



Maryland  
Hospital Association

September 18, 2019

Katie Wunderlich  
Executive Director  
Health Services Cost Review Commission  
4160 Patterson Avenue  
Baltimore, MD 21215

Dear Katie:

On behalf of Maryland's 61-member hospitals and health systems, the Maryland Hospital Association appreciates the opportunity to comment on the commission's proposed Medicare Performance Adjustment (MPA) framework.

**MHA supports the proposed MPA Savings Component (MPA-SC)**

Maryland's hospitals support establishing the MPA-SC. In our March 2019 comment [letter](#), we supported the originally proposed MPA Efficiency Component. As stated by several commissioners, adopting the MPA-SC will decouple the Medicare savings required under Maryland's Total Cost of Care (TCOC) contract from the annual update factor. The update factor should contribute to sustainable growth for all stakeholders—not set growth limits to achieve Medicare-only savings. The MPA Efficiency Component is a useful tool, available through the contract, which should serve as a safety valve if Medicare TCOC savings targets are not met in future years.

We agree with HSCRC staff's conclusion that the MPA-SC is not needed in 2020 because of Maryland's performance under the Medicare total cost of care guardrail. The latest figures reflect \$291 million in total cost of care savings—close to achieving our targeted savings. In [March](#), we noted that hospital leaders understood MPA-SC could be used to meet *annual* Medicare savings targets—and that it could also be used to *increase* payments to hospitals in the event of favorable performance. The commission should not increase Medicare payments in 2020 but ought to consider using the MPA-SC to increase Medicare payments if favorable performance continues.

**MHA supports the intent of recognizing savings from care transformation initiatives (CTI), but it is premature to finalize a mechanism to adjust Medicare payments**

The MPA Reconciliation Component (MPA-RC) would establish a methodology to reward hospitals for demonstrated Medicare savings from CTI. As proposed, the policy would increase Medicare payments for hospital-specific CTI savings and offset the total amount of savings proportionately across all Medicare hospital payments. Hospitals appreciate the importance of showing how we are changing care to produce per capita savings under the contract. We appreciate the commission staff's efforts to date and the proposed timing of future payment adjustments.

Hospitals agree we need to measure program savings, including CTI beyond the formal care redesign programs. Because the proposed MPA-RC affects hospital payments, we urge HSCRC staff to be deliberate in measuring CTI savings. We respectfully request that HSCRC staff **bring a separate CTI recommendation to the commissioners** before approving a methodology that would affect Medicare payment levels, even though the proposed impacts are several years away. This recommendation should include details on measuring CTI, accounting for costs associated with CTI, and rationale for how the HSCRC will prioritize the policy. For example, the traditional MPA places hospitals at risk for an entire attributed population, and the proposed MPA-RC would directly adjust payments for a subset of hospital interventions.

Hospitals have raised important considerations around the proposed measurement of CTI:

- The proposed CTI measurement period does not begin until July 2020, and therefore will not recognize previously achieved savings by high-return programs
- Consistent measurement of CTI savings among hospitals, given that hospitals may submit different types of programs
- The ability to isolate the impact of a single CTI using claims data that may not reflect socio-economic factors that drive service use
- Measurement of spending per beneficiary by comparing an intervention population to a control (non-intervention) population, rather than measuring a base versus current period change in payments through claims data
- Prioritizing CTI for data programming that could omit demonstrated, hospital specific savings, at the expense of funding total savings.

We appreciate that HSCRC staff is open to hospital feedback and working closely with stakeholders to address hospital considerations. The MPA-RC is an important policy to demonstrate how Maryland's hospitals are delivering care better. The CTI policy details are the foundation of the MPA-RC.

Thank you again for your careful consideration of these matters. If you have any questions, please contact me.

Sincerely,



Brett McCone  
Senior Vice President, Health Care Payment

cc: Nelson J. Sabatini, Chairman  
Joseph Antos, Ph.D., Vice Chairman  
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