



Maryland
Hospital Association

January 10, 2020

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

Dear Ms. Wunderlich:

On behalf of Maryland's 60 member hospitals and health systems, the Maryland Hospital Association appreciates the opportunity to comment on the commission's proposed Intensity and Innovation Policy.

We have three recommendations on the proposed policy and its implementation:

- 1) Fund innovation at all hospitals where it happens
- 2) Report annually on innovation at a public Commission meeting
- 3) Validate the impact of innovation funding in the market shift adjustment

Fund innovation at all hospitals

Maryland's hospitals fully support funding innovative procedures and services outside of global budgets. One of the proposed criteria is that, to qualify, a service is provided by at least one of the state's two academic medical centers (AMC) as defined by HSCRC staff. If innovation emerges simultaneously among a handful of hospitals, HSCRC staff should fund innovation for that entire group of hospitals, including AMCs and non-AMCs. At a minimum, any hospital meeting the dominance criteria should receive innovation funding.

Outside of Maryland, hospitals receive full payment for volume growth in innovative services and only an intensity adjustment is required to adjust prices. Global budgets in Maryland effectively control both utilization and price. The Maryland model should offer relief for new procedures and services. The agreement with the Centers for Medicare and Medicaid Services requires 95% of regulated revenues to be in a population health or fixed revenue model. MHA fully supports this contractual incentive, and we believe it allows for innovation funding.

Annually report on innovation funding at a public meeting

Hospitals understand funding will be removed from the AMCs as more hospitals adopt innovations and the AMCs no longer meet the dominance test. MHA respectfully requests that HSCRC staff present the commission with a brief annual report on innovation funding—when it has been granted, to which hospitals, amounts distributed, volume of services rendered, etc. MHA also suggests HSCRC staff include a diagram in the final recommendation illustrating how dollars are infused and removed.

Katie Wunderlich
January 10, 2020
Page 2

Validate the impact of innovation funding in the market shift adjustment (MSA)

As innovations are diffused, the MSA should facilitate a funding shift from the AMCs to other hospitals. MSA is a complex methodology, contingent on market limits before revenue shifts occur. As part of the requested annual innovation report—and as part of any MSA methodology review—we ask HSCRC staff to validate how diffusion of innovation affected the distribution of dollars in the MSA policy.

Thank you for your careful consideration of this matter. 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
Victoria W. Bayless
Stacia Cohen, RN
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