SECOND ADDENDUM TO TOTAL PATIENT REVENUE AGREEMENT OF

UNIVERSITY OF MARYLAND SHORE MEDICAL CENTER AT CHESTERTOWN UNDER DATE OF JULY 1, 2013

EFFECTIVE JULY 1, 2016

Purpose:

The purpose of this Second Addendum is to address the application of penalties to charges that exceed the December 31 target. This Second Addendum will also clarify conditions the Hospital must meet to receive increased inflation dollars for the time period January through June 2017.

Amendment 1:

This modification is intended to add clarification surrounding overcharge penalties that may occur relative to the December 31 target. Section III. A. 3. of the Addendum to the Total Patient Revenue Agreement ("Agreement") effective July 1, 2014 ("Addendum One"), as amended herein, is provided in its entirety to avoid confusion (underlining reflects the new language):

III.A.3. December 31 Target

As indicated in Section III. A. above, the Hospital agrees that it will not overcharge the limits of the Approved Regulated TPR Revenue. In order to assure compliance with the All-Payer Model limits, the Hospital is provided a December 31 interim limit in Approved Regulated TPR Revenue of one-half of the total Approved Regulated TPR Revenue for the year, unless otherwise specified in the Agreement. For Rate Year 2017, the limit for the first half of the year is lower, to reflect that the Commission approved a higher update for the second half of the Rate Year, subject to certain conditions. The Hospital agrees that it will maintain its charges at or below this limit in calculating revenue compliance for December 31 of the Rate Year. <u>The Hospital also agrees that should charges exceed the December 31 target, the overcharge and any accumulated penalties will be applied to the total Approved Regulated TPR Revenue for the same Rate Year. The same penalty structure that is applied to the year-end Approved Regulated TPR Revenue for overcharges will also be applied to the December 31 target revenue for overcharges. Consistent with the penalty provisions outlined in Addendum One, penalties associated with the December 31 target would be applied as follows:</u>

- <u>For charges exceeding the limit up to .5% of the Approved Regulated TPR Revenue, there will be no penalty.</u>
- <u>For charges exceeding the limit from .51% up to 1%, there will be a 20% penalty applied.</u>
- <u>For charges exceeding the limit by more than 1%, there will be a 50% penalty applied.</u>

Amendment 2:

This amendment adds a new section, III.A.4. and is intended to detail the conditions which the Hospital must meet in order to receive an increased inflation amount for the time period January through June 2017.

III.A.4. Inflation for Period January through June 2017

For rate year 2017, the Hospital agrees to charge lower rates (.56% lower) in the first half of the rate year to achieve a mid-year target that is 49.73% of the total Approved Regulated TPR target to help meet the needs of the calendar year waiver test. In addition to the lower mid-year target, the Hospital agrees to the following:

a. Monitor the growth in Medicare's total cost of care and total hospital cost of care for its service area;

b. Work with CRISP, HSCRC, and MHA to obtain available information to support monitoring and implementation efforts;

c. Work with CRISP, HSCRC, and CMMI to obtain data for care redesign activities as soon it is available;

d. Monitor the Hospital's performance on PAUs for both Medicare and All Payers;

e. Implement programs focused on complex and high needs patients with multiple chronic conditions, initially focusing on Medicare patients;

f. Work with CRISP to exchange information regarding care coordination resources aimed at reducing duplication of resources, ensuring more person centered approaches, and bringing additional information to bear at the point of care for the benefit of patients;

g. Increase efforts to work in partnership with physicians, post-acute and long term facilities, and other providers to create aligned approaches and incentives to improve care, health, and reduce avoidable utilization for the benefit of patients;

h. Participate in the All Payer Model progression planning efforts, and;

i. Work with physicians with the goal of developing and enhancing value based approaches that are applied under MACRA (Medicare Access and CHIP Reauthorization Act of 2015).

    a. Hospitals and any care redesign participants must agree to use CEHRT (Certified Electronic Health Record Technology) to document and/or communicate clinical care to their patients or other health care providers.

b. In addition to CEHRT, each Hospital must attest to the following three items relating to information exchange and blocking:

   i. Each Hospital will not knowingly and willfully take action to limit or restrict the compatibility or interoperability of certified EHR technology;

   ii. Each Hospital will implement technologies, standards, policies, and agreements reasonably calculated to ensure, to the greatest extent practicable and permitted by law, that the certified EHR technology was, at all relevant times: connected in accordance with applicable law; compliant with all standards applicable to the exchange of information, including the standards, implementation specifications, and certification criteria adopted at 45 CFR part 170 (Health Information Technology Standards, Implementation Specifications, and Certification Programs for Health Information Technology); implemented in a manner that allowed for timely access by patients to their electronic health information; and implemented in a manner that allowed for the timely, secure, and trusted bi-directional exchange of structured electronic health information with other health care providers;

   iii. Each Hospital will respond in good faith and in a timely manner to requests to retrieve or exchange electronic health information, including from patients and health care providers.

IN WITNESS WHEREOF, the parties have caused this Second Addendum to be executed by their duly authorized representatives as of the effective date below:

Effective Date: July 1, 2016

Attest: _____ by _____ Date 8/16/16

Chief Executive or Financial Officer

Attest: _____ by _____ Date 8/23/16

Executive Director
Health Services Cost Review Commission