



Legacy, Leadership and Change

MHA's 2015 Annual Report to Members

Waiver-Year One

With the first year of Maryland's modernized Medicare waiver behind us, hospitals have much to be proud of. The five-year agreement with the Centers for Medicare & Medicaid Services that was signed in January 2014 created tremendous challenges, but those challenges were embraced — not because they would be easy to meet, but because they would generate a thoughtful and vigorous self-examination of how we strive for the Triple Aim of healthier communities, better patient care and lower per capita costs. Critical to this journey has been a continuous understanding of where you are and where you want to go. MHA's waiver analytics — a dashboard, for short — provides members with regular insight on hospital-specific and statewide performance on the metrics that are driving better health care in our state.



MHA's waiver analytics dashboard

- All-Payer hospital spending growth per capita grew by an estimated 1.47 percent in 2014, **well below** the annual 3.58 percent spending growth target
- Medicare hospital spending growth per beneficiary is **declining by 1.12 percent in 2014**, also well below national growth projections
- Medicare all provider spending growth per beneficiary is **anticipated to grow less** than the nation
- Maryland's Medicare readmissions rate **declined by 0.80 percent** through October 2014, according to CMS data; while more work is needed to close the gap with national readmissions rates, Maryland's hospitals are improving at a faster rate than the rest of the country
- The Maryland hospital acquired conditions rate **decreased by 25.97 percent** in 2014, exceeding the annual target by 19.08 percentage points and nearly achieving the five-year target in a single year

Letter to Members

If there's a single word that captures the zeitgeist of the past year in the world of health care, it's **"value."** Health care's mass migration from volume to value is well underway and Maryland's hospitals are ahead of the national curve. Spurred by a modernized Medicare waiver, Maryland's hospitals are reinventing themselves and drawing on the best of their legacies, the talents of their leaders and the aspirations of caregivers to reimagine what we do now and how we'll do it in the future.

The past year has been a whirlwind of activity. From the incredible, almost overnight switch to fixed annual budgets, to the rapid ramp-up for the treatment of potential Ebola patients, 2015 has been filled with trials that tested the mettle of hospital leaders. Stepping back now, at the end of the fiscal year, it's encouraging to see how much we've accomplished in so little time.

An example of the speed at which we're moving: Maryland's waiver agreement with CMS decrees that a minimum of 80 percent of hospitals' revenue be under global budgets within five years. In just six months, that number was more than 95 percent. On Ebola, hospitals turned on a dime to establish protocols and reconfigure physical space to assess and treat patients. There are many other accomplishments — from remarkable gains in safety practices (sustaining 90 percent for hand hygiene compliance) to the refinement of reimbursement and quality policies — all of which help generate the flexibility and resources needed to provide quality health care to our patients and communities.

As the leaders of your member-driven hospital association, with invaluable guidance from your Executive Committee during this transformational time, there's another point on "value" we'd like to make — the value of your investment in MHA. In terms of finances (factoring a better annual global revenue update, favorable changes to the Maryland Hospital Acquired Conditions and Readmission Reduction Incentive programs, capital funding for hospital projects, federal Ebola funding, a commitment to spend-down the hospital Medicaid tax, and flexibility in achieving mandated Medicaid cuts), MHA members realized a direct financial benefit of more than \$61 for every \$1 spent in dues this year.

But the value of MHA membership goes well beyond finances. From an improved operating environment via fewer top-down regulations and the sharing of best practices that lead to improved patient outcomes, MHA is your partner and your voice. We appreciate the trust that your dues investment reflects, and we are proud to represent a field that is moving forward, rapidly, to make our state healthier.



Carmela Coyle, President & CEO



Mark T. Jensen, Chair



Vision

To be the lead association shaping health policy, health care, and health in Maryland.

Mission

Help Maryland's hospitals and health systems serve their communities by providing them leadership, advocacy, education, and innovative programs and services.



Maryland
Hospital Association



Dollars and Cents

Making sure hospitals have the resources to provide exceptional care.

"In the first year under Maryland's new waiver, MHA's Council on Financial Policy, along with the Joint Quality/Finance work group and the Health Services Cost Review Commission's waiver implementation work groups, have been critical to improving proposed payment policies for hospitals. While patients are the heart of our mission, equitable and fair payment policies are the means to best serve the people we treat, and our communities as a whole. As the demonstration model evolves, we'll continue to work to ensure it is implemented in a way that provides the resources hospitals need for success."

Dr. Peggy Naleppa, President and CEO of Peninsula Regional Medical Center and chair of MHA's Council on Financial Policy



By the Numbers

\$277 million: value of proposed Board of Public Works cut to uncompensated care funding that MHA helped hospitals avert, combined with the value of greater flexibility to implement proposed cut in the next fiscal year

\$150 million: annual payment update MHA secured for fiscal year 2015, a full percent higher than recent history

\$30 million: value to hospitals of revisions to the Maryland Hospital Acquired Conditions Program and Readmission Reduction Incentive Program

\$25 million: value of first year's spend-down on hospital Medicaid tax

\$6 million: federal Ebola funding

\$3.6 million: capital funding for hospital projects



\$1

The Bottom Line:

**For every dollar spent
in MHA dues, members
realized a direct financial
benefit of more
than \$61.**



\$61

Highlights

- Secured a fiscal year 2016 rate update that exceeded the full market basket
- Developed a market shift adjustment policy with members that provides for appropriate rate updates when volume shifts among hospitals
- Added flexibility in the state budget that enables hospitals to achieve mandated Medicaid savings through efficient, low-impact measures

What's next?

- Continue to advocate for the resources hospitals need, through appropriate global revenue adjustments, to succeed under the modernized waiver
- Develop an efficiency measure (a new incentive based on a variety of quality- and cost-related factors) that can reimburse hospitals for high-value care
- Continue to refine more than a dozen waiver-related policies that affect hospitals' reimbursement
- Refine readmissions payment program to account for sociodemographic factors and past improvement
- Advise HSCRC on disbursement of \$15 million in care coordination funds



Laws and Regulations

Securing a favorable and reliable environment for hospitals to thrive.

“This was a unique session — lots of new faces in the legislature and a new governor. Much of the work centered on educating new lawmakers about hospitals and the issues important to us. Broadly, it was highly successful, with significant victories on the Medicaid tax and the study of behavioral health issues, and defensive wins on malpractice caps and legislation of the clinical process. This is a very solid base on which to build our agenda for next year.”

**Bradley Chambers, President of MedStar Union Memorial Hospital
and chair of MHA’s Council on Legislative and Regulatory Policy**



Legislative Accomplishments

Secured commitment for annual spend-down of hospital Medicaid tax

Defeated measures to weaken the state’s self-referral laws, which prevent physicians from referring patients to services in which the physicians have a direct financial interest

Halted an effort to legislate the care process by requiring hospitals to, within specific time constraints, designate and train a patient’s caregiver, including a live demonstration of aftercare tasks and more

Established a committee headed by legislative leaders to address holes in the state’s behavioral health safety net

Defeated a measure that triples the cap on non-economic damages in medical malpractice lawsuits

Expanded hospital eligibility for the federal 340B program, providing patients greater access to low-cost medication



Highlights

- Gained significant support for the No-Fault Birth Injury Fund, laying the foundation for another push next year
- Cultivated new relationships with more than 60 new legislators and the new governor and his staff to educate them about hospital-related issues
- Exceeded fundraising goal for Maryland Hospital Association PAC and disbursed more than \$100,000 to candidates ahead of the last election

What's next?

- Represent hospitals on the state's Joint Commission on Behavioral Health and Maryland Opioid Use Disorders
- Lead a work group to study access to obstetrical care across the state, with a final report due in December
- Contribute, with the Conference of Circuit Court Judges, to a study of specialized courts to handle medical malpractice claims



Quality Counts

Educating, convening and sharing best practices to help hospitals deliver the safest care.

“Collaboration. While collaboration on quality improvement is nothing new, navigating the first year of the waiver was different. Multidisciplinary teams came together within and across hospitals, and across the health care spectrum, to share best practices and lessons learned. Hospitals are looking beyond their four walls and inviting providers, community organizations, patients and families to be part of the teams necessary to succeed in this changing environment. Hospitals can lead, as we often do, but we know we can’t do it alone.”

Dr. Redonda Miller, Vice President of Medical Affairs at The Johns Hopkins Hospital and chair of MHA’s Council on Clinical and Quality Issues



By the Numbers

4.08 percent statewide readmissions reduction across all payers, resulting in 5,000 fewer readmissions than 2014

25.97 percent reduction in potentially preventable complications

90 percent compliance with Hand Hygiene Collaborative procedures, exceeding the goal; the collaborative added new hospitals to the program

55 percent reduction in ventilator-associated complications

20 percent and 14 percent respective reductions in obstetrical hemorrhage and obstetric lacerations



Highlights

- Selected as one of three states to launch a Learning Network to reduce Medicaid readmissions
- Released Readmission Reduction Playbook and Skilled Nursing Facility Partnership Development Guide
- Convened four clinical work groups to develop standard definitions for complications prioritized under the MHAC payment program
- Convened a Gainsharing Program Steering Committee to guide MHA's proposal to develop physician gainsharing programs similar to those in New Jersey and New York
- Partnered with the Maryland Patient Safety Center to launch an initiative to reduce sepsis mortality
- Informed, via discussions in MHA's Population Health Advisory Group, programming offered by the Maryland Healthcare Education Institute to help front-line clinicians and physician leaders better care for communities and patients

What's next?

- Establish statewide virtual learning network to efficiently share best practices that will help hospitals meet the waiver agreement's readmissions reduction goal
- Augment data analyses and create more consistent measurement of hospital-acquired complications to provide a statewide foundation for best practices of patient care
- Continue to develop programs to align partners across the continuum of care, including physician gainsharing and home health agency partnership guide

MHA Leadership and Governance 2014-2015

MHA Governance

MHA Board of Trustees
MHA Executive Committee of the Board of Trustees
Council on Clinical and Quality Issues
Council on Financial Policy
Council on Legislative and Regulatory Policy
Prime Board of Directors

MHA-led Work Groups and Committees

Complications Work Groups (obstetric, urinary, renal,
and respiratory/pneumonia)
Financial Technical Work Group
Gainsharing Program Steering Committee
Hospital Bond Project Review Committee
Joint Quality-Finance Work Group
Legislation Work Group
MHA Task Force to Preserve Hospital Services
for Mothers and Babies
Mental Health Work Group
Population Health Advisory Group

Executive Committee

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President & CEO, Peninsula Regional Medical Center, Salisbury

Eric Wagner

Chair, Health Policy Leadership Alliance
Executive Vice President of External Affairs and Diversified Operations,
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Victoria Bayless – MHA Delegate to American Hospital Association

President & CEO, Anne Arundel Medical Center, Annapolis

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Interim Under Secretary for Health, U.S. Department of Veterans Affairs

Mary Pat Seurkamp, Ph.D.

President Emerita, Notre Dame of Maryland University

EX-OFFICIO

Carmela Coyle

President & CEO, Maryland Hospital Association

Education and Services



Maryland Healthcare Education Institute

MHEI continues to refine its educational services to meet the changing demands of a health care environment that is transitioning from volume to value. Population health has been a major focus as global budgets have created opportunities for hospitals to revamp their philosophies to keep entire communities healthy. Data analysis and culture change continue to be a focus of MHEI's programming.

3,435 hospital participants in MHEI programs, a 10 percent increase from the previous year.



Prime

With hospitals operating under fixed annual budgets, and having to invest resources to meet aggressive financial and quality goals under the modernized waiver, cost-saving services like Prime are more important than ever.

\$1.1 million in revenue shared with MHA members, financial support for MHA's advocacy efforts, and grants to the Maryland Patient Safety Center.



Chesapeake Registry Program

The Chesapeake Registry Program helps hospitals meet their ever-shifting staffing needs by providing access to vetted, high-quality temporary staff, including nurses and allied health providers. The Registry employs a user-friendly software platform with real-time access to provide staffing credentials.

750,000 hours of clinical personnel time provided.

MHA Members 2015

Adventist HealthCare

- Adventist Behavioral Health Rockville
- Adventist Rehabilitation Hospital of Maryland
- Adventist HealthCare Shady Grove Medical Center
- Washington Adventist Hospital

Anne Arundel Medical Center

Atlantic General Hospital

Bon Secours Baltimore Health System

Brook Lane

Calvert Memorial Hospital

Children's National Medical Center

Dimensions Healthcare System

- Laurel Regional Hospital
- Prince George's Hospital Center

Doctors Community Hospital

Fort Washington Medical Center

Frederick Regional Health System

Garrett County Memorial Hospital

Greater Baltimore Medical Center

HealthSouth Chesapeake Rehabilitation Hospital

Holy Cross Health

- Holy Cross Germantown Hospital
- Holy Cross Hospital

Johns Hopkins Medicine

- The Johns Hopkins Hospital & Health System
- Johns Hopkins Bayview Medical Center
- Howard County General Hospital
- Mt. Washington Pediatric Hospital
- Suburban Hospital

Kennedy Krieger Institute

LifeBridge Health

- Carroll Hospital Center
- Levindale Hebrew Geriatric Center & Hospital
- Northwest Hospital
- Sinai Hospital of Baltimore

McCready Medical Center

MedStar Health

- MedStar Franklin Square Medical Center
- MedStar Good Samaritan Hospital
- MedStar Harbor Hospital
- MedStar Montgomery Medical Center
- MedStar Southern Maryland Hospital Center
- MedStar St. Mary's Hospital
- MedStar Union Memorial Hospital

Mercy Medical Center

Meritus Medical Center

NIH Clinical Center

Peninsula Regional Medical Center

Saint Agnes Hospital

Sheppard Pratt Health System

Union Hospital

University of Maryland Medical System

- Mt. Washington Pediatric Hospital
- University of Maryland Baltimore Washington Medical Center
- University of Maryland Charles Regional Medical Center
- University of Maryland Harford Memorial Hospital
- University of Maryland Medical Center
- University of Maryland Medical Center Midtown Campus
- University of Maryland Rehabilitation & Orthopaedic Institute
- University of Maryland Shore Medical Center at Chestertown
- University of Maryland Shore Medical Center at Dorchester
- University of Maryland Shore Medical Center at Easton
- University of Maryland St. Joseph Medical Center
- University of Maryland Upper Chesapeake Medical Center

VA Maryland Health Care System

Western Maryland Health System

6820 Deerpath Road
Elkridge, MD 21075-6234
410.379.6200
www.mhaonline.org



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