



# PENNSYLVANIA HEALTH CARE COST CONTAINMENT COUNCIL

Original: 1995  
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OFFICE OF ATTORNEY GENERAL

**SUBJECT:** Final Regulation: #100-14 (#1995)

**TO:** David J. DeVries  
Chief Deputy Attorney General  
Review and Advice Section  
Office of Attorney General

**FROM:** Marc P. Volavka  
Executive Director  
Pennsylvania Health Care Cost Containment Council

**DATE:** August 23, 1999

Attached, for your review and approval, is a set of final regulations that has been reviewed and approved by the standing Committees of the House of Representatives and the Senate of Pennsylvania and the Independent Regulatory Review Commission (IRRC). PHC4 is an independent agency and as such, our Chief Counsel was responsible for preparing the proposed regulations and reviewing the final-form regulations. After your review and approval, it is our understanding that you will return the regulation to our office for transmittal to the Legislative Reference Bureau.

Although the proposed regulation contained amendments to both Chapters 911 and 912, during IRRC's review of the final-form regulation it was discovered that Chapter 911 is a statement of policy and is not subject to the review of IRRC. This irregularity was addressed in a letter from IRRC to PHC4 dated August 9, 1999, a copy of which is enclosed for your convenience. While the final regulation is limited to the amendments originally proposed to Chapter 912, a copy of the entire proposed amendment, including Chapter 911, is attached.

If you have any questions on this matter, please contact me at 232-6787.

IRRC Regulation #100-14 (#1995)  
Pennsylvania Health Care Cost Containment Council  
28 Pennsylvania Code Chapter 912  
Severity Methodology

## Attachments

cc: John D. Killian, Chief Counsel for PHC4  
Danielle Shisko, Office of the Budget  
Richard Sandusky, IRRC

Pennsylvania's Declaration  
of Health Care Information  
A Commitment to  
Quality, Affordable,  
Health Care



# PENNSYLVANIA HEALTH CARE COST CONTAINMENT COUNCIL

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INDEPENDENT REGULATORY  
REVIEW COMMISSION

February 19, 1999

Robert E. Nyce, Executive Director  
Independent Regulatory Review Commission  
333 Market Street  
14<sup>th</sup> Floor  
Harrisburg, PA 17101

ORIGINAL: 1995  
MIZNER  
COPIES: Nyce  
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Harris  
Sandusky  
Legal

Re: IRRC Regulation #100-14 (#1995)  
Pennsylvania Health Care Cost Containment Council  
Severity Methodology

Dear Mr. Nyce:

In accordance with the Regulatory Review Act we are forwarding the attached comments regarding IRRC regulation #100-14 (#1995) as requested by the Pennsylvania Health Care Cost Containment Council. Copies of these comments have been forwarded to the standing committees with jurisdiction over the Council. We have also sent letters to those who submitted comments informing them of how to request the final-form regulation when available.

If you should have any questions, please contact Flossie Wolf, Director of Policy and Legislative Affairs, at 232-6787. Thank you for your cooperation in this matter.

Best regards,

Marc P. Volavka  
Executive Director

enclosures

cc: Flossie Wolf

JOHN R. MCGINLEY, JR., ESQ., CHAIRMAN  
ALVIN C. BUSH, VICE CHAIRMAN  
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ROBERT E. NYCE, EXECUTIVE DIRECTOR  
MARY S. WYATTE, CHIEF COUNSEL



PHONE: (717) 783-5417  
FAX: (717) 783-2664  
irrc@irrc.state.pa.us  
<http://www.irrc.state.pa.us>

**INDEPENDENT REGULATORY REVIEW COMMISSION**  
333 MARKET STREET, 14TH FLOOR, HARRISBURG, PA 17101

August 9, 1999

Marc P. Volavka, Executive Director  
Pennsylvania Health Care Cost Containment Council  
225 Market Street, Suite 400  
Harrisburg, PA 17101

Re: IRRC Regulation #100-14 (#1995)  
Pennsylvania Health Care Cost Containment Council  
Severity Methodology

Dear Mr. Volavka:

During our review of the above final-form regulation submitted on July 28, 1999, we discovered that one of the chapters being amended, Chapter 911, was a statement of policy, not a regulation.

After discussing this irregularity with the staff at the Legislative Reference Bureau, it was agreed that Chapter 911 should not have been included in the published proposed rule. Statements of policy are not reviewed under the Regulatory Review Act. You may submit changes to Chapter 911 directly to the LRB.

Because Chapter 911 is a statement of policy, our review of your July 28 submittal will be limited to Chapter 912. Additionally, since we did not comment on Chapter 912, this final-form regulation will be deemed approved on August 18, 1999, unless one of the standing committees objects.

If you have any questions on this matter, please contact me at 783-5506.

Sincerely,

Robert E. Nyce  
Executive Director

REN:kgg

cc: Honorable Harold F. Mowery  
Honorable Vincent J. Hughes  
Honorable Dennis M. O'Brien  
Honorable Frank L. Oliver  
Gary Hoffman  
David DeVries

FACE SHEET  
FOR FILING DOCUMENTS  
WITH THE LEGISLATIVE REFERENCE BUREAU

(Pursuant to Commonwealth Documents Law)

DO NOT WRITE IN THIS SPACE

<p>Copy below is hereby approved as to form and legality. Attorney General</p> <p>By: _____ (Deputy Attorney General)</p> <p>_____ Date of Approval</p> <p><input type="checkbox"/> Check if applicable Copy not approved. Objections attached.</p>	<p>Copy below is hereby certified to be a true and correct copy of a document issued, prescribed or promulgated by:</p> <p>Pennsylvania Health Care Cost Containment Council (Agency)</p> <p>DOCUMENT/FISCAL NOTE NO. <u>100-14</u></p> <p>DATE OF ADOPTION: _____</p> <p>By: <u>Marc P. Volavka</u> Marc P. Volavka</p> <p>TITLE: <u>Executive Director</u> (EXECUTIVE OFFICER, CHAIRMAN OR SECRETARY)</p>	<p>Copy below is hereby approved as to form and legality. Executive or Independent Agencies.</p> <p>By: <u>John A. Killian</u></p> <p><u>7/20/99</u> Date of Approval</p> <p>(Deputy General Counsel) (Chief Counsel, Independent Agency) (Strike inapplicable title)</p> <p><input type="checkbox"/> Check if applicable. No Attorney General approval or objection within 30 days after submission.</p>
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Notice of Final-Form Rulemaking  
Pennsylvania Health Care Cost Containment Council  
(28 PA Code CH. 911 and 912)

Severity Methodology

The Pennsylvania Health Care Cost Containment Council, under the authority of section 5(b) of the Pennsylvania Health Care Cost Containment Act (35 P.S. §449.5), is submitting final-form regulations to amend the following sections of its current regulations: §911.1, §911.3, §911.4, §912.1, §912.3, §912.31. The amendments remove specific reference to a particular methodology currently used by the Council in order to afford the Council flexibility in selecting an alternative methodology for measuring provider quality and provider service effectiveness.

## FINAL-FORM RULEMAKING

(28 PA CODE CH.911 and 912)

The Pennsylvania Health Care Cost Containment Council (the Council), under the authority of section 5(b) of the Pennsylvania Health Care Cost Containment Act (35 P.S. §449.5), proposes to amend §911.1 (relating to definitions), §911.3 (relating to Council adoption of MedisGroups derived index methodology for patient severity upon admission and morbidity), §911.4 (relating to Table A), §912.1 (relating to legal base and purpose), §912.3 (relating to definitions) and §912.31 (relating to principle).

### *Purpose*

The purpose is to give the Council greater flexibility in responding to the marketplace than the present regulations allow. The proposed amendments will enable the Council to change its vendor if the vendor fails to meet its contractual requirements.

### *Summary of Amendments*

The proposed amendments remove specific reference to the MedisGroups methodology in order to afford the Council flexibility in selecting a methodology for measuring provider quality and provider service effectiveness. The proposed text of the final-form regulation is identical to that submitted under the proposed rulemaking.

### *Affected Parties*

All data sources in Pennsylvania currently required to use the MedisGroups methodology.

### *Paperwork Requirements*

The proposed amendments will not impose additional paperwork on the private sector, the general public or the Commonwealth and its political subdivisions.

### *Fiscal Impact*

The proposed amendments will have no fiscal impact on the regulated community, the State or local governments.

### *Effective Date*

The proposed amendments will be effective upon publication of final regulations in the *Pennsylvania Bulletin*.

### *Sunset Date*

The Council continually monitors its regulations. Therefore, no sunset date has been assigned.

### *Contact Person*

For further information, contact Marc P. Volavka, Executive Director, Pennsylvania Health Care Cost Containment Council, 225 Market Street, Suite 400, Harrisburg, PA 17101, (717)232-6787.

### *Response to Public Comment*

Written comments, suggestions or objections were requested within a 30-day period after publication of the proposed amendments in the *Pennsylvania Bulletin* on January 16, 1999. Comments were submitted by the Hospital and Healthsystem Association of Pennsylvania and the Hospital Council of Western Pennsylvania. In addition, the Council received comments from the Pennsylvania Medical Society after the 30-day comment period ended.

In general, the comments supported the intent of the proposed amendments. It was suggested by the Hospital and Healthsystem Association of Pennsylvania and the Hospital Council of Western Pennsylvania, however, that the Council should remove specific reference to "clinical" factors in the definition of "patient severity." The Council's detailed response to these comments was submitted to the Independent Regulatory Review Commission with this final-form regulation. The Council's response outlines reasons why this suggestion was not incorporated into the final-form regulation, the main reason being that severity adjustment systems, whether they are "clinical" or "administrative" systems, incorporate some degree of "clinical" information. A copy of the complete response is available to the public upon request.

### *Regulatory Review*

Under section 5(a) of the Regulatory Review Act (71 P.S. §745.5(a)), on January 5, 1999, the Council submitted a copy of the proposed rulemaking to the Independent Regulatory Review Commission (IRRC) and to the Chairmen of the House Committee on Health and Human Services and the Senate Committee on Public Health and Welfare. The proposed rulemaking was then re-submitted on February 3, 1999 following the formal announcement of the Committee chairs.

In addition to submitting the proposed amendments, the Council provided IRRC and the Committees with a copy of a detailed Regulatory Analysis Form, prepared by the Council. A copy of this material is available to the public upon request.

Under section 5(g) of the Regulatory Review Act, IRRC submitted comments to the Council at the close of the Committees' review period. The comments from IRRC are addressed in the Council's response to public comments. A copy of the response is available to the public upon request.

In preparing the final-form regulations, the Council has considered all comments received from the public and IRRC. No comments on the proposed regulation were received from either of the legislative committees.

The Council submitted a copy of the final-form rulemaking and the response to public comments to IRRC and to the Chairmen of the House Committee on Health and Human Services and the Senate Committee on Public Health and Welfare on July 28, 1999. This information was also sent to those commentators who requested information on the final-form regulation. In addition to submitting a copy of the final-form rulemaking and the response to public comments, the Council provided IRRC and the Committees with a copy of a detailed Regulatory Analysis Form, prepared by the Council. A copy of this material is available to the public upon request.

The Regulatory Review Act specifies detailed procedures for review by the Council, the Governor and the General Assembly prior to final publication of the amendments.

LEONARD BORESKI  
Chair

Annex A

TITLE 28. HEALTH AND SAFETY

PART VI. HEALTH CARE COST CONTAINMENT COUNCIL

CHAPTER 911. DATA SUBMISSION AND COLLECTION

Subchapter A. STATEMENT OF POLICY

§911.1. Definitions.

The following words and terms, when used in this chapter, have the following meanings, unless the context clearly indicates otherwise:

\* \* \* \* \*

*[MedisGroups* - A computerized system that calculates patient morbidity and patient severity according to a methodology developed by MediQual Systems, Inc.

*Patient morbidity* - A score indicating the presence or absence of a major or minor morbidity as measured by MedisGroups defined methodology.]

*Patient severity* - A [score from 0 to 4 reflecting the] measure of severity of illness as defined by [MedisGroups methodology] the Council using [key] appropriate clinical findings, such as physician examinations, radiology findings, laboratory findings and pathology findings or any other relevant clinical factors.

\* \* \* \* \*

§911.3. Council adoption of [MedisGroups derived index] methodology [for patient severity upon admission and morbidity].

[The MedisGroups methodology for determining patient severity upon admission and patient morbidity is the nationally recognized methodology of quantifying and collecting data on provider quality

and provider service effectiveness for purposes of sections 5 and 6 of the act (35 P.S. §§ 449.5 and 449.6). The following four options are acceptable to the Council:

(1) A hospital may purchase the full MedisGroups license, which includes information and services beyond the Council's requirements for calculating admission severity and morbidity.

(2) A hospital may purchase an abridged MedisGroups license, which includes only information and services required to provide the Council with patient severity upon admission and morbidity.

(3) A hospital may purchase a service contract for the abridged version from a provider licensee - for example, another hospital - of the full version of MedisGroups.

(4) A hospital may purchase a service contract with a nonprovider licensee of abridged MedisGroups.]

Pursuant to section 6(d) of the Act, the Council shall adopt a methodology required to collect and report provider quality and provider service effectiveness. Periodically, the Council shall review the methodology and, should a change be necessary, it shall be made by majority vote of the Council at a public meeting. Notice of the change shall be given to all appropriate data sources within thirty (30) days and at least one hundred and eighty (180) days before the change is to be implemented.

§911.4. Adoption of data elements to be reported to the Council.

\* \* \* \* \*

TABLE A

PENNSYLVANIA UNIFORM CLAIMS AND BILLING FORM  
DATA ELEMENTS

Field	Data Element	Definition
		* * * * *
[21a	Patient Severity Upon Admission	A score from 0 to 4 reflecting the severity of illness as defined by MedisGroups methodology using key clinical findings, such as physical examination, radiology findings, laboratory findings and pathology findings.

21b

Patient  
Morbidity

A score indicating the  
presence or absence of  
a major or minor  
morbidity as measured by  
MedisGroups defined  
methodology.]

\* \* \* \* \*

CHAPTER 912. DATA REPORTING REQUIREMENTS

Subchapter A. GENERAL PROVISIONS

§ 912.1. Legal base and purpose.

(a) This chapter is promulgated by the Council under section 6 of the Health Care Cost Containment Act (35 P.S. § 449.6).

(b) This chapter establishes submission schedules and formats for the collection of data from health care facilities specified in section 6 of the act.

[(c) The Council hereby adopts the MedisGroups' methodology for determining patient morbidity and patient severity upon admission to a hospital for purposes of quantifying and collecting data on provider quality and provider service effectiveness. The MedisGroups' methodology is available to hospitals either as the full MedisGroups' system or the MedisPA system.]

§912.3. Definitions.

The following words and terms, when used in this chapter, have the following meanings, unless the context clearly indicates otherwise:

\* \* \* \* \*

*MedisGroups* - A computerized system that calculates patient morbidity and patient severity according to a methodology developed by MediQual Systems, Inc.

*MedisPA* - The abridged version of MedisGroups using the MedisGroups' methodology.

*Patient morbidity* - A score indicating the presence or absence of a major or minor morbidity as measured by MedisGroups' defined methodology.

*Patient severity* - A score from 0 to 4 reflecting the severity of illness as defined by MedisGroups' methodology using key clinical findings, such as physician examinations, radiology findings, laboratory findings and pathology findings.]

\* \* \* \* \*

Subchapter B. PENNSYLVANIA UNIFORM CLAIMS AND  
BILLING FORM SUBMISSION SCHEDULES

§912.31. Principle.

The Council may, within its discretion and for good reason, grant exceptions to sections within this chapter when the policy and objectives of this chapter and the act are otherwise met. [Failure of MediQual, Inc. to perform shall be reason for the Council to grant an exception to hospitals under § 912,22(1)(iii) and (2) (relating to data element submission schedules).]

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10/26/98