



Maryland  
Hospital Association

April 21, 2017

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

Dear Ms. Schuster:

On behalf of the 64 hospital and health system members of the Maryland Hospital Association (MHA), we appreciate the opportunity to comment on the *Draft Recommendation for the Readmissions Reduction Incentive Program for Rate Year 2019*. We support the recommendation to maintain the “better of” improvement or attainment performance with the attainment target set in the same manner as last year – best quartile of the base period with an additional two percent reduction – and we support the staff’s development of a modified cumulative target to handle the inconsistencies created by the ICD-10 transition.

Setting the annual all-payer improvement target involves making assumptions about two key elements: the national Medicare readmissions improvement and the ratio of Maryland all-payer change to Medicare change. Assumptions about how these key elements will change over the next year result in a range of possible targets. The 4 percent reduction target is within the range that is reasonable under different assumptions, although it is slightly more than statewide improvement over the last three years. Setting a target much beyond historic rates of improvement would likely have little effect on readmissions rates, but would simply increase penalties to hospitals.

**All-Payer Targets**

	Year	Change in All-Payer Readmissions Rate
Average Change = -3.86%	2013-2014	-4.02%
	2014-2015	-3.22%
	2015-2016	-4.33%

Our view is that the annual improvement target could be set closer to 3.25 percent, because the readmissions policy provides incentives for each hospital to outperform the targets. Achieving the improvement or attainment target merely gets the hospital out of the penalty zone, and hospitals can receive increasing positive rewards for outperforming the targets. Moreover, hospitals’ care management and care delivery transformation activities have matured significantly over the three years of the model, and far exceed the activities of hospitals nationally. With Maryland’s focus on potentially avoidable utilization, we have seen the rate of Medicare readmissions reduction approach the rate of all-payer reductions – another reason that

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the target does not need to be as aggressive as in previous years. Maryland's hospitals are well positioned to continue the progress that has been made in meeting the demonstration target, could be below the national readmissions rate as soon as the end of this year, and will certainly surpass the national performance by the end of 2018.

We appreciate your consideration of our comments and the opportunity to continue working through these issues in the Performance Measurement Work Group.

Sincerely,



Traci La Valle

Vice President

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