



MARYLAND HEALTH CARE COMMISSION

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Thursday, January 16, 2020

Minutes

Chairman Pollak called the meeting to order at 1:09 p.m.

Commissioners present: Boyle, Doordan, Hammersla, McCarthy, O'Connor, O'Grady, Rymer and Sergent. Commissioners Metz and Thomas were present via telephone.

AGENDA ITEM 1.

Approval of the Minutes

Commissioner Boyle made a motion to approve the minutes of the December 19, 2019 public meeting of the Commission. The motion was seconded by Commissioner O'Connor and unanimously approved.

AGENDA ITEM 2.

Update of Activities

Ben Steffen, Executive Director, announced that Richard Proctor will join the Commission on January 29th as the Commission's new Chief Operating Officer. Mr. Steffen reported that Mr. Proctor has been in State service for a number of years and that he has served as Acting Executive Director at the Board of Physicians, the Board of Pharmacy and the Cannabis Commission among other positions. Mr. Steffen stated that Mr. Proctor brings to the Commission a significant amount of experience in State operations and that his position will oversee budget, personnel and Information Technology.

Theresa Lee, Director of the Center for Quality Measurement and Reporting, reported on the response to the Request for Expressions of Interest (RFI) for entities exploring MHCC designation as the Patient Safety Center for Maryland. Ms. Lee noted that the current designee, the Maryland Patient Safety Center, Inc. (MPSC, Inc.) was the only entity that responded to the RFI. In addition to the MPSC, Inc. response, the Commission received 38 letters of support for their continued designation. Ms. Lee also noted that the staff would determine next steps for this initiative and report back to the Commission at a later date.

Nikki Majewski, Chief, Health Information Technology, introduced a new Commission employee, Ms. Kelly Brown. Ms. Majewski reported that Ms. Brown has joined the Center for Health Information Technology and Innovative Care Delivery as a Program Manager and that Ms. Brown previously held positions at the Maryland Department of Health as a Practice Transformation Coach for the Maryland Primary Care Program and the Baltimore County Department of Health and Human Services as a Bilingual Human Service Associate.

Eileen Fleck introduced a new employee in the division, Jessica Raisanen. Ms. Fleck reported that Ms. Raisanen's most recent work experience was at Johns Hopkins University School of Public Health and that she has a Master of Science degree in Public Health from Johns Hopkins University and a Bachelor of Science degree from the University of Michigan.

AGENDA ITEM 3.

ACTION: Exemption from Certificate of Need Review – McCready Foundation d/b/a Edward W. McCready Hospital and Peninsula Regional Medical Center, Inc. – Conversion of a General Hospital to a Freestanding Medical Facility (Docket No. 19-19-EX010)

Moira Lawson, Program Manager, presented the staff recommendation. She stated that Peninsula Regional Medical Center and Edward W. McCready Memorial Hospital requested an exemption from Certificate of Need to convert McCready Hospital to a freestanding medical facility that will provide rate-regulated outpatient services as well as emergency services and observation and will be an administrative unit of Peninsula Regional Medical Center. Ms. Lawson stated that upon approval, all inpatient services at McCready Hospital would cease, with the emergency department and outpatient clinics continuing to provide services while a new facility is constructed at 4660 Crisfield Highway. After completion, the new facility will house an emergency department, a primary care clinic, a behavioral health clinic, a rehabilitation medicine clinic, and imaging facility and a lab. Ms. Lawson stated that staff recommends that the Commission approve the request for an exemption from Certificate of Need as the project will provide needed health services to an area of the State without access to an array of outpatient medical services. The project will cost \$25,589,294 and will be paid for by a bond issued by Peninsula Regional Medical Center.

A motion to approve the request for an exemption from Certificate of Need was made with the following two conditions:

1. Within 120 days of approval of the request for exemption from Certificate of Need filed by Edward W. McCready Memorial Hospital and Peninsula Regional Medical Center for

the conversion of Edward W. McCready Memorial Hospital to a freestanding medical facility, Peninsula Regional Health System, Inc. shall become the sole member of the McCready Foundation, Inc.; and

2. Any future change to the financing of this project involving adjustments in rates set by the Health Services Cost Review Commission must exclude \$1,374,274. This figure includes the estimated new construction costs that exceed the Marshall Valuation Service guideline cost and portions of the contingency allowance and inflation allowance that are based on the excess construction cost.

Commissioner Rymer made a motion to approve the request for an exemption from CON which was seconded by Commissioner Boyle and unanimously approved with conditions.

ACTION: Exemption from Certificate of Need Review – McCready Foundation d/b/a Edward W. McCready Hospital and Peninsula Regional Medical Center, Inc. – Conversion of a General Hospital to a Freestanding Medical Facility (Docket No. 19-19-EX010) is hereby APPROVED WITH CONDITIONS.

AGENDA ITEM 4.

ACTION: Report on Assessment of Types, Quality, and Level of Services provided at the University of Maryland Shore Medical Center at Chestertown

Chairman Pollak recused himself on this matter and Vice Chair Sergent served as chair for this agenda item.

Mr. Paul Parker, Director of Health Care Facilities Planning and Development, and Ms. Megan Renfrew, Chief of Government Affairs and Special Projects, presented an overview of the report, entitled “Assessment of Service Changes at the University of Maryland Shore Medical Center at Chestertown.” They reported that while the types of services offered at the University of Maryland Shore Medical Center at Chestertown (UMSMC at Chestertown) have not changed significantly since 2015, the volume of services (particularly inpatient services) have decreased over this time period. Licensed bed capacity (based on 140% of average daily census) declined from 31 in 2015 to 12 in 2020 (-61%). UMSMC at Easton also saw declines in inpatient volume (and licensed beds) over this time period. UMSMC at Chestertown lost market share during this time period.

Mr. Parker and Ms. Renfrew further reported that quality metrics for UMSMC at Chestertown improved over the assessment period, including reductions in potentially avoidable admissions (contributing to the decrease in volume at the hospital). At the end of the period, UMSMC’s performance on quality metrics was generally similar to other Maryland hospitals.

MHCC is not able to discern any formal plan being implemented by Shore Regional Health (SRH) expressly designed to force a market shift in hospital service provision from Chestertown to Easton. SRH has made decisions to “regionalize” administrative functions and some clinical services; however, these actions do not appear unusual or inconsistent with the challenging market environment or financial incentives presented to SRH. The hospital’s finances during

this period showed operating profits through 2018. This is, in part, due to the moderating influence of the global revenue payment system in Maryland on the impact of volume decreases. The hospital's finances show an operating loss in 2019.

Mr. Parker and Ms. Renfrew then answered questions from Commissioners.

Commissioner Boyle made a motion to approve submittal of the Report to the General Assembly which was seconded by Commissioner O'Grady and unanimously approved.

ACTION: Approval for Submission to the General Assembly--Report on Assessment of Types, Quality, and Level of Services provided at the University of Maryland Shore Medical Center at Chestertown is hereby APPROVED.

AGENDA ITEM 5.

ACTION: Report on Potential Models for Rural Health Delivery in Maryland

Ms. Alana Knudson, of the Walsh Center for Rural Health Analysis at NORC, presented on the report, entitled "Options for Rural Health Care Delivery in Maryland". Ms. Knudson reviewed MHCC's requirements that the models developed by NORC for the mid-shore region, be transferable to other rural Maryland communities, and be consistent with the Total Cost of Care model. Ms. Knudson reviewed the major differences between the acute general hospital (status quo) approach and a potential new Maryland Rural Hospital model. She also provided details on the Aging and Wellness Center of Excellence and other services that could help support rural health care delivery. After questions and discussion, the Commission approved submittal of the report to the General Assembly.

Commissioner O'Connor made a motion to approve the Report to the General Assembly which was seconded by Commissioner Rymer and unanimously approved.

ACTION: Approval for Submission to the General Assembly -Report on Potential Models for Rural Health Delivery in Maryland is hereby APPROVED.

AGENDA ITEM 6.

PRESENTATION: Breach Information Report

Ms. Eva Lenoir, Program Manager and Ms. Nikki Majewski, Chief of Health Information Technology, presented on the report, Health Care Data Breaches: An Assessment of Breach Trends in Maryland and the Nation 2010-2019. The assessment consisted of reported breaches affecting 500 or more individuals with comparisons between Maryland and the nation. Ms. Lenoir described how cybercrime and insider error or wrongdoing put patient information at greater risk. Ms. Majewski stated that consumers generally feel like their personal information is less secure, and how medical information ranks fourth in terms of personal information that consumers feel should

have greater protections. Ms. Majewski also noted that lessons learned in the aftermath of a breach are some of the most powerful ways health care is learning to safeguard against future breaches.

ACTION: NO ACTION REQUIRED

AGENDA ITEM 7.

PRESENTATION: Legislative Process for Calendar Year 2020

Ms. Megan Renfrew, Chief of Government Affairs and Special Projects, provided an overview of the Maryland legislative process, with a focus of the role of the Commission and Commissioners during the 2020 legislative session. Ms. Renfrew answered questions from Commissioners about this process. The Commission also discussed Senate Bill 106, which sought to exempt State-owned facilities from CON regulation. Senate Bill 106 had a bill hearing the Senate Finance Committee two days before the January Commission meeting.

ACTION: NO ACTION REQUIRED

AGENDA ITEM 8.

PRESENTATION: Professional Services Report for 2018

Shankar Mesta, Chief of the Cost and Quality Division from the Center of Analysis and Information Systems, presented the results from this Commission's annual report on expenditures for privately insured professional services, using information from the Maryland Medical Care Data Base (MCDB). He informed Commissioners that the report provided an overview of payment rates (payments per RVU) among private payers. This report included only in-network services payments which comprised about 96% of total RVUs. He discussed the variation in payment rates for professional services in Maryland by market share, geographical region and compared these rates to Medicare and Medicaid. This report included a new item about a comparison of payment rates for each type of service between private payers and Medicare and Medicaid payment rates. The data source from private payers for this project came from the MCDB. In looking at the all private payers rate, the increase from 2016 to 2018 is stable, at 1.2% to 2.6%.

Mr. Mesta noted that, in Maryland, private payer rates have been very close to Medicare and that the private payer rates are consistently above the Medicaid rate, as expected. Commissioner Michael J. O'Grady, Ph.D., asked about the impact of large payers versus other payers towards payment rates increase of 104 percent in private payers compared to Medicare rates. Mr. Mesta responded that large payers contributed to 3% and other payers contributed to 12% towards payment rates increase. Chairman Pollak asked if the DC metro region included services performed in Northern Virginia. Mr. Mesta responded that the DC metro region only included services performed in Montgomery County and Prince George's County.

Mr. Mesta reported that results from types of service payment rates analysis among private payers were consistent and comparable to Medicare rates for evaluation and management, medical, and surgical services. He noted that private payment rates were 30% higher for imaging and 48% higher for test services among private payers. As these two services contributed 15% and 2%, respectively towards total professional services expenditures, the higher payment rates were not sufficient to cause a material difference in payment rates.

Chairman Pollak inquired about the availability of national benchmark rates to evaluate Maryland payment rates. Mr. Mesta said that studies involving national payment rates use different methodologies to calculate payment rates and classification of services. Therefore these studies could be used for national comparison. Mr. Stefan mentioned that in the past a GAO study was referenced which showed that Maryland payment rates were at the lower percentile when compared with national payment rates. He said that a significant supply of practitioners and payers' ability to negotiate rates contribute towards lower payments in Maryland.

ACTION: NO ACTION REQUIRED

AGENDA ITEM 9.

Overview of Upcoming Activities

Mr. Steffen stated that the February's Commission meeting agenda will include several CON applications one from Shore Health System and Shore Regional Health and the second from Johns Hopkins Bayview Medical Center. He noted that there will also be a presentation on Spending for the Privately Insured and a legislative update. Finally, MHCC will work with OHCQ and HSCRC on reimbursement of statutory changes in Rural Hospital Model.

AGENDA ITEM 10.

ADJOURNMENT

There being no further business, the meeting was adjourned at 3:08 p.m. upon motion of Commissioner O'Grady, which was seconded by Commissioner Thomas and unanimously approved.