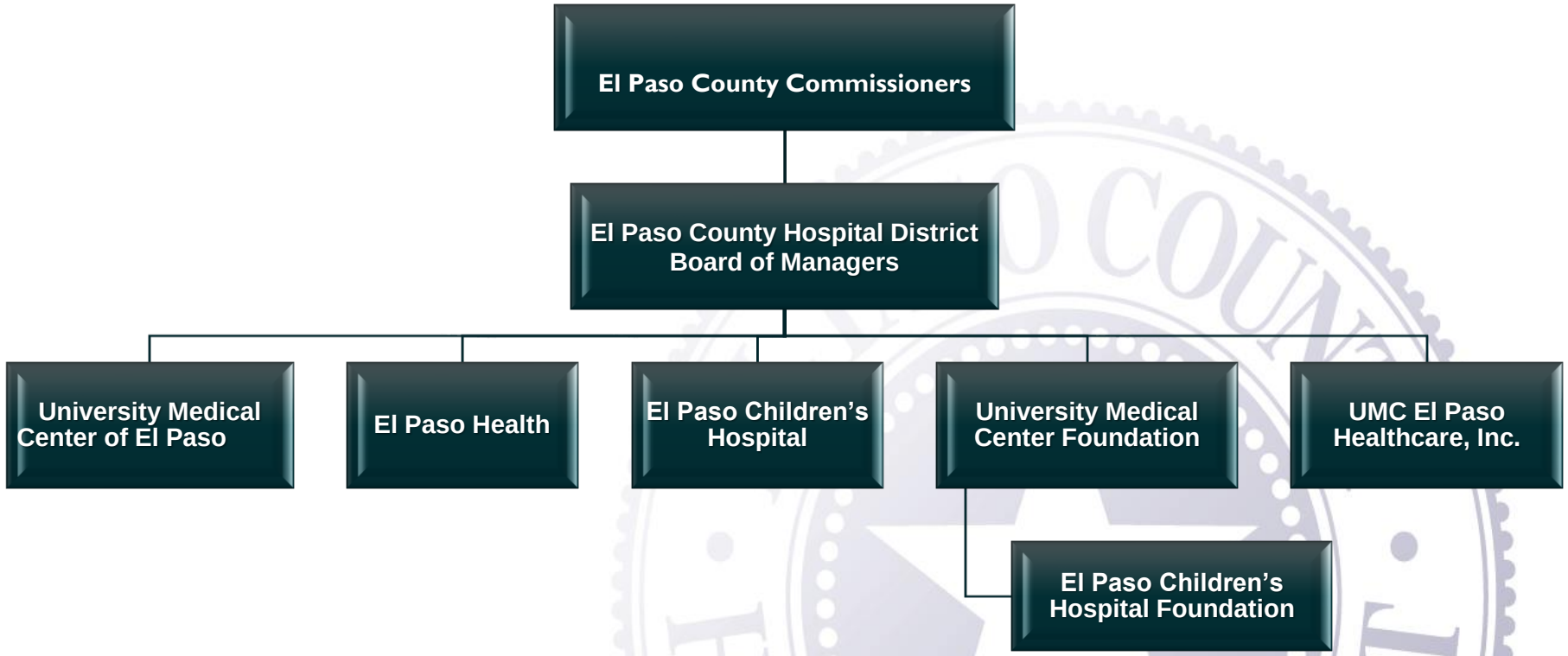
# HFMA
# LONE STAR CHAPTER

*Wednesday, September 22, 2021*

# TABLE OF CONTENTS

# District Organizational Chart



# TEXAS MEDICAID FINANCING

## SECTION 1115 WAIVER UPDATE

# MEDICAID 1115 WAIVER TRANSITION / EXTENSION UPDATE

- Initially approved in 2011, the current 1115 Medicaid Waiver ends on September 30, 2022.
- In January 2021, CMS approved a 10-year extension through 2030.
  - Existing Programs to continue
    - Uncompensated Care (UC Program), $3.9 billion
    - Quality Incentive Payment Program (QIPP), $1.1 billion
  - Programs Being Phased Out
    - Delivery System Reform Incentive Payment Program (DSRIP), $2.49 billion
      - DSRIP ends on September 30, 2021
    - Network Access Improvement Program (NAIP), $493 million
      - NAIP ends on September 30, 2027
  - New or Expanding Programs
    - New Directed Payment Programs (DPPs) are key to the DSRIP and NAIP transitions.
      - Comprehensive Hospital Increase Reimbursement Program (CHIRP), $5 billion
      - Texas Incentives for Physicians and Professional Services (TIPPS), $600 million
      - Rural Access to Primary and Preventive Services (RAPPS), $18.7 million

# MEDICAID 1115 WAIVER TRANSITION / EXTENSION UPDATE

- In April 2021, CMS rescinded the previously approved 10-year extension.
- On July 16, 2021, HHSC resubmitted to CMS a 10-year extension with virtually the same terms and conditions previously agreed to.
- On August 13, 2021, CMS notifies Texas HHSC that they will *not* approve the proposed DPPs as currently submitted.
  - Two options offered
    - Resubmit all pre-prints to address CMS concerns
    - Scale back for FY 2022 and only do Uniform Hospital Rate Increase Program (UHRIP) and QIPP and a one-year DSRIP extension through September 30, 2022.

# MEDICAID 1115 WAIVER TRANSITION / EXTENSION UPDATE

- Current status
  - On September 7, 2021, HHSC accepted CMS's offer to extend for FY 2022:
    - DSRIP ($2.49 billion)
    - Uniform Hospital Rate Increase Program (UHRIP) ($3.3 billion)
    - QIPP ($1.1 billion)
  - HHSC continues to negotiate the DPPS with CMS
    - Perhaps a FY2022 mid-year start?
    - No discussion of refunding CHIRP, TIPPS or RAPPS IGT's made in June 2021 (yet).
- HHSC will seek to have all programs (including DPPs) implemented and funded for at least a portion of FY22 to allow for future budget neutrality to count those annualized programs in the state's baseline

# MEDICAID 1115 WAIVER TRANSITION / EXTENSION UPDATE

- FY2022 UHRIP "add-on" payments
  - Managed Care Organizations (MCOs) did not receive the UHRIP add-on capitation payment starting September 1, 2021
  - Hospitals are not receiving UHRIP add-on payment for services beginning on or after September 1, 2021
  - Once implemented, claims to be paid at the respective hospital class reimbursement rate increases as they existed in SFY 2021
  - Earlier discussions indicated a potential UHRIP "restart" in November with the hope of September 1, 2021 claims being reprocessed with UHRIP "add-on" amounts.

# HOSPITAL AUGMENTED REIMBURSEMENT PROGRAM (HARP)

- Program Details
  - Statewide supplemental program providing Medicaid payments to hospitals for inpatient and outpatient services which serve Texas Medicaid fee-for-service (FFS)
    - HARP will provide additional funding to hospitals to assist in offsetting the cost hospitals incur while providing Medicaid services.
  - Enrollment application opened on September 17, 2021 and will close on October 1, 2021
    - Non-state government owned and operated hospitals and private hospitals are encouraged to apply
  - Subject to CMS approval
  - State Plan Amendments (SPAs) were submitted to CMS on September 14, 2021
  - New rules will be published in the September 24, 2021 issue of the Texas Register and will become effective on September 29, 2021

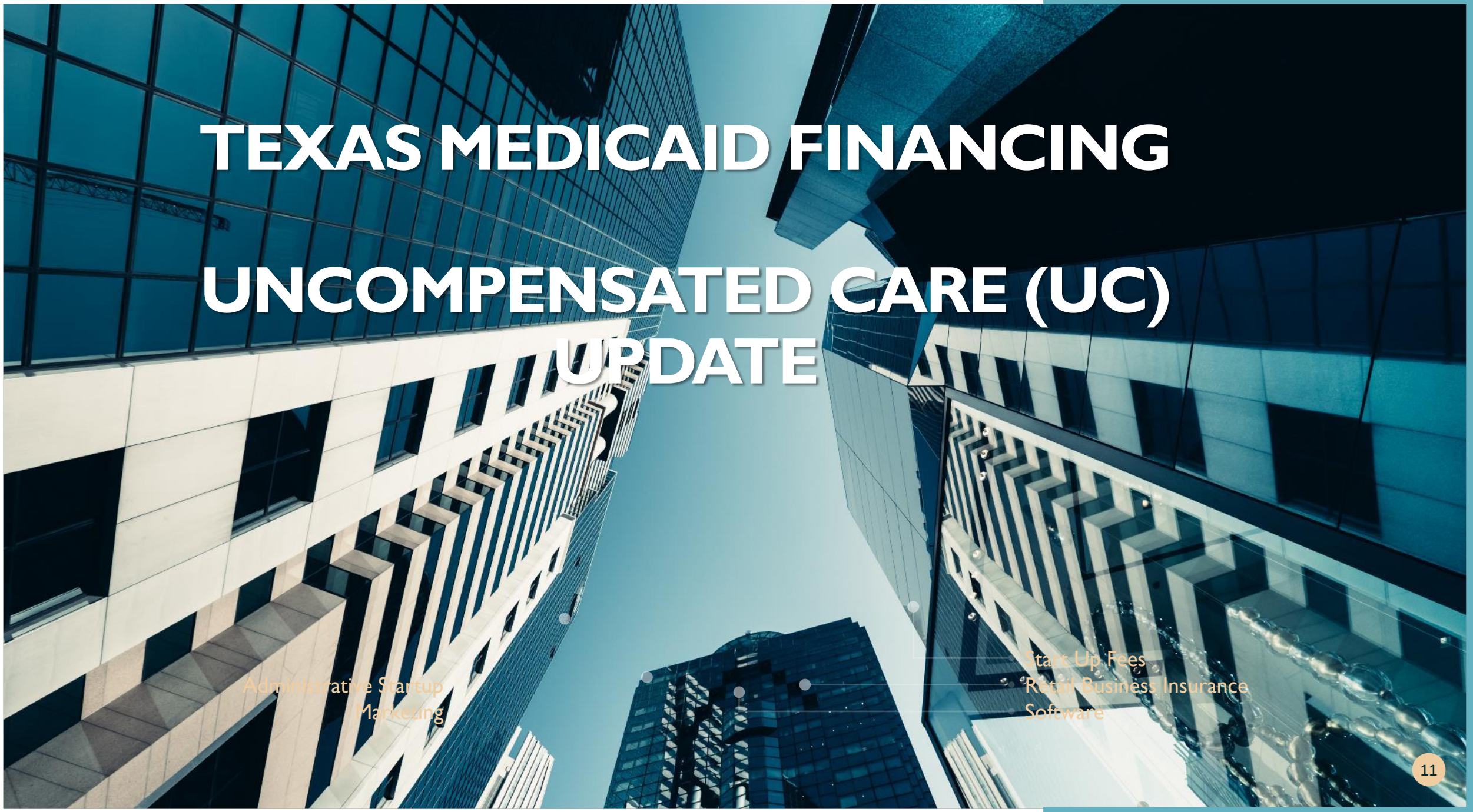
# MEDICAID DISPROPORTIONATE SHARE PROGRAM (DSH)

- Scheduled Federal DSH Cuts
  - Authorized Medicaid DSH cuts to pay for Affordable Care Act
  - Initially set to begin in 2014, it has been delayed several times, most recently in December 2020

- Reductions are now set at $8 billion per year from FFY2024 through FFY2027
  - Estimated $400 million impact to Texas or about 20% of DSH funding

# TEXAS MEDICAID FINANCING

# UNCOMPENSATED CARE (UC) UPDATE



# MEDICAID UNCOMPENSATED CARE (UC) PROGRAM

- 2021 2nd Interim Payment
  - Normally paid in September, is now scheduled for October 2021
- Approximately $84 million withheld
  - Final payment scheduled for December 2021
- HHSC may publish a Rule Amendment if distribution rules are changed

# COVID-19 PANDEMIC

# COVID-19 PANDEMIC
# FEDERAL PUBLIC HEALTH EMERGENCY DECLARATION

- Public Health Emergency (PHE)
  - Currently through October 18, 2021
  - Can be extended for 90-day increments by Health & Human Services Secretary Becerra
  - Expectation is that it will continue through rest of 2021
  - Biden Administration committed to given states 60 days notice before ending PHE

# COVID-19 PANDEMIC
# FEDERAL PUBLIC HEALTH EMERGENCY DECLARATION

- Federal Medical Assistance Percent (FMAP) %
  - In effect for the *entire quarter* if PHE in effect the first day of the quarter
    - If in effect on October 1, 2021, applies for all Medicaid Supplemental IGT's for October / November / December 2021
      - October and November DSH IGTs
      - November CHIRP, TIPPS, RAPPS IGTs ?
  - 6.2% FMAP percentage point increase
    - 2021 Regular FMAP % - 61.81%
    - 2021 Enhanced FMAP % - 68.01%
    - 2022 Regular FMAP % - 60.8%
    - 2022 Enhanced FMAP % - 67%

# COVID-19 PANDEMIC
# FEDERAL PUBLIC HEALTH EMERGENCY DECLARATION

- Medicaid membership
  - States may not cut eligibility or make it harder to enroll or retain Medicaid
  - Medicaid membership has increased as much as 40% since March 2020
  - Once the PHE is lifted, Medicaid membership will begin to decrease to pre-COVID-19 pandemic levels

# COVID-19 PANDEMIC
## CMS MEDICARE ADVANCE PAYMENT PROGRAM

- Hospitals received CMS Advance in April 2020
- CMS Recoupment Plan
  - April 2021 through February 2022, CMS reimburses at 75% of Medicare revenues billed
  - March 2022 through August 2022, CMS reimburses 50% of Medicare revenues billed
  - Any remaining balance due September 2022

# COVID-19 PANDEMIC
# CMS MEDICARE ADVANCE PAYMENT PROGRAM

- Audit Consideration:

| Reconciliation of Accelerated Advance | | | | | |
|---|---|---|---|---|---|
| Date | Total Amount | % Withhold | Withhold amount (this is the only column for input) | Net Cash | Amount remaining |
| 4/20/2020 | | | | | 30,124,907 |
| Payback | | | | | |
| 4/22/2021 | 106,421.34 | -34.4% | (36,577.95) | 69,843.39 | 30,088,329.05 |
| 4/23/2021 | 630,403.75 | -25.2% | (158,572.72) | 471,831.03 | 29,929,756.33 |
| 4/26/2021 | 246,765.75 | -25.1% | (61,930.55) | 184,835.20 | 29,867,825.78 |
| 4/27/2021 | 262,944.94 | -27.2% | (71,470.94) | 191,474.00 | 29,796,354.84 |
| 4/28/2021 | 50,210.88 | -25.0% | (12,570.99) | 37,639.89 | 29,783,783.85 |
| 4/29/2021 | 181,388.76 | -28.5% | (51,609.27) | 129,779.49 | 29,732,174.58 |
| 4/30/2021 | 105,608.70 | -26.4% | (27,882.37) | 77,726.33 | 29,704,292.21 |
| 5/3/2021 | 74,343.61 | -25.0% | (18,581.33) | 55,762.28 | 29,685,710.88 |
| 5/4/2021 | 56,219.07 | -41.5% | (23,327.11) | 32,891.96 | 29,662,383.77 |
| 5/5/2021 | 0.00 | 0.0% | 0.00 | 0.00 | 29,662,383.77 |
| 5/6/2021 | 533,804.88 | -25.9% | (138,276.87) | 395,528.01 | 29,524,106.90 |
| 5/7/2021 | 449,694.30 | -25.9% | (116,641.79) | 333,052.51 | 29,407,465.11 |
| 5/10/2021 | 251,718.34 | -25.0% | (62,929.59) | 188,788.75 | 29,344,535.52 |
| 5/11/2021 | 757,634.62 | 0.0% | 0.00 | 757,634.62 | 29,344,535.52 |
| 5/12/2021 | 135,806.99 | -27.8% | (37,822.15) | 97,984.84 | 29,306,713.37 |
| 5/13/2021 | 275,080.03 | -25.5% | (70,207.97) | 204,872.06 | 29,236,505.40 |
| 5/14/2021 | 296,308.96 | -25.3% | (74,884.35) | 221,424.61 | 29,161,621.05 |
| 5/17/2021 | 128,222.93 | -25.0% | (32,101.32) | 96,121.61 | 29,129,519.73 |
| 5/18/2021 | 336,525.73 | -25.2% | (84,832.88) | 251,692.85 | 29,044,686.85 |
| 5/19/2021 | 40,473.11 | -26.1% | (10,548.45) | 29,924.66 | 29,034,138.40 |
| 5/20/2021 | 25,295.63 | -25.0% | (6,323.91) | 18,971.72 | 29,027,814.49 |
| 5/21/2021 | 809,557.05 | -25.0% | (202,414.82) | 607,142.23 | 28,825,399.67 |
| 5/24/2021 | 697,231.01 | -25.0% | (174,261.25) | 522,969.76 | 28,651,138.42 |
| 5/25/2021 | 823.59 | -25.0% | (205.90) | 617.69 | 28,650,932.52 |
| 5/26/2021 | 387,549.05 | -20.0% | (77,499.31) | 310,049.74 | 28,573,433.21 |
| 5/27/2021 | 612,797.13 | -26.3% | (160,995.13) | 451,802.00 | 28,412,438.08 |
| 5/28/2021 | 189,545.56 | -25.0% | (47,400.77) | 142,144.79 | 28,365,037.31 |

# COVID-19 PANDEMIC
# ADDITIONAL RELIEF FUNDING AVAILABLE

- $25.5 billion in new funding available
  - $8.5 billion in America's Rescue Plan (ARP) resources for providers who serve rural patients
    - Based on amount of services providers furnish to Medicaid/CHIP and Medicare beneficiaries living in Federal Office of Rural Health Policy define areas
    - Distribution in mid to late November
  - $17 billion for PRF Phase 4 funding who can document revenue loss and expenses associated with the pandemic
    - July 1, 2020 through March 31, 2021 time period
      - Reimburse a higher % of lost revenues and expenses for smaller providers as compared to larger providers (75%)
      - Provide "bonus" payments based on services provided to Medicare, Medicaid and CHIP patients (25%)
    - Distributions in mid-December
  - Exact amounts of each distribution is not known until all requests submitted
- Phase 3 Reconsideration process
- 60-day grace period for complying with the upcoming September 30, PRF reporting deadline

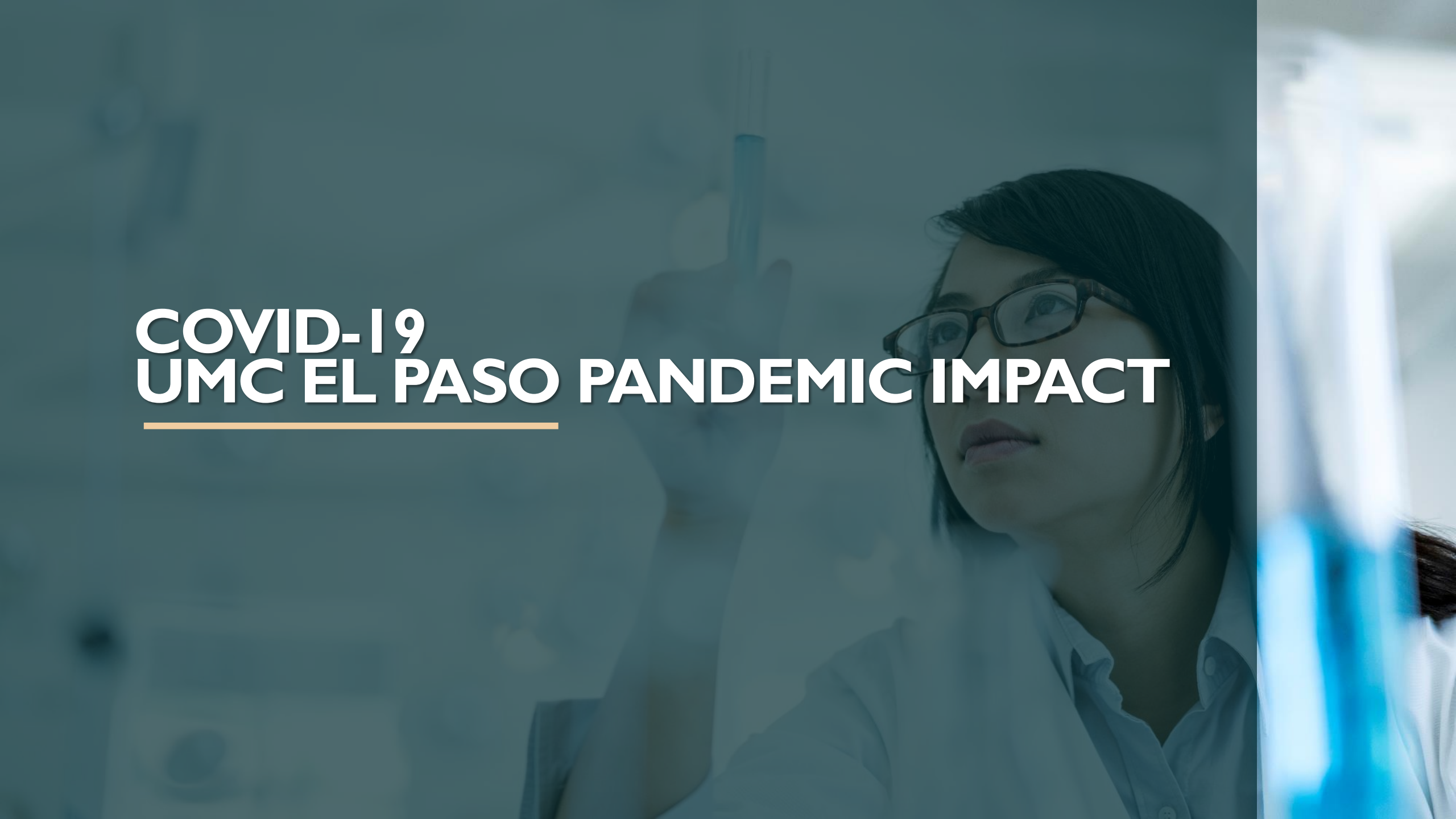
# COVID-19 PANDEMIC
# ADDITIONAL RELIEF FUNDING AVAILABLE

- Funds continue to exist to pay for "COVID-19" uninsured patients
- Audit consideration:
  - Separate out the "COVID-19" uninsured patients from your normal uninsured patients Accounts Receivable categories to avoid distorting the reimbursement expected

# COVID-19 PANDEMIC
# PROVIDER RELIEF FUNDING REPORTING

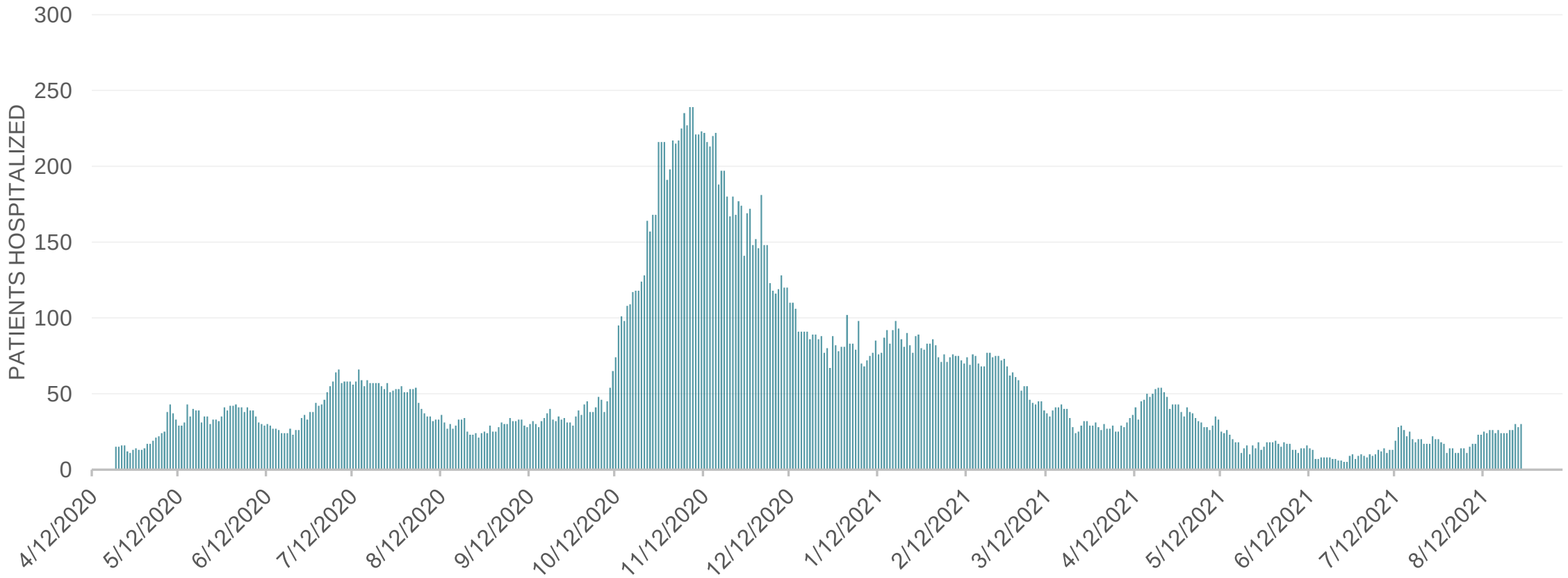
| Period | Payment Received | Deadline to Use Funds | Reporting Time Period |
|---|---|---|---|
| Period 1 | April 10, 2020 to June 30, 2020 | June 30, 2021 | July 1, 2021 to September 30, 2021 |
| Period 2 | July 1, 2020 to December 31, 2020 | December 31, 2021 | January 1, 2022 to March 31, 2022 |
| Period 3 | January 1, 2021 to June 30, 2021 | June 30, 2022 | July 1, 2022 to September 30, 2022 |
| Period 4 | July 1, 2021 to December 31, 2021 | December 31, 2022 | January 1, 2023 to March 31, 2023 |

- 60-day grace period for complying with the upcoming September 30, 2021 PRF reporting deadline



# COVID-19
# UMC EL PASO PANDEMIC IMPACT

# COVID-19 HOSPITALIZED PATIENTS



# INCREASED BED CAPACITY & STAFFING

| Type of Bed | Budgeted | Highest Capacity | Increase |
|---|---|---|---|
| Medical/Surgical | 221 | 352 | 131 |
| Critical Care | 69 | 141 | 72 |
| **Total** | **290** | **493** | **203** |

| Positions | Increase in Staffing |
|---|---|
| Physicians | 52 |
| Nurse Practitioners & Physician Assistants | 13 |
| Nursing & Health Care Professionals | 454 |

Photo courtesy of the El Paso Times

# EXPANDED CAPACITY: ON-SITE

Photo courtesy of the El Paso Times

UMC Tents & BCFS Blue Med Mobile Hospital Tent

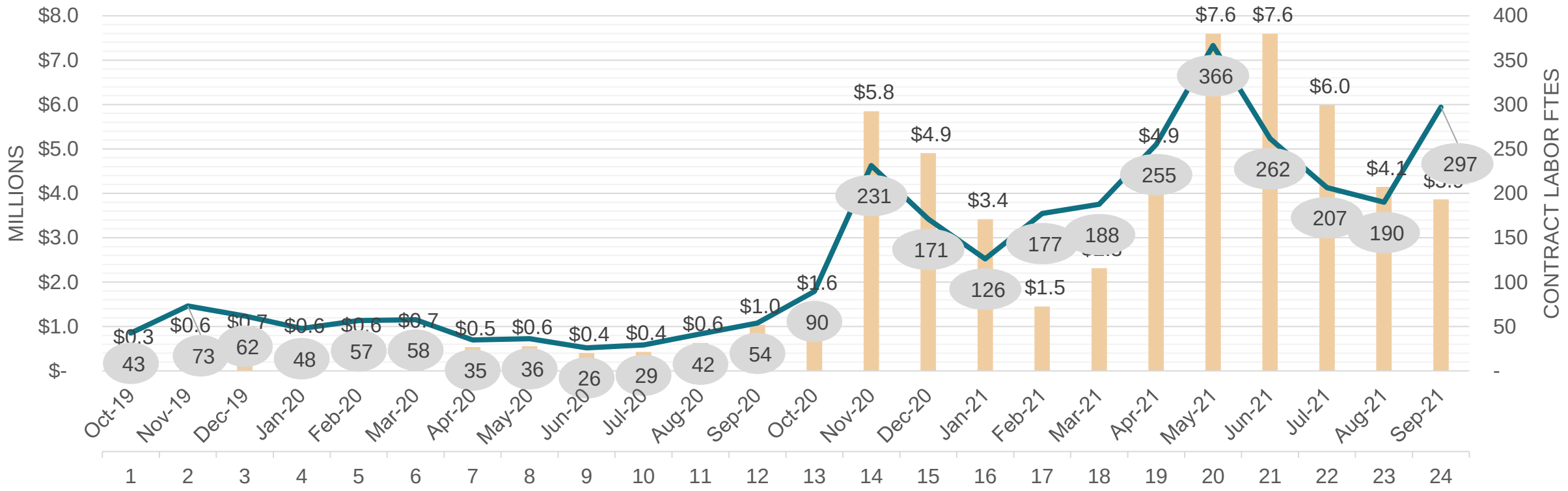

Photo courtesy of San Antonio Express-News

Texas Emergency Medical Task Force Mobile Medical Units


Courtesy of Nomad Health

9th Floor of El Paso Children's

# COVID-19 CONTRACT LABOR



# COVID-19 PANDEMIC
# CONTRACT LABOR CHALLENGES

- Since November 2020 through August 2021, UMC has spent $40 million on Contract Labor
  - FY 2021 forecasted Contract Labor spend is $50 million (approximately 162 FTEs)
  - FY 2020 Contract Labor spend was $6 million (approximately 47 FTEs)
  - FY 2019 Contract Labor spend was $3.5 million (approximately 20 FTEs)

- Opportunities
  - Provider Relief Funding
    - Was exhausted in April 2021
  - FEMA funding
  - America's Rescue Plan Act
    - Working with County and City

# THANK YOU

Michael L. Nuñez, CHFP, CPA
El Paso County Hospital District
District Chief Financial Officer

michaelnunez@umcelpaso.org

915-521-7626