

Hot Topics in Reimbursement Texas HFMA

June 15, 2022

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Agenda

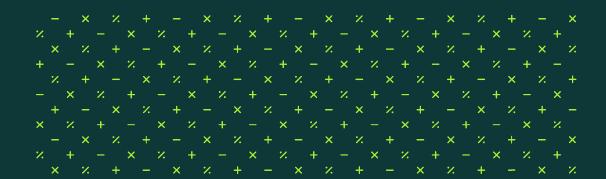


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Reimbursement Quick Hits





Reimbursement Quick Hits

- FY 2022 IPPS Final Rule Revisited
- FY 2023 Outlook and Beyond
 - Trustees Report June 2, 2022
 - Medpac Testimony February 2022
 - Medpac March 2022 Report
- AHA Advocacy January 20, 2022
- AHA Advocacy February 8, 2022



FY 2022 IPPS Final Rule

- IPPS payment rates will increase by approximately 2.5 percent in FY 2022 relative to FY 2021 for acute care hospitals that participate in the Hospital Inpatient Quality Reporting (IQR) Program and are meaningful electronic health record (EHR) users. This increase is the result of a 2.7 percent market basket update less a 0.7 percent multi factor productivity adjustment and an increase of .5 per legislative authority.
- CMS projects that IPPS operating payments per discharge will increase by approximately 2.6 percent for urban hospitals and 2.8 percent for rural hospitals in FY 2022 compared to FY 2021.
- Overall payments to acute care hospitals without DSH are expected to increase by \$3.7 billion in FY 2022. DSH and uncompensated care payments are decreasing by \$1.4 billion. Net change is an increase of \$2.3 billion.
- Overall acute hospital payments are expected to increase by \$2.3 billion.



FY 2023 Outlook and Beyond

Trustees Report to Congress June 2, 2022

Table II.B1.—Medic	are Data for C	alendar Ye	ar 2021	
		S	MI	
	HI or Part A	Part B	Part D	Total
Assets at end of 2020 (billions)	\$134.1	\$133.3	\$10.0	\$277.4
Total income	\$337.4	\$435.5	\$114.6	\$887.6
Pay roll taxes Interest Taxation of benefits Premiums General revenue Transfers from States Other	302.5 2.6 25.0 4.2 1.4 —	2.7 — 111.0 318.6 — 3.3	0.1 17.0 85.3 12.1 0.3	302.5 5.3 25.0 132.1 405.4 12.1 5.3
Total expenditures	\$328.9	\$405.5	\$104.9	\$839.3
Benefits Hospital Skilled nursing facility Home health care Phy sician fee schedule services Priv ate health plans (Part C) Prescription drugs Other ¹	323.6 144.8 28.4 6.2 — 147.7 — -3.5	400.5 64.5 — 10.8 73.8 202.2 — 49.2	104.4 — — — — — 104.4	828.5 209.3 28.4 17.0 73.8 349.9 104.4 45.7
Administrative expenses	5.3	5.0	0.5	10.8
Net change in assets	\$8.5	\$30.1	\$9.7	\$48.3
Assets at end of 2021 Enrollment (millions)	\$142.7	\$163.3	\$19.7	\$325.7
Aged Disabled Total	55.1 8.3 63.4	50.8 7.6 58.4	43.2 6.8 49.9	55.5 8.3 63.8
Av erage benefit per enrollee ¹	\$5,105	\$6,860	\$2,091	\$14,056

¹Includes net repayments of \$29.1 billion and \$19.0 billion to Part A and Part B, respectively, for the Medicare Accelerated and Advance Payments Program.

Note: Totals do not necessarily equal the sums of rounded components.



HI Financial Outlook

Table II.E1.—Estimated Operations of the HI Trust Fund under Intermediate Assumptions, Calendar Years 2021–2031

[Dollar amounts in billions]

		[Dollar arr	lounts in billio	iioj	
Calendar y ear	Total income ¹	Total expenditures	Change in fund	Fund at y ear end	Ratio of assets to expenditures ²
2021 ³	\$337.4	\$328.94	\$8.5	\$142.7	41%
2022	386.0	356.2 ⁴	29.8	172.4	40
2023	412.6	415.6	-3.0	169.4	41
2024	430.2	444.6	-14.3	155.1	38
2025	450.5	476.7	-26.2	128.9	33
2026	475.1	510.7	-35.6	93.3	25
2027	500.4	545.4	-45.0	48.3	17
2028 ⁵	523.7	580.6	-56.9	-8.6	6
2029⁵	547.9	616.6	-68.7	-77.3	6
2030 ⁵	570.4	650.5	-80.1	-157.4	6
2031 ⁵	593.7	683.7	-90.0	-247.4	6

¹Includes interest income.

Note: Totals do not necessarily equal the sums of rounded components.

FY 2023 Outlook and Beyond

Trustees Report to Congress
June 2, 2022

²Ratio of assets in the fund at the beginning of the year to expenditures during the year.

³Figures f or 2021 represent actual experience.

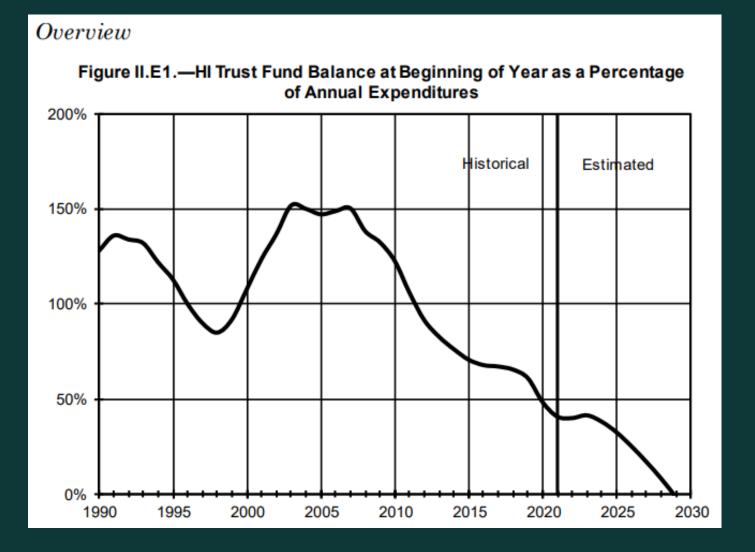
⁴Includes net repayments of \$29.1 billion and \$34.4 billion in calendar years 2021 and 2022, respectively, for the Medicare Accelerated and Advance Payments Program.

⁵Estimates for 2028 and later are hypothetical since the HI trust fund would be depleted in those years.

⁶Trust fund reserves would be depleted at the beginning of this year.

FY 2023 Outlook and Beyond

Trustees Report to Congress
June 2, 2022





FY 2023 Outlook and Beyond

Trustees Report to Congress
June 2, 2022

Overview

Table II.D1.—Components of Increase in Medicare Incurred Expenditures by Part

				percentj			
			Av erage	annual percer	ntage change		
		Prices		_			
_		Medicare		_	Beneficiary		
Valuation		relativ e to	Overall	Number of	demographic	Volume and	Total
period	CPI	CPI	Medicare	beneficiaries	s mix	intensity	increase
Part A:							
2022-2031	2.6%	-0.3%	2.2%	2.1%	-0.3%	2.5%	6.7%
2032-2046	2.4	0.1	2.5	0.6	0.4	1.4	4.9
2047-2096	2.4	-0.2	2.2	0.5	-0.1	1.3	3.9
Part B:							
2022-2031	2.6	-1.1	1.5	2.2	0.0	4.5	8.4
2032-2046	2.4	-0.2	2.2	0.6	0.1	2.6	5.7
2047-2096	2.4	-0.2	2.2	0.5	-0.1	1.5	4.2
Part D:							
2022–2031	2.6	-0.4	2.2	2.5	-0.2	1.5	6.1
2032-2046	2.4	0.4	2.8	0.6	-0.1	1.5	4.9
2047-2096	2.4	0.4	2.8	0.5	-0.1	1.4	4.7

Notes: 1. Price reflects annual updates, total factor productivity reductions, and any other reductions required by law or regulation.

- Volume and intensity is the residual after the other four factors shown in the table (CPI, excess Medicare price, number of beneficiaries, and beneficiary demographic mix) are removed.
- 3. Totals do not necessarily equal the sums of rounded components.



MedPAC Testimony

- 2021 CBO estimated annual Medicare spending will double in the 10-years between 2021 and 2031 (to \$1.8 trillion)
- Making up 18.8% of total federal spending in 2031
- Insolvency
 - CBO by 2027
 - Trustee by 2026
- Remedy
 - Increase in payroll tax from 2.9% to 3.7%, or
 - Reduce Part A spending immediately by 19% (estimated \$70 billion in 2022)



MedPAC Testimony (cont.)

- Payment rates for post-acute care sector are <u>Unnecessarily High</u>
 - Skilled Nursing Facilities (eliminate annual increase, roll back current rates 5%)
 - Home Health Agencies (eliminate annual increase, roll back current rates 5%)
 - Inpatient Rehabilitation Facilities (eliminate annual increase, roll back current rates 5%)
 - Hospices (eliminate annual increase, reduce cap on payments 20%)
 - Combined impact of these proposals equals \$25 billion to \$40 billion savings over five-years
- Medicare Advantage
 - Annual enrollment increasing 10% per year
 - 46% of eligible Medicare beneficiaries enrolled in MA plans
 - Payment rates (in 2022) estimated to equal 104% what FFS would have spent for the same beneficiaries



MedPAC Testimony (cont.)

- Medicare Advantage What Medpac is telling Congress
 - Coding differences between FFS and MA plans, higher payments to MA plans
 - Quality reporting no longer provides accurate description of the quality of care in MA plans
- Conclusion
 - Medicare spending is expected to more than double over the next decade
 - Spending will continue to strain solvency of the trust funds



Recent AHA Advocacy

- Continued support for stressed and strained workforce
 - No additional funding for delta and omicron surges
 - Distribute the remaining funds in the PRF
 - Add \$25 billion new funds to help with variant surges
 - Extend sequester relief to later of end of PHE or 12/31/22
 - Extend repayment window for accelerated and advance payments
 - Retain 340B eligibility if DSH % falls during 2020 and 2021
 - Staffing shortages and "travel" nurse costs additional relief needed



MS-DRGs



MS-DRGs

- ➤ No new MS-DRGs for 2023, list is set at 767
- ➤ CMS is proposing a 10% cap on decreases in an MS-DRG's relative weight from one fiscal year to the next. This impacts 27 MS-DRGs. CMS had looked at a 5% and 20% reduction cap but has decided 10% is the correct value.
- > Further delay implementation of the "three-way split criteria" because of the magnitude of the impact during the ongoing PHE
- CMS is returning to use FY 2021 MedPAR claims data and FY 2020 cost report data for FFY 2023 Medicare payment rate setting



Annual Recalibration

- > DRG weights re-calibrated on annual basis using claims data and cost report data
 - FY 2021 MedPAR claims and the FY 2020 cost reports, for the FY 2023 rate
 - With certain proposed modifications for the anticipated decline in COVID-19 hospitalizations of Medicare beneficiaries
- ➤ Modify the calculation of the FY 2023 MS-DRG relative weights.
 - First calculating two sets of weights, one including and one excluding COVID-19 claims
 - Modify methodologies for determining the FY 2023 outlier fixed-loss amount
- ➤ Proposed to implement a permanent 10-percent cap on the reduction in any individual MS-DRG's relative weight in a given fiscal year.



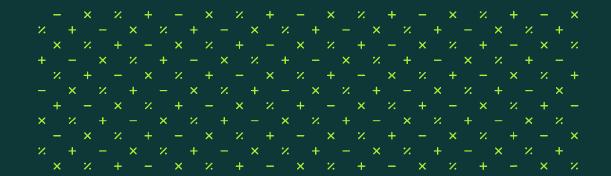
New Technology Add-On Payments

- ➤ CMS is proposing to discontinue 11 previously approved technologies, continue 15 previously approved technologies, discontinue 13 previously approved technologies that received a one-year extension in 2022 approval and consider 26 other drug and device technologies for New Technology Add-on Payments (NTAPs) for Fiscal Year 2023.
- ➤ The NTAP program provides for additional payment to hospitals for cases involving eligible new and relatively high-cost technologies utilized during inpatient hospital stays.



Payment Rates





CMS FY 2023 Proposed Percentage Change – Inpatient Payments

- ➤ IPPS payment rates are expected to increase by approximately 3.2 percent in FY 2023 relative to FY 2022 for acute care hospitals that successfully participate in the Hospital Inpatient Quality Reporting (IQR) Program and are meaningful electronic health record (EHR) users. This increase is the result of a 3.1 percent market basket update less a 0.4 percent multi factor productivity adjustment plus a legislative adjustment of 0.5 percent.
- > Overall payments to acute care hospitals are expected to increase by \$1.6 billion in FY 2023 as a result of the 3.2 percent increase, HOWEVER:
- Projected payment decreases include:
 - \$800 million in DSH/UC payments
 - \$800 million in new technologies
 - \$600 million for MDH and low-volume hospitals
- ➤ Net result would be a decline in payments year-over-year



DRG Payment Rates (Quality Data/MU met) Wage Index > 1.0000

	FFY 2023 Proposed	FFY 2022 Final CN
Labor-Related	\$4,269.46	\$4,138.24
Non-Labor	2,046.31	1,963.41
Capital	480.29	472.59
Total Payment Rate	\$6,796.06	\$6,574.24

Wage Index <= 1.0000

	FFY 2023 Proposed	FFY 2022 Final CN
Labor-Related	\$3,915.78	\$3,795.42
Non-Labor	2,399.99	2,326.23
Capital	480.29	472.59
Total Payment Rate	\$6,796.06	\$6,594.24



Labor/Non-Labor DRG Rates: Wage Index > 1.0000

Description (for FFY 2023-Proposed for 10/01/22)	Labor	Non-Labor
FY2023 Base Rate, after removing PY Reduction Factors	\$4,431.41	\$2,123.93
FY2023 Net Market Basket Update Factor - SEE NEXT SLIDE	1.027	1.027
FY2023 MS-DRG Recalibration Budget Neutrality Factor (BNF)	1.000491	1.000491
FY 2023 Cap Policy MS-DRG Weight Budget Neutrality Factor	0.999765	0.999765
FY2023 Wage Index Budget Neutrality Factor (BNF)	1.001303	1.001303
FY2023 Reclassification 'BNF'	0.985346	0.985346
FY2023 Lowest Quartile 'BNF'	0.998205	0.998205
FY 2023 Cap Policy Wage Index Budget Neutrality Factor	0.999563	0.999563
FY2023 Operating Outlier Factor	0.949000	0.949000
FY2023 Rural Demonstration Budget Neutrality Factor	0.998925	0.998925
FY2023 Sections 414 (MACRA) and 15005 of PL 114-255 (+.50%)	1.005	1.005
National Standardized Amount FY2023 DRG Payment Rate	\$4,269.46	\$2,046.31

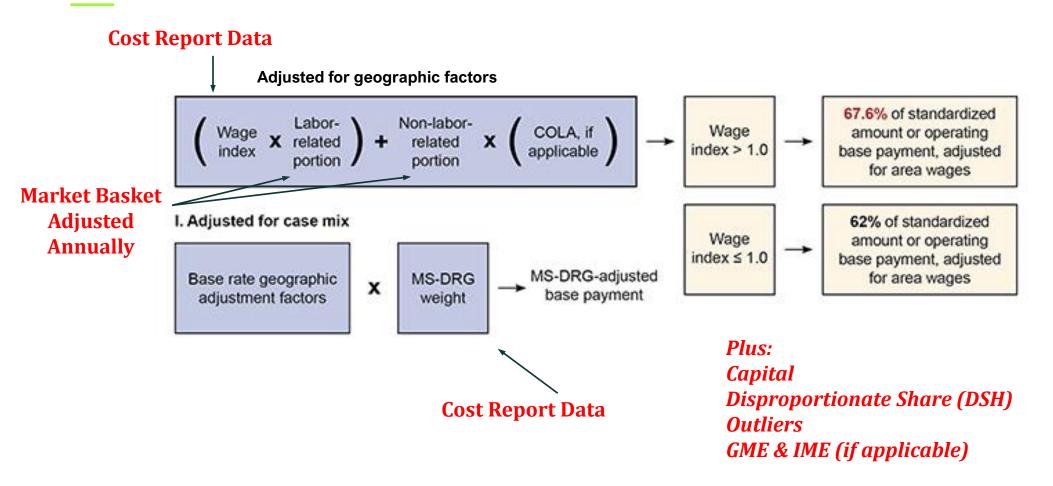


Proposed FFY 2023 Update

	Quality Data Submitted and Meaningful User	Quality Data Submitted / NOT a Meaningful User	Quality Data NOT Submitted / Meets Meaningful Use	Quality Data NOT Submitted / NOT a Meaningful User
MB "Rate of Increase"	3.1%	3.1%	3.1%	3.1%
Failure to submit Quality Data	0.00	0.00	-0.775	-0.775
Failure to meet Meaningful Use	0.00	-2.325	0.00	-2.325
MFP Adjustment	-0.4	-0.4	-0.4	-0.4
Net Percent Increase/Decrease	2.7%	0.375%	1.925%	-0.4%



IPPS Payment Methodology





Outliers: Fixed Loss Threshold

- Modify the methodology for calculating payments on outlier cases within the IPPS to account for data uniquely impacted by COVID-19
 - Using data from pre-COVID years (2018 and 2019)
- Proposed outlier threshold for FFY 2023 is \$43,214
- FFY 2022 final outlier threshold is \$30,988
- Represents a 39% increase
- CMS estimates threshold to result in outlier payments = 5.1% of total operating DRG payments



GME



Graduate Medical Education

- Proposes to adopt a new GME payment formula retroactively for cost reporting periods beginning on or after October 1, 2001
 - Adjusted to make the total weighted FTE count equal the FTE cap
- > Permit GME affiliation agreements for urban and rural teaching hospitals that train residents in a rural track program
- ➤ Proposes to cap the pool of funds available for NAH Medicare Advantage payments for calendar years (CYs) 2020 and 2021 at the \$60 million cap imposed by the Balanced Budget Refinement Act (BBRA) of 1999
- ➤ Proposes to reduce Medicare Advantage GME payments to hospitals by 3.71% for CY 2020 and 3.22% for CY 2021 to fund the NAH Medicare Advantage payment pool



Medicare Wage Index Update



Current Use of Medicare Area Wage Index (AWI) Data (Refresher)

The "adjusted"* area wage index is currently used in:

- Medicare inpatient prospective payment system (IPPS)
- Medicare outpatient prospective payment system (OPPS)
- California Medi-Cal FFS (APR-DRG) system**

The "unadjusted" ***area wage index is used in:

- Medicare skilled-nursing facility PPS
- Medicare inpatient rehabilitation facility PPS
- Medicare inpatient psychiatric facility PPS
- Other Medicare payment systems (ESRD, HHA, Hospice, others)

Many hospitals factor the "adjusted" AWI into Medicare Advantage (MA) and Medi-Cal Managed Care contracts in their rate setting process.

* The "adjusted" AWI accounts for geographic reclassifications, rural floor budget neutrality and occ mix. **Any change to Medi-Cal FFS in one year will be adjusted the following year to make the change budget neutral.

*** The "unadjusted" AWI excludes occupational (occ) mix survey adjustments



FY 2023 Continuation of Low Wage Index Hospital Policy

- > CMS proposes to continue its low wage index hospital policy that it first adopted in FY 2020.
 - Bridgeport Hospital v. Becerra, No. 20-cv-1574, 2022 WL 612658 (D.D.C. Mar. 2, 2022), in which the Court on March 2, 2022, found the agency did not have the statutory authority to adopt this policy.
- ➤ Under this policy, CMS makes upward adjustments to the wage indices of hospitals with a wage index value below the 25th percentile.
- ➤ The adjustment for each eligible hospital is equal to half of the difference between the otherwise applicable final wage index value for the hospital and the 25th percentile wage index value for all hospitals that same year.
- For FY 2023, CMS is proposing that the 25th percentile wage index will be 0.8401.
- As in past years, CMS is proposing to fund these adjustments by making a budget neutrality adjustment to the standardized amount. The proposed budget neutrality adjustment is 0.998205.



Proposal – Hold Harmless Permanent

- ➤ Proposes to implement a permanent 5% cap on all wage index decreases each year, regardless of the circumstances.
- > Seeks to make the cap on decreases permanent policy.
- > Budget neutral manner by reducing the standardized amount.



Proposal – Reclassifications

- ➤ Proposes to revise the regulations governing urban hospitals with multiple campuses seeking to reclassify as rural.
- Amend its regulation to provide that rural reclassification under 42 C.F.R. § 412.103 applies only to the main campus and any remote locations located in an urban area, and not remote locations in rural areas.



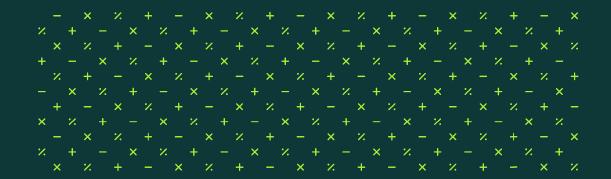
Wage Index Values

- > CMS is proposing to use the FY 2019 data for the FY 2023 wage index.
- ➤ The method used to compute the proposed FY 2023 wage index without an occupational mix adjustment follows the same methodology that we used to compute the wage indexes without an occupational mix adjustment in the FY 2021 IPPS/LTCH PPS final rule.
- ➤ The proposed FY 2023 unadjusted national average hourly wage is \$47.77.
- ➤ Use of 2019 Medicare Wage Index Occupational Mix Survey for the FY 2023 wage index.
- Proposed FY 2023 occupational mix adjusted national average hourly wage is \$47.71
- Estimate that 192 hospitals would receive an increase in their FY 2023 proposed wage index due to the application of the rural floor.
- ➤ Imputed floor will be applied for FY 2023.



Medicare DSH/Uncompensated Care





Uncompensated Care – Proposed Factor 1

Baseline FY 2019 - \$13.808 billion (PY \$13.882 billion)

FY	Update	Discharge	Case Mix	Other	Total	DSH	2022 Rule
2020	1.031	0.862	1.038	0.9890	0.9123	12.598	12.801
2021	1.029	0.947	1.029	0.9842	0.9869	12.432	13.267
2022	1.025	1.007	0.990	1.0084	1.0304	12.811	13.985
2023	1.032	1.010	0.990	1.0355	1.0355	13.266	

▲ Update column is determined as follows:

FY	MB	ACA cut	Prod	D&C	Total
2020	3.0	0	-0.4	0.5	3.1
2021	2.4	0	0	0.5	2.9
2022	2.7	0	-0.7	0.5	2.5
2023	3.1	0	-0.4	0.5	3.2



Uncompensated Care – Factor 1 Trends

FFY	DSH Estimate	25% EJ DSH	Factor 1
2014	\$12,790,922,790	\$3,197,730,698	\$9,593,192,093
2015	\$13,383,462,196	\$3,345,865,549	\$10,037,596,647
2016	\$13,411,096,528	\$3,352,774,132	\$10,058,322,396
2017	\$14,396,635,710	\$3,599,158,928	\$10,797,476,783
2018	\$15,552,939,524	\$3,888,234,881	\$11,664,704,643
2019	\$16,339,055,838	\$4,084,763,960	\$12,254,291,879
2020	\$16,583,455,657	\$4,145,863,914	\$12,437,591,743
2021	\$15,170,673,476	\$3,792,668,369	\$11,378,005,107
2022	\$13,984,752,729	\$3,496,188,182	\$10,488,564,547
2023	\$13,265,678,075	\$3,316,419,518	\$9,949,258,557



Uncompensated Care – Proposed Factor 2

CY 2022 uninsured: 8.9%

CY 2023 uninsured: 9.3%

FY 2023 weighted uninsured: $(8.9\% \times .25) + (9.3\% \times .75) = 9.2\%$

2013 uninsured: 14%

1-|((9.2% - 14%) / 14%| = 1-34.29% = 65.71% (68.57% 2022 Final Rule)



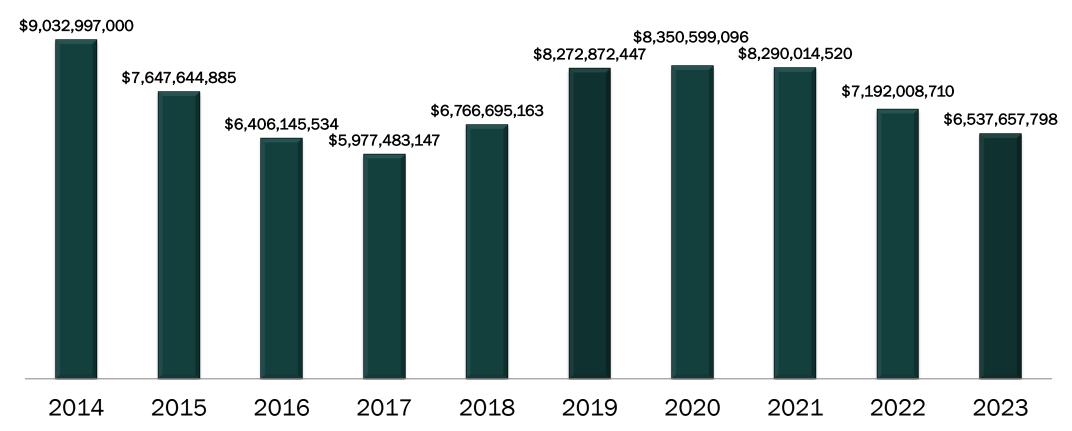
Uncompensated Care – Proposed UC Pool Total

- ➤ 2023 Gross Pool from Factor 1 = \$9.949Billion
- 2023 Proposed Factor 2 = 65.71%

- > 2023 Proposed Uncompensated Care Amount = \$6.538 Billion
 - Distributed to 2,380 hospitals
 - Decrease of \$654 Million (9.1%) from 2022 final rule



UC Pool Trends





Uncompensated Care – Proposed Factor 3

- > FFY 2018 & FFY 2019 Line 30 S-10 data to derive Factor 3 for FY 2023
 - Using the average of the audited FY 2018 and audited FY 2019 reports
 - Addresses concerns from stakeholders regarding year-to-year fluctuations in UC payments
- ➤ Interim Uncompensated Care Payments
 - Based on average of FY 2018, FY 2019, and FY 2021. Excluding FY 2020 due to Covid-19 pandemic
- Future S-10 Use
 - Propose for FY 2024 and subsequent years to use a three-year average of UC data from the three
 most recent audited fiscal years
 - Specifically for FY 2024, CMS expects to use data from FY 2018, FY 2019, and FY 2020
- Section3133DSH@cms.hhs.gov Submit Factor 3 issues or concerns to CMS inbox



Uncompensated Care – Worksheet S-10 & Audits

➤ Prior Comments Regarding Worksheet S-10 Audit Process

- Greater consistency among MACs regarding audit protocol
- Establish uniform templates for cost report submission
- Urge CMS to conduct consistent and equitable audits across providers
- Develop a transparent timeline for the audit process
- Discontent regarding limited time allowed for providers to respond to adverse adjustments, resolve differences
- Establish an audit and appeal process similar to wage index audit

CMS Response

- Audit protocols are provided to MACs in advance of the audit to assure consistency and timeliness in audit process
- Do not plan on introducing an audit and appeals process such as wage index as it would exceed their current audit resources and require shifting of other audit work that may negatively impact for example wage index audits.
- Do not intend to establish fixed start date for audits across all MACS.



FFY 2018 & 2019 S-10 Cost Report Comparison – 2021 HCRIS Q2 vs. 2022 Q1 results

Change in Line 30 UC

FFY	Providers	Change	Percent
2018	2,208	\$(1,439,170,956)	-4.46%
2019	2,165	\$(1,852,298,458)	-5.53%

- 2,165 Providers out of 2,380 revised their 2019 cost report during June 2021 March 2022
- 5.53% decrease in Line 30 for those 2,165 Providers



FFY 2018 & 2019 S-10 Cost Report Comparison – 2021 HCRIS Q2 vs. 2022 Q1 Results (cont'd)

Charity Care Changes Line 20

				Uninsured		Insured		Total	
FFY	Providers	No Change	Revised	Change	Percent	Change	Percent	Change	Percent
2018	2,208	217	1,991	\$625,477,123	.73%	\$(1,270,360,563)	-24.36%	\$(644,883,440)	71%
2019	2,165	201	1,964	\$687,116,240	.72%	\$(1,533,327,661)	-29.66%	\$(846,211,421)	82%

- Insured charity not subject to the cost to charge ratio
- Dollar for dollar impact on Line 30 total



FFY 2018 & 2019 S-10 Cost Report Comparison – 2021 HCRIS Q2 vs. 2022 Q1 Results (cont'd)

Bad Debt Line 26

FFY	Providers	No Change	Revised	Change	Percent
2018	2,208	186	2,022	\$(2,764,330,592)	-6.48%
2019	2,165	269	1,896	\$(1,734,635,356)	-4.34%

- \$1.7 billion decrease
- Bad debt was reviewed by MACs in the 2019 S-10 audits
- Non-Medicare bad debt not reviewed by hospitals as thoroughly as Medicare bad debt



FFY 2018 & 2019 S-10 Cost Report Comparison – 2021 HCRIS Q2 vs. 2022 Q1 Results Summary

FFY	Average/Min/Max	Change
2018	Avg Line 30 Change	\$(651,798)
2018	Largest Line 30 Decrease	\$(159,787,481)
2018	Largest Line 30 Increase	\$47,426,702
FFY	Average/Min/Max	Change
2019	Average of Line 30 Change	\$(855,565)
2019	Largest Line 30 Decrease	\$(304,527,296)
2019	Largest Line 30 Increase	\$106,720,795



2023 Proposed Rule Impact of 2 Year Blend vs. Only 2019 – Largest Dollar Impacts by State

State	2023 UC Payment 2018 & 2019	UC Payment Based on 2019 FFY	Dollar Impact
TX	\$1,197,867,591	\$1,215,647,864	\$17,780,272
GA	\$391,925,958	\$407,740,396	\$15,814,438
FL	\$668,624,174	\$683,907,997	\$15,283,823
CA	\$441,916,251	\$456,877,743	\$14,961,492
MO	\$187,254,716	\$196,993,585	\$9,738,870
State	2023 UC Payment 2018 & 2019	UC Payment Based on 2019 FFY	Dollar Impact
State VA			Dollar Impact \$(37,510,815)
	2018 & 2019	on 2019 FFY	
VA	2018 & 2019 \$181,493,604	on 2019 FFY \$143,982,789	\$(37,510,815)
VA IL	2018 & 2019 \$181,493,604 \$277,800,994	on 2019 FFY \$143,982,789 \$254,904,637	\$(37,510,815) \$(22,896,357)



Next Steps and Best Practices – Uncompensated Care

- MACs are currently performing Worksheet S-10 audits on <u>all</u> FFY 2020 cost reports
 - Designate an individual(s) and budget S-10 preparation and audit support time for each fiscal year
 - Deep dive into your transaction codes and business practices to ensure Worksheet S-10 is capturing all of the hospital's uncompensated care
 - Consider revising S-10 data as necessary and amend for FFY 2021
- > Filing Requirements
 - Worksheet S-10 Charity Care patient detail required at time of cost report filing (10/1/18 and after).
 Detail must be +/- 3% of cost report values.
 - Additional requirements and revised templates including total bad debt on horizon?



Section 1115 Waivers



Section 1115 Waivers – Recent History

- Recent court decisions to include days in DSH calculation:
 - Bethesda Health Inc. v. Azar
 - Forest General Hospital v. Azar
 - Health Alliance Hospitals Inc. v. Azar

➤ 2022 Proposed Rule

- CMS proposed to include only days in which a patient directly receives inpatient hospital insurance coverage from a Section 1115 waiver
- Would have excluded days where hospitals receive payment from an uncompensated care pool
- Would have excluded days for patients who receive premium assistance through a section 1115 demonstration
- CMS did not finalize proposal and planned to revisit issue in future rulemaking



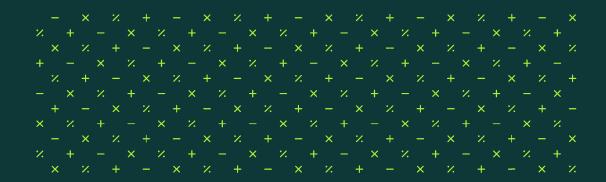
Section 1115 Waivers – 2023 Rule

2023 Proposed Rule

- Revise regulations to explicitly reflect interpretation of the language "regarded as" " eligible for medical assistance under a State plan approved under title XIX" to mean patients who receive health insurance through a section 1115 demonstration itself or purchase such insurance with the use of premium assistance provided by section 1115 demonstration
- For the groups CMS "regard" as Medicaid eligible, CMS proposes
 - Only days of those individuals that obtain health insurance that provides essential health benefits (EHB)
 - Or with premium assistance that provides EHB where premium assistance is equal to or greater than 90% of the cost of the health insurance



Next Steps, Closing Thoughts & Questions



Next Steps

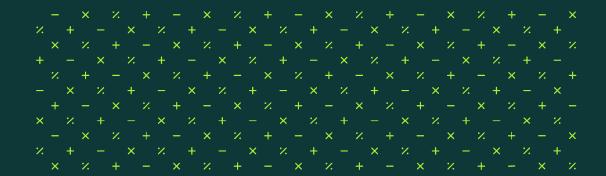
➤ Comment deadline is June 17, 2022

Closing thoughts



Questions





Resources

- DSH/UC impacts analysis (by request)
- Subscribe
- ➤ Health Care Content Hub <u>www.mossadams.com/industries/health-care/insights</u>
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Cost Report Appeals, Filing, & Management	Month End Close Support	Volume Decrease Adjustment
Home Office Cost Allocations & Reporting	Outsourcing & Staff Augmentation	Wage Index Preparation & Reviews
Medical Education Program Implementation, Expansion, & Reviews	Regulatory Analysis & Interpretation	Worksheet S-10: Charity Care & Bad Debt & Audit Support



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AR Valuations	Formulate Third-Party Reserves for Financial Reporting Purposes	Net Patient Revenue Analysis & Calculations	Roll Forward Analysis
Charge Master Standardization & Maintenance	Geographic Reclassifications	Organ Acquisition & Transplant Programs	Service Line Impact Analysis
Cliff Impact Analysis	Government Payment Programs Training	Outlier Reconciliations	State Provider Tax Programs
Clinical Pathway Reviews for Inpatient & Outpatient Service Lines	Government Programs Profitability Analysis	Payment Rate Reviews & Third-Party Payment Variance Analysis	Strategic Business Planning
Contractual Model Reviews for Compliance & Accuracy	Ground Ambulance Data Collection	Provider-based & Outpatient Service Line Assessments	Succession Planning
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Worksheet S-10

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