

DRAFT Recommendation for the Aggregate Revenue Amount At-Risk under Maryland Hospital Quality Programs for Rate Year 2018

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This document contains the draft staff recommendations for updating the aggregate amount at-risk under Maryland hospital quality programs for rate year 2018. Please submit comments on this draft to the Commission by Monday April 4th, 2016, via hard copy mail or email to Dianne.feeney@maryland.gov.

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LIST OF ABBREVIATIONS

CMMI	Center for Medicare and Medicaid Innovation
FFY	Federal fiscal year
FY	State fiscal year
RY	State rate year
HSCRC	Health Services Cost Review Commission
MHAC	Maryland Hospital-Acquired Conditions Program
QBR	Quality-based reimbursement
RRIP	Readmissions Reduction Incentive Program
VBP	Value-based purchasing
PAU	Potentially avoidable utilization
PQI	Prevention quality indicator

INTRODUCTION

The Maryland Health Services Cost Review Commission's (HSCRC's or Commission's) quality-based payment methodologies are important policy tools with great potential to provide strong incentives for hospitals to improve their quality performance over time. These quality-based payment programs hold amounts of hospital revenue at risk directly related to specified performance benchmarks. Maryland's Quality-Based Reimbursement (QBR) program employs measures that are similar to those in the federal Medicare Value-Based Purchasing (VBP) program. Because of its long-standing Medicare waiver for its all-payer hospital rate-setting system, special considerations were given to Maryland, including exemption from the federal Medicare quality-based programs. Instead, the HSCRC implements various Maryland-specific quality-based payment programs, which are discussed in further detail in the background section of this report.

Maryland entered into a new All-Payer Model Agreement with the Center for Medicare and Medicaid Services (CMS) on January 1, 2014. One of the requirements under this new agreement is that the proportion of hospital revenue that is held at risk under Maryland's quality-based payment programs must be greater than or equal to the proportion that is held at risk under national Medicare quality programs. The Model Agreement also requires Maryland to achieve specific reduction targets in potentially preventable conditions, and readmissions, in addition to the revenue at risk requirement. In an effort to meet these reduction targets, Maryland restructured its quality programs in such a way that financial incentives are established prior to the performance period in order to motivate quality improvement and the sharing of best practices while holding hospitals accountable for their performance.

The purpose of this report is to make recommendations for the amount of revenue that should be held at risk for rate year RY 2018. Except for some QBR measures that are based on CMS timelines, performance year for the quality based payments is a calendar year, base year from which the improvement is calculated is fiscal year and the adjustments are applied in the following rate year. For RY2018, which starts in July 2017, the performance year is CY2016 and base year is FY2015. The timeline for RY 2018 aggregate at risk recommendation was postponed to align with RY 2018 RRIP recommendation. Final recommendations for both policies may require alignment with Readmission Shared Savings Policy to estimate overall impact of all programs in tandem including shared savings adjustments, as revisions are contemplated to the shared savings policy.

BACKGROUND

1. Federal Quality Programs

Maryland's amount of revenue at risk for quality-based payment programs is compared against the amount at risk for the following national Medicare quality programs:

- The Medicare Hospital Readmissions Reduction Program, which reduces payments to inpatient prospective payment system hospitals with excess readmissions.¹
- The Medicare Hospital-Acquired Condition Reduction Program, which ranks hospitals according to performance on a list of hospital-acquired condition quality measures and reduces Medicare payments to the hospitals in the lowest performing quartile.²
- The Medicare VBP program, which adjusts hospitals' payments based on their performance on four domains that reflect hospital quality: the clinical care domain, the patient experience of care domain, the outcome domain, and the efficiency domain.³

Across these programs, 5.75 percent of inpatient revenue was at risk for federal fiscal year (FFY) 2016 and 6.0 percent in FFY 2017.

2. Maryland's Quality-Based Programs

As discussed in the introduction section of this report, Maryland is exempt from the federal Medicare hospital quality programs. Instead, Maryland implements the following quality-based payment programs:

- The QBR program employs measures in several domains, including the clinical care, patient experience, outcomes, and patient safety. Since the beginning of the program, financial adjustments have been based on revenue neutral scaling of hospitals in allocating rewards and reductions based on performance, with the net increases in rates for better performing hospitals funded by net decreases in rates for poorer performing hospitals.⁴ The distribution of rewards/penalties has been based on relative points achieved by the hospitals and were not known before the end of performance period. Starting in state fiscal year (FY) 2017, the QBR program revenue neutrality requirement has been removed from the program, and payment adjustments have been linked to a point-based scale (i.e., present payment scale) instead of relatively ranking hospitals, all of which was designed to provide hospitals with more predictable revenue adjustments based on their performance.

¹ For more information on the Medicare Hospital Readmissions Reduction Program, see <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/Readmissions-Reduction-Program.html>.

² For more information on the Medicare Hospital-Acquired Condition Reduction program, see <https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/AcuteInpatientPPS/HAC-Reduction-Program.html>.

³ For information on the Medicare VBP program, see <https://www.medicare.gov/hospitalcompare/Data/hospital-vbp.html>.

⁴ The term "scaling" refers to the differential allocation of a pre-determined portion of base regulated hospital revenue contingent on the assessment of the relative quality of hospital performance. The rewards (positive scaled amounts) or reductions (negative scaled amounts) are then applied to each hospital's revenue on a "one-time" basis (and not considered permanent revenue).

- The Maryland Hospital Acquired Conditions (MHAC) program measures hospital performance using 3M's potentially preventable complications. HSCRC calculates observed-to-expected ratios for each complication and compares them with statewide benchmarks and thresholds. This program was modified substantially with CY2014 performance period to align with the All-Payer Model Agreement. Revenue adjustments are determined using a preset payment scale. The revenue at risk and reward structure is based on a tiered approach that requires statewide targets to be met for higher rewards and lower reductions.
- The Readmission Reduction Incentive Program (RRIP) establishes a readmission reduction target and rewards/penalties for hospitals. The statewide minimum improvement target is established to eliminate the gap between the national Medicare readmission rate and the Maryland Medicare readmission rate.
- In addition to the three programs described above, two additional quality-based payment adjustments are implemented to hospital revenues prospectively. The Readmission Shared Savings Program reduces each hospital's approved revenues prospectively based on its case-mix adjusted readmission rates. Potentially avoidable utilization (PAU) efficiency reductions are applied to global budgets to reduce allowed volume growth based on the percent of revenue associated with PAU for each hospital. These adjustments are considered within the context of update factor discussions and measurement periods are based on a previous calendar year. For FY2017, the measurement period will be based on CY 2015 period.

The Commission approved the following amounts of inpatient revenue to be held at-risk for rate year 2016:

- QBR– A maximum penalty of 1 percent of inpatient revenue, with revenue-neutral scaled rewards up to 1 percent.
- MHAC– A maximum penalty of 4 percent of inpatient revenue if the statewide improvement target is not met; a 1 percent maximum penalty and rewards up to 1 percent if the statewide improvement target is met.
- RRIP– A reward of 0.5 percent of inpatient revenue for any hospital that improves its all-payer readmission rate by at least 6.76 percent.
- Readmission Shared Savings- Average reduction of 0.6 percent of total hospital revenue.

The Commission approved the following amounts to be held at-risk for rate year 2017:

- QBR– A maximum penalty of 2 percent of inpatient revenue, with rewards scaled up to a maximum of 1 percent.
- MHAC– A maximum penalty of 3 percent of inpatient revenue if the statewide improvement target is not met; a 1 percent maximum penalty and rewards up to 1 percent if the statewide improvement target is met.

- RRIP– A maximum penalty of 2 percent of inpatient revenue, and a 1 percent maximum reward for hospitals that reduce readmission rates at or better than the minimum improvement target.
- Maximum penalty guardrail– A maximum penalty guardrail of 3.5 percent of total hospital revenue. This means, for example, that a hospital that received the maximum penalty for all three quality-based payment programs would have a maximum penalty of 7 percent inpatient revenue, which is equal to 4.2 percent of total hospital revenue. Staff used the Medicare aggregate amount at risk total as the benchmark for calculating the hospital maximum penalty guardrail (e.g. 6 percent * 58 percent (percent Inpatient Revenue)).

ASSESSMENT

In order to develop the amount of revenue at risk for rate year 2018, HSCRC staff consulted with CMMI, conducted analyses, and solicited input from the Performance Measurement Workgroup.⁵ During its January meeting, the Performance Measurement Workgroup reviewed (1) data comparing the amount of revenue at risk in Maryland with the national Medicare programs, and (2) staff’s proposal for the amount at risk for rate year 2018.

Aggregate Revenue At-Risk Comparison with Medicare Programs

After discussions with CMMI, HSCRC staff performed analyses of both “potential” and “realized” revenue at risk. Potential revenue at risk refers to the maximum amount of revenue that is at risk in the measurement year. Realized risk refers to the actual amounts imposed by the programs. The comparison with the national amounts is calculated on a cumulative basis. Figure 1 compares the potential amount of revenue at risk in Maryland with the amount at risk in the national programs. The difference between the national Medicare and Maryland all-payer annual amounts are summed after each year’s experience to compare the cumulative difference over the Model agreement term.

The top half of Figure 1 displays the percentage of potential inpatient revenue at risk in Maryland for all payers for each of Maryland’s quality-based payment programs for rate years 2014 through 2017. The bottom half of the figure displays the percentage of potential national Medicare inpatient revenue at risk for quality-based payment programs for FFYs 2014 through 2017. Due to efforts to align Maryland’s quality-based payment programs with the national programs and the increasing emphasis on value-based payment adjustments, Maryland exceeded the national aggregate maximum at risk amounts in both rate years 2016 and 2017. Cumulatively, Maryland’s maximum at risk total was 5.15 percent higher than the nation in FFY 2017.

⁵ For more information on the Performance Measurement Workgroup, see <http://www.hscrc.state.md.us/hscrc-workgroup-performance-measurement.cfm>.

**Figure 1. Potential Revenue at Risk for Quality-Based Payment Programs, Maryland
Compared with the National Medicare Programs, 2014-2017**

% of MD All Payer Inpatient Revenue	FY 2014	FY 2015	FY2016	FY2017
MHAC	2.00%	3.00%	4.00%	3.00%
RRIP			0.50%	2.00%
QBR	0.50%	0.50%	1.00%	2.00%
Shared Savings	0.41%	0.86%	1.16%	<i>1.16%*</i>
GBR PAU	0.50%	0.86%	1.10%	<i>1.10%*</i>
MD Aggregate Maximum At Risk	3.41%	5.22%	7.76%	9.26%
*Italics are based on RY 2016 results, and subject to change based on RY 2017 policy, which is to be finalized at June 2016 Commission meeting.				
Medicare National - Potential Inpatient Revenue at Risk Absolute Values				
% of National Medicare Inpatient Revenue	FFY 2014	FFY 2015	FFY2016	FFY2017
HAC		1.00%	1.00%	1.00%
Readmissions	2.00%	3.00%	3.00%	3.00%
VBP	1.25%	1.50%	1.75%	2.00%
Medicare Aggregate Maximum At Risk	3.25%	5.50%	5.75%	6.00%
Cumulative MD-Medicare National Difference				
	0.16%	-0.12%	1.89%	5.15%

As Maryland’s programs moved away from revenue neutral rewards and penalties and toward payment adjustments based on preset payment scales, the actual amounts imposed in quality-based programs differ from the maximum amounts established in the policies. For example, the maximum penalty is set to the lowest attainment score in the base year measurement. As hospitals improve their scores during the performance year, none of the hospitals may be subject to the maximum penalty when the payment adjustments are implemented. On the other hand, the national Medicare programs may make payment adjustments only to the lowest performing hospitals, limiting the reach of the performance-based adjustments. CMMI and HSCRC staff worked on a methodology to compare the actual payment adjustments in total by summing absolute average payment adjustments across all programs, namely aggregate realized at risk. Maryland is expected to meet or exceed both potential and realized at risk amounts of national programs.

Figure 2 summarizes the statewide totals and average payment adjustments for Maryland hospitals for RY 2016. The first five blue columns display the results for each of the quality-based payment programs. The sixth blue column displays the aggregate amount of revenue at risk, summed across all five programs. The final blue column, “Net Adjustment Across all Programs,” represents the maximum penalty and reward for an individual hospital (row 2 and 3), and the average absolute adjustments across all hospitals (row 4). The final row shows the total net adjustments, accounting for both penalties and rewards. While aggregate potential at risk was at 7.76 percent, the sum of average adjustments across all programs was equal to 1.95 percent of inpatient revenue, which is higher than the estimated CMS rate of 1.01 percent. When

we sum penalties and rewards across the hospital, the maximum penalty and reward received by one hospital was 1.95 percent, and 1.09 percent respectively. In RY 2016, the total net adjustments were \$38.3 million, with \$68.3 million in total penalties and \$29.9 million in total rewards. When summarized at the hospital level, the net penalties were \$45.6 million and net rewards were \$7.2 million.

Figure 2. Actual Revenue Adjustments and Potential at Risk Percent Inpatient Revenue for Maryland’s Quality-Based Payment Programs, RY 2016

	MHAC	RRIP	QBR	Shared Savings	PAU	Aggregate (Sum of All Programs)	Net Hospital Adjustment Across all Programs
Potential At Risk (Absolute Value)	4.00%	0.50%	1.00%	1.16%	1.10%	7.76%	
Maximum Hospital Penalty	-0.21%	NA	-1.00%	-0.29%	-1.10%	-2.59%	-1.95%
Maximum Hospital Reward	1.00%	0.50%	0.73%	NA	NA	2.23%	1.09%
Average Absolute Level Adjustment	0.18%	0.15%	0.30%	0.93%	0.39%	1.95%	0.70%
Total Penalty	-\$1,080,406	NA	-\$12,880,046	-\$27,482,838	-\$26,900,004	-\$68,343,293	
Total Reward	\$7,869,585	\$9,233,884	\$12,880,046	NA	NA	\$29,983,515	
Total Net Adjustments	\$6,789,180	\$9,233,884	\$0	-\$27,482,838	-\$26,900,004	-\$38,359,778	

Figure 3 summarizes preliminary statewide totals and average payment adjustments for Maryland hospitals for RY 2017 for the MHAC, readmission, and QBR programs. Figure 3 follows the same format as Figure 2. Reflecting higher amounts at risk approved for RRIP and QBR approved by the Commission for RY 2017, the aggregate maximum penalty under three programs is 7 percent. Year to date actual adjustment calculations are based on MHAC and readmission rates as of October discharges. It is likely that these results will change with the final data submissions and with complete performance year. Furthermore, Commission may implement changes to the RY 2017 RRIP payment adjustments, which is included in the draft RRIP recommendation presented in March Commission meeting. With these data caveats, the average absolute payment adjustment across two programs is 1.08 percent of inpatient revenue. On a hospital specific basis, maximum penalty received by a single hospital is calculated to be -1.92 percent, and maximum reward is 2.0 percent. On aggregate, two program adjustments are neutralizing each other with -\$1 million statewide net impact. There are no penalties for the MHAC program and RRIP penalties are equal to \$39.0 million. Total rewards of \$37.9 million include \$26.3 million in MHAC rewards, \$11.6 million in RRIP rewards.

**Figure 3. Actual Revenue at Risk for Maryland’s Quality-Based Payment Programs,
RY 2017 Year-to-Date**

	MHAC	RRIP**	QBR***	Shared Savings/PAU*	Aggregate (Sum of All Programs)	Net Hospital Adjustment Across all Programs
Potential At Risk (Absolute Value)	3.00%	2.00%	2.00%		7.00%	
Maximum Hospital Penalty	0.00%	-2.00%			-2.00%	-1.92%
Maximum Hospital Reward	1.00%	1.00%			2.00%	2.00%
Average Absolute Level Adjustment	0.37%	0.71%			1.08%	0.78%
Total Penalty	\$0	-\$38,994,508			-\$38,994,508	
Total Reward	\$26,338,592	\$11,586,425			\$37,925,017	
Total Net Adjustments	\$26,338,592	-\$27,408,083			-\$1,069,491	

*Shared Savings and PAU adjustments will be determined with the FY2017 Update Factor.

**RRIP results are preliminary results as of October 2015 and do not reflect any potential protections that may be developed based on the approved RY 2017 recommendation.

***These QBR YTD results are not available due to 9 month data lag for measures from CMS. Staff will provide updated calculations for the final recommendation.

In summary, Maryland outperformed the national programs in both the scope of the measurements and in the aggregate payment amounts at risk. Maryland hospitals improved their performance in reducing complications and more recently in improving readmissions. All-Payer Model financial success will depend on further reductions in PAU, and staff intends to shift more focus on potentially avoidable admissions in quality-based payment programs in the future and reduce penalties other areas. Staff will continue to discuss the appropriate amounts for quality-based payment programs with the Performance Measurement and Payment Models Workgroups in March.

See Appendix I for hospital-level results.

Maximum Revenue at Risk Hospital Guardrail

As the HSCRC increases the maximum revenue adjustments statewide, the potential for a particular hospital to receive large revenue reductions that may cause unmanageable financial risk has raised concerns. As hospitals improve quality in the state, the variation between individual hospitals is expected to decline, increasing the chances of a single hospital receiving the maximum penalties from all programs. Similar to the risk corridors in other value-based purchasing programs, a maximum penalty guardrail may be necessary to mitigate the detrimental financial impact of unforeseen large adjustments in Maryland programs. Given the increases in risk levels in other programs, a hospital-specific guardrail will provide better protection than a statewide limit. In RY 2017, the hospital maximum penalty guardrail was set at 3.5 percent of

total hospital revenue. One hospital's current year-to-date calculations result in a net penalty of 3.3 percent of inpatient revenue, which equates to 2 percent of the hospital's total revenue before the adjustments for PAU and shared savings reductions.

RECOMMENDATION

Based on this assessment, HSCRC staff recommends the following maximum penalties and rewards for QBR, MHAC and RRIP for RY 2018:

1. QBR: The maximum penalty should be 2 percent, while the maximum reward should be 1 percent.

The maximum penalty matches the penalty in Medicare's VBP program and increases the incentive for hospitals to improve their Hospital Consumer Assessment of Healthcare Providers and Systems survey scores, which continue to be low compared with the nation.

2. MHAC: There should be a 3 percent maximum penalty if the statewide improvement target is not met; there should be a 1 percent maximum penalty and a reward up to 1 percent if the statewide improvement target is met.
3. RRIP: The maximum penalty should be 2 percent, and the reward should be 1 percent for hospitals that reduce readmission rates at or better than the minimum improvement.

Staff will be evaluating and discussing other options for shared savings to focus attention more broadly on avoidable admissions/hospitalizations (Potentially Avoidable Utilization, or PAUs). The Commission's funding of infrastructure as part of the RY 2016 revenue focused on reducing PAUs more broadly than readmissions. Also, the staff is proposing to add sepsis to the PAUs. With the need to increase the reductions of PAUs, there is a need to focus on opportunities for improvement beyond readmissions to include reductions in admissions for ambulatory care-sensitive conditions, measured using prevention quality indicators (PQIs) and sepsis admissions. If Maryland increases the prospective adjustment for these PAUs, we may moderate the maximum penalty under the RRIP program.

4. Maximum penalty guardrail: The hospital maximum penalty guardrail should continue to be set at 3.5 percent of total hospital revenue.
5. The quality adjustments should be applied to inpatient revenue centers, similar to the approach used by CMS. The HSCRC staff can apply the adjustments to hospitals' medical surgical rates to concentrate the impact of this adjustment to inpatient revenues, consistent with federal policies.

APPENDIX I. RY 2016 HOSPITAL-LEVEL SCALING RESULTS FOR QUALITY-BASED PAYMENT PROGRAMS

Appendix 1 contains the following figures for rate year 2016:

1. The consolidated revenue adjustments across all quality-based payment programs, by hospital
2. The adjustments for the quality-based reimbursement (QBR) program, by hospital
3. The adjustments for the Readmission Reduction Incentive Program (RRIP), by hospital
4. The adjustments for the Maryland Hospital-Acquired Conditions program, by hospital

Figure 1. Consolidated Adjustments for All Quality-Based Payment Programs for Rate Year 2016, by Hospital

Hospital Name	FY 2015 Permanent Inpatient Revenue	MHAC % Revenue Adjustment	RRIP % Revenue Adjustment	QBR % Revenue Adjustment	NET Shared Savings % Revenue Adjustment	PAU % Revenue Adjustment	Net Impact %	Net Impact \$
SOUTHERN MARYLAND	\$161,253,766	-0.21%	0.00%	-0.51%	-0.31%	-0.92%	-1.95%	\$(3,138,427)
DORCHESTER	\$23,804,066	0.00%	0.00%	-0.54%	-0.29%	-0.75%	-1.58%	\$(374,986)
PRINCE GEORGE	\$176,633,177	0.00%	0.00%	-1.00%	-0.30%	-0.27%	-1.57%	\$(2,773,413)
GOOD SAMARITAN	\$178,635,338	0.00%	0.00%	-0.46%	-0.39%	-0.31%	-1.15%	\$(2,059,395)
ANNE ARUNDEL	\$308,739,341	0.00%	0.00%	-0.42%	-0.23%	-0.35%	-1.00%	\$(3,087,905)
CHARLES REGIONAL	\$76,417,734	0.21%	0.00%	-0.06%	-0.37%	-0.85%	-1.07%	\$(816,786)
UNION MEMORIAL	\$239,732,514	0.00%	0.50%	-0.85%	-0.43%	-0.31%	-1.09%	\$(2,602,721)
FRANKLIN SQUARE	\$282,129,812	0.00%	0.00%	-0.35%	-0.28%	-0.30%	-0.93%	\$(2,614,927)
HOLY CROSS	\$319,832,140	0.00%	0.00%	-0.31%	-0.35%	-0.25%	-0.91%	\$(2,900,125)
CARROLL COUNTY	\$136,537,813	-0.17%	0.00%	0.31%	-0.24%	-0.70%	-0.80%	\$(1,090,207)
HARBOR	\$122,412,282	0.00%	0.00%	-0.36%	-0.33%	-0.18%	-0.87%	\$(1,066,772)
WASHINGTON ADVENTIST	\$160,049,373	0.00%	0.00%	-0.15%	-0.35%	-0.42%	-0.93%	\$(1,484,691)
SUBURBAN	\$182,880,097	0.00%	0.00%	-0.10%	-0.28%	-0.47%	-0.84%	\$(1,534,715)
ATLANTIC GENERAL	\$38,616,313	0.63%	0.00%	-0.72%	-0.33%	-0.41%	-0.82%	\$(318,359)
BALTIMORE WASHINGTON MEDICAL CENTER	\$224,082,798	0.00%	0.00%	0.42%	-0.36%	-0.72%	-0.67%	\$(1,492,281)
FT. WASHINGTON	\$17,901,765	0.95%	0.00%	-0.18%	-0.43%	-1.10%	-0.77%	\$(137,591)
SHADY GROVE	\$231,030,092	0.00%	0.00%	-0.22%	-0.22%	-0.29%	-0.72%	\$(1,672,839)
DOCTORS COMMUNITY	\$136,010,794	-0.17%	0.50%	0.10%	-0.27%	-0.88%	-0.72%	\$(982,849)
GARRETT COUNTY	\$18,608,187	0.00%	0.50%	-0.81%	-0.15%	-0.47%	-0.94%	\$(173,989)
EASTON	\$95,655,306	0.00%	0.00%	0.03%	-0.41%	-0.36%	-0.74%	\$(707,029)
UMMC MIDTOWN	\$137,603,928	0.00%	0.00%	-0.20%	-0.46%	-0.13%	-0.79%	\$(1,089,137)
HOWARD COUNTY	\$167,430,727	0.00%	0.00%	0.19%	-0.23%	-0.51%	-0.54%	\$(910,182)
MERITUS	\$188,367,776	0.05%	0.00%	0.01%	-0.21%	-0.27%	-0.41%	\$(778,226)
FREDERICK MEMORIAL	\$190,475,901	0.00%	0.00%	0.13%	-0.18%	-0.42%	-0.47%	\$(889,726)

Hospital Name	FY 2015 Permanent Inpatient Revenue	MHAC % Revenue Adjustment	RRIP % Revenue Adjustment	QBR % Revenue Adjustment	NET Shared Savings % Revenue Adjustment	PAU % Revenue Adjustment	Net Impact %	Net Impact \$
HARFORD	\$46,774,506	0.00%	0.00%	0.15%	-0.35%	-0.37%	-0.58%	\$(270,103)
UNIVERSITY OF MARYLAND	\$869,783,534	0.00%	0.00%	-0.09%	-0.23%	-0.14%	-0.46%	\$(3,997,336)
UNION HOSPITAL OF CECIL COUNT	\$67,638,499	0.05%	0.00%	0.23%	-0.10%	-0.57%	-0.39%	\$(263,934)
MONTGOMERY GENERAL	\$87,866,458	0.00%	0.50%	-0.12%	-0.28%	-0.53%	-0.43%	\$(380,174)
UPPER CHESAPEAKE HEALTH	\$153,131,633	0.00%	0.00%	0.35%	-0.34%	-0.43%	-0.42%	\$(636,439)
LAUREL REGIONAL	\$77,138,956	0.00%	0.50%	-0.20%	-0.30%	-0.40%	-0.40%	\$(310,923)
G.B.M.C.	\$200,727,665	-0.14%	0.00%	0.20%	-0.29%	-0.23%	-0.45%	\$(909,220)
JOHNS HOPKINS	\$1,303,085,115	0.00%	0.00%	0.30%	-0.40%	-0.14%	-0.24%	\$(3,063,257)
ST. AGNES	\$238,960,906	0.05%	0.50%	-0.10%	-0.36%	-0.34%	-0.25%	\$(592,138)
BON SECOURS	\$75,937,922	0.47%	0.50%	-0.84%	-0.33%	0.00%	-0.20%	\$(148,483)
PENINSULA REGIONAL	\$232,896,408	0.16%	0.00%	0.08%	-0.20%	-0.13%	-0.09%	\$(204,159)
HOPKINS BAYVIEW MED CTR	\$354,237,613	0.37%	0.00%	0.15%	-0.25%	-0.19%	0.07%	\$242,340
MERCY	\$232,326,849	0.00%	0.50%	0.28%	-0.46%	-0.19%	0.13%	\$293,111
WESTERN MARYLAND HEALTH SYSTEM	\$182,494,313	0.00%	0.00%	0.73%	-0.15%	-0.11%	0.46%	\$846,736
REHAB & ORTHO	\$69,116,851	0.37%	0.00%		-0.42%	-0.15%	-0.20%	\$(138,972)
NORTHWEST	\$141,883,177	0.68%	0.50%	0.10%	-0.26%	-0.48%	0.55%	\$775,801
SINAI	\$428,400,532	0.32%	0.50%	0.28%	-0.34%	-0.19%	0.57%	\$2,422,359
CHESTERTOWN	\$29,287,619	0.53%	0.50%	0.15%	-0.23%	-0.25%	0.70%	\$205,232
CALVERT	\$67,061,373	0.63%	0.50%	0.11%	-0.13%	-0.54%	0.57%	\$382,528
UM ST. JOSEPH	\$230,010,193	0.58%	0.00%	0.58%	-0.32%	-0.26%	0.58%	\$1,335,237
ST. MARY	\$69,990,405	0.68%	0.50%	0.34%	-0.11%	-0.40%	1.01%	\$710,270
MCCREADY	\$ 3,571,064	1.00%	0.50%	N/A	-0.36%	-0.04%	1.09%	\$39,024

Figure 2. Adjustments for the QBR Program for Rate Year 2016, by Hospital

Hospital Name	FY 2015 Permanent Inpatient Revenue	QBR Final Points	Scaling Basis	Revenue Impact of Scaling	Revenue Neutral Adjusted Revenue Impact of Scaling	Revenue Neutral Adjusted % Payment Adjustment
A	B	C	D	E=B*D	F	G=(B+F)/B-1
PRINCE GEORGE	\$176,633,176.79	0.204	-1.000%	-\$1,766,332	-\$1,766,332	-1.000%
UNION MEMORIAL	\$239,732,514.10	0.236	-0.848%	-\$2,032,700	-\$2,032,700	-0.848%
BON SECOURS	\$75,937,921.77	0.237	-0.842%	-\$639,466	-\$639,466	-0.842%
GARRETT COUNTY	\$18,608,187.37	0.243	-0.811%	-\$150,839	-\$150,839	-0.811%
ATLANTIC GENERAL	\$38,616,312.78	0.262	-0.721%	-\$278,422	-\$278,422	-0.721%
DORCHESTER	\$23,804,066.20	0.300	-0.536%	-\$127,696	-\$127,696	-0.536%
SOUTHERN MARYLAND	\$161,253,765.94	0.306	-0.506%	-\$815,828	-\$815,828	-0.506%
GOOD SAMARITAN	\$178,635,337.98	0.316	-0.457%	-\$817,238	-\$817,238	-0.457%
ANNE ARUNDEL	\$308,739,340.58	0.324	-0.420%	-\$1,297,299	-\$1,297,299	-0.420%
HARBOR	\$122,412,281.84	0.337	-0.355%	-\$434,912	-\$434,912	-0.355%
FRANKLIN SQUARE	\$282,129,811.54	0.338	-0.351%	-\$990,065	-\$990,065	-0.351%
HOLY CROSS	\$319,832,140.30	0.347	-0.309%	-\$989,139	-\$989,139	-0.309%
SHADY GROVE	\$231,030,091.92	0.366	-0.215%	-\$497,403	-\$497,403	-0.215%
LAUREL REGIONAL	\$77,138,956.35	0.369	-0.203%	-\$156,364	-\$156,364	-0.203%
UMMC MIDTOWN	\$137,603,928.30	0.370	-0.199%	-\$273,596	-\$273,596	-0.199%
FT. WASHINGTON	\$17,901,765.04	0.373	-0.183%	-\$32,819	-\$32,819	-0.183%
WASHINGTON ADVENTIST	\$160,049,372.87	0.379	-0.153%	-\$245,350	-\$245,350	-0.153%
MONTGOMERY GENERAL	\$87,866,457.56	0.387	-0.117%	-\$102,775	-\$102,775	-0.117%
ST. AGNES	\$238,960,906.16	0.390	-0.099%	-\$236,680	-\$236,680	-0.099%
SUBURBAN	\$182,880,097.32	0.391	-0.095%	-\$174,048	-\$174,048	-0.095%
UNIVERSITY OF MARYLAND	\$869,783,533.93	0.392	-0.089%	-\$777,220	-\$777,220	-0.089%
CHARLES REGIONAL	\$76,417,733.97	0.399	-0.057%	-\$43,855	-\$43,855	-0.057%
MERITUS	\$188,367,775.67	0.415	0.020%	\$37,886	\$23,050	0.012%
EASTON	\$95,655,306.19	0.420	0.045%	\$42,869	\$26,081	0.027%

Hospital Name	FY 2015 Permanent Inpatient Revenue	QBR Final Points	Scaling Basis	Revenue Impact of Scaling	Revenue Neutral Adjusted Revenue Impact of Scaling	Revenue Neutral Adjusted % Payment Adjustment
PENINSULA REGIONAL	\$232,896,407.52	0.439	0.139%	\$323,230	\$196,651	0.084%
NORTHWEST	\$141,883,177.42	0.446	0.169%	\$240,213	\$146,144	0.103%
DOCTORS COMMUNITY	\$136,010,793.59	0.446	0.169%	\$230,271	\$140,095	0.103%
CALVERT	\$67,061,372.88	0.447	0.174%	\$116,461	\$70,854	0.106%
FREDERICK MEMORIAL	\$190,475,900.63	0.455	0.216%	\$411,978	\$250,644	0.132%
HOPKINS BAYVIEW MED CTR	\$354,237,613.19	0.460	0.239%	\$845,105	\$514,157	0.145%
HARFORD	\$46,774,506.17	0.461	0.245%	\$114,535	\$69,683	0.149%
CHESTERTOWN	\$29,287,619.34	0.462	0.250%	\$73,134	\$44,494	0.152%
HOWARD COUNTY	\$167,430,726.52	0.476	0.318%	\$531,634	\$323,443	0.193%
G.B.M.C.	\$200,727,664.89	0.478	0.327%	\$656,806	\$399,596	0.199%
UNION HOSPITAL OF CECIL COUNT	\$67,638,499.19	0.488	0.375%	\$253,429	\$154,185	0.228%
MERCY	\$232,326,849.10	0.504	0.453%	\$1,052,795	\$640,513	0.276%
SINAI	\$428,400,532.05	0.505	0.456%	\$1,953,758	\$1,188,653	0.277%
JOHNS HOPKINS	\$1,303,085,115.22	0.512	0.490%	\$6,390,980	\$3,888,230	0.298%
CARROLL COUNTY	\$136,537,812.51	0.516	0.510%	\$696,104	\$423,505	0.310%
ST. MARY	\$69,990,405.25	0.525	0.554%	\$387,680	\$235,862	0.337%
UPPER CHESAPEAKE HEALTH	\$153,131,633.20	0.531	0.583%	\$892,707	\$543,117	0.355%
BALTIMORE WASHINGTON MEDICAL CENTER	\$224,082,797.59	0.552	0.684%	\$1,533,183	\$932,778	0.416%
UM ST. JOSEPH	\$230,010,193.37	0.609	0.961%	\$2,209,908	\$1,344,493	0.585%
WESTERN MARYLAND HEALTH SYSTEM	\$182,494,313.32	0.657	1.192%	\$2,175,921	\$1,323,816	0.725%
Statewide	\$8,904,474,715			\$8,290,541	\$0	0%

Figure 3. Adjustments for the Readmissions Program for Rate Year 2016, by Hospital

HOSPITAL NAME	FY 2015 Permanent Inpatient Revenue	CY 13 Base Year Risk-Adjusted Readmission Rate	CY 14 Performance Period Risk-Adjusted Readmission Rate	CY 14 Readmission Improvement	% Payment Adjustment	Revenue Impact of Scaling
A	B	C	D	E=D/C-1	H	I=H*B
MCCREADY	\$3,571,064.06	11.82%	9.30%	-21.30%	0.50%	\$17,855
ST. MARY	\$69,990,405.25	12.09%	10.21%	-15.52%	0.50%	\$349,952
CALVERT	\$67,061,372.88	9.63%	8.16%	-15.30%	0.50%	\$335,307
BON SECOURS	\$75,937,921.77	18.43%	15.79%	-14.31%	0.50%	\$379,690
DOCTORS COMMUNITY	\$136,010,793.59	12.52%	10.77%	-13.97%	0.50%	\$680,054
CHESTERTOWN	\$29,287,619.34	13.29%	11.79%	-11.24%	0.50%	\$146,438
NORTHWEST	\$141,883,177.42	14.52%	13.11%	-9.70%	0.50%	\$709,416
ST. AGNES	\$238,960,906.16	13.43%	12.15%	-9.53%	0.50%	\$1,194,805
UNION MEMORIAL	\$239,732,514.10	13.78%	12.53%	-9.08%	0.50%	\$1,198,663
MERCY	\$232,326,849.10	13.96%	12.77%	-8.56%	0.50%	\$1,161,634
MONTGOMERY GENERAL	\$87,866,457.56	12.03%	11.11%	-7.58%	0.50%	\$439,332
SINAI	\$428,400,532.05	13.67%	12.67%	-7.34%	0.50%	\$2,142,003
LAUREL REGIONAL	\$77,138,956.35	13.18%	12.23%	-7.27%	0.50%	\$385,695
GARRETT COUNTY	\$18,608,187.37	7.21%	6.69%	-7.24%	0.50%	\$93,041
HOPKINS BAYVIEW MED CTR	\$354,237,613.19	14.71%	13.86%	-5.78%	0.00%	\$0
PRINCE GEORGE	\$176,633,176.79	10.04%	9.49%	-5.47%	0.00%	\$0
G.B.M.C.	\$200,727,664.89	10.67%	10.09%	-5.43%	0.00%	\$0
UMMC MIDTOWN	\$137,603,928.30	15.97%	15.16%	-5.07%	0.00%	\$0
ANNE ARUNDEL	\$308,739,340.58	11.99%	11.38%	-5.06%	0.00%	\$0
HOWARD COUNTY	\$167,430,726.52	11.81%	11.21%	-5.04%	0.00%	\$0
UM ST. JOSEPH	\$230,010,193.37	11.40%	10.83%	-4.97%	0.00%	\$0
ATLANTIC GENERAL	\$38,616,312.78	11.65%	11.09%	-4.86%	0.00%	\$0
HARBOR	\$122,412,281.84	12.81%	12.28%	-4.15%	0.00%	\$0

HOSPITAL NAME	FY 2015 Permanent Inpatient Revenue	CY 13 Base Year Risk-Adjusted Readmission Rate	CY 14 Performance Period Risk-Adjusted Readmission Rate	CY 14 Readmission Improvement	% Payment Adjustment	Revenue Impact of Scaling
SHADY GROVE	\$231,030,091.92	10.84%	10.42%	-3.87%	0.00%	\$0
SOUTHERN MARYLAND	\$161,253,765.94	11.39%	10.96%	-3.83%	0.00%	\$0
GOOD SAMARITAN	\$178,635,337.98	13.62%	13.10%	-3.80%	0.00%	\$0
BALTIMORE WASHINGTON MEDICAL CENTER	\$224,082,797.59	13.77%	13.30%	-3.38%	0.00%	\$0
CARROLL COUNTY	\$136,537,812.51	11.86%	11.53%	-2.77%	0.00%	\$0
UNIVERSITY OF MARYLAND	\$869,783,533.93	13.78%	13.55%	-1.63%	0.00%	\$0
WESTERN MARYLAND HEALTH SYSTEM	\$182,494,313.32	11.89%	11.73%	-1.31%	0.00%	\$0
SUBURBAN	\$182,880,097.32	10.94%	10.81%	-1.27%	0.00%	\$0
FRANKLIN SQUARE	\$282,129,811.54	12.63%	12.50%	-1.05%	0.00%	\$0
HARFORD	\$46,774,506.17	11.04%	10.95%	-0.80%	0.00%	\$0
REHAB & ORTHO	\$69,116,850.62	11.46%	11.47%	0.01%	0.00%	\$0
JOHNS HOPKINS	\$1,303,085,115.22	13.97%	13.97%	0.04%	0.00%	\$0
UNION HOSPITAL OF CECIL COUNT	\$67,638,499.19	9.77%	9.82%	0.51%	0.00%	\$0
UPPER CHESAPEAKE HEALTH	\$153,131,633.20	11.45%	11.59%	1.27%	0.00%	\$0
FREDERICK MEMORIAL	\$190,475,900.63	10.38%	10.51%	1.30%	0.00%	\$0
MERITUS	\$188,367,775.67	11.38%	11.53%	1.36%	0.00%	\$0
FT. WASHINGTON	\$17,901,765.04	12.53%	12.74%	1.65%	0.00%	\$0
DORCHESTER	\$23,804,066.20	11.07%	11.28%	1.89%	0.00%	\$0
CHARLES REGIONAL	\$76,417,733.97	11.57%	11.90%	2.82%	0.00%	\$0
PENINSULA REGIONAL	\$232,896,407.52	10.77%	11.08%	2.88%	0.00%	\$0
HOLY CROSS	\$319,832,140.30	11.12%	11.69%	5.09%	0.00%	\$0
WASHINGTON ADVENTIST	\$160,049,372.87	10.79%	11.42%	5.77%	0.00%	\$0
EASTON	\$95,655,306.19	10.47%	11.93%	13.98%	0.00%	\$0
	\$8,977,162,630				Rewards:	\$9,233,884

Figure 4. Adjustments for the MHAC Program for Rate Year 2016, by Hospital

Hospital Name	FY 2015 Permanent Inpatient Revenue	Final MHAC Score	% Payment Adjustment	Revenue Impact of Scaling
A	B	C	D	E
SOUTHERN MARYLAND	\$161,253,765.94	0.40	-0.2069%	-\$333,628
DOCTORS COMMUNITY	\$136,010,793.59	0.41	-0.1724%	-\$234,501
CARROLL COUNTY	\$136,537,812.51	0.41	-0.1724%	-\$235,410
G.B.M.C.	\$200,727,664.89	0.42	-0.1379%	-\$276,866
SUBURBAN	\$182,880,097.32	0.47	0.0000%	\$0
LAUREL REGIONAL	\$77,138,956.35	0.48	0.0000%	\$0
WASHINGTON ADVENTIST	\$160,049,372.87	0.48	0.0000%	\$0
ANNE ARUNDEL	\$308,739,340.58	0.48	0.0000%	\$0
HARBOR	\$122,412,281.84	0.49	0.0000%	\$0
MONTGOMERY GENERAL	\$87,866,457.56	0.50	0.0000%	\$0
DORCHESTER	\$23,804,066.20	0.52	0.0000%	\$0
PRINCE GEORGE	\$176,633,176.79	0.52	0.0000%	\$0
FREDERICK MEMORIAL	\$190,475,900.63	0.53	0.0000%	\$0
UNION MEMORIAL	\$239,732,514.10	0.53	0.0000%	\$0
FRANKLIN SQUARE	\$282,129,811.54	0.54	0.0000%	\$0
HOWARD COUNTY	\$167,430,726.52	0.54	0.0000%	\$0
HOLY CROSS	\$319,832,140.30	0.54	0.0000%	\$0
HARFORD	\$46,774,506.17	0.54	0.0000%	\$0
BALTIMORE WASHINGTON MEDICAL CENTER	\$224,082,797.59	0.54	0.0000%	\$0
GARRETT COUNTY	\$18,608,187.37	0.55	0.0000%	\$0
WESTERN MARYLAND HEALTH SYSTEM	\$182,494,313.32	0.55	0.0000%	\$0
JOHNS HOPKINS	\$1,303,085,115.22	0.56	0.0000%	\$0
UNIVERSITY OF MARYLAND	\$869,783,533.93	0.57	0.0000%	\$0
UPPER CHESAPEAKE HEALTH	\$153,131,633.20	0.57	0.0000%	\$0
SHADY GROVE	\$231,030,091.92	0.58	0.0000%	\$0

Hospital Name	FY 2015 Permanent Inpatient Revenue	Final MHAC Score	% Payment Adjustment	Revenue Impact of Scaling
A	B	C	D	E
GOOD SAMARITAN	\$178,635,337.98	0.58	0.0000%	\$0
UMMC MIDTOWN	\$137,603,928.30	0.60	0.0000%	\$0
EASTON	\$95,655,306.19	0.60	0.0000%	\$0
MERCY	\$232,326,849.10	0.61	0.0000%	\$0
UNION HOSPITAL OF CECIL COUNT	\$67,638,499.19	0.62	0.0526%	\$35,599
ST. AGNES	\$238,960,906.16	0.62	0.0526%	\$125,769
MERITUS	\$188,367,775.67	0.62	0.0526%	\$99,141
PENINSULA REGIONAL	\$232,896,407.52	0.64	0.1579%	\$367,731
CHARLES REGIONAL	\$76,417,733.97	0.65	0.2105%	\$160,879
SINAI	\$428,400,532.05	0.67	0.3158%	\$1,352,844
HOPKINS BAYVIEW MED CTR	\$354,237,613.19	0.68	0.3684%	\$1,305,086
REHAB & ORTHO	\$69,116,850.62	0.68	0.3684%	\$254,641
BON SECOURS	\$75,937,921.77	0.70	0.4737%	\$359,706
CHESTERTOWN	\$29,287,619.34	0.71	0.5263%	\$154,145
UM ST. JOSEPH	\$230,010,193.37	0.72	0.5789%	\$1,331,638
ATLANTIC GENERAL	\$38,616,312.78	0.73	0.6316%	\$243,893
CALVERT	\$67,061,372.88	0.73	0.6316%	\$423,546
ST. MARY	\$69,990,405.25	0.74	0.6842%	\$478,882
NORTHWEST	\$141,883,177.42	0.74	0.6842%	\$970,780
FT. WASHINGTON	\$17,901,765.04	0.79	0.9474%	\$169,596
MCCREADY	\$3,571,064.06	0.83	1.0000%	\$35,711
	\$8,977,162,630			\$6,789,180