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CHAIR



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**MARYLAND HEALTH CARE COMMISSION**

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**MARYLAND HEALTH CARE COMMISSION**

**Thursday, March 18, 2010**

**Minutes**

Chair Moon called the public meeting to order at 1:08 p.m.

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

**ITEM 1.**

**Approval of the Minutes**

Commissioner McLean made a motion to approve the minutes of the February 18, 2010 meeting of the Commission, which was seconded by Commissioner Ontaneda-Bernales, and unanimously approved. Commissioner Conway made a motion to approve the February 5, 2010 and the March 8, 2010 teleconference meetings of the Commission, which was seconded by Commissioner Kan, and unanimously approved.

**ITEM 2.**

**Update of Activities**

Bruce Kozlowski, Director of the Center for Health Care Financing and Health Policy, said the Commission awarded Mr. Adewale Adeoye, a master's student at Morgan State University School of Community Health, an internship with the Commission to examine what factors influence disparities in health care utilization and outcomes using a unique survey conducted in East Baltimore.

David Sharp, Director of the Center for Health Information Technology, announced that the Commission will receive \$9.3 million under the *American Recovery and Reinvestment Act of 2009* to implement the statewide health information exchange. This grant will be used to facilitate and expand the secure exchange of electronic health information among providers in an effort to improve the quality and efficiency of health care.

### ITEM 3.

#### **ACTION: LEGISLATIVE UPDATE**

Rebecca Perry, Chief, Government Relations and Special Projects, provided an update on the following bills heard during the 2010 legislative session:

HB 929/SB 855 “Patient Centered Medical Home (PCMH)” – This bill was heard in both the Senate and the House. Ms. Perry noted that the Commission supported the bill with the Administration’s amendments. She noted that the amendments include: “fine tuning” the Commission’s role in the regulation and oversight of both the Maryland Patient Centered Medical Home program and single-carrier PCMH programs in Maryland; clarification of the participation of Medicaid managed care organizations and federally-qualified health center; and the inclusion of additional evaluation criteria.

SB 593/HB 699 “Freestanding Medical Facility” – This bill was also heard in both the Senate and House. Ms. Perry said the Commission opposed this legislation because of the immediate effect that all-payer rate-setting for these facilities is likely to have on health care costs in general and Medicaid payments in particular, and more importantly, because of the adverse long-term effects that a proliferation of freestanding medical facilities would have on efforts to create a higher quality, more cost-effective health care system. She noted that the following amendments have been drafted and circulated to Committee Chairs: 1) the provision of rates for FMF pilots; 2) inclusion of FMF in the Certificate of Need Program; 3) requiring the MHCC to report to the General Assembly regarding the effect of rates for pilot FMFs due December 2014; 4) development of a State Health Plan chapter to govern planning and determination of need for FMFs; and 5) a prohibition on the establishment of new FMFs prior to July 1, 2015.

SB 723/HB 1093 “Clinically Integrated Organizations” – This bill was heard in both the Senate and the House. If passed, it would allow certain carrier incentives and information sharing, otherwise prohibited by the Insurance Article. Ms. Perry said the Commission supported this bill with amendments that were drafted by the Commission, the Maryland Insurance Administration, and other key stakeholders. She said that the Chair of the Health and Government Operations Committee requested an evaluation of this new payment reform model.

SB 314/HB 147 “Assignment of Benefit (AOB)” - This legislation was heard in both the Senate and the House. Ms. Perry said this legislation allows AOB for all PPO providers. Hospital-based physicians have no additional requirements or restrictions; on-call physicians accepting AOB would receive specified reimbursements and be prohibited from balance billing; and other providers would be required to disclose the provider’s out-of-network status, an estimate of likely charges, and the patient’s liability for any amounts above what the carrier pays. She noted that the bill passed the Senate with amendments.

Commissioner McLean asked about the status of HB 1468/SB1074 “Nonparticipating Providers - Disclosure of Status and Charges” bill. Ms. Perry said SB1468 was heard in the Senate and a work session was formed to discuss the possibility of rolling HB 1468 into SB 625.

Ms. Perry said the Commission will study the following mandate bills that did not pass during the 2010 legislation session: HB 478/SB 663 – mandate that would prohibit a fourth pharmacy benefit tier with higher cost sharing; and HB 626/HB 523 – mandate that would require cost sharing for oral chemotherapy to be no greater than the cost sharing for infusion chemotherapy.

#### **ITEM 4.**

##### **ACTION: Certificate of Need – University of Maryland Medical Center (Docket No. 09-24-2300)**

The University of Maryland Medical Center (UMMC) applied for a Certificate of Need to expand its trauma, critical care, surgery, and emergency medicine facilities. Susan Myers, Health Policy Analyst, presented the staff recommendation. Ms. Myers said that the new building would connect to the existing Shock Trauma and Weinberg Buildings. She said that the new construction will total 140,660 square feet and the renovation will encompass 42,870 square feet of existing space in those buildings. She also noted that the estimated cost of the project is \$176,728,000 and that UMMC proposed to fund this project with \$67.1 million in borrowing, \$50 million in State grant funding, \$35 million in gifts and requests, \$13 million in federal grant funding, \$6.2 million in cash, and \$5.4 million in interest income. To offset the depreciation and interest expense associated with the project, UMMC anticipates requesting an increase in the rates it charges, regulated by the Health Services Cost Review Commission. Ms. Myers said the new building would house expanded critical care services and expand adult and pediatric emergency department capacity. UMMC proposed to increase its acute care bed capacity to 729 beds. Staff recommended that the Commission approve this project, with conditions. Commissioner Krumm made a motion to adopt the staff recommendation, which was seconded by Commissioner Moore and unanimously approved. Commissioner McLean recused herself from this matter.

##### **ACTION: Certificate of Need – University of Maryland Medical Center (Docket No. 09-24-2300) is hereby APPROVED.**

#### **ITEM 5.**

##### **PRESENTATION: Health Care Spending in Maryland: How does Maryland Differ from Other States and Why?**

Ben Steffen, Director of the Center for Information Services and Analysis, presented the findings of the report, which compares per capita personal health care spending in Maryland to other states. He said some important factors in the health care environment are demographic and socio-economic characteristics of residents, supply side and market characteristics, as well as policy choices. Mr. Steffen noted that the report analyzed twenty-five factors that could affect health care spending and costs in Maryland and across the nation. He noted the following key findings from the report:

- In 2004, per capital health care spending in Maryland averaged \$5,590 (6% above the national average and 17<sup>th</sup> highest among the 50 states).
- The average annual growth rate for Maryland was 4.2% from 1991 to 1998, increasing to 7.2% from 1998 to 2004. The average annual rate of growth was somewhat higher in the U.S. overall, compared to Maryland in the earlier period and somewhat lower in the later period. However, more recent data shows the average annual growth rate in the U.S. has continued to decline through 2008.
- Underlying geographic variation in health care spending is different in the utilization of services and the prices paid for those services. Utilization is driven by a range of complex, interrelated factors. Health status is a major determinant which is, in turn, influenced by health behaviors, age, income, race/ethnicity, and other socio-demographic characteristics.

#### **ITEM 6.**

##### **FINAL ACTION: COMAR 10.25.06 – Maryland Medical Care Data Base and Data Collection**

Ben Steffen, Director, Center for Information Service and Analysis, presented final regulations regarding the Maryland Medical Care Data Base and Data Collection. Mr. Steffen noted that the proposed regulations were approved at the November 19, 2009 meeting of the Commission and published in the *Maryland Register*. No public comments were received. Commissioner Moore made a motion to adopt the regulations as final, which was seconded by Commissioner Krumm and unanimously approved.

**ACTION: COMAR 10.25.06 – Maryland Medical Care Data Base and Data Collection – Action on Final Regulations – ADOPTED as final regulations.**

#### **ITEM 7.**

##### **Update and Policy Discussion: Small Group Market Modifications in SB 637/HB 674 of 2009**

Bruce Kozlowski, Director, Center for Health Care Financing and Health Policy, provided the Commission with a brief update on small group market reform. Mr. Kozlowski reviewed reform efforts from the past few years, including the Mercer report on “Options Available to Reform the Comprehensive Standard Health Benefit Plan”, which was published in December 2007. He then reviewed the provisions of SB 637/HB 674 which was enacted during the 2009 legislative session. He said SB 637 incorporates a number of policy changes to the small group market. Mr. Kozlowski said that two of those provisions, allowing pre-existing condition limitations and rating on entry over three years will be impacted by federal health care reform.

## **ITEM 8.**

### **PRESENTATION: Maryland Nursing Home Family Experience of Care Survey - 2009**

Carol Christmyer, Chief of Long-Term Care Quality Initiatives, presented the results of the 2009 Maryland Nursing Home Family Experience of Care Survey. Ms. Christmyer said the purpose of the nursing home surveys are to provide: (1) subjective measurement of care and quality of life for public report; (2) comparative performance information for consumers engaged in a due diligence review; (3) identification of facilities exhibiting good performance; and (4) identification of facility-specific opportunities for improvement. She discussed the survey protocols, noting that family members respond to questions for long-stay residents, but short-stay residents respond for themselves. Ms. Christmyer provided the statewide family survey results in detail. She also provided preliminary short-stay resident respondent results, as well as long-stay family respondent results. Ms. Christmyer said the family survey report and results will be posted on the Commission's website following today's meeting.

## **ITEM 9.**

### **PRESENTATION: Medical Expenditure Panel Survey: Maryland Sample through 2008**

Linda Bartnyska, Chief of Cost & Quality Analysis, presented this biennial report that describes key characteristics of health insurance coverage provided through Maryland private-sector employers in 2008. She said that, based on the MEPS-IC report, approximately 88% of Maryland's private sector employees worked in establishments that offered health insurance, which mirrors the national average. Ms. Bartnyska said that firms with fewer than 10 employees had an average offer rate of 49% while firms with 1,000 or more employees had an average rate of 99%. She noted that data shows that employees working for small business employers in Maryland are less likely to have affordable, employer-sponsored health insurance than employees working for larger firms. Ms. Bartnyska said from 2002 to 2008, the average premium for single coverage in PPO-type products (the most common type of coverage) offered by private employers in Maryland increased by 34%, and the average premium for family coverage increased by 52%. She said that, unlike the offer rate, the percentage of enrolled employees at establishments that offer health insurance declined in Maryland from 2005 to 2008 from 67% to 61%. She noted that this decline was due to lower enrollment rates in two industry categories: agriculture, fishing, forestry, and construction (78% to 65%); and all others (85% to 71%). Ms. Bartnyska said the MEPS-IC- Maryland Sample through 2008 report will be available on the Commission's website following today's meeting.

## **ITEM 10.**

### **ADJOURNMENT**

There being no further business, the meeting was adjourned at 3:35 p.m., upon motion of Commissioner Krumm, which was seconded by Commissioner Lyles, and unanimously approved.