



Maryland
Hospital Association

September 18, 2018

Allan Pack
Principal Deputy Director
Director, Population Based Methodologies
Health Services Cost Review Commission
4160 Patterson Avenue
Baltimore, MD 21215

Dear Allan:

On behalf of Maryland's 63 hospital and health system members, we appreciate the opportunity to comment on the Health Services Cost Review Commission's (HSCRC) *Draft Recommendation for the Maximum Revenue Guardrail for Maryland Hospital Quality Programs for Rate Year 2020*. We support the draft recommendation to limit the maximum total revenue adjustment for a single hospital's revenue base to 3.4 percent. However, we recommend two additional considerations for future years:

- Rethink the magnitude of potential and realized risk on quality programs where Maryland has made significant gains or is outperforming the nation
- Include the Medicare Performance Adjustment risk in future calculations of the guardrail and both the *potential* and *realized* revenue at risk

As Maryland's hospitals work to manage the total cost of care statewide, they will need to employ new interventions and find new ways to work with care partners. Overzealous improvement targets tied to strong penalties and rewards on measures where hospitals have already made significant progress distract from the work needed to improve care outside hospitals. Rethinking how penalties and rewards are set relative to targets can help ensure the emphasis is on activities that align with total cost of care goals.

The recommendation does not include the 0.5 percent of Medicare revenue at risk under the Medicare Performance Adjustment (MPA) policy. In fiscal 2021, the MPA risk should be included in the maximum guardrail and the calculation of revenue at risk. The MPA risk is clearly additional risk that should be included in the determination of hospitals' risk relative to the nation. Likewise, the guardrail is an important stop-loss mechanism to protect hospitals from overwhelming financial risk and should include the MPA. The guardrail has been in place since fiscal 2017 and is even more important as hospitals take on additional risk under the new Total Cost of Care Model.

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We look forward to working with you on these policies.

Sincerely,



Traci La Valle
Vice President

cc: Nelson Sabatini, Chairman
Joseph Antos, Ph.D., Vice Chairman
Victoria W. Bayless
John M. Colmers

James N. Elliott, M.D
Adam Kane
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