CareFirst _FAV_SB42
Uploaded by: Rivikin, Deborah
Position: FAV

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January 15, 2020

The Honorable Delores Kelley, Chair
Senate Finance Committee
3 East Miller Senate Building
Annapolis, MD 21401

Re: SUPPORT - Senate Bill 42 – Health Services Cost Review Commission – Duties and Reports – Revisions

Dear Senator Kelley:

CareFirst BlueCross BlueShield ("CareFirst") supports Senate Bill 42, "Health Services Cost Review Commission – Duties and Reports – Revisions." The changes in this departmental bill align the Commission's duties with Maryland's Total Cost of Care Model, which took effect January 1, 2019. We are supportive of the new Model as well as the changes in this bill.

One of the changes made in the bill is to strike a requirement that the Commission publish an annual report with each acute care hospital's severity–adjusted average charge per case for the 15 most 4 common inpatient diagnosis–related groups. We believe this report contains valuable information for Maryland consumers, but understand that the Maryland Health Care Commission is currently publishing the report and will continue to do so.

Sincerely,

Deborah R. Rivkin

Cc: Members, Senate Finance Committee

MHA-Brett McCone_SWA_SB 42

Uploaded by: McCone, Brett

Position: FWA

Maryland
Hospital Association

Senate Bill 42-Health Service Cost Review Commission-Duties and Reports-Revisions

Position: Support with Amendments
January 15, 2020
Senate Finance Committee

MHA Position
Maryland's 61 nonprofit hospitals and health systems care for millions of people each year, treating 2.3 million in emergency departments and delivering more than 67,000 babies. The 108,000 people they employ are caring for Maryland around-the-clock every day—delivering leading edge, high-quality medical service and investing a combined $1.75 billion in their communities, expanding access to housing, education, transportation, and food.

On January 1, 2019 Maryland entered into a new Total Cost of Care agreement with the federal government. The model builds on the All-Payer Model contract and is designed to improve population health, support outcomes for individuals and control growth of the total cost of care. Maryland hospitals work under a unique rate-setting and payment system—the only one of its kind in the nation.

This model incentivizes hospitals to reduce unnecessary hospital use, focus on upstream and preventive care and improve care coordination across the health care continuum. The model is overseen by Maryland's Health Services Cost Review Commission and holds hospitals accountable at a level unseen in other states—ensuring greater transparency.

This approach is working, with data showing that Maryland, led by its hospitals, has lowered health care cost growth while improving the quality of care.

The Health Services Cost Review Commission (HSCRC) is integral to the operations of the model and its success. HSCRC establishes rates specifically for each hospital based on its global budget policies and adjusts based historical data and payment policies. The Maryland Model does not regulate physician services, regardless of where they are provided. We agree that the agency needs to maintain the authority to regulate the model, develop policies aligned with model goals and conduct ongoing audits to determine the state's progress. HSCRC should provide ongoing updates to key stakeholders to determine benefits, patient outcomes and impact to the health care delivery system.

Senate Bill 42 updates current statutory language for HSCRC's reporting requirements to align with the provisions of the new model. The Maryland Hospital Association does request one technical amendment that strikes language that originated from the expired All-Payer Model contract referencing a compound annual gross state product. This amendment would better align the statute with the new contract language and the process to determine annual rate adjustments.

We would ask the committee to accept this technical amendment and move the bill favorable in an expedited manner given we are now entering year two of the new model.

Proposed Amendment:
On page 4, section (b)(6)(iv)(1) add the following and strike:
PERFORMANCE IN LIMITING INPATIENT AND OUTPATIENT HOSPITAL PER CAPITA COST GROWTH FOR ALL PAYERS ~~TO A TREND BASED ON THE STATE'S 10–YEAR COMPOUND ANNUAL GROSS STATE PRODUCT;~~

For these reasons, we urge a **favorable** report with the above technical amendment.

For more information, please contact:
Jennifer Witten
Jwitten@mhaonline.org

HSCRC_FWA_SB42
Uploaded by: Terry, Tequila
Position: FWA

Health Services Cost Review Commission
4160 Patterson Avenue, Baltimore, Maryland 21215
Phone: 410-764-2605 · Fax: 410-358-6217
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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.

HSCRC_FWA_SB42
Uploaded by: Terry, Tequila
Position: FWA

State of Maryland
Department of Health

Nelson J. Sabatini
Chairman

Joseph Antos, PhD
Vice-Chairman

Victoria W. Bayless

Stacia Cohen

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Adam Kane

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Revenue & Regulation
Compliance

William Henderson, Director
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January 15, 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 this **letter of support with amendment** 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 Maryland Total Cost of Care (TCOC) Model began on January 1, 2019 and builds upon the investments that Maryland hospitals have made since 2014 under the All-Payer Model. The TCOC Model is a new agreement with the federal Centers for Medicare and Medicaid Services that lasts for ten years through calendar year 2028, so long as the State meets the terms of the contract. The effort to secure the ten-year contract was bipartisan and supported by the Administration, State legislative leaders, the Maryland Congressional Delegation, and all partners in the healthcare delivery system, including hospitals, physicians, post-acute providers, payers, and consumers.

Statutory language regarding the HSCRC's duties, including its reports to the Maryland General Assembly, must be updated to reflect the terms of this current all-payer model demonstration, and so that the General Assembly has the relevant information to monitor TCOC Model progress.

Under the TCOC Model, Maryland is progressively transforming the delivery of care across the healthcare system, with the objective of improving the quality of care delivered, individual

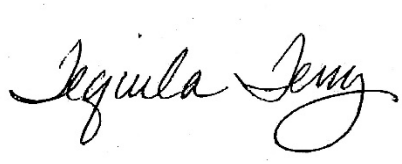
outcomes, and population health. At the same time, the State's growth in Medicare spending must be maintained below the nation's growth, and the State must achieve aggressive savings targets of $300 million annually in Medicare Part A and Part B costs within five years.

The TCOC Model gives the State flexibility to tailor healthcare reform initiatives to Maryland's needs and encourages provider and payer-led development of care transformation programs to support healthcare innovation. It provides additional tools and resources for providers through the new Maryland Primary Care Program, expanded Care Redesign Program, and upcoming programs for non-hospital providers. SB 42 brings the relevant provisions of the HSCRC and Insurance Law statutes up to date with the implementation of the new TCOC Model.

Similarly, the amendment listed below 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 Total Cost of Care Agreement. The suggested language is parallel to the wording included in our proposed changes to other parts of Statute.

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 amendment. If you have any questions, please contact me at tequila.terry1@maryland.gov.

Sincerely,



Tequila Terry
Deputy Director

AMENDMENTS TO SENATE BILL 42 (MDH Departmental Bill)
(First Reading File Bill)

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.

HEAU_UNF_SB 42
Uploaded by: O'Connor, Patricia
Position: UNF

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January 15, 2020

To: The Honorable Delores G. Kelley
Chair, Finance Committee

From: Patricia F. O'Connor, Health Education and Advocacy Unit

Re: Senate Bill 42 (Health Services Cost Review Commission - Duties and Reports - Revisions): Letter of Concern

The Office of the Attorney General's Health Education and Advocacy Unit (HEAU) is concerned the provisions in Senate Bill 42 could, depending on how the language is interpreted, unnecessarily limit the investigatory and other authority of the Health Services Cost Review Commission (HSCRC). The HEAU is not concerned about the bill's other provisions that would streamline HSCRC's reporting obligations.

The HEAU mediates complaints from consumers about hospital billing (facility fees, surprise billing, balance billing, etc.). As a result, the HEAU understands that consumers need the HSCRC to have robust regulatory authority relating to the cost of hospital services in Maryland. Consumers must be able to rely on the HSCRC to investigate and remediate violations of the applicable laws and we are concerned about any perceived decrease in HSCRC's authority.

We have expressed our concerns to the HSCRC which has stated the intention of the bill is to *increase* and *not* to decrease the agency's investigative and other authority. The HEAU has proffered amendments to HSCRC to clarify the intent of the bill.

If accepted, the amendments would change the bill as follows (page 6, line 30 through page 7, lines 1 through 12):

19–225 (a) In any matter that relates to the cost of services in facilities ~~AND CONSISTENT WITH~~ OR THE ALL–PAYER MODEL CONTRACT, the Commission may: (1) Hold a public hearing; (2) Conduct an investigation; (3) Require the filing of any information; or (4) Subpoena any witness or evidence.

19–226 (a) If the Commission considers a further investigation necessary or desirable to authenticate information in a report that a facility files under this subtitle~~, CONSISTENT WITH~~ OR THE ALL–PAYER MODEL CONTRACT, the Commission may make any necessary further examination of the records or accounts of the facility, in accordance with the rules or regulations of the Commission.

We believe the amendments preserve the HSCRC's current investigatory and other authority, and makes clear the HSCRC's authority with regard to the All-Payer Model Contract. If there is to be an increase or decrease in authority, the HEAU would ask that there be a full discussion of all relevant information, with express consideration of the consequences for consumers.

cc: Members of the Finance Committee