges Hospital	13.19%	14.29%	15.89%	13.67%	15.84%	14.75%	0.9844	14.52%	38,211,970
210004	Holy Cross Hospital of Silver Spring	6.82%	8.35%	9.06%	9.64%	8.36%	9.00%	0.9844	8.86%	38,779,866
210005	Frederick Memorial Hospital	5.26%	6.42%	7.30%	6.80%	6.63%	6.71%	0.9844	6.61%	21,400,256
210006	Harford Memorial Hospital	8.81%	10.59%	12.15%	10.35%	11.92%	11.13%	0.9844	10.96%	10,972,905
210007	St. Josephs Hospital	3.18%	4.53%	4.98%	4.41%	4.80%	4.61%	0.9844	4.54%	16,426,010
210008	Mercy Medical Center, Inc.	6.57%	7.67%	8.65%	7.94%	8.58%	8.26%	0.9844	8.13%	34,160,646
210009	Johns Hopkins Hospital	4.86%	3.84%	4.69%	6.40%	5.28%	5.84%	0.9844	5.75%	101,868,948
210010	Dorchester General Hospital	6.25%	6.98%	9.34%	10.44%	8.30%	9.37%	0.9844	9.23%	5,176,199
210011	St. Agnes Hospital	6.43%	6.89%	7.85%	8.25%	7.17%	7.71%	0.9844	7.59%	28,574,996
210012	Sinai Hospital	5.96%	4.82%	6.07%	8.17%	6.78%	7.48%	0.9844	7.36%	46,852,736
210013	Bon Secours Hospital	17.09%	15.35%	16.96%	15.16%	17.91%	16.54%	0.9844	16.28%	20,972,727
210015	Franklin Square Hospital	6.13%	6.24%	8.09%	10.44%	7.63%	9.04%	0.9844	8.90%	39,063,180
210016	Washington Adventist Hospital	7.81%	9.34%	10.82%	9.55%	9.90%	9.72%	0.9844	9.57%	25,401,629
210017	Garrett County Memorial Hospital	6.68%	9.40%	12.20%	10.81%	10.87%	10.84%	0.9844	10.67%	4,326,110
210018	Montgomery General Hospital	5.83%	5.84%	6.73%	6.74%	6.84%	6.79%	0.9844	6.68%	10,475,489
210019	Peninsula Regional Medical Center	5.18%	6.60%	7.77%	6.63%	7.27%	6.95%	0.9844	6.84%	27,801,973
210022	Suburban Hospital	4.37%	4.91%	5.25%	4.48%	5.15%	4.82%	0.9844	4.74%	12,010,326
210023	Anne Arundel General Hospital	3.74%	4.52%	5.19%	4.72%	4.89%	4.81%	0.9844	4.73%	21,824,663
210024	Union Memorial Hospital	4.95%	6.26%	7.43%	7.18%	6.57%	6.88%	0.9844	6.77%	27,112,686
210027	Braddock Hospital	3.58%	5.59%	7.34%	6.36%	6.17%	6.26%	0.9844	6.17%	18,803,641
210028	St. Marys Hospital	6.31%	5.38%	6.81%	9.38%	6.98%	8.18%	0.9844	8.05%	10,804,124
210029	Johns Hopkins Bayview	7.49%	6.80%	8.25%	9.85%	9.27%	9.56%	0.9844	9.41%	49,900,473
210030	Chester River Hospital Center	7.10%	9.73%	11.77%	8.85%	11.19%	10.02%	0.9844	9.86%	6,146,091
210032	Union Hospital of Cecil County	6.81%	8.63%	11.14%	11.79%	11.07%	11.43%	0.9844	11.25%	15,496,245
210033	Carroll County General Hospital	4.51%	5.25%	6.54%	6.39%	5.57%	5.98%	0.9844	5.89%	12,630,994

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210034	Harbor Hospital Center	7.30%	8.42%	10.84%	12.56%	9.65%	11.11%	0.9844	10.93%	21,944,912
210035	Civista Medical Center	6.24%	7.71%	9.05%	10.72%	7.63%	9.18%	0.9844	9.03%	10,435,658
210037	Memorial Hospital at Easton	4.52%	5.56%	7.21%	7.38%	6.05%	6.71%	0.9844	6.61%	11,444,207
210038	Maryland General Hospital	11.04%	11.84%	13.92%	14.72%	12.96%	13.84%	0.9844	13.62%	24,953,331
210039	Calvert Memorial Hospital	5.60%	5.76%	7.09%	8.85%	6.77%	7.81%	0.9844	7.69%	9,933,152
210040	Northwest Hospital Center, Inc.	6.63%	7.44%	8.81%	8.66%	8.87%	8.76%	0.9844	8.63%	19,638,840
210043	North Arundel General Hospital	6.67%	8.87%	10.00%	8.61%	8.96%	8.79%	0.9844	8.65%	30,596,812
210044	Greater Baltimore Medical Center	3.28%	3.08%	3.59%	4.86%	3.37%	4.11%	0.9844	4.05%	17,283,575
210045	McCready Foundation, Inc.	8.22%	14.17%	17.48%	12.27%	14.26%	13.27%	0.9844	13.06%	2,381,376
210048	Howard County General Hospital	5.65%	5.84%	6.53%	8.67%	6.25%	7.46%	0.9844	7.35%	18,767,138
210049	Upper Chesapeake Medical Center	5.62%	6.73%	7.59%	7.59%	7.39%	7.49%	0.9844	7.37%	16,685,167
210051	Doctors Community Hospital	7.70%	7.77%	9.22%	8.85%	9.46%	9.16%	0.9844	9.01%	19,206,095
210054	Southern Maryland Hospital	7.00%	8.47%	9.59%	9.56%	9.05%	9.31%	0.9844	9.16%	20,452,801
210055	Laurel Regional Hospital	10.01%	12.50%	13.93%	12.60%	13.03%	12.81%	0.9844	12.61%	13,001,013
210056	Good Samaritan Hospital	4.90%	5.67%	6.85%	7.65%	6.36%	7.01%	0.9844	6.90%	20,977,595
210057	Shady Grove Adventist Hospital	6.27%	6.32%	7.35%	8.59%	7.15%	7.87%	0.9844	7.75%	25,984,100
*210058	James Lawrence Kernan Hospital	6.56%	7.05%	7.79%	7.36%	7.98%	7.67%	1.0000	7.67%	7,945,067
210060	Fort Washington Medical Center	10.56%	13.11%	14.36%	15.75%	14.42%	15.09%	0.9844	14.85%	6,645,124
210061	Atlantic General Hospital	5.31%	6.76%	8.15%	7.65%	7.51%	7.58%	0.9844	7.46%	6,578,101
	STATE-WIDE	6.13%	6.63%	7.82%	8.25%	7.64%	7.95%	0.9844	7.82%	1,079,134,166

\* Kernan Hospital was excluded in the Regression Analysis, Revenue Neutrality and Charity Care Adjustment Calculations

**Exhibit 2**  
**Summary of the Preliminary Results of the Proposed Recommendation**

<b>Hospid</b>	<b>Hospital Name</b>	<b>FY 2013 Policy Result w/o Charity Adjustment</b>	<b>FY 2013 Policy Result with Charity Adjustment</b>
210001	Meritus Medical Center	8.50%	8.57%
210002	Univ. of Maryland Medical System	9.49%	9.59%
210003	Prince Georges Hospital	14.52%	15.07%
210004	Holy Cross Hospital of Silver Spring	8.86%	8.93%
210005	Frederick Memorial Hospital	6.61%	6.56%
210006	Harford Memorial Hospital	10.96%	10.36%
210007	St. Josephs Hospital	4.54%	4.40%
210008	Mercy Medical Center, Inc.	8.13%	8.08%
210009	Johns Hopkins Hospital	5.75%	5.77%
210010	Dorchester General Hospital	9.23%	9.38%
210011	St. Agnes Hospital	7.59%	7.80%
210012	Sinai Hospital	7.36%	7.31%
210013	Bon Secours Hospital	16.28%	16.78%
210015	Franklin Square Hospital	8.90%	8.88%
210016	Washington Adventist Hospital	9.57%	9.58%
210017	Garrett County Memorial Hospital	10.67%	11.19%
210018	Montgomery General Hospital	6.68%	6.96%
210019	Peninsula Regional Medical Center	6.84%	6.80%
210022	Suburban Hospital	4.74%	4.65%
210023	Anne Arundel General Hospital	4.73%	4.61%
210024	Union Memorial Hospital	6.77%	6.84%
210027	Braddock Hospital	6.17%	6.51%
210028	St. Marys Hospital	8.05%	8.12%
210029	Johns Hopkins Bayview Med. Center	9.41%	9.65%
210030	Chester River Hospital Center	9.86%	10.45%
210032	Union Hospital of Cecil County	11.25%	10.89%
210033	Carroll County General Hospital	5.89%	5.74%
210034	Harbor Hospital Center	10.93%	10.94%
210035	Civista Medical Center	9.03%	8.71%
210037	Memorial Hospital at Easton	6.61%	6.64%
210038	Maryland General Hospital	13.62%	13.54%
210039	Calvert Memorial Hospital	7.69%	7.86%
210040	Northwest Hospital Center, Inc.	8.63%	8.34%
210043	North Arundel General Hospital	8.65%	8.48%
210044	Greater Baltimore Medical Center	4.05%	4.02%
210045	McCready Foundation, Inc.	13.06%	12.88%



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210048	Howard County General Hospital	7.35%	7.23%
210049	Upper Chesapeake Medical Center	7.37%	7.04%
210051	Doctors Community Hospital	9.01%	8.58%
210054	Southern Maryland Hospital	9.16%	8.74%
210055	Laurel Regional Hospital	12.61%	12.84%
210056	Good Samaritan Hospital	6.90%	6.86%
210057	Shady Grove Adventist Hospital	7.75%	7.76%
*210058	James Lawrence Kernan Hospital	7.67%	7.67%
210060	Fort Washington Medical Center	14.85%	14.04%
210061	Atlantic General Hospital	7.46%	7.21%
	STATE-WIDE	7.82%	7.82%

*\* Kernan Hospital was excluded in the Regression Analysis, Revenue Neutrality and Charity Care Adjustment Calculations*

**Exhibit 3**  
**Statistical Summary of the Data Elements and Regression Results**

<b>Proposed Methodology</b>				
R-Square	0.7709			
Adjusted R-Square	0.7602			
	<b>Parameter</b>	<b>Standard</b>		<b>P-Value</b>
<b>Variables:</b>	<b>Estimate</b>	<b>Error</b>	<b>t Value</b>	<b>(Pr &gt;  t )</b>
The proportion of a hospital's total charges from inpatient non-Medicare admissions through the emergency room	0.07049	0.03436	2.05	0.0423
The proportion of a hospital's total charges from inpatient Medicaid, self-pay and charity	0.15278	0.03547	4.31	<.0001
The proportion of a hospital's total charges from outpatient Medicaid, self-pay, and charity visits	0.39646	0.06088	6.51	<.0001
The proportion of a hospital's total charges from Non-Medicare outpatient emergency department charges	0.24729	0.04234	5.84	<.0001
<b>Current Methodology</b>				
R-Square	0.7837			
Adjusted R-Square	0.7736			
	<b>Parameter</b>	<b>Standard</b>		<b>P-Value</b>
<b>Variables:</b>	<b>Estimate</b>	<b>Error</b>	<b>t Value</b>	<b>(Pr &gt;  t )</b>
The proportion of a hospital's total charges from inpatient non-Medicare admissions through the emergency room	0.11522	0.03127	3.68	0.0003
The proportion of a hospital's total charges from inpatient Medicaid, self-pay and charity	0.15665	0.03306	4.74	<.0001
The proportion of a hospital's total charges from outpatient Medicaid, self-pay, and charity visits to the emergency room	0.78528	0.08957	8.77	<.0001
The proportion of a hospital's total charges from outpatient services	0.07588	0.02966	2.56	0.0117

**Exhibit 4  
Current Policy vs. the Proposed Policy - Difference in Hospital-Specific UCC Rates**

<b>Hospid</b>	<b>Hospital Name</b>	<b>FY 2013 Policy Result with Charity Adjustment (Current Policy)</b>	<b>FY 2013 Policy Result with Charity Adjustment (Proposed Policy)</b>	<b>Difference</b>
210001	Meritus Medical Center	8.72%	8.57%	-0.15%
210002	Univ. of Maryland Medical System	9.14%	9.59%	0.45%
210003	Prince Georges Hospital	15.51%	15.07%	-0.44%
210004	Holy Cross Hospital of Silver Spring	8.54%	8.93%	0.39%
210005	Frederick Memorial Hospital	6.76%	6.56%	-0.20%
210006	Harford Memorial Hospital	10.45%	10.36%	-0.09%
210007	St. Josephs Hospital	4.57%	4.40%	-0.17%
210008	Mercy Medical Center, Inc.	8.51%	8.08%	-0.44%
210009	Johns Hopkins Hospital	5.91%	5.77%	-0.14%
210010	Dorchester General Hospital	9.75%	9.38%	-0.37%
210011	St. Agnes Hospital	7.94%	7.80%	-0.14%
210012	Sinai Hospital	7.29%	7.31%	0.02%
210013	Bon Secours Hospital	16.99%	16.78%	-0.21%
210015	Franklin Square Hospital	8.86%	8.88%	0.01%
210016	Washington Adventist Hospital	9.80%	9.58%	-0.23%
210017	Garrett County Memorial Hospital	10.82%	11.19%	0.37%
210018	Montgomery General Hospital	7.11%	6.96%	-0.15%
210019	Peninsula Regional Medical Center	6.86%	6.80%	-0.06%
210022	Suburban Hospital	4.68%	4.65%	-0.03%
210023	Anne Arundel General Hospital	4.85%	4.61%	-0.23%
210024	Union Memorial Hospital	6.91%	6.84%	-0.07%
210027	Braddock Hospital	6.46%	6.51%	0.06%
210028	St. Marys Hospital	7.71%	8.12%	0.41%
210029	Johns Hopkins Bayview	8.96%	9.65%	0.69%
210030	Chester River Hospital Center	10.52%	10.45%	-0.08%
210032	Union Hospital of Cecil County	10.87%	10.89%	0.02%
210033	Carroll County General Hospital	5.77%	5.74%	-0.03%
210034	Harbor Hospital Center	11.17%	10.94%	-0.23%
210035	Civista Medical Center	8.70%	8.71%	0.00%
210037	Memorial Hospital at Easton	6.78%	6.64%	-0.14%
210038	Maryland General Hospital	13.39%	13.54%	0.16%
210039	Calvert Memorial Hospital	8.00%	7.86%	-0.14%
210040	Northwest Hospital Center, Inc.	8.53%	8.34%	-0.20%
210043	North Arundel General Hospital	8.68%	8.48%	-0.20%
210044	Greater Baltimore Medical Center	4.19%	4.02%	-0.17%
210045	McCready Foundation, Inc.	12.91%	12.88%	-0.03%

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Hospid	Hospital Name	FY 2013 Policy Result with Charity Adjustment (Current Policy)	FY 2013 Policy Result with Charity Adjustment (Proposed Policy)	Difference
210048	Howard County General Hospital	6.85%	7.23%	0.39%
210049	Upper Chesapeake Medical Center	6.89%	7.04%	0.14%
210051	Doctors Community Hospital	8.89%	8.58%	-0.32%
210054	Southern Maryland Hospital	8.64%	8.74%	0.10%
210055	Laurel Regional Hospital	12.67%	12.84%	0.17%
210056	Good Samaritan Hospital	7.01%	6.86%	-0.16%
210057	Shady Grove Adventist Hospital	7.31%	7.76%	0.45%
*210058	James Lawrence Kernan Hospital	5.82%	7.67%	1.85%
210060	Fort Washington Medical Center	14.17%	14.04%	-0.13%
210061	Atlantic General Hospital	7.48%	7.21%	-0.28%
	STATE-WIDE	7.82%	7.82%	0.00%

\* Kernan Hospital was excluded in the Regression Analysis, Revenue Neutrality and Charity Care Adjustment Calculations

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May 21, 2012

Andy Udom  
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Baltimore, Maryland 21215-2299

Dear Mr. Udom:

On behalf of our 66 member organizations, the Maryland Hospital Association supports the Health Services Cost Review Commission staff's May 2 *Draft Recommendation on Changes to the Uncompensated Care Regression Model Outpatient Variables*. Because outpatient data reporting is now more specific and complete, it makes good sense to refine the outpatient variables used to predict hospitals' uncompensated care as part of the uncompensated care policy. Refining the outpatient variables is statistically sound and reflects the trend toward providing a greater proportion of health care services in the outpatient setting.

We appreciate the opportunity to contribute to the development of this policy and to comment on the recommendation.

Sincerely,

A handwritten signature in cursive script that reads 'Traci La Valle'.

Traci La Valle  
Vice President, Financial Policy & Advocacy