

NE OHIO HEALTHCARE FINANCIAL MANAGEMENT ASSOCIATION

2010 Gerry Haggerty Annual Leadership Institute

OHA UPDATE

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NE Ohio HFMA



Agenda

- Ohio Hospital Franchise Tax
- CMS Medicaid DSH Audit & Reporting
 - Medicare FFY 2011 IHPPS
- Medicare RAC & MAC Updates
 - BWC OPPS & Audit RFP
 - Other Updates

Ohio Hospital Franchise Tax

Thru May 1 Ohio Hospitals have:

- **Paid \$200M to State in Franchise Taxes**
- **Received \$102M in Additional Medicaid Payments**
- **Received \$0 from New UPL Program**

Ohio has Received \$650M in Medicaid Revenue

Upper Payment Limit Program Expansion

- **As Proposed Would Proportionally Allocate Funds to Covered Hospitals Based on**
 - **Inpatient Medicaid Fee-for-Service Days &**
 - **Outpatient Medicaid Fee-for-Service Visits**
- **Does not Include Existing Public Hospital Inpatient and Children's Hospital UPL Programs**
- **Federal Approval Still Required; State Plan Amendment Submitted 12/31/09**
- **CMS has Requested Additional Information; JFS is Preparing Response**

Upper Payment Limit Program Expansion

- **July Still Target Date for Payments, Program Worth an Estimated \$83M per Year**
- **Payment Amounts by Hospital Still Unclear**
 - **With CMS Approval Expanded UPL Will use 7/1/09 or 12/31/09 through 6/30/10 Paid Claims Data for SFY 2010 Dates of Service**
 - **Clean up Medicaid Receivables!**
- **If Approved, Covered Hospitals Will Receive UPL Payments in July of Each Year the Franchise Tax Remains in Effect**

Medicaid Hospital Payment Increase

- **Effective for Services On or After October 1, 2009**
 - **Projected Value = \$307M over 21 Months; Less if Medicaid Expenditures Drop**
 - **Managed Care Payments are Assumed Included**
- **Inpatient 5% Applied to Hospital Operating & Medical Education Rates**
- **Outpatient 5% Initially Targeted to ED & Surgery Codes**
 - **32.6% Avg. Increase for Selected ED Codes**
 - **24.9% Avg. Increase for Selected Surgical Codes**
- **Replaced with 5% Increase Across Outpatient Hospital Fee Schedule on Jan, 1, 2010; “Paragraph K” & Unlisted Surgery Payments Under Review**
- **No Additional Increase Scheduled; Potential Exists for Additional Medicaid Payment Cuts if State Revenue Drops and Budget Must be Balanced**

Ohio Hospital Franchise Tax

- **Uses Medicaid DSH/HCAP Facility Costs as Tax Base**
 - 1.52% for Year 1 (7/1/09 – 6/30/10) = \$340M
 - 1.61% (or Tiered Rates) in Year 2 (7/1/20 – 6/30/11) = \$388M
- **Payable in 3 Installments:**
 - Last Business Day of November 2009 (October 2010),
February & May

SFY 2010-11 Budget

Hospital Franchise Tax Program – As Enacted

Tax on Hospitals: \$728 M

Federal Matching Funds: \$1.76 B

Total State Revenue: \$2.49 B

Return to Hospitals:

5% Medicaid Rate Update: \$307.7 M

Supplemental Payments (UPL): \$267.2 M

Total Return to Hospitals: \$574.9 M

Hospitals Out \$153 Million

State Retains Over \$1.9 Billion in Medicaid Revenue

Hospital Franchise Tax

OHA Board Strategy:

- **Exclude Medicare Costs from Tax Base**
- **Exclude Uncompensated Care Costs from Tax Base**
- **Reduce Tax Rate from 1.61 to 1.50%**

Hospital Savings: \$150M year

Ohio Hospital Franchise Tax **Why These Recommendations?**

- **Helps ALL hospitals**
- **Removes Medicare from the tax base addresses concerns with disparities in the tax amount**
 - **Taxing an entity on uncompensated care does not make sense**
- **Sets a foundation for the next state budget battle**

Ohio Hospital Franchise Tax **Legislative Track**

- **House Bill 497**
 - **Introduced by Representative Terry Boose (R, Norwalk) and Representative Troy Balderson (R, Zanesville)**
 - **Includes the three OHA Board Recommendations**
 - **Ohio hospitals continue to pressure the General Assembly to see legislation passed**

Ohio Hospital Franchise Tax **Administrative Track**

- **Governor has the authority to make changes recommended by hospitals**
- **Would require some administrative rule changes**
- **Would require work with federal CMS**
- **Quickest way to accomplish the hospital short term goal**

Ohio Hospital Franchise Tax **Advocacy**

- **Hospital community is mobilizing**
 - **Hospital employees and supporters have written over 38,000 letters to key decision makers**
 - **OHA and hospitals have met multiple times with key legislators**
 - **OHA and hospitals continue to have discussions with the Administration**
- **Hospitals will continue to aggressively advocate for these changes**

Ohio Hospital Franchise Tax **Advocacy**

- **The Effort is working, but much work remains**
 - **While pressure has been applied, legislation has not yet passed addressing the hospital tax solution**
 - **The Administration continues to meet with hospitals, but has not committed to addressing the hospital tax**
 - **The foundation needs to be laid for the next budget**

CMS Medicaid DSH Audit & Reporting

- **Standardized Policies, Definitions & Formats**
 - Includes Definitions & Guidelines on Allowance of Uncompensated Care Cost
- **Based in MMA, Final Rule in Dec. 19, 2008, FR**
- **Retro to SFY2006, 1st Reports due Fall 2010**
 - States' FFP at Risk
 - Independent Audits of State DSH Programs Required
 - Based on Cost Reports & Audited Statements / Records
 - Could Involve Hospital-Specific Audits; **Double-Check Accuracy of HCAP Policies, Logs and Cost Report Data**
- **Ohio RFP for Independent Auditor Out Soon**
- **Federal Law in the Works to Block Parts of Process**

Medicare FFY 2011 IHPPS Proposed Rule

- **May 4 FR, PPACA Addendum Expected in Mid-May**
- **No Update to Standardized Amount Proposed**
 - **Is This the First Year of Many Like This to Come?**
 - **2.4% MB minus 2.9% for “Coding Creep” & .25% for PPACA**
 - **Coding Creep Cut = \$250 M in 2011 & 2012 for Ohio (AHA)**
- **Outlier Threshold up \$3.6% to \$23,970**
- **No Significant Changes to Wage Index**
 - **Watch out for PPACA on This**
- **Significant Increase in Quality Reporting Elements Proposed for 2012 & 2013**
- **No New Hospital-Acquired Conditions**
- **Minor Clarifications to GME, CAH & DSH Rules**

Medicare Administrative Contractor

- **J-15 (OH & KY) MAC Rebid Still in Process**
- **NGS States it is Still in the Running; Predicts it will be 2011 at the Earliest Before CMS Issues a Decision**
- **If Highmark (or Someone Else) Wins, Expect Six-month Transition**

Medicare Recovery Audit Contractor

Project Slowly Rolling Out; Complex Into 2nd Cycle

- Expect Additional Activity as CGI Gains Experience
- **Get a Tracking System**; Report Results to AHA *RACTrac*
- PPACA Expands RAC to Medicaid (**What about MIP?!**)

Several Areas of Concern Being Reported to OHA

- Correct Hospital Contacts
- Counter-Intuitive and Less-than-Specific Timing of Requests, Reviews, Responses, Discussion, Appeal, Recovery and Interest
- Medicare Remittance Advice AR v. Actual Payment Recovery
- Multiple Reviews on the Same Account
- What About Secondary Payers and Patients?!

Bureau of Workers' Compensation

- **Outpatient Medicare-based PPS Delayed Until 1/1/11; Watch for Details**
- **What Effect of Medicare IHPPS Cuts on BWC Inpatient Payments**
- **BWC Audit (RAC?!) RFP Out**

Other Updates

- **NPI and CMS 855 Enforcement**
- **Medicare Zero-Bill Requirement Expansion**
- **Medicare Billing Timeliness Edits**
- **Medicare IPF PPS Rate Year 2011 Notice**
- **Medicaid Information Technology System**
- **Medicaid National Drug Coding**
- **2010 Federal Poverty Income Guidelines**