Market Shift Adjustments Update



Market Shift Adjustments

- Market shift adjustment should not undermine the incentives to reduce avoidable utilization
- Market shift adjustment should provide necessary resources for services shifted to another hospital
- Calculations are based on
 - ▶ 66 inpatient and outpatient service lines
 - Zip codes and county level
 - Excludes Potentially Avoidable Utilization
 - ▶ Hospital service line average charge per ECMAD**
 - ▶ 50% variable cost factor applied
- Staff send out preliminary results for outpatient oncology service lines

*AHRQ Prevention Quality Indicators

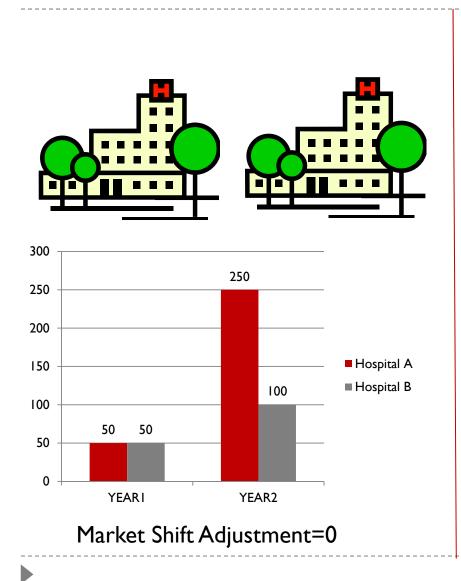
-- **Equivalent CaseMix Adjusted Discharges

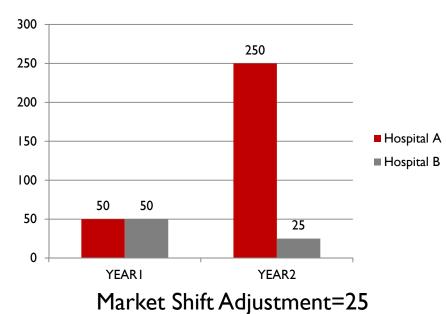


Market Share

VS.

Market Shift





RY 2016 and FY 2017 Year to Date Statewide Impact*

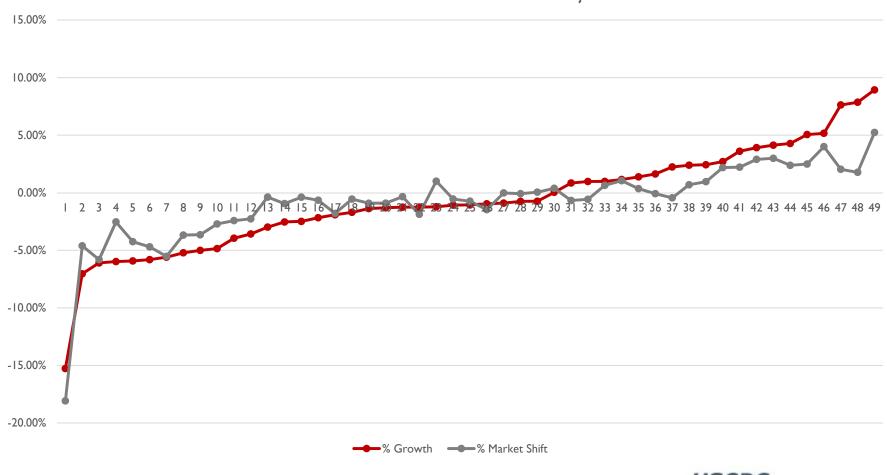
Statewide Impact A	FY 2016 B	FY 2017 C
Grand Net Total	-\$756,341	-\$5.7 mil
Positive Adjustment Total	\$27.7 mil.	\$53.6 mil.
Negative Adjustment Total	-\$28.5 mil.	-\$46,8 mil.
Absolute Adjustment as Percent of Total Charges in MSA	1.02%	0.98%

*excludes oncology/radiation therapy/infusion service line and other manual adjustments



Market shift adjustments and volume growth is more closely linked in the FY 2017 period







Market Shift Updated for CY 2016 Measurement period

- CY 2015 was based on an annual adjustment except for a few large market shift cases which was done mid-year
- CY 2016 is moving to a semi annual adjustments
 - ▶ Jan-June 2016 period will be added to FY 2017 GBRs in January
 - ▶ Jan-December 2016 period will be reconciled and adjusted in FY 18 GBRs in July 2017.
- Any changes in hospital service provisions (closure of services, deregulation etc) are reflected immediately.
- Service line updates for CY2016
 - Add Sepsis cases to PAU exclusions
 - Alignment of inpatient and outpatient cases (cardiac procedures etc.)
 - Possible update to weight calculations

