



Maryland  
Hospital Association

October 27, 2017

Diana Kemp  
Regulations Coordinator  
Health Services Cost Review Commission  
4160 Patterson Avenue  
Baltimore, Maryland 21215

Dear Ms. Kemp:

**Comments Regarding 10.37.02 Standards of Rate Review**

Under Sub-Section (.02) (C) (2), regarding merged or consolidated hospitals, we recommend that the last sentence be deleted. The regulation, as written, applies the variable cost factor to the number of inpatient admissions at the closed hospital, as “applied to the *average cost of hospitals in the screening group* of the closed hospital (adjusted for wage differences as appropriate) (my emphasis).” To our knowledge, no such screening group average cost exists, nor would we recommend the development of such an average cost *per admission* under the incentives of Maryland’s global budget system. We recommend that a separate approach be developed for this alternative costing mechanism, perhaps derived from the Inter-hospital Cost Comparison (ICC) methodology to be developed under Chapter 10.37.10. We would be willing to work with commission staff on alternatives to the current approach contained in 10.37.02 (02) (C) (2).

Sincerely,

Michael B. Robbins  
Senior Vice President