



Maryland
Hospital Association

December 19, 2018

Nelson J. Sabatini
Chairman, Health Services Cost Review Commission
4160 Patterson Avenue
Baltimore, Maryland 21215

Dear Chairman Sabatini:

On behalf of the Maryland Hospital Association's (MHA) 62-member hospitals and health systems, we are submitting comments on the draft policy recommendation to provide the Medicare sequestration adjustment of 2 percent to the Medicare Advantage plans in Maryland. We appreciate the commission's consideration of the following issues:

- **Timing** – The Health Services Cost Review Commission's (HSCRC) staff recommended that the \$10 million to \$12 million annualized reduction in hospital payments take effect mid-year on January 1, 2019. We urge the commission instead to set the effective date as July 1, 2019. That would be consistent with the commission's recent action raising the public payer differential. Moreover, considering the decline seen so far in fiscal year 2019 hospital operating margins, it would give hospitals a bit of relief.
- **Impact on hospital rates** –When the HSCRC acted on the sequester in 2013, it did not approve an increase in hospital rates to offset the impact of the sequester. However, the commission did agree to consider the impact of the sequester within the context of the fiscal year 2014 annual update decision addressed later that year. The commission should give similar consideration of the impact of this sequester action during fiscal year 2020 global budget update discussions.
- **Further analysis needed** – Commissioner Victoria Bayless requested additional information on the impact of this proposal on Maryland's hospitals due to the uneven Medicare Advantage penetration throughout the state. The MHA supports this request and suggests gathering additional information on how Medicare Advantage plans in Maryland or nationally addressed the sequester in their contracts with non-hospital providers. In addition, while we agree it is beneficial to have Medicare Advantage plans available to seniors in the state, it would be helpful to see a forecast of (a) the change in Medicare Advantage enrollment expected from the policy change and (b) the impact on the Total Cost of Care Model.

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We look forward to receiving the staff's response to the issues we have raised regarding its draft recommendation on the Medicare sequester for Medicare Advantage plans, as well as discussing this recommendation at the January meeting.

Sincerely,



Michael B. Robbins
Senior Vice President

cc: Joseph Antos, Ph.D., Vice Chairman
Victoria W. Bayless
John M. Colmers
James N. Elliott, M.D.
Adam Kane
Jack Keane
Katie Wunderlich, Executive Director