

**Executive Session Minutes
Of the
Health Services Cost Review Commission**

July 10, 2013

Upon motion made, Chairman Colmers called the meeting to order at 12:07 p.m.

The meeting was held under the authority of Section 10-508 of the State-Government Article.

In attendance, in addition to Chairman Colmers, were Commissioners Bone, Jencks, Keane, Loftus, Mullen and Wong.

Donna Kinzer, Steve Ports, and Dennis Phelps attended representing staff.

Also attending were Stan Lustman and Leslie Schulman Commission counsel and Alice Burton Commission consultant,.

Item One

The Commission heard from Tom Trzcinski and Mark Higdon representing the Johns Hopkins Health System concerning its proposal to sell \$49 million of bonds to finance two projects on the Johns Hopkins Bayview Medical Center's campus

After discussion lead by Dr. Wong, the Commission voted to approve the Comfort Order request of the System, ratification of the vote to take place in the public session. Chairman Colmers did not participate in the discussion and recused himself from the vote.

Item Two

The Chairman updated the Commission on various waiver issues and discussions with the Centers for Medicare and Medicaid.

The Acting Executive Director presented a proposed strategy for stakeholder engagement in implementation planning and preparation for the modernized waiver.

Commissioner Mullen presented a draft proposal for implementation guidelines in support of the new all-payer reimbursement system produced by the Hospital Advisory Group.

The Executive Session was adjourned at 1:35 p.m.

MINUTES OF THE
499th MEETING OF THE
HEALTH SERVICES COST REVIEW COMMISSION

July 10, 2013

Chairman John Colmers called the meeting to order at 1:37 p.m. Commissioners George H. Bone, M.D., Stephen F. Jencks, M.D., M.P.H., Jack C. Keane, Thomas R. Mullen, Bernadette C. Loftus, M.D., and Herbert S. Wong, Ph.D. were also present.

COMFORT ORDER – JOHNS HOPKINS HEALTH SYSTEM

The Commission voted unanimously to ratify the vote to approve the Comfort Order for the Johns Hopkins Health System approved in Executive Session.

REPORT OF THE JULY 10th 2013 EXECUTIVE SESSION

Dennis Phelps, Associate Director-Audit & Compliance, summarized the minutes of the July 10, 2013 Executive Session.

ITEM I
REVIEW OF THE MINUTES OF THE JUNE 5, 2013 EXECUTIVE SESSION AND
PUBLIC MEETING

The Commission voted unanimously to approve the minutes of the June 5, 2013 Executive Session and Public Meeting.

ITEM II
EXECUTIVE DIRECTOR'S REPORT

Donna Kinzer, Acting Executive Director, reported that Monitoring Maryland Performance (MMP) indicated that the rate of growth in charge per case (CPC) increased by 1.88% for the month of May 2013 from the month of May 2012. For the twelve months ending May 2013, CPC increased 1.69% from the twelve months ending May 2012; inpatient revenue decreased 1.87%; the number of inpatient cases declined by 3.68%; outpatient revenue increased 10.91%; total gross revenue increased 2.85%. In addition, for the fiscal year-to-date May 2013 versus May 2012, total gross revenue increased 2.64%.

Ms. Kinzer stated that for the fiscal year-to-date ending May 2013, average operating profit margin for acute care hospitals was 0.72%, and the total profit margin was 3.61%.

Ms. Kinzer reported that discussions continue with the Centers for Medicare and Medicaid Innovation on the State's Model Demonstration proposal.

ITEM III
DOCKET STATUS CASES CLOSED

2209A – University of Maryland Medical Center 2211A – Johns Hopkins Health System

ITEM IV
DOCKET STATUS CASES OPEN

Johns Hopkins Health System – 2210A

Johns Hopkins Health System filed an application with the HSCRC on May 22, 2013 on behalf of Johns Hopkins Hospital and Johns Hopkins Bayview Medical Center for an alternative method of rate determination. The System requested approval from the HSCRC to participate in a global rate arrangement for solid organ and bone marrow transplant services with 6 Degrees Health, Inc. for a period of one year beginning July 1, 2013.

The staff recommended that the Commission approve the Hospitals' application for an alternative method of rate determination for solid organ and bone marrow transplant services, for a one year period commencing July 1, 2013, and that the approval be contingent upon the execution of the standard Memorandum of Understanding.

The Commission voted unanimously to approve staff's recommendation. Chairman Colmers recused himself from the discussion and the vote.

Johns Hopkins Health System – 2212A

On May 30, 2013, the Johns Hopkins Health System filed a renewal application on behalf of its member hospitals Johns Hopkins Hospital, Johns Hopkins Bayview Medical Center, and Howard County General Hospital (the "Hospitals") requesting approval from the HSCRC to continue to participate in a renegotiated global rate arrangement for cardiovascular procedures with the Coventry Health Care of Delaware, Inc. for international patients only. The Hospitals requested that the Commission approve the arrangement for one year effective July 1, 2013.

The staff recommended that the Commission approve the Hospitals' application for an alternative method of rate determination for cardiovascular services for one year beginning July 1, 2013, and that the approval be contingent upon the execution of the standard Memorandum of Understanding.

The Commission voted unanimously to approve staff's recommendation. Chairman Colmers recused himself from the discussion and the vote.

University of Maryland Medical Center – 2213A

University of Maryland Medical Center ("Hospital") filed an application with the HSCRC on June 11, 2013 for an alternative method of rate determination. The Hospital requested approval from the HSCRC for continued participation in global rates for solid organ transplant and blood and bone marrow transplants for one year with Aetna Health, Inc. beginning August 1, 2013.

Based on the Hospital's favorable performance, staff recommended that the Commission approve the Hospital's application for an alternative method of rate determination for solid organ transplant, gamma knife, and blood and bone marrow transplant services, for a one year period beginning August 1, 2013, and that the approval be contingent upon the execution of the standard Memorandum of Understanding.

The Commission voted unanimously to approve staff's recommendation.

University of Maryland Medical Center – 2214A

The University of Maryland Medical Center ("Hospital") filed an application with the HSCRC on June 11, 2013 requesting approval to continue its participation in a global rate arrangement with Maryland Physicians Care for solid organ and blood and bone marrow transplant services for a period of one year beginning August 23, 2013.

The staff recommended that the Commission approve the Hospital's application for an alternative method of rate determination for solid organ and blood and bone marrow transplant services, for a one year period commencing August 23, 2013, and that the approval be contingent upon the execution of the standard Memorandum of Understanding.

The Commission voted unanimously to approve staff's recommendation.

Johns Hopkins Health System – 2216A

Johns Hopkins Health System ("System") filed an application with the HSCRC on June 16, 2013 on behalf of Johns Hopkins Hospital and Johns Hopkins Bayview Medical Center (the Hospitals) for renewal of a renegotiated alternative method of rate determination. The System requested approval from the HSCRC to continue to participate in a global rate arrangement for solid organ and bone marrow transplant services with Blue Cross Blue Shield Blue Distinction Centers for Transplants for a period of one year beginning August 1, 2013.

The staff recommended that the Commission approve the Hospitals' application for an alternative method of rate determination for solid organ and bone marrow transplant services for a one year for a one year period commencing August 1, 2013, and that the approval be contingent upon the execution of the standard Memorandum of Understanding.

The Commission voted unanimously to approve staff's recommendation. Chairman Colmers recused himself from the discussion and the vote.

ITEM V
FINAL RECOMMENDATIONS ON FY 2014 UPDATE FACTOR FOR PSYCHIATRIC AND SPECIALTY HOSPITALS

At its June 5th public meeting, the Commission approved an update factor of 1.65% for acute hospitals only and directed staff to return at the July 10th meeting with a final recommendation for an update factor for the Psychiatric and other Specialty hospitals. Dennis Phelps, Associate Director-Audit & Compliance, presented staff's recommendation for the update factor for psychiatric and specialty hospitals (see, "Update Factor for FY 2014 for Psychiatric and Specialty Hospitals" on the HSCRC website).

Mr. Phelps stated that staff recommended an update factor of 1.8% for FY 2014 for the three psychiatric hospitals under the Commission's jurisdiction. In addition, staff recommended an update factor of 1.65% as previously recommended for acute hospitals for the Specialty hospitals and for the three Freestanding Emergency facilities.

The Commission voted unanimously to approve staff's recommendation.

ITEM VI
UPDATE ON MATCHING OF CHESAPEAKE REGIONAL INFORMATION SYSTEM FOR OUR PATIENTS (CRISP) AND HSCRC INPATIENT DATA

Claudine Williams, Associate Director- Policy Analysis and Research, introduced Scott Afzal, Health Information Exchange Director of CRISP. Mr. Afzal presented an update and progress report on CRISP. Mr. Afzal stated that the core object of the CRISP and HSCRC combined efforts is to accurately link a CRISP produced unique patient identifier to existing HSCRC inpatient tape data to enable inter-hospital analysis. CRISP receives real-time encounter data, i.e. facility, medical record number, etc. According to Mr. Afzal, CRISP is able to match the CRISP ID number and the HSCRC record 99.8% of the time. Most hospitals are receiving 30-day inter-hospital repeat admission reports monthly.

Mr. Afzal stated that the next steps for CRISP were: 1) to expand the data receive from hospital

to include all outpatient visits; 2) to link CRISP and HSCRC data to produce comprehensive reports to hospitals regarding not only readmissions but also utilization patterns of their patients; and 3) to support HSCRC population-based methodologies through more comprehensive analytics.

ITEM VII
DRAFT RECOMMENDATION FOR THE EXPANSION OF REQUIRED HEALTH INFORMATION EXCHANGE DATA TO SUPPORT POPULATION-BASED METHODOLOGIES

Ms. Williams presented a draft recommendation for Expansion of the Required Health Information Data to Support Population-based Methodologies (see, “Expansion of the Required Health Information Data to Support Population-based Methodologies” on the HSCRC website).

Ms. Williams stated that because of the movement to population-based strategies that require complete historical data, staff proposes that the Commission require hospitals to submit data fields for all outpatient visits by December 1, 2013 through the existing connectivity with CRISP. In addition, staff proposed that hospitals also be required to provide outpatient data for CY 2012 in a manner and in a time frame to be determined.

Tracy LaValle, Assistant vice President-Financial Policy and Operations of the Maryland Hospital Association, voiced support for collecting the current outpatient data on-line; however, she expressed concern about the need for and the ability of hospitals to submit historical outpatient data.

Since this is a draft recommendation, no Commission action was required.

ITEM VIII
REPORT ON FINAL YEAR OF FUNDING THROUGH THE HSCRC FOR CRISP

Dianne Feeney, Associate Director-Quality Initiative, presented the HSCRC funding and status report for CRISP (see “Maryland’s Statewide Health Information Exchange, the Chesapeake Regional Information System for our patients: HSCRC Funding and Status Report” on the HSCRC website). Ms. Feeney noted that the HSCRC approved funding of up to \$10 million for CRISP to initiate the development of a state-wide health information network in August of 2009. In 2011, CRISP became the first health information exchange in the nation to connect to all acute hospitals in a state and to receive admission, discharge, and transfer data, as well as patient demographic data. This enabled CRISP to produce a unique patient identifier number.

Ms. Feeney reported that for FY 2014, the last year of HSCRC-approved funding, CRISP will receive \$1,166,278. According to Ms. Feeney, CRISP has worked successfully to secure additional funding sources; however, moving forward HSCRC and Maryland Health Care Commission staff will continue to work with CRISP to develop key deliverables and review

milestones in current projects that may be the basis for future funding requests. Ms. Feeney noted that HSCRC staff would present a draft recommendation for possible future funding in the fall of 2013.

Commissioner Keane asked whether CRISP was going to expand its data base to include non-hospital outpatient providers such as free standing imaging and surgery centers, Federally Qualified Health Centers, and physicians.

Mr. Afzal stated that CRISP was working on adding these kinds of providers, but that it would take time.

ITEM IX **ANNUAL COMMUNITY BENEFIT REPORT**

Steve Ports, Principal Deputy Director-Policy and Operations, provided background and summarized the ninth annual Maryland Hospital Community Benefits Report (CBR) (see “Maryland Hospital Community Benefits Report FY 2012” on the HSCRC’s website).

According to Mr. Ports, the FY CBR indicated that hospitals: 1) reported a total of \$1.4 billion in community benefits for FY 2012 (compared to \$1.2 billion in FY 2011); 2) provided an average of 10.06% of total operating expenses in community benefits (compared to 9.23% in FY 2011); 3) provided net charity care of \$45 million; and 4) provided net community care of \$651.6 million or 4.82% of hospitals’ net operating expenses (up from \$580.4 million and 4.45% of hospitals’ net operating expenses in FY 2011).

Mr. Ports reported that hospitals’ Community Benefit Narrative Reports showed much improvement in FY 2012. Of the forty-five hospitals evaluated, the average score was 137 out of a possible 145 points. Four hospitals earned 100%, and only one scored below 80%.

Mr. Ports noted that the Affordable Care Act requires hospital to perform a Community Health Needs Assessment and to adopt an implementation plan to meet the needs identified for the first time in FY 2013. According to Mr. Ports, the Community Benefits Narrative Reports should improve in light of the Needs Assessment process.

ITEM X **LEGAL REPORT**

Stan Lustman, Commission Counsel, presented a Board of Physicians regulation for joint promulgation by the Secretary of Health and Mental Hygiene, the Health Services Cost Review Commission, the Maryland Health Care Commission, and the Maryland Board of Physicians.

Regulations

Proposed

Disclosure of Records for State Health Agencies – COMAR 10.37.32.19

The purpose of the joint regulation is to adopt new regulations for the efficient and secure transfer of information contained in a record maintained by the Board of Physicians, which may indicate that an investigation of an entity regulated by the Office of Health Care Quality, Maryland Health Care Commission, or the Health Services Cost Review Commission may be appropriate.

The Commission voted unanimously to forward the proposed regulation to the AELR Committee for review and publication in the Maryland Register.

HEARING AND MEETING SCHEDULE

August 7, 2013

Time to be determined, 4160 Patterson Avenue,
HSCRC Conference Room

September 4, 2013

Time to be determined, 4160 Patterson Avenue,
HSCRC Conference Room

There being no further business, the meeting was adjourned at 3:17 p.m.