



Maryland
Hospital Association

February 15, 2019

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

Dear Alyson:

On behalf of the Maryland Hospital Association's 62 member hospitals and health systems, we appreciate the opportunity to submit additional comments on the Health Services Cost Review Commission's (HSCRC) *Draft Recommendation for the Maryland Hospital Acquired Conditions Program for Rate Year 2021*. In our January 18 letter, we commented on many of the features of the revised Maryland Hospital Acquired Conditions (MHAC) policy and asked for additional time to consider options for the payment scale or how each hospital's performance would be recognized with rewards, penalties, or held harmless.

After considering the options, we support the non-linear payment scale with a maximum reward and penalty of 2 percent of inpatient revenue. While both options have similar intents, the non-linear scale focuses rewards and penalties on the highest and lowest performing hospitals and more effectively addresses concerns with the policy's risk adjustment and lack of an external performance comparison to evaluate hospitals' performance. Since the rewards and penalties are tied to specific scores, either scale can be expressed as a two-column table. For hospital staff, both are easy to understand.

The ability to compare Maryland's hospitals' performance to a large data set outside of the state is critical to understanding whether our performance is mediocre, stellar, or poor. The HSCRC infers that Maryland has room to improve performance because there is variation in performance on individual complications across hospitals. However, it is not clear whether there is adequate risk adjustment or volume for this approach to be valid. Until we can make this comparison, reducing the rewards and penalties for hospitals performing in the mid-range will mitigate the revenue impact based on what may be arbitrary differences in performance.

We appreciate the additional time to consider the application of penalties and rewards in the MHAC policy. We look forward to continuing to work with the commission on this and other policies.

Sincerely,

Traci La Valle, Vice President, Financial Policy & Advocacy

cc: Nelson J. Sabatini, Chairman
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