Instruction to Preliminary Schedule of Population Health and Care Transformation Expenses

Instructions

Due date: Schedule should be submitted electronically via email to the HSCRC by 210 days after hospital year end for Fiscal Year 2020. (annual.hscrc@maryland.gov)

Schedule 1: Summary by Area

COLUMNS

Section 1, Regulated Hospital Entities Columns

Enter the name of each hospital in the system where "Hospital 1" etc. is populated in the template

For each regulated hospital, expenses should be populated in the appropriate column based on whether they were part of regulated or unregulated operations (see the instructions by row for the nature of expenses to include). Expenses allocated to a hospital from other entities and reported in the hospital's annual filing are considered hospital entity expenses for this reporting. The "Total Hospital" column is the sum of the regulated and unregulated.

Section 1, Health System, Non-Hospital Columns

Health system costs other than those expended by or allocated to regulated entities should be reported in the "Health System, Non-Hospital" columns. Expenses made by entities whose primary business is the operation of physician practices should be reported in the "Physician Practices" column. Expenses for all other entities should be reported in the "Other Entities" column. The "Total Non-Hospital" column is the sum of the "Physician Practices" and "Other Entities" column.

The Maryland Model is focused on healthcare for the residents of Maryland. Therefore, expenses in the Health System column should only include amounts expended in Maryland or for the benefit of Maryland residents. However, to simplify reporting, specific expenses incurred serving non-Maryland residents only need to be excluded if the services are provided to non-Maryland residents in a materially higher proportion than the hospital's traditional services. For example, if an outreach program primarily focuses its efforts on a service area not in Maryland or if one clinic in the hospital's program is located in another state and primarily residents of serves that state.

Section 1, Total CTI & Population Health for Health System Column

This column is the sum of the "Total Hospital" column for all hospitals in the system and the "Total Non-Hospital" column.

ROWS

Section 1, rows 1 to n: Direct Expenses, Non-Physician

In this section report Direct Expenses from Population Health and Care Transformation that are Non-Physician related as defined in the Definitions section of these instructions. For this preliminary report expenses should be organized into buckets that reflect the general nature of the interventions for which they were expended (e.g. Community Health Outreach, Post-Discharge Follow-Up), as defined by the hospital except that Population Health executive teams or other administrative teams dedicated to Population Health (e.g. analytics) should be reported as a separate line item. Additional rows can be added as needed. Based on the categories suggested by hospitals in this preliminary report the HSCRC will seek to create defined categories in the future.

Section 1, row 1T:

This row is the sum of all rows in Section 1 above

Section 1, row CTI: CTI Specific Costs Contained above

Populate in this row the subset of the costs reported in section 1 above that also qualify as CTI Specific Costs as defined in the Definitions section of these instructions. Expenses reported in this row will always be a subset of the expenses reported above and this amount should therefore never exceed the amount reported in row 1T.

Note: This row is not-applicable for FY2020 as the CTI initiatives will not start until 1/1/21

Section 2, Direct Expenses, Physicians/Physician Extenders

In this section report Direct Expenses for Physicians and Physician Extenders (Physician Direct) as defined in the Definitions section of these instructions. Expenses should be organized into the rows described below. In section 6 of the report hospitals are asked to describe the physician specialties included in each of the rows in Section 2.

Section 2, Row 1: Hospital Coverage

In this row report Physician Direct expenses that related to providers who are essential to the operation of a regulated hospital and are being compensated for work that occurs in that hospital. Examples include hospitalist costs and on-call fees paid to specialists to provide emergency department coverage.

Section 2, Row2: Population Health focused clinics

In this row report Physician Direct expenses for providers who work in a clinic operated by the health system that was founded specifically to manage population health in a creative or innovative way by enhancing care of filling unmet needs for specific populations. Traditional hospital clinics or acquired primary care practices should not be included in this row.

Section 2, Row 3: Community Physicians in specialties identified in CHNA

In this row report Physician Direct expenses for providers who work in a traditional clinic or practice in a specialty that was cited as a needed specialty in the Hospital's Community Health Needs Assessment (CHNA) for the appropriate reporting period.

Section 2, Row 4: Community Physicians - Primary Care, not in CHNA

In this row report Physician Direct expenses for providers who work in a primary care clinic or practice if primary care was not included as a needed specialty in the Hospital's CHNA for the appropriate reporting period (if primary care was identified in the CHNA this row should be zero for that hospital)

Section 2, Row 5: Community Physicians - All Other, not in CHNA

In this row report Physician Direct expenses for providers who work in specialties other than primary care that were not included in as a needed specialty in the Hospital's CHNA for the appropriate reporting period.

Section 2, row 2T:

This row is the sum of all rows in Section 2 above

Section 3, rows 1 to n: Indirect Expenses, Non-Physician Related

In this section report Indirect Expenses from Population Health and Care Transformation that are Non-Physician related as defined in the Definitions section of these instructions. Expenses should be organized into buckets that reflect the general nature of the function (e.g. management, analytics, and information technology), additional rows may be added. Expenses may be directly incurred (e.g. CRISP fees) or be allocated from general overhead functions as long as a reasonable allocation basis is used. Categories used in this preliminary report will be used as guidance for the HSCRC to provide specified categories in future reports.

Section 3, row 3T:

This row is the sum of all rows in Section 3 above

Section 3, row 3P:

This row is row 3T expressed as a % of row 1T

Section 4, rows 1 to n: Indirect Expenses, Physician Related

In this section report Indirect Expenses from Population Health and Care Transformation that are Physician related as defined in the Definitions section of these instructions. Expenses should be organized into buckets that reflect the general nature of the function (e.g. management, analytics, and information technology), additional rows may be added. Expenses may be directly incurred (e.g. CRISP fees) or be allocated from general overhead functions as long as a reasonable allocation basis is used.

Section 4, row 4P:

This row is the sum of all rows in Section 3 above

Section 4, row 4T:

This row is row 4T expressed as a % of row 2T

Section 5, Rows Phy1 to Phy5: Related Revenue – Physician Revenue

Report the revenue received by the relevant entity from billing for the physician services reported in Section 2, rows 1 to 5. The revenue should be reported net of deductions. The revenue for any physician reported in the regulated entity columns (regulated or unregulated) should tie to the net amounts reported in the hospital's annual filing.

Section 5, Row 5T-Physician: Total Physician Related Revenue

This row is the sum of all rows in Section 5 Physician above

Section 5 Rows Oth1 to Othn:

Report any funding, other than through the hospital's global budget that supports the non-physician expenses reported in Sections 1 and 3. Hospitals may group revenue sources into logical buckets and add additional rows as needed. Example of funding to be reported in this section include care management fees received under the MDPCP program or other programs, grant revenue from HSCRC or other grants, patient fees, local government funding or charitable contributions or corporate sponsorship if it was designated to support the expense in question. Any patient revenue reported should be reported net of deductions.

If expenses are reported in sections 1 and 3 that have a related revenue source it must be reported in this section.

Section 5, Row 5T Total Related Revenue

This row is the sum of row 5T-Physician and rows Oth1 to Othn in section 5 above.

Section 6: Descriptive Information for Section 2

In each row of this section provide a written list of the specialties or other description of the nature of the physicians included in the equivalent row in Section 2.

Section 7: Indirect Allocation Approach

Please use this section to discuss the assumptions and distinctions made in allocating indirect costs. This information will be used to refine and improve the reporting requirements in time for FY2021. Feel free to attach a separate document with this commentary if that is easier.

Section 8: Other Discussion/Commentary

Please use this section to discuss the assumptions and distinctions made in completing this report. Highlight any areas where definitions were unclear or problematic. This information will be used to refine and improve the reporting requirements in time for FY2021. Feel free to attach a separate document with this commentary if that is easier.

Schedule 2: Reconciliation to Annual Filing

This schedule breaks out sections 1 and 2 on Schedule 1 by the cost center on the Annual Filing in which regulated hospital entity amounts shown on Schedule 1 were reported. As such this schedule is not applicable to health system expenses reported in the Health System, Non-Hospital columns on Schedule 1.

COLUMNS

Section 1, Regulated Hospital Entities Columns

Enter the name of each hospital in the system where "Hospital 1" etc. is populated in the template

For each regulated hospital entity, expenses should be populated in the appropriate column based on whether they were part of regulated or unregulated operations (see the instructions by row for the nature of expenses to include). Expenses allocated to a hospital from other entities and reported in the hospital's annual filing are considered hospital entity expenses for this reporting. The "Total Hospital" column is the sum of the regulated and unregulated.

ROWS

Section 1, Rows 1 to n: Direct Expense Non-Physician

In this section report Direct Expenses from Population Health and Care Transformation that are Non-Physician related as defined in the Definitions section of these instructions. Expenses should be organized into by the cost center in which they were reported in the hospital's Annual Filing (e.g. Management on Schedule C or Malpractice on Schedule UA). Additional rows may be added. Expenses should be reported in the cost center where they were recorded prior to any allocations within the Annual Filing.

Section 1, row 1T:

This row is the sum of all rows in Section 1 above. This amount should agree to the amount shown in row 1T for the equivalent column on Schedule 1.

Section 2, Direct Expenses, Physicians/Physician Extenders

In this section report Direct Expenses for Physicians and Physician Extenders (Physician Direct) as defined in the Definitions section of these instructions. Expenses should be organized into by the cost center in which they were reported in the hospital's Annual Filing (e.g. URx). Additional rows may be added. Expenses should be reported in the cost center where they were recorded prior to any allocations within the Annual Filing.

Section 2, row 2T:

This row is the sum of all rows in Section 2 above. This amount should agree to the amount shown in row 2T for the equivalent column on Schedule 1.

Definitions

Direct Expenses from Population Health and Care Transformation that are Non-Physician

Expenses in this category reflect the expenses incurred in directly delivering eligible services as described below including both labor and materials. The discussion below reflects the HSCRC's thinking regarding what should be included. Due to the wide variety of costs and situations Hospitals should use their judgement in what they include.

Eligible Services

Eligible services include any service provided by a health system that meets all of the following:

(1) Do not meet the definition of Physician Expenses as defined below and
(2) Are not the delivery of traditional hospital services or incidental activities that commonly accompany the delivery of traditional hospitals services
(1) The health system receives no or nominal reimbursement under insurance or through grants or other revenue sources (see discussion below). Note this does not preclude reporting as population health expenses tangible, additional services that are provided in conjunction with a reimbursed services but are beyond what that reimbursement would generally be expected to cover. For example, a hospital maintains a staff of social workers who provide community outreach in a Health Aging clinic and their services are not billed separately. The cost of the social workers would be Eligible Services although the traditional clinic services would not be.
(3) Are intended to either (1) promote the health of the community more broadly or (2) improve the well-being of and care delivered to an individual outside the hospital in a way that traditional hospital or physician care does not.

Reimbursed Services

Under the limitation of item 3 above, a hospital may not report in this schedule losses on services such as home health or skilled nursing as these services have substantial reimbursement through an existing revenue stream. However there is an exception to this rule if both of the following is true:

(1) the reimbursement received is less than 60% of the cost of the service and
(2) the incremental, tangible services driving the net loss cannot be isolated and reported as in the Social Work example cited under Eligible Services.

In this case the entire cost of the services would be reported in Section 1 and the revenue would be reported in Section 5. Example of this exception might include:

- an outreach program that is 20% grant funded.
- if the Nurse Practitioners in a Healthy Aging clinic were held to a lower than normal productivity standard to allow them to perform home visits and take extra time with patients and family resulting in overall net losses on their services.

Management Costs

Management costs should only be considered direct to the extent a supervisor or manager is dedicated or substantially dedicated to the population health activities. For example, the supervisor of a community outreach team would be considered Direct as would a Vice President of Population Health. But time allocated to Population Health by managers with broader responsibilities should be included under indirect expenses. Population health executives and other dedicated population health teams (e.g. analytics) not providing hands-on services should be reported on a separate line item in Section 1.

Allocation of Costs

Direct expenses other than management costs may be based on an allocation to the extent that the involved costs supporting the reported population health activity are shared with other services. For example, a hospital maintains a call center that both confirms hospital appointments and performs patient education follow-up post discharge. Only the latter is considered an eligible service, therefore the cost of these employees should be allocated based on a relevant unit, e.g. number of calls or time on calls for each subject. Note, confirming hospital appointments is not consider a population health cost for this schedule because it is connected to the delivery of a traditional hospital service (see item 2 under the eligible service definition)

Examples of Population Health Services might include (specific services should be tested against the Eligible Service definition above):

- Care Management (assuming they maintain a relationship with the patient beyond an individual hospital stay, traditional discharge planning would not be included)
- Care Extenders
- Community Health Workers
- Faith Based Outreach Workers
- Home Care, beyond that which is reimbursed
- Telemedicine, beyond that which is reimbursed
- Hospice/Palliative Care, beyond that which is reimbursed
- Housing Programs
- Job Training/Community Programs
- Transportation, beyond that which is reimbursed
- Food Programs
- Drugs & Medication Management
- Giveaways
- Patient/Family Education beyond that done as part of normal hospital services
- Patient Equipment & Supplies, beyond that which is reimbursed or provided as a routine part of hospital services
- Assisted Living/Housing
- Program Administrators, Population Health Executives and other 100% dedicated support teams (analytics, IT)

CTI Specific Costs

CTI Specific Costs reported in row 1CTI should be costs that qualify under the definition of Direct Expenses from Population Health and Care Transformation that are Non-Physician and also meet the following:

1. Are associated with an individual who has been identified as in the population of one of the hospital's active CTIs. Costs may be allocated for services that cover both CTI and non-CTI individuals based on the share of CTI individuals.
2. Do not have any alternative reimbursement (even under the exceptions described in Reimbursed Services in the definition above
3. Are not reported on the Community Benefit report

This category is not applicable for FY20 as no beneficiaries will meet condition 1 until the CTIs are live, currently scheduled for 1/1/21.

Direct Expenses for Physicians and Physician Extenders (Physician Direct)

Expenses in this category reflect the expenses incurred to engage physicians to provide care. To simplify reporting the HSCRC is deeming all physician costs Population Health for the purpose of this section of this schedule therefore all physician costs should be reported in this section regardless of the nature of the services provided except for residents and intern costs (see below).

Physician should be defined to include physicians and other practitioners who may practice independently (e.g. Nurse Practitioner, Physician Assistant, Social Workers in the behavioral health space). The cost should only be the actual cost of the physicians acting as providers, as follows:

1. It should only include the direct cost of the physician – i.e. salary (including all bonuses) and fringe benefits for employed physician and fees paid to non-employed physicians.
2. It should not include other costs of physician clinics such as medical assistants and reception (that should be reported in Indirect).
3. It should not include the cost of physicians acting in management roles or other administrative, those should be reported in the appropriate location based on the nature of the role.
4. It should not include direct or indirect resident and intern costs as they have separate reimbursement streams and are not considered population health for the purpose of this report.

Indirect Expenses from Population Health and Care Transformation, Non-Physician

In this section report expenses incurred to support the Direct Expenses in Section 1. This could include allocations of expenses for non-dedicated management, allocations of IT and other technology costs, allocations for space, supplies etc. Costs should be based on existing allocation methods where available. Examples include:

- Operating costs of relevant modules in EMR
- CRISP care redesign program fees
- Allocation of non-dedicated leadership
- Data Scientist

- BI/IT Support
- Grant Writers
- Allocation of legal/finance costs

Section 7 of the report provides the hospital with an opportunity to comment on the allocation approach used.

Indirect Expenses from Population Health and Care Transformation, Physician

In this section report all expenses related to the physicians reported in section 2, other than the cost of the physicians themselves (which would be reported in Section 2).

For physician services reported in the unregulated sections of the Annual Filing the indirect costs should be all costs reported in the Annual Filing except those reported in section 2. Such that the sum of this section and section 2 would tie to the total costs in that UR schedule in the Annual Filing.

For physicians services recorded outside the regulated entity and therefore not reflected in a UR schedule this section should include the equivalent costs to those captured in the annual filing. For example labor, technology, management and space costs to maintain the practice where the physicians operate. Either dedicated or allocated Senior Management costs related to operating physician practices may also be included but should be reflected in a separate line item.