Kentucky Hospital Association Update

February 22, 2024

Kentucky Hospital Association

Agenda

• Overview of KY Hospitals	Melanie Landrum
• Financial Health of Hospitals	Carl Herde
• HRIP Status	Carl Herde
• HRIP – Quality Outcomes	Melanie Landrum
• Workforce	JP Hamm
• Certificate of Need	Carl Herde
• CMS Proposal for DPP	Carl Herde

Overview of Kentucky's Hospitals

Kentucky Hospital Association

Total – 126 *(excludes federal and state mental)*

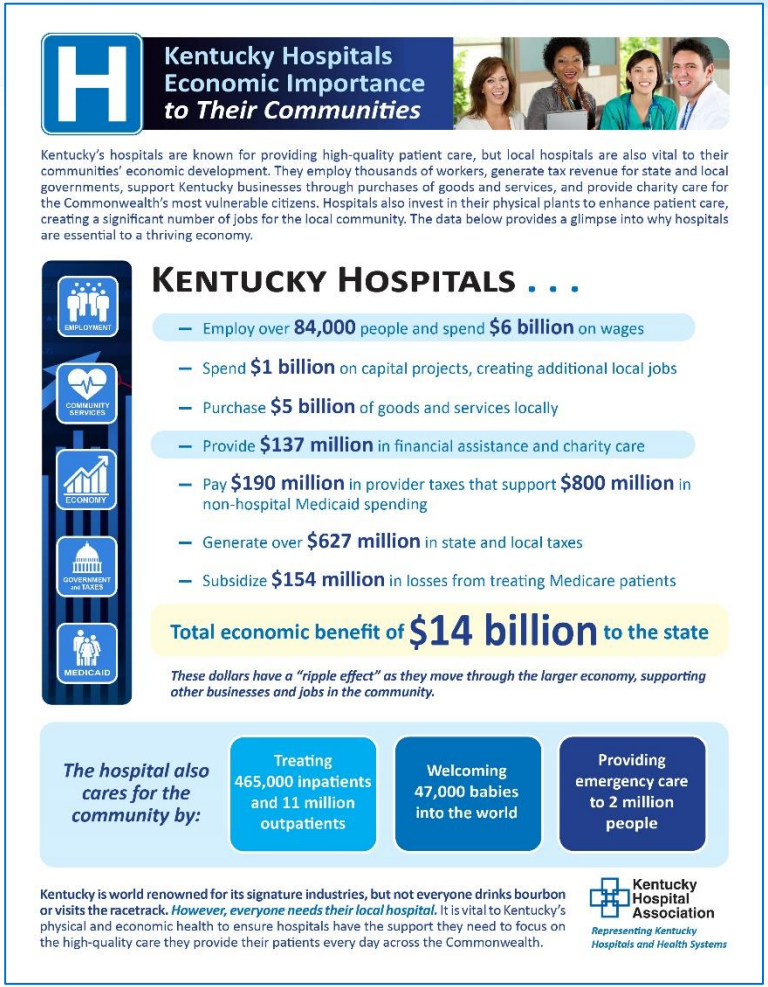
Type	Number	Percent
Short-Term Acute (PPS)	68	54%
Critical Access	29	23%
Long Term Acute Care	11	9%
Freestanding Psychiatric	9	7%
Freestanding Rehab	7	5%
Children's	2	2%
Total	126	100%

Most Hospitals Are Rural and Part of a System

Geography	Number	Percent
Rural	72	**56%**
Urban	56	44%
Ownership		
System Owned	105	**83%**
Independent	23	18%
Rural	21	**91%**
Critical Access	12	**52%**
PPS	10	48%
Psychiatric	1	5%
Urban	2	9%

Economic Importance of Kentucky Hospitals

- Hospital employ nearly **84,000 people**
- Hospitals spend $6 billion in wages
- Hospitals create nearly **$9 Billion in economic benefit** to local communities (through the hospital and their employees' spending)
- Kentucky is one of the most rural states in the country (10th most rural population)
- Rural hospitals are often the largest employers
  - About 1/3 of jobs and wages are in rural hospitals



Economic Importance of Kentucky Hospitals

https://www.kyha.com/kha-data-center/data-reports/

Financial Health of Kentucky Hospitals

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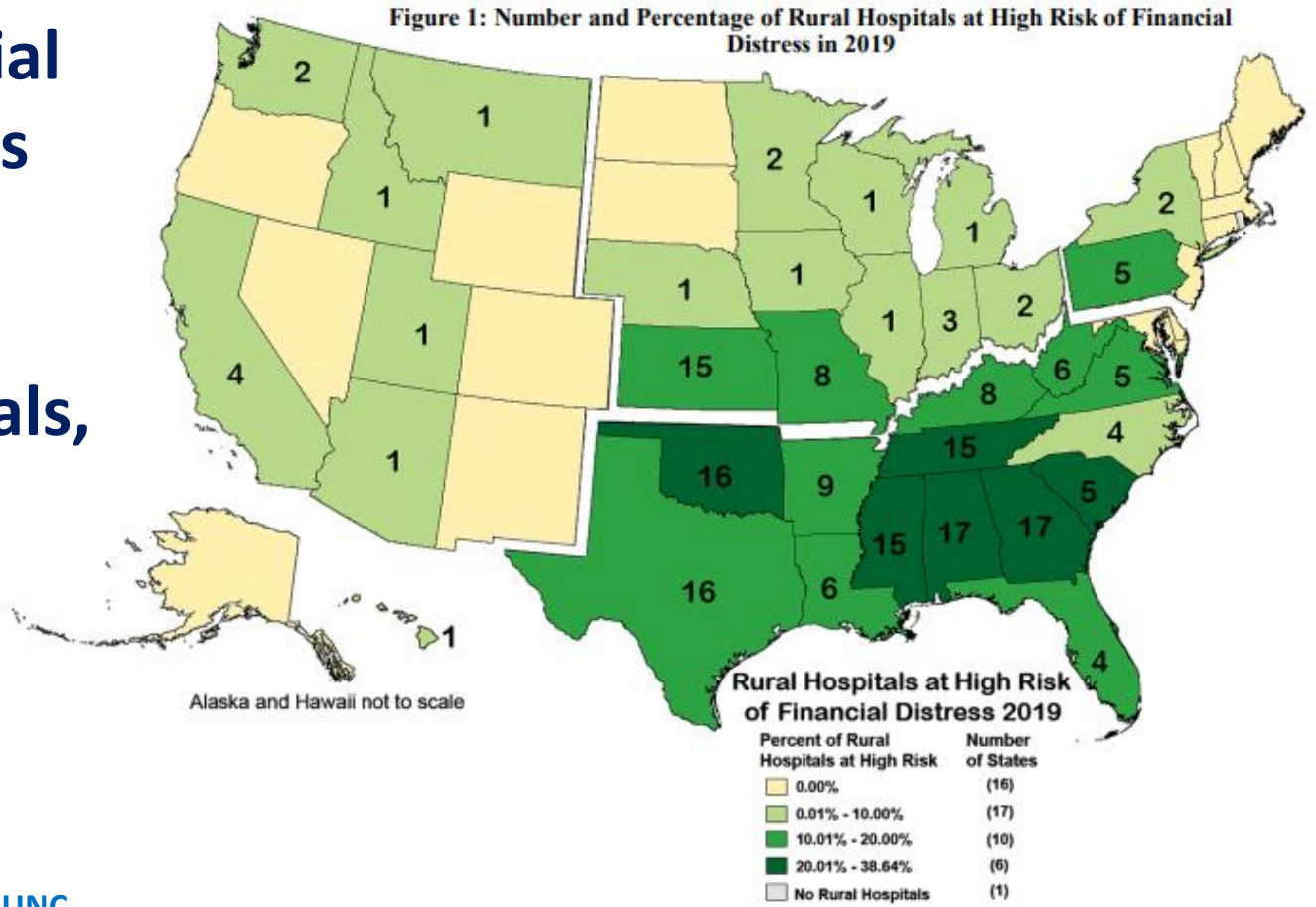
Financial Distress among Rural Hospitals, 2019



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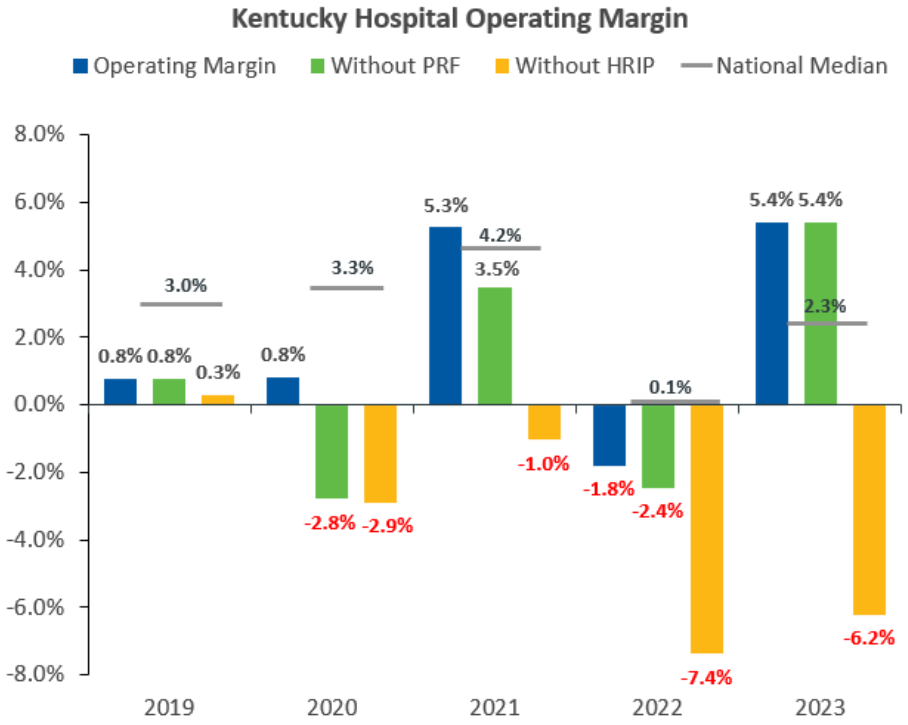
Current State of Kentucky Hospital Finances

February 9, 2024

Hospital Margins

Kentucky Hospital Operating Margins Grew to 5.4% in 2023 as a Result of HRIP



KEY TAKEAWAYS

- **Improved Kentucky Hospital Performance:** Total hospital operating margins for Kentucky reached 5.4% in 2023, the highest level since 2019.
- **Historically Low National Margins:** Operating margins have historically hovered between 4%-6% and are not sustainable at current levels.
- **HRIP's Crucial Impact:** Payments from HRIP are necessary for Kentucky hospitals as their operating margins would be negative without them.

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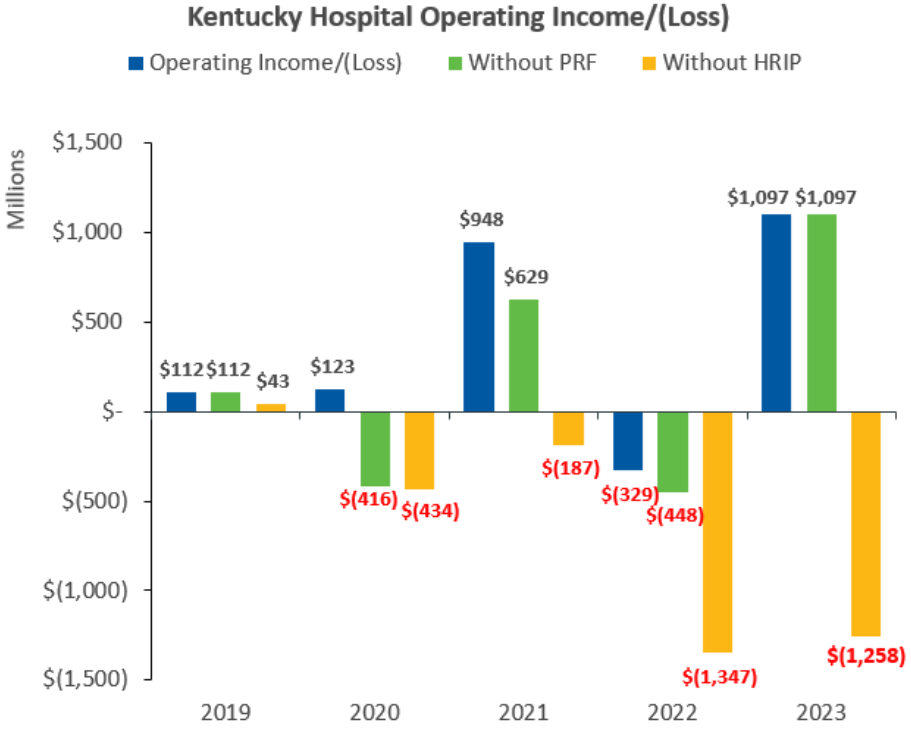
Source(s): 1) Kentucky hospital operating margins were produced by Kaufman Hall using data sourced from Syntellis' Axiom Comparative Analytics and Definitive Health.

Kentucky Hospital Operating Income Reached $1.1 Billion in 2023, but Remained Negative without HRIP Funding



KEY TAKEAWAYS

- **Critical Role of HRIP in Financial Turnarounds:** The stark contrast between projected losses and actual gains with HRIP underscores its critical role in stabilizing hospital finances.
- **HRIP Sustainability Concerns:** The long-term sustainability of HRIP depends on the availability of federal matching funds and hospital assessments. Payments from HRIP are determined each year and hospitals are not guaranteed this money.

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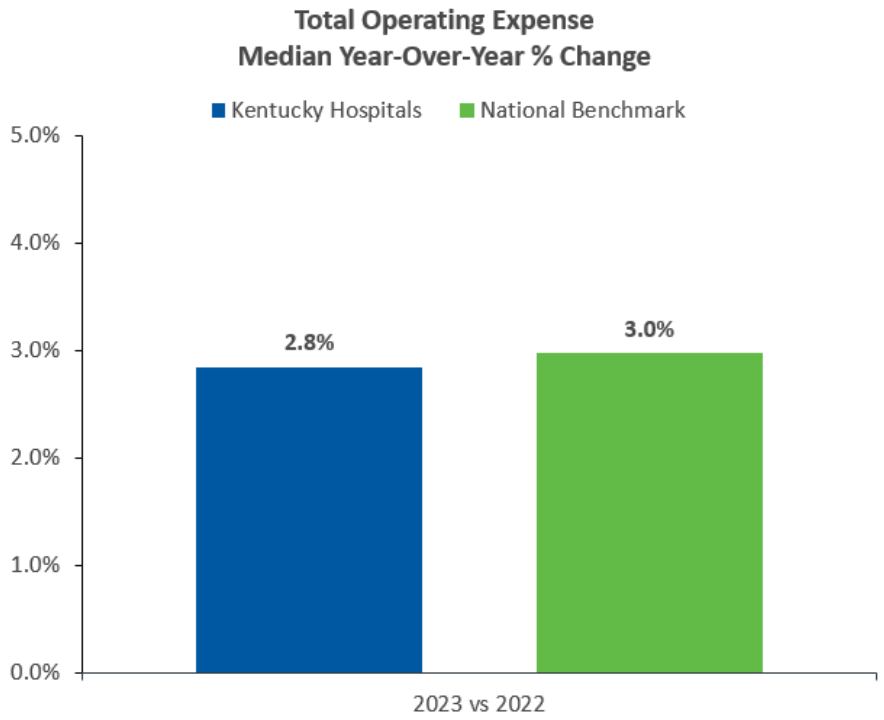
Source(s): 1) Kentucky hospital operating income/(loss) was produced by Kaufman Hall using data sourced from Syntellis' Axiom Comparative Analytics and Definitive Health

Operating Expenses

Kentucky Hospital Operating Expense Increased 2.8% at the Median in 2023



KEY TAKEAWAYS

- **Consistent Increase Across the Board:** Both Kentucky and national median hospitals experienced a ~3.0% increase in total operating expenses year-over-year.
- **Indicates a National Trend in Operating Costs:** The similar increase in operating expenses for both Kentucky and nationally suggests a broader trend in rising operating costs in the healthcare sector.
- The rise in operating expenses are generally not within a hospital's control and many outside factors directly impacted the increase.

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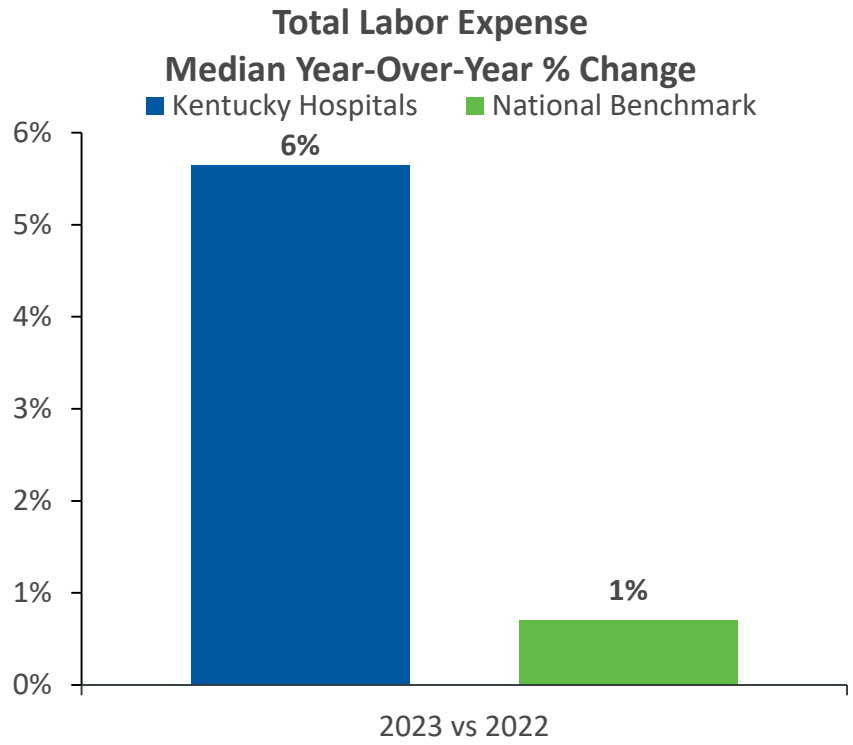
Source(s): 1) The median YOY % change in Kentucky hospital operating expense was produced by Kaufman Hall using data sourced from Syntellis' Axiom Comparative Analytics and Definitive Health.

Rising Labor Costs: Kentucky Hospitals Total Labor Expenses vs. National Trends



KEY TAKEAWAYS

- **Higher Increase in Kentucky's Labor Expenses:** Kentucky's median hospitals experienced a 6% increase in total labor expenses year-over-year, surpassing the national median increase of 1%

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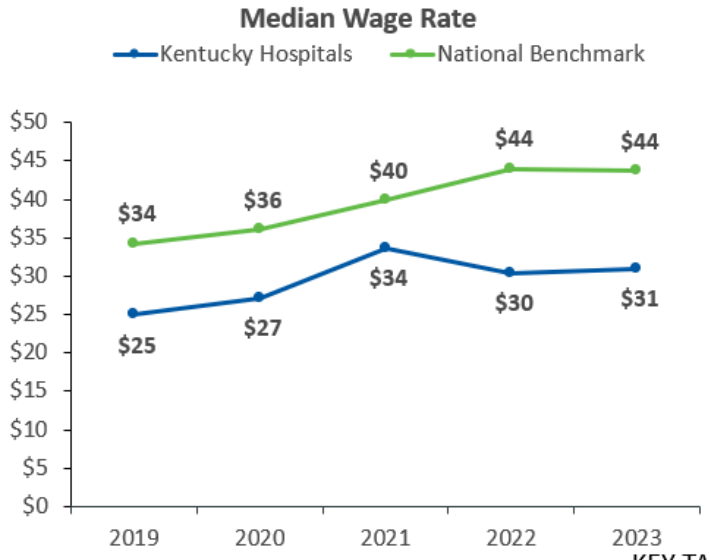
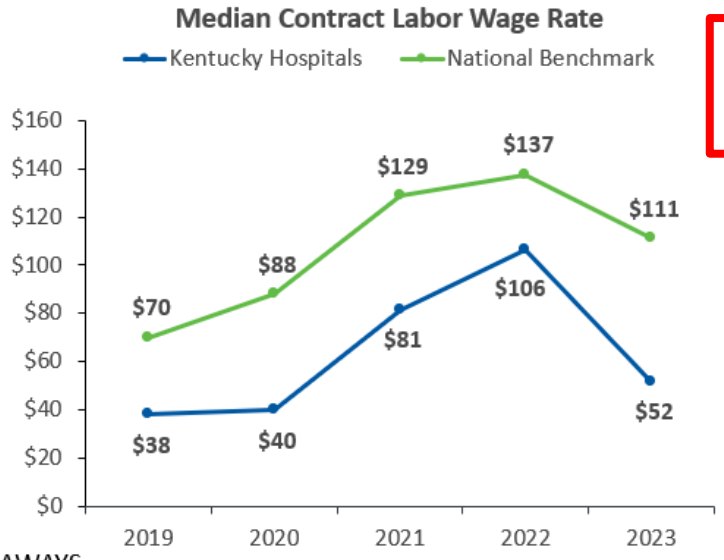
Source(s): 1) The median YOY % change in Kentucky hospital labor expense was produced by Kaufman Hall using data sourced from Syntellis' Axiom Comparative Analytics and Definitive Health.

Kentucky Hospital Median Wage and Contract Labor Wage Rates Remain Below the National Median





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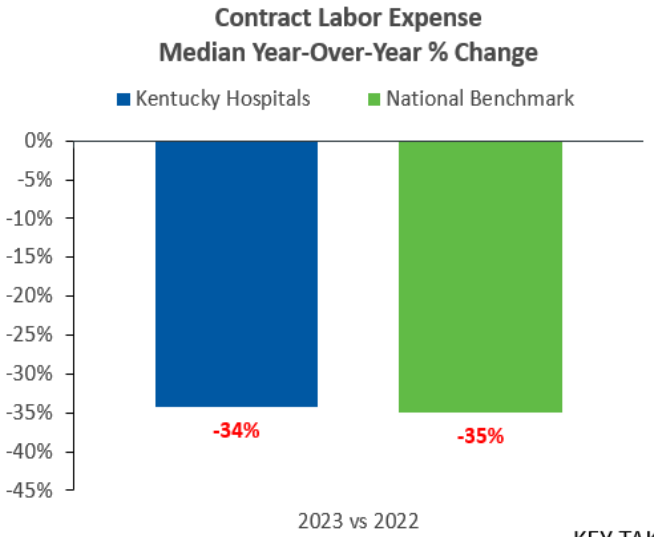
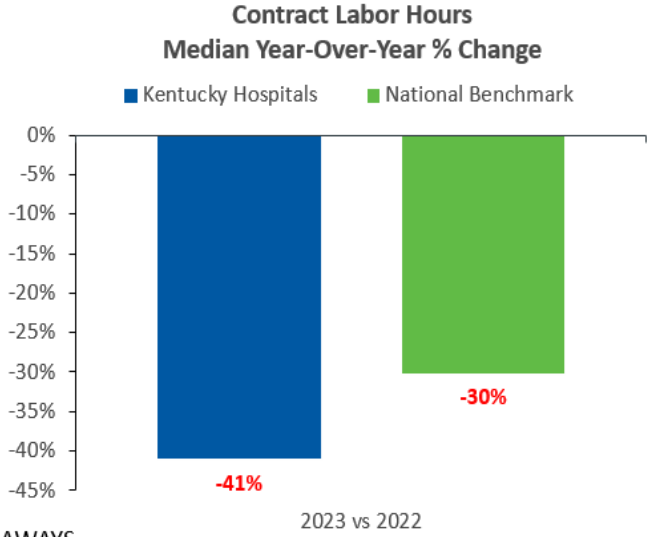
KEY TAKEAWAYS

- Median hospitals in Kentucky have had lower overall wage rates and contract wage rates compared to the national benchmark.
- Median contract labor wage rates for both Kentucky and the national benchmark have decreased considerably in 2023, while regular wage rates have remained consistent.

Source(s): 1) The median wage and contract labor wage rate for Kentucky was produced by Kaufman Hall using data sourced from Syntellis' Axiom Comparative Analytics and Definitive Health.

Lessening Dependence on Contract Labor: 34% Decrease Compared to 2022





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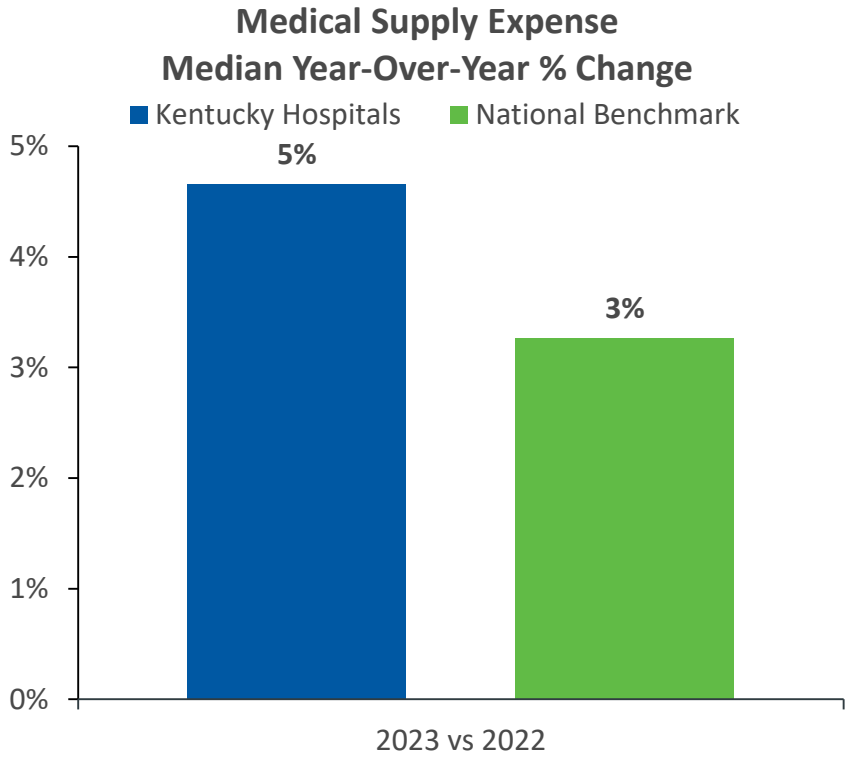
KEY TAKEAWAYS

- **Significant Decrease in Contract Labor Expenses:** Both Kentucky and the national average have experienced a substantial year-over-year decrease in contract labor expenses, with a median percentage change of -34%.
- **Alignment with National Trend:** Kentucky's decrease in contract labor expenses is in line with the national trend, indicating a common factor influencing healthcare labor costs across the country.
- The reductions suggest significant shifts in labor management strategies, possibly moving towards more permanent staffing models.

Source(s): 1) The median YOY % change in Kentucky hospital contract labor expense and contract labor hours were produced by Kaufman Hall using data sourced from Syntellis' Axiom Comparative Analytics.

Rising Medical Supply Costs: Medical Supply Expenses Increased by 5% in 2023



KEY TAKEAWAYS

- Kentucky's median hospitals experienced a 5% increase in medical supply expenses, higher than the national median.
- The variation between Kentucky and national medians points to regional differences in cost pressures related to medical supplies.

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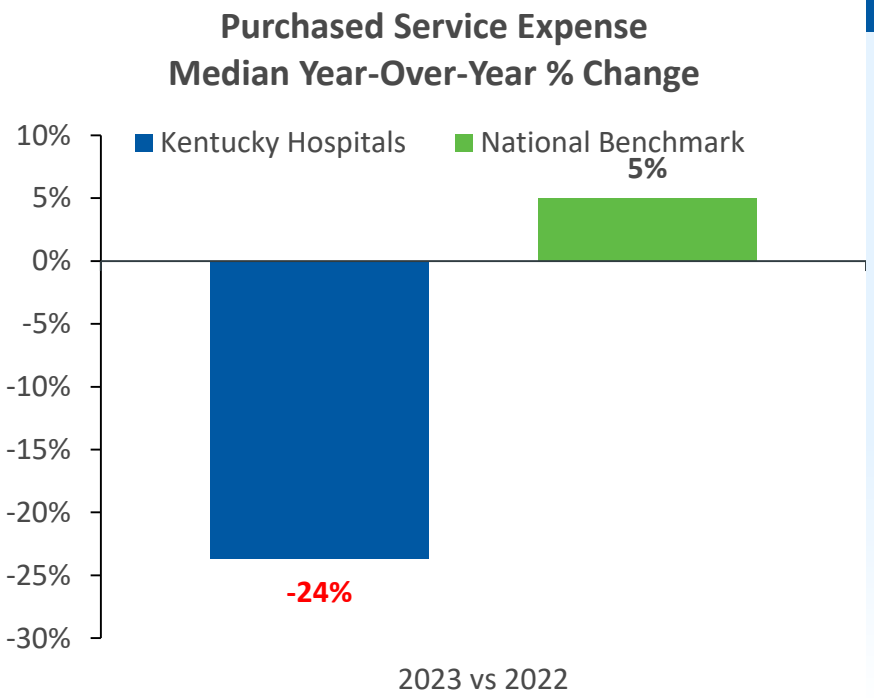
Source(s): 1) The median YOY % change in Kentucky hospital medical supply expense was produced by Kaufman Hall using data sourced from Syntellis' Axiom Comparative Analytics and Definitive Health.

Striking Contrast in Purchased Service Costs: Kentucky's Reduction vs. National Increase in Purchased Services



KEY TAKEAWAYS

- Median hospitals in Kentucky experienced a notable 24% reduction in purchased service expenses year-over-year.
- This decrease sharply contrasts with a 5% increase in purchased service expenses at the national median.

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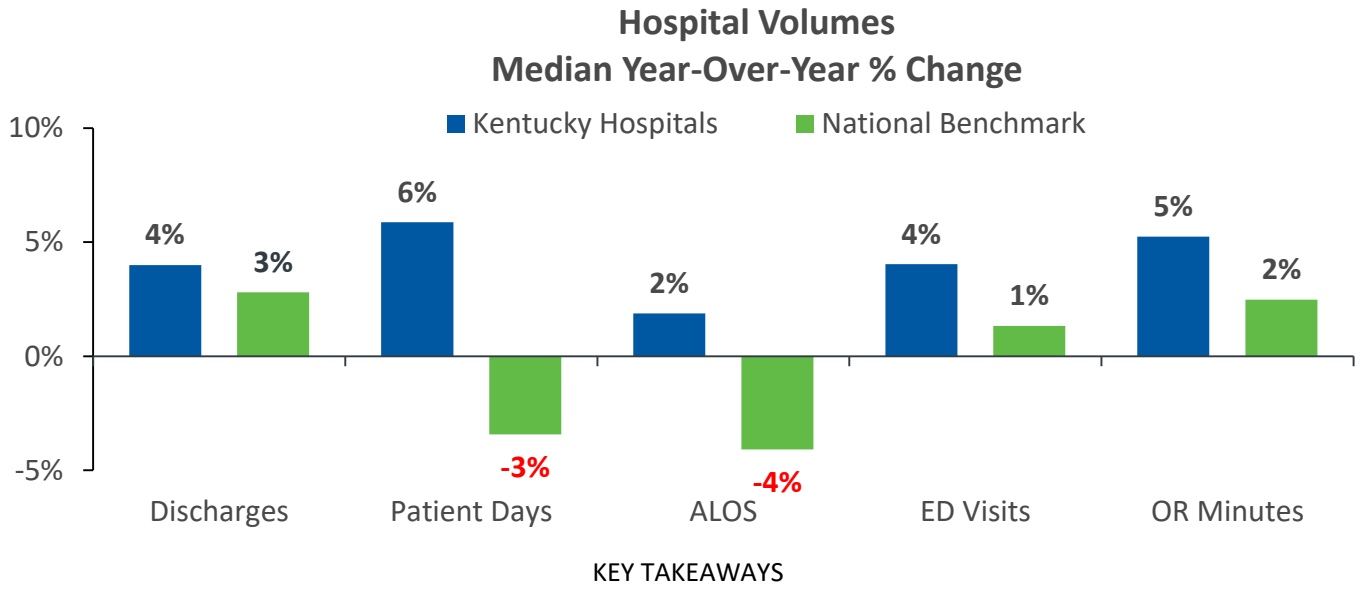
Source(s): 1) The median YOY % change in Kentucky hospital purchased service expense was produced by Kaufman Hall using data sourced from Syntellis' Axiom Comparative Analytics and Definitive Health.

Volumes

Growth Across All Volume Metrics for Kentucky Outpaced that of the National Median



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KEY TAKEAWAYS

- **Kentucky's Healthcare Services on the Rise:** Across discharges, patient days, average length of stay, ED visits, and OR minutes, Kentucky's median hospitals demonstrate higher utilization rates than the national.
- OR (Operating Room) minutes in Kentucky's median hospitals grew by 5%, compared to a 2% increase nationally, reflecting higher surgical volumes.
- Emergency Department (ED) visits in Kentucky's median hospitals increased by 4%, outpacing the national growth rate of 1%.

Source(s): 1) The median YOY % change in Kentucky hospital volumes were produced by Kaufman Hall using data sourced from Syntellis' Axiom Comparative Analytics.

Methodology

Methodology

1 | Generated the Kaufman Hall Sample
More than 31 Kentucky hospitals were sampled form data provided by Syntellis Performance Solutions.

2 | Normalized the Kaufman Hall Sample
Based on hospital bed-sizes, the Kaufman Hall sample was bootstrapped so that the distribution of hospitals within various bed-size bins matched that for the entire state of Kentucky.

3 | Computed the 2019 Baseline
Using data from Definitive Health, the total net operating revenue and operating expense for all critical access, acute care, and children's hospitals within the state of Kentucky were calculated for 2019.

4 | Calculated Median Percent Change
The median year-over-year percent change was calculated from the Kaufman Hall sample for each metric.

5 | Extrapolated the 2020 - 2023 Absolute Values
Extrapolated operating margins and income (loss) for 2020-2023 by applying the median year-over-year percent changes from the Kaufman Hall sample to the 2019 baseline metrics.

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HRIP

Hospital Rate Improvement Program

Kentucky Hospital Association

Cabinet's Commitment

- **Weekly calls with the Cabinet**

Name	✓	Name	✓	Name	✓
Steve Bechtel (DMS)		Shannon Drane (DMS)		Chris Pettit (Milliman)	
Erin Bickers (DMS)		Wesley Penn (DMS)		Andrew Dilworth (Milliman)	
Angela Parker (DMS)		Dana Barnes (DMS)		Tara Clark (MSLC)	
Amy Richardson (DMS)		Carl Herde (KHA)		Jon Galliers (MSLC)	
Jonathan Scott (DMS)		Claire Arant (KHA)		Adam Patton (MSLC)	
John Hay (DMS)		Melanie Landrum (KHA)		Justin Harpool (MSLC)	
Lindsay Redman (DMS)		Deb Campbell (KHA)		Nickie Loparo (MSLC)	
John Hoffmann (DMS)		Casey Franklin (KHA)			
Donna Hooker (DMS)		Steve Perlin (HMA)			
Nichole Bullock (DMS)		Mary Goddeeris (HMA)			

- **Also, Nancy Galvagni, KHA CEO, has open communication with Secretary Friedlander** and **Commissioner Lisa Lee**

HRIP History

- **Program was initially based upon Inpatient claims only**
  - 1st year: Gap between Medicaid and Medicare
  - 2nd year: Gap between Medicaid and 90% of ACR
- **CYE 2023: Included both IP and OP at 90% of ACR**
- **CYE 2024: Included both IP and OP at 95% of ACR**
  - Requested 95% due to change in FMAP %
- **Same add-on payment for each claim**
- **The determined amount of the per claim add-on is then distributed each quarter based upon the paid claims in the state's system**

2023 HRIP – CYE 2023 Combined

	Supplemental Amount Paid to Hospitals	Supplemental Amount Allocated to Quality Pool	Total Claim Add-on
Expected IP Gross Distribution	$1.00 billion	$ .111 billion	$1.11 billion
Expected OP Gross Distribution	$1.34 billion	$ .149 billion	$1.49 billion
Expected Total Gross Distribution	$2.34 billion	$ .260 billion	$2.60 billion

Current Updates

- **CYE 2024 approved January 12, 2024**
- **Plan on using 2024 ACR for CYE 2025 approval**
  - iii. Average Commercial Rate Demonstration Requirements:
  - To monitor compliance with the ACR limit proposal, CMS proposes States be required to provide two pieces of documentation (1) an ACR demonstration; and (2) a total payment rate comparison to ACR. The ACR demonstration would be submitted with the initial preprint submission (new, renewal, or amendment) following the applicability date and updated at least every 3 years, so long as the State continues to include the SDP in one or more managed care contracts. This would only be applicable to SDPs requiring prior written approval. CMS is not proposing to use a specific template or source data for the demonstration and comparison to ACR, however indicated the minimum expected data elements required. **ACR information must not be older than the 3 most recent complete years prior to the rating period**, must be state specific, and the rate comparison will be specific to each managed care program the SDP applies to.
- **CYE 2025 targeted submission May 2024**

Kentucky Hospital Association

HRIP

Quality Outcomes

CYE 2022 HRIP Quality Goals

SFY 2022	Non-Birth Acute (Med/Lrg)	Non-Birth CAH	Low Volume	Birthing	Birthing (Low Volume)	LTACH	Rehab	Psych
Readmit	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	
Sepsis	1.0%	1.0%	1.0%	1.0%	1.0%			
CAUTI	0.5%			0.5%				
CAUTI (CAH/LV)		0.5%	0.5%		0.5%	1.0%	1.0%	
C. Diff	0.5%	0.5%	0.5%	0.5%	0.5%	1.0%	1.0%	
Social Det Health	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Concurrent e-Prescribing Opioid Schedule II	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%		1.0%
Hours of Physical Restraint								1.0%
Hours of Seclusion								1.0%
Screening for violence risk								1.0%
Dschrg to home/comty							1.0%	
	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

Foundational Quality Resources

Enhancing Quality Improvement Expertise at All Levels

- **Increase number of CPHQ trained quality staff.**
  - 62 grantees enrolled in 12 month program in 2022
  - 97 grantees enrolled in 12 month program in 2023
- **Assure all IPs are equipped to collect and report data accurately and to participate in infection prevention quality improvement.**
  - New (less than 2 yrs.) IPs provided APIC “Epi Intensive” course.
    47 grantees completed course in 2022
- **Charge Nurse Leadership in Quality course**
  - **58 charge nurses from 36 hospitals completed in 2022**
  - Currently recruiting for 2023 Cohort

Foundational Quality Resources - continued

Enhancing Quality Improvement Expertise at All Levels

- Association for the Healthcare Environment T-CHEST (Trainer-Certified Healthcare Environmental Services Technician) course for IPs and EVS leaders – 30 scholarships in April 2023
- Association for the Healthcare Environment T-CSCT (Trainer-Certified Surgical Cleaning Technician) course for IPs, EVS leaders, others – 5 scholarships in December 2022
  - **Currently planning Fall 2023 course**
- 24 KHA sponsored Pharmacists for Antimicrobial Stewardship Certification
- 25 KHA sponsored Pharmacists for American Society of Health-system Pharmacists (ASHP) Opioid Stewardship Certificate
- 30 KHA sponsored accreditation and compliance staff trained and tested for HACP (Healthcare Accreditation Certification Program) certification with a 100% pass rate during 2022
  - **Next HACP course scheduled for November 2023**
- 184 attended the 2023 Annual Quality Conference with Kentucky and National Speakers
  - **27 hospital poster presenters during the Quality Conference**

HRIP Quality Update

Review of the data metrics for CY 2022

- CAUTI Standard Infection Ratio (SIR)
- CAUTI Low Volume (Catheter Utilization Ratio)
- C. diff Standard Infection Ratio (SIR)
- C. diff Low Volume (C. diff Rate)
- Hospital Readmissions (Medicaid Only)
- Sepsis (Screening at Triage and Bundle Compliance)
- Psychiatric Specific Measures
  - Hours of Physical Restraint
  - Hours of Seclusion
  - Admission Screening
- Safe Use of Opioids – Concurrent e-Prescribing
  - Provider Education
- Rehab Specific Measure
  - Discharge to Community
- Social Determinants of Health Screening (Medicaid Only)

HRIP Quality Goals

For new processes, goal may be to:

- Gather data
- Establish process
- Educate medical staff

For established initiatives:

- Maintain better than average
- Improve on “Gap” towards the goal

3 goals had state-wide targeted results (but not tied to 5% withhold)

- 1% overall reduction in Readmissions
- 2% overall reduction in C.Diff
- 2% overall reduction in CAUTI

Social Determinants of Health

Hospital to establish a plan to screen Inpatient Medicaid patients for SDOH

- In December a one-time metric will appear in KY Quality Counts for each hospital to attest that they have an establish plan for screening patients for SDOH

- What tool the hospital will be using
  - CMS Screening Tool
  - Kynect
  - Current Screening which aligns with CMS Screening Tool

HRIP

Future Quality Outcomes

Kentucky Hospital Association

Future HRIP Quality Goals

SFY 2023	on-Birth Acute (Med/Lr	Non-Birth CAH	Low Volume	Birthing	Birthing L/V	LTACH	Rehab	Psych
Readmit	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Sepsis	2.0%	2.0%	2.0%	2.0%	2.0%			
CAUTI	1.0%			1.0%				
CAUTI (CAH/LV)		1.0%	1.0%		1.0%	2.0%	2.0%	
C. Diff	1.0%	1.0%	1.0%	1.0%	1.0%	2.0%	2.0%	
Social Det Health	1.0%	1.0%	1.0%	1.0%	1.0%	2.0%	1.0%	2.0%
Concurrent e-Prescribing	1.0%	1.0%	1.0%	1.0%	1.0%	2.0%		2.0%
Hours of Physical Restraint								2.0%
Hours of Seclusion								2.0%
Screening for violence risk								2.0%
Dschrg to home/comty							2.0%	
Dschrg with an opioid Rx							1.0%	
Opioid Uncomplicated Vaginal Delivery				1.0%	1.0%			
Maternal Depression and SUD				0.5%	0.5%			
Suicide Screening in ED	1.0%	1.0%	1.0%	0.5%	0.5%			
ED Opioid Use for acute ankle sprain (ALTO)	1.0%	1.0%	1.0%					
	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%

Workforce Development

Kentucky Hospital Association

Kentucky Hospital Workforce Crisis By the Numbers

- There were 12,790 vacancies (15 %) at the end of 2022
- There has been a **slight reduction in nursing vacancies**

	2021		2022 (estimated)	
	Vacancies	Vacancy Rate	Vacancies	Vacancy Rate
RNs	5,060	21.9%	**4,752**	19.1%
LPNs	331	25.6%	300	20.7%

- **Turnover Has Not Improved**

	2021	2022
All positions	24.2%	26.7%
RNs	22.0%	22.8%

Hospital Nursing Shortage

- **59% of RN vacancies remain in:**
  - Med/Surg (30.4%)
  - Critical Care (27%)
  - Psychiatric (17%)
  - ED (16%)
  - OR/PACU (16%)
- **There remains a shortage of experienced nurses**
  - 60% of hospital nurses are between 21 and 40 years old
  - 13% of RNs nearing requirement age

Hospital Positions: RNs and LPN

Age 55+

1. Psychiatric:	**192 (36.0%)**
2. OR/PACU:	**597 (27.1%)**
3. Licensed Practical Nurses:	**226 (20.6%)**
4. Labor and Delivery:	**267 (16.1%)**
5. Medical-Surgical:	**545 (15.3%)**

2035 Projections

- **Substantial challenges** to ensure sufficient supply of nurses
- The state's projected demographics are **unfavorable**
- **Large** and **persistent shortfall** of RNs, and a growing shortfall of LPNs

Demand and Supply by 2035

RNs:

Demand: **58,950 FTEs** by **2035**

Supply: **53,160 FTEs** by **2035**

Fewer University Applicants & Graduates

Half the demand growth driven by hospitals

LPNs:

Supply affected by retirement and career change, and is projected to decline by 360 FTEs (-3%)

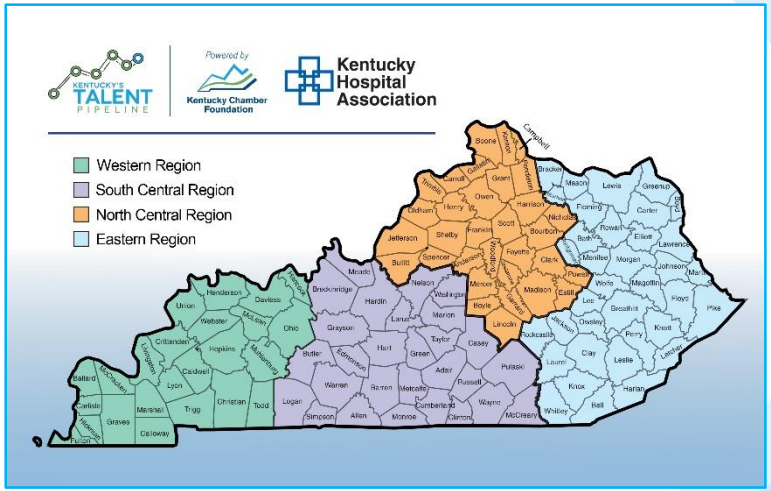
Supply Adequacy by 2035 *(Status Quo)*

- **No appreciable improvement over 13 years**
- **Current shortfall of 6,190 RNs** statewide, and current RN supply meeting only 89% **of demand**
- **By 2035, RN shortfall of 5,790**; RN supply meets **90% of demand** (national average level of care)
- **Severe shortfall of LPNs will develop by 2035,** the current shortfall will grow from **760** to **3,190**
- **Will need +21% (630) RNs and +63% (370) LPNs annually to close gap**

What KHA is doing for Workforce Development:

- Collaboration with Hospital HR Teams
- Reports and Data
- Education and Recruiting
- Retention
- Models of Care
- Workplace Safety

- Talent Pipeline Management



Focus on Retention

75% of nurses who left in past 18 months *said not being valued by their organization was a factor in their decision*

Most important factors for feeling valued:

- Flexibility and Balance
- Meaning and Belonging
- Safety
- Compensation (#14 on list)

McKinsey & Company

Reimagining the Nursing Workload: Finding Time To Close The Workforce Gap

May 26, 2023

Updated KHA CON Analysis

Prepared for KHA by

ASCENDIENT

2023

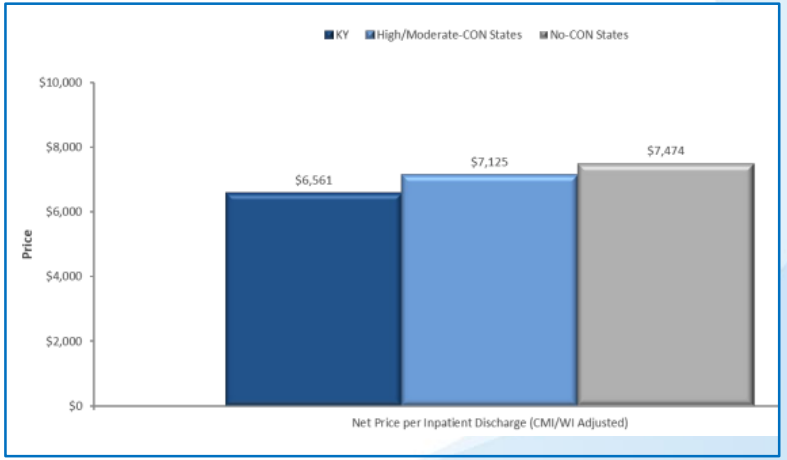
Same Key Findings as in 2019

- **Kentucky outperforms No-CON states** on a number of measures:
  - Kentucky has **better access to hospitals and physicians**, and similar access to ASCs than No-CON states
  - Kentucky has **lower prices** – inpatient health care net prices are **10% lower** – than No-CON states
  - Kentucky provides considerably **higher value** than No-CON states (as measured by utilization over spending) particularly **given its more vulnerable population**

CON Helps Keep Costs Low

- **High/Moderate CON states have lower hospital prices than No-CON states**
  - **The median net price** (payment) per inpatient discharge (wage and CMI adjusted) **in No-CON states is 5% higher** than in high-moderate CON states

- **Kentucky's net price per inpatient discharge** is nearly **$ 1,000 lower** than the median of No-CON states **(>10% lower) and is the 10th lowest in the US**



Profile of Kentucky, No-CON, and Neighboring No-CON States

Measure	Kentucky	Indiana	Ohio	No CON States
Net Price per Inpatient Discharge	$ 6,561 (10th Lowest)	$ 7,847	$ 7,005	$ 7,474
% IP Discharges Medicaid	25.1% (9th Highest)	23.2%	23.5%	21.4%
% IP Discharges Medicare/Medicaid	71.3% (7th Highest))	69.4%	69.7%	65.4%
Median Household Income	$ 55,573 (7th Lowest)	$ 62,743	$ 62,262	$ 67,044
Pop % Below Poverty	16.5% (5th Highest)	12.2%	13.4%	11.6%
State Health Score	-0.76 (6th Worst)	-0.27	-0.49	0.03
Life Expectancy	73.5 (5th Worst)	75	75.3	76.9
% Adults Reporting Fair or Poor Health	22.6% (2nd Highest)	16.7%	16.8%	13.8%

Case Studies

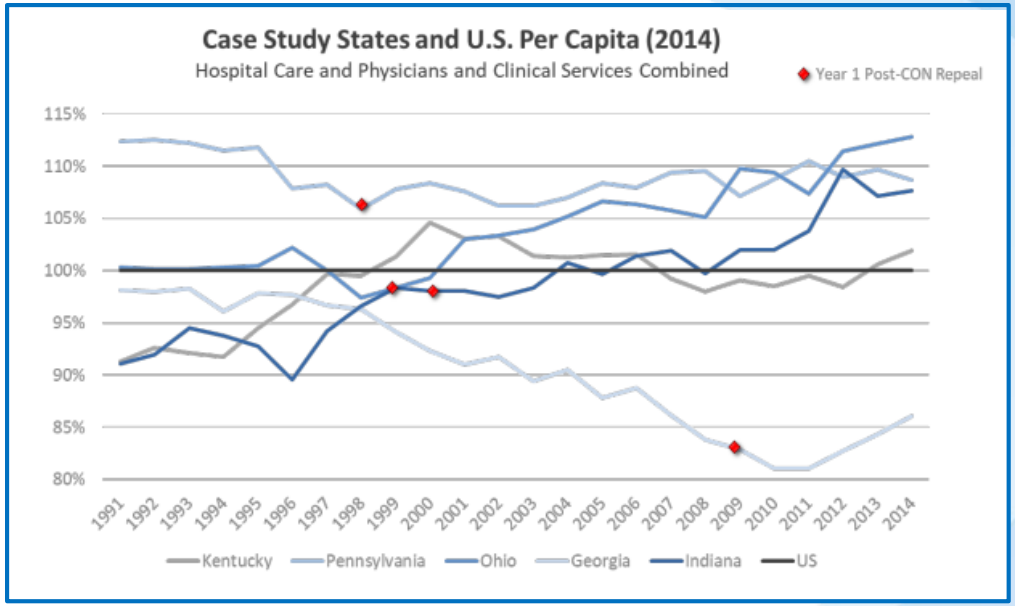
- **Georgia – Repealed CON for Single Specialty ASCs in 2008**
  - Added more than **180 single specialty ASCs in first year** after repeal
  - Outpatient surgical volume increased dramatically: **+60% from 2007-2008**
  - **Volume shifted out of small rural markets** (-10%) into suburban (+97%) and urban (+>50%)
  - Georgia **OP surgical hospital market share dropped 23%** from 69% (2007) to 46% (2014), single specialty ASCs held 41%, and CON approved ASCs dropped 18% to a 13% share
  - **7 of 9 hospitals that closed were adjacent to one or more counties with multiple single specialty ASCs**
- **Pennsylvania – ASC CON Repeal (1996)**
  - ASCs increased by nearly 200 from 2001-2019, with the **vast majority in rural and suburban counties**
  - ASCs provided **60% less care to Medicaid patients** and had a higher % of commercial than PA hospitals
  - **KY could experience an increase of 120 ASCs** in rural and suburban counties
- **Ohio – ASC CON Repeal (1995-1997)**
  - In first 3 years, **ASCs increased by more than 150**
- **Ohio – Hospital CON Repeal (1995-1997)**
  - In first 3 years, Ohio **lost at least 14 hospitals**, **15% of its supply**

Impact of CON Repeal

- **If Kentucky were to mimic the No-CON states:**
  - Kentucky would **lose 10 hospitals**
    - Distribution statistics indicate that when not regulated, healthcare services tend toward urban centers, reducing access for rural areas
  - An **ASC would be developed in virtually every Kentucky county**, at the expense of struggling rural hospitals
  - Kentuckians and their payors would **pay $ 450 million more** per year for inpatient services if KY prices mimicked No-CON states
  - Proliferation of unnecessary lower volume facilities (GA) will exacerbate the healthcare workforce crisis

Kentucky Can't Afford to be like No-CON states

- In each of the case study states, expenditures were growing at a rate below the US average before CON repeal
- They grew at a higher rate in the years following repeal and OH and PA grew higher than the US average
- **KY Per capita spending would exceed the US average by 19%**



CMS Proposal

Kentucky Hospital Association

CMS DPP Proposal - General

- **The numbers:**
  - There were **$52 billion in SDPs** in 39 states in 2022
  - **75% ($40 billion) went to hospitals**
    - **$11.6 billion** associated with programs near **ACR**
- **CMS acknowledges the importance of ACR programs**
- **CMS key concerns: Access, Quality, Transparency**
- **Considering limitations such as Medicare rates OR allowing ACR for SDPs structured as VBP initiatives**
  - **Is 10% VBP enough????**
- **Allow for non-network providers to participate?**

CMS Proposal

- Require states to comply with all federal laws concerning non-federal Medicaid funding sources and require providers receiving state directed payments to attest that they do not participate in any impermissible provider tax hold harmless arrangements
  - Our program does not have hold harmless arrangements
- Require that managed care plans report expenditures and revenues for state directed payment in Medical Loss Ratios (MLR) and capitation rates
  - The actuaries include these in their calculations and attestations
- Require states to condition state directed payments upon the delivery of services within the contract rating period
  - Claims paid vs Discharge Date?
- Annual Payment Analysis: This proposal would require states to conduct and submit an annual payment analysis that compares managed care payments in their programs for certain services to Medicare's payment rate for the same services. This would go into effect 2 years after effective date of final rule (tied to beginning of rating period).

Questions