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CHAIR



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MARYLAND HEALTH CARE COMMISSION

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MARYLAND HEALTH CARE COMMISSION

Thursday, May 20, 2010

Minutes

Chair Moon called the public meeting to order at 1:05 p.m. She noted that Dr. Cowdry and Bruce Kozlowski would arrive later in the meeting, as they were making presentations at an annual conference of insurance brokers and agents.

Commissioners present: Conway, Falcone, Fleig, Jefferson, Kan, Krumm, Lyles, McLean, Moore, Olsen, Ontaneda-Bernales, Petty, Todd, and Worthington.

Chair Moon advised the Commission that she a member of the Health Care Reform Coordinating Council and attended the first meeting on May 6, 2010, in which Dr. Cowdry presented.

ITEM 1.

Approval of the Minutes

Commissioner Kan made a motion to approve the minutes of the March 18, 2010 meeting of the Commission, which was seconded by Commissioner Ontaneda-Bernales, and unanimously approved.

ITEM 2.

Update of Activities

Ben Steffen, Director of the Center for Information Services and Analysis, provided the Commission with an update regarding the Trauma Physician Services Fund. In June 2009, the Commission approved an 8% reduction from the Medicare fee schedule for all uncompensated care and on-call payments for FY 2010. The Trauma Fund's solvency has been maintained over the past year; however, the 8% reduction will need to continue for FY 2011 and will be applied to Medicaid payments, in addition to all other uncompensated care payments.

David Sharp, Director of the Center for Health Information Technology, introduced and welcomed Sarah Orth to the Commission. Dr. Sharp said Ms. Orth comes to the Commission from the Office of Health Policy and Planning within the Family Health Administration at the Department of Health and Mental Hygiene where she worked as a Public Health Policy Specialist. She will be working within the Center's Health Information Technology Division.

ITEM 3.

ACTION: Certificate of Need

- **Villa Maria Residential Treatment Center (Docket No. 09-03-2297)**

Villa Maria Residential Treatment Center applied for a Certificate of Need to renovate St. Vincent's Center, a residential child care facility located near the Villa Maria campus and operated by the same organization. Susan Myers, Health Policy Analysis, presented the staff recommendation. Ms. Myers said the renovation project is estimated to cost \$250,000 and following the renovation Villa Maria proposed to relocate 52 of its 95 residential treatment center beds to the renovated St. Vincent's Center. She said Villa Maria proposed to continue operation of the remaining 43 residential treatment center beds at its campus. Ms. Myers also noted that Villa Maria may eventually consolidate residential treatment center services at the St. Vincent's Center campus. Staff recommended that the Commission approve this project. Commissioner Petty made a motion to adopt the staff recommendation, which was seconded by Commissioner Kan and unanimously approved.

ACTION: Certificate of Need – Villa Maria Residential Treatment Center (Docket No. 09-03-2297) is hereby APPROVED.

- **Kaiser Permanente Gaithersburg Surgical Center (Docket No. 09-15-2303)**

Kaiser Permanente applied for a Certificate of Need to establish a freestanding ambulatory surgical facility in Gaithersburg, Montgomery County, Maryland. Eileen Fleck, Program Manager, presented the staff recommendation. Ms. Fleck said the proposed facility, which would include two operating rooms and shell space for one additional operating room, would be used almost exclusively for members of the Kaiser health plans. She said the project is estimated to cost \$9,549,090, which Kaiser plans to fund the project with cash. Staff analyzed the proposed project's compliance with the applicable State Health Plan standards and Certificate of Need review criteria, and recommended that the project be approved with two conditions. Commissioner Jefferson made a motion to adopt the staff recommendation, which was seconded by Commissioner Krumm and unanimously approved.

ACTION: Certificate of Need – Kaiser Permanente Gaithersburg Surgical Center (Docket No. 09-15-2303) is hereby APPROVED.

- **Kaiser Permanente Largo Surgical Center (Docket No. 09-16-2304)**

Kaiser Permanente applied for a Certificate of Need to establish a freestanding ambulatory surgical facility in Largo, Prince George's County, Maryland. Again, Ms. Fleck presented the staff recommendation. Ms. Fleck said the proposed facility would include 6 operating rooms, and would be used almost exclusively for members of the Kaiser health plans. She said the project is estimated to cost \$16,961,961 and that Kaiser plans to fund the project with cash. Staff analyzed the proposed project's compliance with the applicable State Health Plan standards and Certificate of Need review criteria, and recommended that the project be approved with two conditions. Commissioner Ontaneda-Bernales made a motion to adopt the staff recommendation, which was seconded by Commissioner Jefferson and unanimously approved.

ACTION: Certificate of Need – Kaiser Permanente Largo Surgical Center (Docket No. 09-16-2304) is hereby APPROVED.

ITEM 4.

ACTION: Certificate of Need – Modification – Williamsport Nursing Home (Docket No. 07-21-2195)

Williamsport Nursing Home applied for a modification to their existing Certificate of Need. Susan Myers, Health Policy Analyst, presented the staff recommendation. Ms. Myers said that in 2007, Williamsport Nursing Home was granted a Certificate of Need to build an addition to expand its facility by approximately 68,000 square feet. She said the modified project is a smaller scale project, with a building addition of approximately 34,000 square feet. Ms. Myers said the scaled down project will reduce the number of comprehensive care facility beds from 45 to 22. The estimated cost of the project is \$10.5 million. Staff recommended that the Commission approve the modification to this project, subject to conditions currently attached to the original Certificate of Need. Commissioner Moore made a motion to adopt the staff recommendation, which was seconded by Commissioner Kan and unanimously approved. Commissioner Ontaneda-Bernales recused herself from this matter.

ACTION: Certificate of Need – Modification – Williamsport Nursing Home (Docket No. 07-21-2197) is hereby APPROVED.

NOTE: The Commission agreed to move Item 6 before Item 5.

ITEM 5.

LEGISLATIVE ISSUES

Rebecca Perry, Chief, Government Relations and Special Projects, provided a summary of the 2010 Legislative Session. Ms. Perry detailed key legislation enacted by the Maryland General Assembly including: (1) Care Delivery and Payment Reform; (2) Mandated Benefits; (3) Regulation of Healthcare Facilities; (4) Administrative Simplification; and (5) Non-preferred Providers. Ms. Perry also summarized key legislation not enacted and legislation requiring the Commission to conduct studies.

Rex Cowdry, Executive Director, summarized the provisions governing payments to non-participating/non-preferred providers.

Ben Steffen, Director of the Center for Information Services and Analysis, discussed the Commission's specific responsibilities relating to non-participating/non-preferred providers.

Following discussion among the Commission members and staff on the Assignment of Benefits bill, and provider reimbursement issues, Chair Moon asked staff to provide to the Commission a description of the questions to be asked in a study of physician supply and reimbursement, as well as data sources available.

ITEM 6.

PRESENTATION: Small Group Market Summary of Carrier Experience as of December 31, 2009

Janet Ennis, Chief, Small Group Market, briefed the Commission on the results of the annual financial surveys of carriers participating in the small group market. The data submitted were for year ending December 31, 2009, and included such information as average premiums, covered lives, demographics on age and geography, and the number of small businesses that purchased coverage in the small group market. Ms. Ennis also discussed the basic provisions of the Comprehensive Standard Health Benefit Plan (CSHBP), noting that the overall cost of plans sold without riders is 88% of the income affordability cap, which is set in statute at 10% of the average annual wage in Maryland. She reported that as of year-end 2009, overall enrollment was down about 7%, along with a large shift in enrollment from traditional HMO and PPO products to high deductible consumer-directed health plans. By policy type, this decline in enrollment was seen in all types of coverage in 2009, as was the case in 2008. Some level of drop off occurred within each age band; however, the data indicated that younger employees were losing coverage at a faster rate than the older population. Next, Ms. Ennis discussed changes in premiums, 2007-2009, across various delivery systems, noting the following: HMO plans experienced similar rate increases in 2008 and 2009; the cost of PPO products rose steeply in 2007, then experienced single-digit increases in 2008, followed by double-digit increases in

2009; HMO/H.S.A. premiums and PPO/H.S.A. premiums increased significantly in 2008 and 2009; the cost of HDHMO products also increased significantly in 2009.

ITEM 7.

PRESENTATION: How does CMS Five-Star Quality Rating System for Nursing Homes Relate to Family Member/Responsible Party Experience of Care?

Bruce Kozlowski, Director, Center for Health Care Financing and Health Policy, suggested that the presentation be postponed until next month's meeting of the Commission. The Commission agreed. Mr. Kozlowski announced that Sule Calikoglu, of his staff, has been offered and accepted a position within the Health Services Cost Review Commission. He noted that she agreed to present at the MHCC's June 17, 2010 public meeting.

ITEM 8.

ADJOURNMENT

There being no further business, the meeting was adjourned at 3:40 p.m., upon motion of Commissioner Olsen, which was seconded by Commissioner McLean and unanimously approved.