



Diamond State Hospital Cost Review Board Meeting
April 8, 2025

Meeting Attendance and Minutes

BOARD MEMBERS PRESENT IN PERSON: Rick Geisenberger Chair, Dr. Devona E. Williams, David Singleton, Thomas Brown, Gary Ferguson and Brian Frazee

BOARD MEMBERS PRESENT VIRTUALLY: Dr. Thomas Sweeney

BOARD MEMBERS ABSENT: Heath Chasanov

BOARD STAFF PRESENT: Elisabeth Massa (Executive Director), Steven Costantino (Director of Healthcare Reform), Latoya Wright (Manager Statistics and Research), Dr. Stephen Cha (Senior Health Care Strategist) and Stephen Ferguson (Deputy Attorney General, DOJ)

ANCHOR LOCATION: Buena Vista, Buck Library 661 South Dupont Highway, New Castle DE 19720

CALL TO ORDER

Chair Rick Geisenberger called the meeting to order at approximately 10:00 a.m.

WELCOME/INTRODUCTIONS

There were self-introductions from the Board members, the Delaware Health Care Commission (DHCC) staff and Dr. Stephen Cha, Senior Health Care Strategist. Dr. Cha joined the Department of Health and Social Services (DHSS) and will be assisting with the work of the Board. Dr. Cha provided his background and experience. Dr. Cha is a senior leader with extensive experience in both the public and private sectors, with deep expertise in public health and health care finance. Most recently he served at the Centers for Medicare and Medicaid Services as a political appointee. He also worked at United Healthcare. Dr. Cha stated he is excited to work with the Delaware team and assist the Board.

REVIEW/APPROVAL OF MINUTES OF 3/11/2025 MEETING

The Board reviewed the March 11 meeting minutes. David Singleton made a motion to approve the minutes. Dr. Devona E. Williams seconded the motion. Dr. Thomas Sweeney suggested a request to amend the meeting minutes to add Gary Ferguson and himself as public attendees to the minutes. Staff acknowledged the request and will amend the March 11 minutes with that change.

DISCUSSION OF SUBMISSION OF AUDITED FINANCIAL STATEMENTS TO THE BOARD

Pursuant to § 9953 (b), hospitals shall submit audited financial statements to the Board, within 30 days of such financial statements becoming finalized. This requirement begins with audited financial statements for 2023. It was stated majority of the hospitals operate with a fiscal year from July through June except for one hospital which operates with a fiscal year January through December. It was stated the 2023 and 2024 financial statements are completed from the hospitals; The hospital that operates with the fiscal year of January through December does not have the 2024 audited financial statements completed yet. The expectation is for the Board to advance the process of collecting the audited financial statements from the hospital and at some point, posting that information to the Board's website. There was a question asked if the Board should be posting the audited financial statements. It was stated that the audited financial statements for three of the hospital systems that have hospitals in Maryland are posted publicly on the Maryland website. Their audited financial statements can be found by a google search.

There was a discussion surrounding copies of the 990 forms from the hospitals being easily available as that information is public information. Mr. Frazee stated the hospitals are ok with transparency and will continue to be transparent. It was stated that context is very important. It was mentioned in reference to the hospitals that have operations in other states, those audited financial statements that are posted online in those other states include everything and are not specific to the Delaware hospitals. The audited financial statements do not include physician practices or outpatient clinics. The audited financial statements only capture a piece of the healthcare system. Mr. Frazee stated he is questioning the timing of when the hospitals should submit the financial statements. He proposes that the Board wait until the analysts and the vendor supporting the work of the Board is hired and the regulations are drafted. This will allow for all the information to be submitted as once instead of receiving one piece of the information. The Board stated the hospitals could submit a one- or two-page document with the financial statements explaining the context of the financial statements.

It was stated given what the Board has discussed it was suggested that the Board receive the audited financial statements that the hospitals have completed and then the Board can decide whether or not they should be posted online. It was noted that if the Board waits until staff is hired, the vendor is hired and regulations are drafted, that could be six to seven months from now. There was a concern raised that if the Board receives the information they need, then they will be able to have a discussion around budgets, however, the Board will need a financial statement that includes the performance against the budget. It was stated Saint Francis Hospital is a part of a larger healthcare system. The Board will be looking at the audited financial systems of their larger healthcare system which has no specific reference to the Delaware hospital. If the

goal is for the Board to receive some form of the hospital's audited financial statements, then it may be beneficial in seeing those. It was stated the Board can begin looking at the audited financial statements, but they do not have to be posted as of yet.

It was stated that the Board should determine how they are going to request the audited financial statements. It was noted that the Board should request the Executive Director of the Delaware Health Care Commission (DHCC) send a letter to the CEOs of the hospitals citing the statute requesting their audited financial statements that are finalized. The Board is not asking that the hospitals do a special Delaware audit for the financials. It was stated the term "finalized" should be defined. It was suggested that finalized means that the audited financial statements have gone through their complete governance procedures. It was stated the question is whether the audited financial statements should be posted online. It was suggested the Board take a vote or adopt a resolution regarding the request for the audited financial statements. Mr. Frazee requested that the Board not post the audited financial statements online at this time and asked if the statements could just remain within the Board. The Board indicated it would decide the timing for public posting of audited financials at a later date.

There was a question asked if Nemours was included or excluded from submitting their audited financial statements. It was stated that there was one section in the statute that excluded Nemours and the behavioral health hospitals. The request for the audited financial statements does not apply to the exclusion. The section that excludes Nemours is the section that states they are capped at core CPT plus one. Chair Mr. Geisenberger made a motion that the Board direct the Executive Director of the DHCC to request that the hospitals send their audited financial statements to the Board pursuant to 16 Del. C. § 9953 (b) for FY 2023 and FY 2024 no later than 30 days after the date of the memo and 30 days after the financials have been finalized with finalized meaning they have gone through the internal governance procedures of their Boards. The audited financial statements include but not limited to the report from the independent auditor, the opinion letter, consolidated financial statements including balance sheets, statement of operations, changes in net assets, cash flows, notes to such statements and any other supplemental consolidated schedules and accompanying notes and any auditor's report in respect to those supplemental schedules. No hospital is being asked to prepare a special audit for their Delaware operations. The hospitals are welcome to include any additional information or context with the audited financial statements. All Board members were in favor of the motion and the motion was adopted.

REGULATORY PROCESS DISCUSSION

It was stated that the process for developing regulations can be time consuming. The statute should be used as a guide to develop the regulations; however, the regulations should be very specific. It was stated that staff has looked at other states such as Oregon to see how their process is. Staff had a call with Oregon to discuss their process and see how it can be incorporated into Delaware. It was stated that it is the hope that staff will have a draft of regulations provided to the Board at the May meeting. It was suggested that the Board should focus on receiving the audited financial statements first then work focus on the regulations. It was suggested that the

Board should first receive the audited financial statements as required by statute and then work on regulations associated with other financial and related operating information as set forth in statute. It was suggested that the Board approach the development of regulations in phases or sections. Dr. Frazee was asked for his feedback in this approach, and he stated he would defer to the Board as it makes sense to approach it in sections. The Board agreed receiving the audited financial statements first and analyzing those are the Board's immediate priority. It was asked what the complexities beyond the financials are. It was stated the statute is specific. Regulations are needed throughout different phases of the process. It was recommended to look at Oregon for guidance. The Board agreed approaching the review process in phases is the best solution. Mr. Frazee noted that Delaware is the only state that is focusing on just the hospitals as it relates to costs. It was stated as it relates to the financial information, the hospitals have contract rates, and they are not permitted to share that information as that is getting into anti-trust issues with sharing certain information. It was stated in terms of the interdependences, the Board should look at 16 Del. C. § 9953, a, c and d as they are equally important. The Board needs to be sure they are requesting enough information for these sections. The Board needs to define what they want in the first round of collecting data. It was mentioned that there will be public comments and possible public hearings in the future. It was stated with respect to legal issues, the Board does have a DAG for legal advice. It was stated the draft regulations should be developed by the next meeting.

STAFF UPDATES

A Request for Proposal (RFP) will be released to support the work of the Board. The vendor will assist with project management, data collection, provide subject matter expertise and analytics. The budget for the vendor is up to \$500,000. A timeline of the RFP process was shared with the Board. DHSS anticipates the RFP will be published in late April/early May. It was stated it may take up to approximately six months before the vendor comes on board. The State conducted a job fair on April 9. The closing dates for the positions supporting the Board, the Budget and Program Analysts were extended to accommodate the job fair in hopes of attracting candidates. The job postings will close on April 14.

TECHNOLOGY

The Board's website has been created <https://dhss.delaware.gov/dhcc/costreviewboard.html>. The website includes statutory and regulatory information, meeting minutes, agendas and presentations. It will also include reports and publications. Governor appointed Board members will receive state issued laptops and a state email address. Staff will send out communications to the Board members regarding coordinating the setup of their laptops. It was stated that the Board wants to make sure that anything that the Board receives, that Mr. Frazee, the non-appointed Board member has access to receive the same information without interruption. It was stated staff will make sure that happens.

NEXT MEETINGS (Subject Matters, Dates, Locations)

The Board meeting schedule was discussed. It was stated that the August 12 meeting may be tentative. Mr. Geisenberger will not be attending the August 12 meeting in person but will try

and join virtually. It was stated the intent for the meetings were to be rotated with some meetings being held in New Castle County and some meetings being held downstate in Kent County.

CLOSING REMARKS

The subject matter for the next meeting is up for discussion. It was asked what the status of the 2022 Benchmark reporting is and if that is something that can be presented at the May meeting. It was stated the DHCC is collecting the data for 2023, and that data will be released in May and will be presented at the May 1st Health Care Commission meeting. The information will be shared at the May 13 Board meeting. It was stated that by the June Board meeting DEFAC would have established the Benchmark for 2026, however, there was discussion of a change of the methodology. It was stated the DEFAC subcommittee met in December to recommend changes to the Benchmark methodology. It was stated the hope was that the DEFAC subcommittee would meet in March, however there were some vacancies regarding the positions. It was stated the DEFAC subcommittee has not been able to meet since March 21. It was stated it will be difficult to change the methodology if the DEFAC subcommittee is unable to meet. It was stated staff could share a history of the Benchmark and how that has been set.

PUBLIC COMMENT

Steve Lepage stated he has gone on the Maryland website which has a lot of information and is very transparent. The Maryland website has all of the audited financial statements, financial data and the hospital 990 forms and outpatient survey results. Mr. Lepage stated he hopes Delaware becomes transparent as well. Mr. Lepage also mentioned he sent an email to the Board members via DHCC@delaware.gov stating he did a cost comparison of two hospitals owned by the same hospital system using their charge master price listing. One of the hospitals were in Cecil County, Union Hospital and the other hospital was in Wilmington, DE. He noted a huge difference in cost. He noted that Maryland has cost controls, and Delaware does not have cost controls. He also looked at pharmaceuticals. He asserted that the two hospitals were 20 miles apart and that Delaware is ranked number two in the highest cost for oncology drug costs. Mr. Lepage stated this is unacceptable for Delaware.

Bob Clarkin stated his comment is regarding posting the recordings of the meetings online. Mr. Clarkin stated he sent in a written comment to the DHCC email account. His concern is that the recordings of the meetings are not posted online. There is a delay from the time the meeting took place from the time the meeting minutes are posted. It makes it difficult to stay current with the Board. Mr. Clarkin stated it is the practice of the State Employee Benefits Committee that they post the recordings of their meetings online. He stated Microsoft Teams has an option of recording the meeting. Posting the recordings of the meetings makes it easier to know what is going on with the Board for people that were unable to attend the meeting. He noted the meeting minutes are not available online until they are approved by the Board at their next meeting. He would greatly appreciate if the recordings of the meetings were posted online.

ADJOURN

The meeting adjourned at 11:45 a.m.

NEXT MEETING

The next meeting is scheduled for May 13, 2025, at 10 a.m.

Public Meeting Attendees

Name	Affiliation
Jennifer Rini	Delaware Healthcare Association
Garlynn Johnson	Wilmington University student
Kristin Dwyer	Nemours
Jules Villecco	Delaware Healthcare Association
Bruce Leshine	Beebe
Steve Lepage	
Carolyn Theim	Beebe
Catherine Cardillo	Trinity Health
Bob Clarkin	
Nathan Trexler	Nemours
Julie Devlin	Department of Health and Social Services
Sefa Santos-Powell	
Christopher Otto	Delaware Nurses Association
Colleen Cunningham	Department of Health and Social Services
Nick Stonesifer	
Adam Lichtfuss	TidalHealth
Christina Bryan	
Sheila Saylor	Department of Health and Social Services
Kara Walker	Nemours
William Chasanov	Beebe
Chris Hall	TidalHealth
Sarah Petrowich	Delaware First Media
Bettina-Tweardy Riveros	ChristianaCare
Phylicia Edmonds	
Wayne Smith	
Meredith Stewart Tweedie, Esq.	ChristianaCare
Martha Helojoki-Lodge	Department of Health and Social Services