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Data Analytics

Health Services Cost Review Commission

4160 Patterson Avenue, Baltimore, Maryland 21215

Phone: 410-764-2605 · Fax: 410-358-6217

Toll Free: 1-888-287-3229

hscrc.maryland.gov

February 5, 2020

The Honorable Delores G. Kelley, Chair
Senate Finance Committee
3 East Miller Senate Office Building
11 Bladen Street
Annapolis, MD 21401

Dear Chair Kelley:

The Health Services Cost Review Commission (“Commission,” or “HSCRC”) is submitting the following amendments regarding **Senate Bill 42 - Health Services Cost Review Commission - Duties and Reports - Revisions**. Senate Bill 42 makes changes to conform statutory language with requirements of the new Total Cost of Care Model contract with the federal government.

The first amendment was included in our original letter to the Committee on January 15, 2020. It clarifies the HSCRC’s mandate of setting rates that promote the greatest efficiency and effectiveness in hospitals as extending to population health activities consistent with the “all-payer model contract”, which includes the current Total Cost of Care (TCOC) Agreement. The language is designed to parallel the wording included in our proposed changes to other parts of the Statute.

Amendments two through eight were included after discussion with interested stakeholders. They represent consensus language agreed upon by the following groups:

Maryland Hospital Association
CareFirst BlueCross BlueShield
Danna Kauffman, representing MedChi and Lifespan
Lori Doyle, representing Community Behavioral Health Association of Maryland

We appreciate your Committee’s work to support and advance the TCOC Model’s goals to improve the outcomes of patients with complex and chronic conditions and help all Marylanders achieve better health status overall. We respectfully ask for a favorable report on SB 42 with the below amendments. If you have any questions, please contact me at

tequila.terry1@maryland.gov.

Sincerely,



Tequila Terry
Deputy Director

AMENDMENT NO. 1

On page 6, after line 29, insert:

§ 19-220 (d):

(d) Consistent with the all-payer model contract approved by the federal Center for Medicare and Medicaid Innovation, the Commission shall:

- (1) Permit a nonprofit facility to charge reasonable rates that will permit the facility to provide, on a solvent basis, effective and efficient service that is in the public interest; and
- (2) Permit a proprietary profit-making facility to charge reasonable rates that:

- (i) Will permit the facility to provide effective and efficient service that is in the public interest; and
- (ii) Based on the fair value of the property and investments that are related directly to the facility, include enough allowance for and provide a fair return to the owner of the facility.

AMENDMENT NO. 2

On page 4, strike beginning with “TO” in line 11 down through “PRODUCT” in line 12.

RATIONALE: Gross State Product is an underlying component included in the calculation of the revenue growth rate target; however the current all-payer model contract with Center for Medicare and Medicaid Innovation (CMMI) does not explicitly reference this language. We are modifying the language to align the Statute with the language in the Agreement.

AMENDMENT NO. 3

On page 4, in line 14, strike “CURRENT”.

RATIONALE: Removing this language would ensure Statute language applies to contracts beyond current all-payer model contract so that the State does not have to change Statute every time a new agreement is signed with the federal government.

AMENDMENT NO. 4

On page 4, in line 21, strike “**AND CONSIDERED**”.

RATIONALE: The HSCRC only will report on what the Commission approves and acts on, rather than all policies that are considered and not necessarily implemented.

AMENDMENT NO. 5

On page 4, in line 27, strike “**AND**”.

RATIONALE: Indicates that subsection (5) is no longer the second-to-last subsection under section (iv).

AMENDMENT NO. 6

On page 4, in line 28, strike “**THAT**” and substitute “**IN**”.

On page 4, strike beginning with “**HAS**” in line 29 down through the first “**TO**” in line 30 and substitute “, **AS REPORTED TO THE FEDERAL CENTER FOR MEDICARE AND MEDICAID INNOVATION, WHICH MAY NEGATIVELY IMPACT**”.

On page 4, in line 31, strike “**THE COMMISSION HAS TAKEN TO ADDRESS AND**” and substitute “**TAKEN BY THE COMMISSION TO**”.

RATIONALE: Because the quality metrics in the current all-payer model contract are still being defined by HSCRC and CMMI, the proposed language removes the quality reporting requirements specific to the previous agreement. The proposed language requires HSCRC to report on the quality information that is required by CMMI under the current all-payer model contract.

AMENDMENT NO. 7

On page 4, in line 32, after “and” insert:

“7. ANNUAL PROGRESS MADE IN THE DEVELOPMENT OF PUBLIC AND PRIVATE PARTNERSHIPS BETWEEN HOSPITALS AND OTHER ENTITIES, INCLUDING, BUT NOT LIMITED TO, COMMUNITY-BASED PHYSICIANS, COMMUNITY-BASED ORGANIZATIONS AND OTHER POST-ACUTE PROVIDERS, TO ACHIEVE THE POPULATION HEALTH GOALS ESTABLISHED WITH THE FEDERAL CENTER FOR MEDICARE AND MEDICAID INNOVATION; AND”

RATIONALE: The proposed language ensures that HSCRC will report on work that hospitals are doing in conjunction with non-hospital entities, as this is an important element of the current all-payer model contract.

AMENDMENT NO. 8

On page 7, in line 1, strike “the” and substitute “**A FACILITY’S**”; in the same line, strike “in facilities”.

RATIONALE: The current all-payer model contract includes non-hospital savings goals. This change clarifies that a hospital may incur costs outside the hospital setting in promoting improved population health consistent with the current all payer model contract.