



The Maryland State Medical Society

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URGING SWIFT ACTION ON UM SHORE REGIONAL HEALTH'S RATE APPLICATION

In a recent meeting, the Health Services Cost Review Commission (HSCRC) postponed the decision on the University of Maryland Shore Regional Health's (UM SRH) rate application. While MedChi, The Maryland State Medical Society, understands the necessity for thorough consideration, we urge the HSCRC to act swiftly and favorably on this matter during the upcoming July meeting.

At the last session, the Commission expressed broad support for the UM SRH project but emphasized the need for a more comprehensive evaluation process for capital projects. MedChi agrees on the importance of process improvement. Typically, we do not engage or take positions in these types of applications. However, the unique circumstances surrounding this case compel us to advocate against any further delays. Striving for perfection should not impede the progress of a project that promises significant improvements to healthcare in a rural community. We recommend supporting this application and simultaneously moving forward with the rehaul of the capital policy, as discussed in the June meeting.

Since 2017, UM SRH has been actively implementing a strategic plan to leverage the Model incentives aimed at enhancing healthcare outcomes in rural areas. Their efforts include substantial investments in expanding access points and community-based initiatives, focusing on women's health, primary care, behavioral health, and the preventative management of chronic conditions like congestive heart failure, diabetes, and oncology. Specifically, their plan targets every county with:

- Mental health partnerships
- Primary care and women's health services
- Urgent care, telehealth, and mobile integrated health services
- Medical specialties focused on chronic conditions

Notably 75% of UM Shore Medical Group's (SMG) community physician relative value units (RVUs) are dedicated to preventative health and chronic condition management, including:

- 31% for primary care and women's health
- 43% for behavioral health and chronic condition management (covering cardiology, pulmonary, endocrinology, nephrology, digestive health, oncology, rehab, and mental health)

Despite ongoing challenges, such as emergency room wait times, not moving forward with this facility's improvements will only exacerbate these issues. MedChi also advocates for reinvestment in community physicians and alignment to improve outcomes. Nonetheless, UM SRH's initiatives have already shown positive results:

- Per capita Potentially Avoidable Utilization (PAU) has halved since 2014, moving from 55% above the state average in 2014 to 4% below in 2023.
- Emergency department admissions per capita have decreased by 26% since 2014, shifting from 17% above the state average in 2014 to 3% below in 2023.
- Readmissions have reduced by 30% since 2016, compared to an 8% reduction statewide, placing their readmission rates among the best in the state.
- Admissions for ambulatory-sensitive conditions (PQIs) have decreased by 50% since 2015.
- UM SRH has demonstrated impressive performance on Total Cost of Care metrics.

A modernized regional medical center is crucial for the region. Easton, the only full-service hospital in a five-county area as large as Delaware, is operating with semi-private rooms in facilities that are 50 to 60 years old. Serving a rural population presents unique challenges that the new facility is designed to address.

The projects' size and cost are well-calibrated to meet the community's needs, despite seeming reductions in treatment spaces and beds compared to Easton and Dorchester. The facility's bed complement aligns favorably with state averages, justified by FY2023 volume levels at Easton. The building's cost is reasonable, given the transition to private rooms and the additional costs associated with rural construction and inflation. The Maryland Health Care Commission (MHCC) has evaluated and deemed the project costs reasonable. The retained revenues from volume declines, leading to a 10% premium on hospital-based services, have supported the community health model, reducing the Total Cost of Care and improving outcomes.

However, the path to project feasibility under the fixed revenue model remains challenging. The HSCRC's capital funding proposal, which provides 25% funding due to Easton's perceived inefficiency, places a significant financial burden on UM SRH. Nevertheless, the proposal allows for the use of savings from the Dorchester transition, potentially increasing funding to near 40%, though a considerable financial gap still exists.

Timing is critical. The state has already committed \$100 million in support, and the project's feasibility relies on adequate funding levels in rates. If road construction, necessary for the project, does not commence this summer and is completed before winter, a six-month delay will incur a \$12 million cost.

Given these factors, we strongly urge the HSCRC to approve UM Shore Regional Health's application promptly. The benefits of this project to the community are substantial, and further delays would be detrimental to the region's healthcare infrastructure and outcomes.

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