

Executive Director's Report

April 9, 2014

Monitoring Maryland Performance

As we begin the process of reporting under the new All-Payer Model, we will continue to produce reports in the old format until we complete the process of converting all of the reports. Hospitals are working closely with HSCRC staff to finalize the new format.

In the new All-Payer Model, we will focus on fiscal year results (July 1 through June 30) as well as calendar year results. The new model will also change the reporting to include several entities that were not included in Monitoring Maryland Performance in the past.

- Entities where HSCRC establishes rates paid by all payers will be part of the overall requirement to maintain the growth in revenues at or below 3.58% per capita. This includes three freestanding ERs and Levindale, which were not historically included in Monitoring Maryland Performance.
- For the Medicare savings requirement, payments made to all hospitals for hospital services on behalf of Maryland beneficiaries will constitute the evaluation, regardless of regulatory status or hospital location.

The following reported results contain acute care hospitals only. Next month, we expect to report in the new format.

Fiscal Year to Date--Eight Months Ended February 2014 versus the same time period in last year:

These figures include acute care hospitals only.

- Charge per Case increased 6.31%
- Cases (admissions + new born) decreased (4.23%)
- Total gross revenue increased 3.47%
- Total gross revenue per capita increased by 2.74 % but this does not exclude revenues for out of state residents.

Calendar Year to Date--Two Months Ended February 2014 versus the same time period in last year:

These figures include acute care hospitals only.

- Charge per Case increased 6.05%
- Cases (admissions + new born) decreased (5.18%)
- Total gross revenue increased 1.57%, resulting in an estimated per capita increase of .85%, but this does not exclude revenues for out of state residents.
- The Department of State Planning projects population growth for the upcoming year are .71% and 3.4% age over 65, used as a proxy for growth in Medicare beneficiaries.

Financial condition

Data are available for profits for the first eight months of FY 14 (July 2013 through February 2014). For this year to date period, average operating profits for all acute care hospitals was 1.67 percent. The total profit margin for this period is 4.31% percent. The median hospital had an operating profit of 2.33% percent, with a distribution as follows:

- 25th percentile at 0.07%
- 75th percentile at 5.55%

Maryland's New All-Payer Model Implementation

The contract for the new All-Payer Model, which began on January 1, 2014 was finalized and executed.

Implementation Steps for All-Payer Model

Hospital data submission for monitoring: Staff is preparing for an audit onsite at hospitals of the data for the base period of the All-Payer test. This will involve a strong focus on the split between in-state and out-of-state revenues, as this is important to the integrity of measuring the growth of revenue per resident that is the foundation of the All-Payer test. This onsite audit is expected to begin the first week of May.

Implementation Planning: The Commission and staff will begin the process of extending the implementation planning timeline and strategy beyond the initial 6 month timeline, including consideration of input from the Advisory Council and work groups.

Implementation Priorities through June:

During March, HSCRC staff were focused on:

- Monitoring under the new requirements, working with hospitals to refile and reconcile data for several changes initiated in the review process
- Work group meetings (separate staff presentation provides an update)
- Update of MHAC and readmission programs under new All-Payer model (separate staff final recommendations)
- Preparation of a work group report for the Payment Models workgroup (separate meeting agenda item)
- Continuing work on global budget negotiations for those not yet complete

During the month of April, HSCRC staff will be focused on:

- Continuing execution of work group activities
- Continuing negotiation of global budgets
- Focus on global budget and CPC monitoring. Compliance projections through the fiscal year end will be obtained from each hospital.
- Providing contract disclosure.
- Continuing the development of monitoring for both the All-Payer and Medicare requirements.

Upcoming staff reports include:

- May

- Draft staff report on the balanced update for July
- Draft staff report for adjustments to uncompensated care in rates
- Draft staff recommendation on support for the Maryland Patient Safety Center
- Draft staff recommendation on support of CRISP
- Report of Physician Alignment and Engagement Work Group on Physician Payment Models

Other Activities

Charge per case update and Two-midnight rule: Staff was not focused on these two areas during the last month, but we will turn attention to these topics again during upcoming meetings.

Next Commission Meeting Date is May 14, 2014. The public meeting may start at 1:30 so keep up to date on the website.