



Maryland
Hospital Association

March 29, 2022

Dr. Alyson Schuster
Deputy Director, Quality Methodologies
Health Services Cost Review Commission
4160 Patterson Avenue
Baltimore, Maryland 21215

Dear Dr. Schuster:

On behalf of the Maryland Hospital Association's 60 member hospitals and health systems, we appreciate the opportunity to comment on the Health Services Cost Review Commission's (HSCRC) retrospective adjustments to the Maryland Quality Program for rate year (RY) 2023.

We generally support the staff's recommendations. You have shown your understanding of the extreme and unique circumstances caused by the COVID-19 pandemic. We offer the following recommendations:

Maryland Hospital Acquired Conditions (MHAC) Program

We support the proposal to use concurrent norms and include COVID patients, understanding that version 38 of the 3M Potentially Preventable Complications (PPC) methodology excludes PPCs correlated with a COVID diagnosis. Based on staff's revised preliminary RY 2023 MHAC revenue adjustments, two-thirds of hospitals experience a more negative revenue adjustment for RY 2023 compared to their two-year cumulative average for RY 2020 and 2021 (RY 2022 excluded due to COVID). For hospitals that would experience this negative trend, this amounts to an average decrement equal to 0.54% of RY 2022 inpatient revenue.

In RY 2021, the average MHAC score was 0.72, and hospitals were rewarded or penalized on a scale with a penalty threshold of 0.6 and a reward threshold of 0.7. The average MHAC score under the model being considered for RY 2023 is 0.64. If the revenue adjustment scale was reflective of the previous methodology, it would incorporate a penalty threshold of 0.52 and a reward threshold of 0.62. This would amount to a \$20 million improvement, yielding \$12 million in net rewards—well below recent years' net MHAC rewards.

We ask you to apply a penalty and reward threshold lower than the current proposal, in line with the previous methodology.

In addition to revising the payment scale, **we ask HSCRC to limit hospital penalties under MHAC by reducing the maximum penalty from 2% to 1% of inpatient revenue.** Prudence demands limiting hospitals' risk of penalties for the deterioration in MHAC performance that was due to COVID and thus beyond their control.

Readmissions Reduction Incentive Program (RRIP)

We support staff's proposal to adjust the RY 2023 RRIP policy retrospectively using concurrent norms and including COVID patients. Data show readmission rates declining as a hospital's percent of COVID patient days increases, yet uncertainty remains around patient patterns of utilization and how those patterns may have impacted a hospital's ability to manage readmissions of cases considered potentially avoidable utilization. **Since the improvement rate of 4.57% was set pre-COVID, we suggest a 20 basis point reduction to the rate of improvement target to reflect hospitals' operational challenges during the pandemic. This would yield a revised improvement target of 4.37%.**

Quality-Based Reimbursement (QBR) Program

Hospitals are concerned about HCAHPS and mortality domains in QBR and how COVID affected hospital performance. **The pandemic's adverse impacts to hospitals should be considered when determining the adjustments to these QBR domains.**

* * *

We also want to highlight a hallmark of Maryland's Total Cost of Care Model—prospective policy setting. Knowing the expectations ahead of time, with confidence, is essential for hospitals to implement strategies for quality improvement and to align with expected policy outcomes.

The COVID pandemic has been a significant challenge for us all and has been a major disruption to the quality program. Our recommendations are meant to ensure relative consistency in results, while minimizing hospitals' exposure to significant penalties for circumstances beyond their control.

As always, we appreciate the opportunity to collaborate with HSCRC staff on these important issues.

Sincerely,



Traci La Valle
Senior Vice President, Quality & Health Improvement