



**All Payer Hospital System Modernization  
Payment Models Workgroup**

**Meeting Agenda**

**February 2, 2015  
9:30 am to 12:30 pm  
Health Services Cost Review Commission  
Conference Room 100  
4160 Patterson Avenue  
Baltimore, MD 21215**

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|-------|--|
| 9:30  | Introductions and Meeting Overview<br>Donna Kinzer, Executive Director                   |
| 9:45  | FY 2016 Update Factor<br>David Romans, Director  |
| 10:00 | FY 2016 Uncompensated Care Adjustments<br>David Romans, Director                         |
| 11:00 | FY 2017 Aggregate Amount at Risk for Quality Programs<br>Sule Calikoglu, Deputy Director |
| 11:30 | Market Shift Update<br>Sule Calikoglu, Deputy Director                                   |
| 12:30 | Adjourn  |

**ALL MEETING MATERIALS ARE AVAILABLE AT THE MARYLAND ALL-PAYER HOSPITAL  
SYSTEM MODERNIZATION TAB AT [HSCRC.MARYLAND.GOV](http://HSCRC.MARYLAND.GOV)**

## Balanced Update Model

### Maximum allowed growth

Maximum revenue growth allowance	A	3.58% per capita	
Population growth	B	0.57%	
Maximum revenue growth allowance $((1+A)*(1+B))$	C	<table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: right;">4.17%</td> </tr> </table>	4.17%
4.17%			

### Components of revenue change-increases

	Proportion of Revenues	Allowance	Weighted Allowance	
Adjustment for inflation/policy adjustments				
-Global budget revenues			2.40%	
Adjustment for volume (population net of PAU)				
-Global budget revenues			0.57%	
-Transfers				
-Categoricals				
-Market share adjustments			<table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: right;">0.57%</td> </tr> </table>	0.57%
0.57%				
Infrastructure allowance provided				
-Global budget revenues except TPR	80%			
-Regional Collaboration				
CON adjustments-				
-Opening of Holy Cross Germantown Hospital			TBD	
Net increase before adjustments			<table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: right;">2.97%</td> </tr> </table>	2.97%
2.97%				
Other adjustments (positive and negative)				
-Set aside for unknown adjustments				
-Reverse prior year's shared savings reduction			0.40%	
-Positive incentives (Readmissions)			0.15%	
-Shared savings/negative scaling adjustments			-0.60%	
Net increase attributable to hospitals			<table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: right;">2.92%</td> </tr> </table>	2.92%
2.92%				
Per Capita			<table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: right;">2.34%</td> </tr> </table>	2.34%
2.34%				

### Components of revenue changes - not hospital generated

-Uncompensated care reduction, net of differential	-0.50% +	
-Utilization Impact of Medicaid Expansion		
-MHIP adjustment - Annualize FY 15	-0.27%	
-Other assessment changes		
Net decreases	<table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: right;">-0.77%</td> </tr> </table>	-0.77%
-0.77%		
Net revenue growth	<table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: right;">2.15%</td> </tr> </table>	2.15%
2.15%		
Per capita revenue growth	<table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: right;">1.57%</td> </tr> </table>	1.57%
1.57%		



# Uncompensated Care



***HSCRC***

Health Services Cost  
Review Commission

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## Pre- and Post- ACA Expansion Trends in Medicaid and Self-Pay/Charity Charges

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- ▶ Compare CY 2013 (pre-expansion) to CY 2014 (post-expansion) data
  - ❑ Use HSCRC Case Mix data which includes field for expected primary payer
  - ❑ Self-Pay Charity Trends for CY 2013 and CY 2014 shared with hospitals
  - ❑ Analytical limitations identified as some hospitals reported Medicaid pending cases as Self-pay/Charity in 2013 and Medicaid in 2014
- ▶ Medicaid Pending Issue Resolved Using CRISP Matching of Medicaid Enrollment Files with HSCRC Case Mix Data
  - ❑ CRISP used Master Patient Index to identify hospital admissions/visits by Medicaid enrollees during their enrollment period
  - ❑ Analysis covered January to June of 2013 and 2014
  - ❑ Inpatient charges for 2013 PAC enrollees excluded from analysis - further refinement of identification of PAC eligible charges underway

## Expected Payer for Charges Identified by CRISP as Incurred During Medicaid Enrollment Period

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<u>Primary Expected Payer in HSCRC Data</u>	<u>2013</u>	<u>2014</u>
Medicare	33%	30%
Medicaid	55%	62%
Self-Pay/Charity	4%	1%
Commercial	7%	7%
Workers' Comp	0%	0%
Other	<u>1%</u>	<u>1%</u>
	100%	100%

## Comparison of CRISP Results to Case Mix Data

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- ▶ Some charges reported in case mix as Medicaid were not associated with a Medicaid enrollee during a Medicaid coverage period.
  - These charges were re-categorized as self-pay charity
  - Case Mix Accuracy Rate of 87% in CY 13 and 91% in CY 14
  
- ▶ Some charges reported in case mix as self-pay/charity were associated with Medicaid enrollee during a Medicaid coverage period
  - These charges were re-categorized as Medicaid
  - Case mix accuracy rate of 79% in CY 13 and 85% in CY 14

	<u>2013</u>	<u>2014</u>	<u>Change</u>
<b>Self-Pay/Charity Charges in Case Mix Data</b>	<b>357</b>	<b>183</b>	
Remove Charges Associated with Medicaid Coverage Period	-75	-27	
Add Charges recorded as Medicaid but not Associated w/ Medicaid Coverage Period	<u>165</u>	<u>140</u>	
	<b>446</b>	<b>296</b>	<b>-150</b>

## Data Supports Removing \$100 M+ from FY 2016 Rates

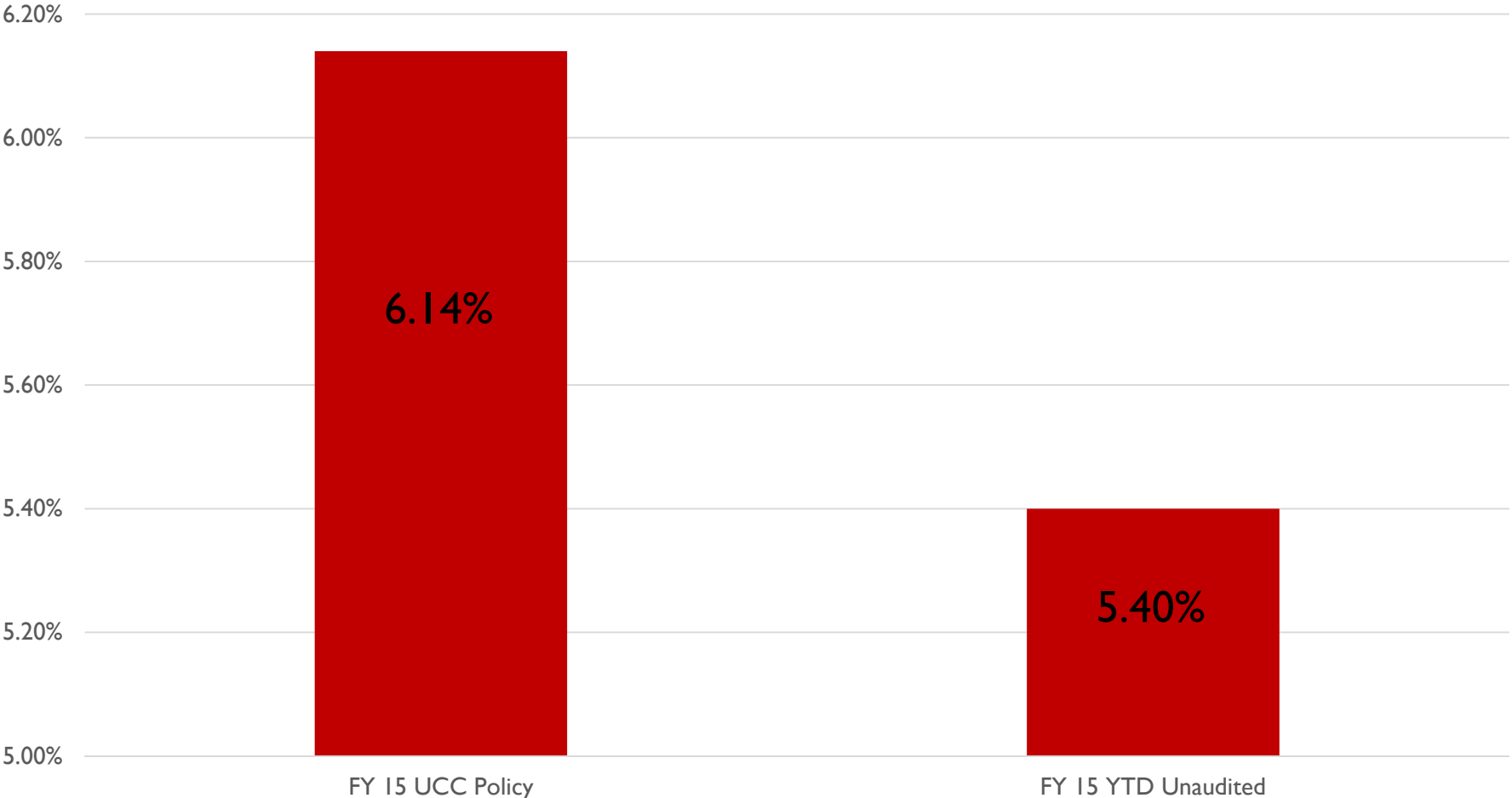
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Annualized Self-Pay/Charity Decline ( $\$150 \text{ M} \times 2$ )	\$299 M
UCC Policy Adjustment for PAC In FY 2015 Rates	<u>-\$166 M</u>
UCC/Charity Decline Exceeds PAC Adjustment	\$133 M

- ▶ Six month data annualized rather than updating for full CY 2014 experience as Medicaid enrollment files for more recent periods are less reliable due to retroactive eligibility determinations.

# FY 2015 UCC Policy Compared to Year to Date Experience (Unaudited Data from Financials)

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# Utilization by Expansion Population

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- ▶ \$394 Million of charges in CY 2013 (Quarters 1-3) for people enrolled in ACA Expansion in Quarter #1 of CY 2014.
  - ▶ \$149 Million with expected payer of Self-pay/Charity
  - ▶ Majority of other charges with expected payer of Medicaid
  
- ▶ \$587 Million of charges in CY 2014 (Quarters 1-3) for All ACA Expansion Enrollees (**captures more people than included in CY 2013 data**).
  
- ▶ Analysis being refined
  - ▶ Compare utilization of identical populations
  - ▶ Understand CRISP match rate
    - Is 2013 match rate better for PAC than new expansion population?

# Utilization by Expansion Population

(\$ in Millions)

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	<u>PAC Only</u>	<u>Non-PAC</u>
CY 2013 Utilization Q1 thru Q3	\$247	\$147
CY 2014 Utilization Q1 thru Q3	<u>320</u>	<u>267</u>
Change	\$73	\$120
% Change	30%	81%

# Utilization Uptick

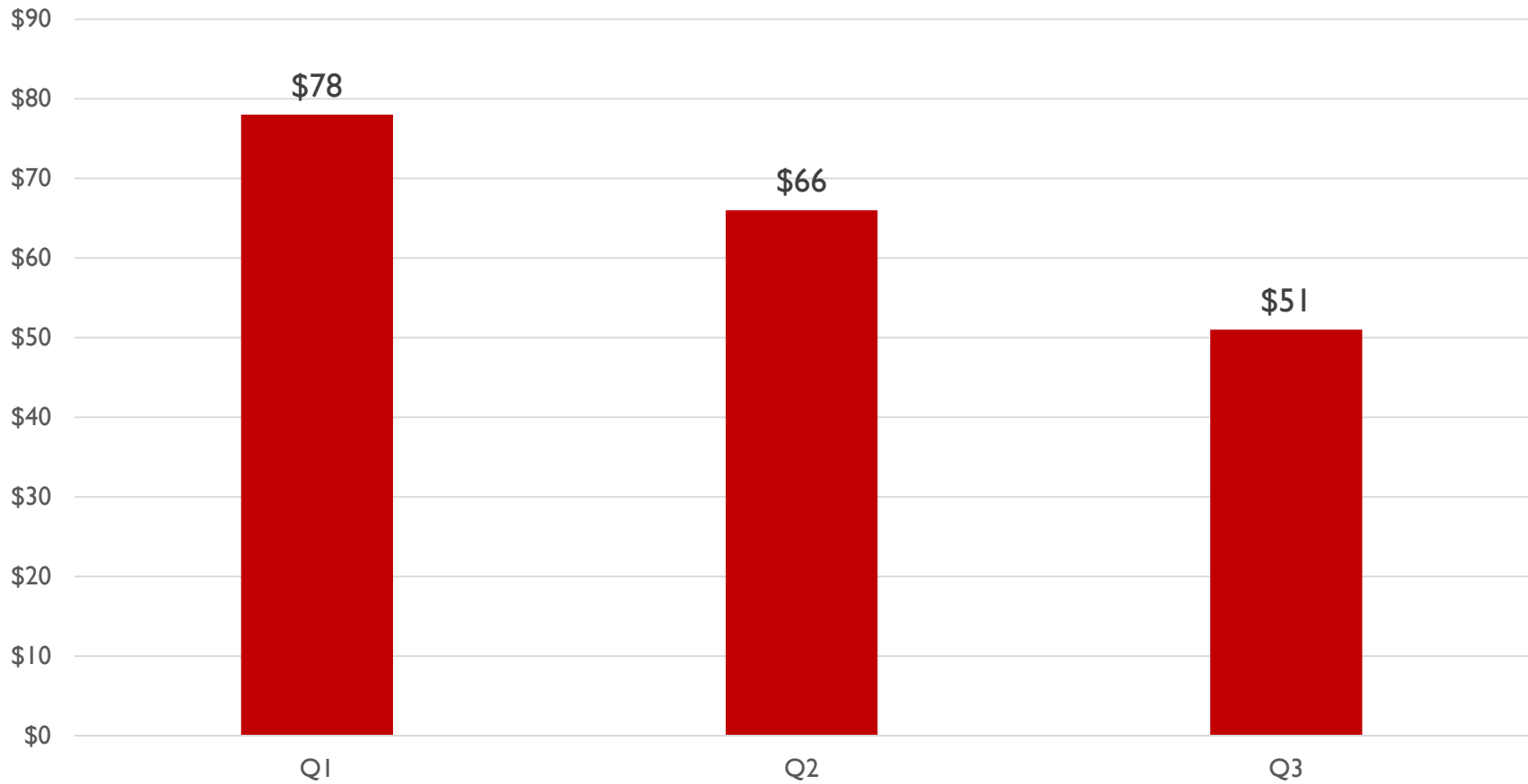
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- ▶ Observations About ACA Utilization Growth
  - ▶ Growth slowing over course of CY 2014 (see next slide)
  - ▶ Reflects pent up demand and may be largely temporary (e.g. orthopedics)
    - Staff analyzing Medicaid growth by product line in effort to determine ongoing vs. one-time uptick
  - ▶ Growth Funded in FY 2015 by excess UCC in rates
  - ▶ Upward adjustment to FY 2016 rates is likely to capture ongoing portion of utilization uptick

# Expansion Population Utilization Growth Appears to Be Slowing

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Growth in Hospital Charges for ACA Expansion Population, CY 2013 to CY 2014



## Next Steps

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- ▶ Finalize CRISP Analysis
- ▶ Share data with hospitals
- ▶ Review Write-off and Recovery Data at March Meeting
- ▶ Continue to Analyze Medicaid Trends