



Maryland
Hospital Association

March 24, 2023

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 would like to **convey the field's concerns** about the Health Services Cost Review Commission's process to implement a mid-year technical change to the rate year 2024 Maryland Hospital Acquired Condition (MHAC) program. We also would like to **outline a process and propose an approach to ease the immediate financial impact** of this decision.

HSCRC staff learned in May 2022 that an existing error related to how catastrophic cases are defined was fixed in the 3M logic. As a result, MHAC methodology needed to be updated. This issue was brought to staff's attention by a hospital, yet most of the field were not informed until several months later of the impending correction. HSCRC staff, noted that "technical corrections *typically* do not result in significant impact to program scores."

However, preliminary analysis by several hospitals found the correction would, in fact, yield a material impact to program scores and revenue adjustments. MHA advocated that HSCRC publicly present the proposed correction and how it would affect hospitals. MHA and hospitals asked staff to delay the change until rate year 2025 since hospitals were made aware after the completion of the performance period. Not all hospitals would experience adverse financial impacts as a result, but the field believes open dialogue and transparency are needed to avoid unintended consequences and ensure the best policy outcomes for Marylanders.

Going forward, MHA asks HSCRC work collaboratively with hospitals to define "significant impact" to program scores and develop appropriate timelines for how "off-cycle" policy adjustments are publicly discussed, analyzed, and implemented. Additionally, we ask that if a necessary mid-year change does adversely impact a hospital or health system, that HSCRC provide options to ease this adjustment.

For rate year 2024 MHAC policy correction, we ask staff to offer adversely impacted hospitals the opportunity to delay or spread over time the difference between the revised MHAC revenue adjustment and the original rate year 2024 MHAC revenue adjustment. This may help mitigate the impact of an unexpected financial burden on some hospitals as they develop rate year 2024 budgets.

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MHA supports efforts to improve the accuracy of quality pay-for-performance assessment whether through technical or methodological revisions to the program. We understand there are times when the timing of certain modifications may not be opportune. However, we believe, when possible, a timely, transparent process should be followed to minimize unexpected impact.

We look forward to working with staff to continue improving our hospital quality program on behalf of the Marylanders we serve.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Sims", with a long horizontal flourish extending to the right.

Brian Sims
Vice President, Quality & Equity

cc: Adam Kane, Chairman
Joseph Antos, Ph.D., Vice Chairman
Victoria W. Bayless
Stacia Cohen, RN
James N. Elliott, M.D.
Maulik Joshi, Dr.P.H.
Sam Malhotra