Maryland
Hospital Association

November 9, 2018

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

Dear Chairman Sabatini:

On behalf of the Maryland Hospital Association's (MHA) 63 member hospitals and health systems, we are submitting comments in response to the updated draft policy recommendation for a small adjustment to the public payer differential, from 6 percent to 7.7 percent. With the exception of the proposed effective date, we *strongly support the proposed recommendation*, and we look forward to working with the commission on its speedy implementation.

We agree with the Health Services Cost Review Commission's (HSCRC) staff analysis that reveals a significant increase in hospital bad debts over the last few years due to high-deductible and other large cost-sharing plans. This added burden on Maryland's nearly 3 million commercially insured consumers has unfairly shifted uncompensated care costs to Medicare and Medicaid. This shift occurred at the same time that commercial payers disproportionately benefitted from the expansion of Medicaid coverage under the Affordable Care Act, which reduced uncompensated care in hospitals' rates – from over 7 percent to just 4.16 percent – in the latest global budget update approved by the HSCRC.

Staff estimate a modest increase in private payer premiums of no more than 0.4 percent as a result of this action *if, and only if, payers shift all of the impact of this proposal to the paying public.* That is a small price to pay as our state moves forward on the implementation of the Total Cost of Care (TCOC) model, which will require contribution from all stakeholders to ensure its success.

We believe the proposed differential change can take effect January 1—the start of the TCOC model—rather than next July as we were told the Centers for Medicare & Medicaid Services (CMS) asked. We would simply note that when the Medicare sequester was put into effect several years ago, there was virtually no delay in its implementation. We urge the HSCRC to make this change effective January 1 and to work with CMS to make it a higher priority for the earlier implementation date.

We also agree that the impact of the differential should be removed from consideration of the annual hospital payment update. This is similar to the action taken last June, in which the HSCRC voted to remove the impact of the costs of the Maryland Primary Care Program (MDPCP) from consideration during the annual update process. *Moreover, it would be helpful for the commission to remind stakeholders of the action it took in June regarding the MDPCP costs and the update*.

Similarly, the condition to remove the differential from the trend factor used to calculate hospital-specific performance under the Medicare TCOC algorithm should be consistent with the recommendation in the final Medicare Performance Adjustment policy proposal to remove MDPCP Care Management Fees and Performance-Based Incentives from the TCOC trend factor calculated for 2019.

We look forward to discussing this proposed recommendation at the December meeting. If you have any questions, please do not hesitate to contact me.

Sincerely,

Michael B. Robbins
Senior Vice President

cc: Joseph Antos, Ph.D., Vice Chairman
Victoria W. Bayless
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