Maryland
Hospital Association

January 18, 2019

Alyson Schuster, Ph.D.
Associate Director, Performance Measurement
Health Services Cost Review Commission
4160 Patterson Avenue
Baltimore, Maryland 21215

Dear Alyson:

On behalf of the Maryland Hospital Association's 62 member hospitals and health systems, we appreciate the opportunity to comment on the Health Services Cost Review Commission's (HSCRC) *Draft Recommendation for the Maryland Hospital Acquired Conditions Program for Rate Year 2021*. HSCRC staff have invested considerable time and resources to conduct a thorough and inclusive process to improve the MHAC program. We have been part of the process and support most of the changes recommended. More detailed comments follow.

The payment scale should focus rewards and penalties on the highest and lowest performing hospitals because of concerns with the policy's risk adjustment and the lack of an external benchmark to evaluate hospitals' performance. We need more time to fully consider how the payment scale options that have been proposed best accomplish this objective and affect the overall program.

We have the following comments:

- Support narrowing the Potentially Preventable Conditions (PPCs) to the 14 included in the draft recommendation. The vetting process to identify the conditions that are clinically relevant and have evidence-based prevention strategies was driven by clinicians.
- Support an attainment-only policy for this year's MHAC policy in recognition of the substantial reduction in complications that have occurred since July 2009 when PPCs were first included in HSCRC value-based payment policy.
- Support expanding the ability to earn points between the 10^{th} and 90^{th} percentile. With the transition to attainment-only, the expansion is important to better differentiate scores, particularly scores below the median.
- Conditionally support weighting the PPCs by the additional cost of a PPC occurrence pending review of the cost weights under an ICD-10 version of the PPC grouper. The cost weights are a proxy for harm caused to patients by a complication and, as such, are a good way to weight the complications relative to one another. While the cost weights will likely change under ICD-10, we want to ensure that the weights relative to one another continue to match clinicians' view of harm.

- We recommend increasing the maximum reward to 2 percent to match the 2 percent maximum penalty.
- HSCRC staff should continue to pursue ways to address the statistical concerns with risk adjustment. Of the 7,382 diagnostic related group and severity of illness cells included in the policy's risk adjustment, 81 percent have no observed complications. It is unclear whether the lack of a complication in a cell is because the true "expected" value is zero, or if there is simply not enough data to determine an expected rate. To continue to engage clinicians in the importance of this work, addressing these methodological issues will facilitate that buy-in. One approach could be to supplement the HSCRC methodology with national data. We stand ready to work with HSCRC to address these important issues.
- When 3M releases its national data set of hospital PPC performance, which includes ICD-10 coding, HSCRC staff should evaluate Maryland's hospitals' performance relative to this group. This data will inform opportunities for continued improvement and risk adjustment.

We appreciate the opportunity to be included in the redesign of the MHAC policy and to comment on the draft recommendations. We look forward to continuing to work with the commission on this and other policies.

Sincerely,

Traci La Valle

Traci La Valle
Vice President, Rate Setting

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