

Uncompensated and Indigent Care Reporting

Data Collection, Usage and Payment Linkages

HFMA Oregon Chapter

February 2012 Winter Meeting

Presentation Overview

- Background: Social and Political Expectations
- Data Reporting and Payment Linkages
- Medicare 2552-10 – Worksheet S-10
- Charity Care Logs & Audit Trails
- Conclusion

Background

- Setting the Context
 - Social and Political Expectations Shape Data Reporting and Usage
 - Examples of Public Service Reporting Requirements:
 - Medicare S-10
 - IRS 990 H
 - A.B. 774 – Charity Care Law
 - Community Benefit Plans & Reports

Data Reporting & Payment Linkages

- Two New Methods of Medicare Payment
 - Electronic Health Record (EHR) Payment
 - DSH “Additional Payment”

EHR Payment

- Product of Three Variables
 - Transition Factor
 - Initial Amount
 - Medicare Share

EHR Payment

- Transition Factor
 - A Declining Percentage Over 5 Years – From 100% to 0%
- Initial Amount – Comprised of Two Parts
 - Base Amount of \$2,000,000
 - Variable Amount of \$200 for Discharges Greater Than 1,149 and Less Than 23,001

EHR Payment

- Medicare Share
 - Medicare Patient Days Divided by Total Patient Days Times the Charity Adjustment Factor
- Charity Adjustment Factor
 - Hospital Gross Charges Less Total Charity Charges Divided by Hospital Gross Charges
- Results in a Factor Less Than 1

EHR Payment

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Charity %	0%	1%	5%	10%
Adjust Factor	1.0	.99	.95	.90
Medicare Patient Days %	40%	40%	40%	40%
Medicare Share	40%	40.40%	42.10%	44.44%
Initial Amount	\$2,770,200	\$2,770,200	\$2,770,200	\$2,770,200
EHR Payment	\$1,108,080	\$1,119,280	\$1,166,400	\$1,231,200

DSH Additional Payment

- DSH Payments Reduced 75% Beginning in 2014
- A Portion of the Reduction is Returned as an Additional Payment for Continued Uncompensated Care Costs
- Additional Payment is Determined by Three Factors

DSH Additional Payment

- Factor 1
 - A Pool of Funds Created From the Aggregate Reduction in Payments to All Hospitals Due to the DSH Reduction
 - The Aggregate DSH Payments Based on Data From 3,350 Acute Care PPS Hospitals = \$10.5 Billion
 - 75% = \$7.9 Billion

DSH Additional Payment

- Factor 2
 - The Inverse of the Percentage Change in the Percent of Uninsured From 2013, With Some Tweaks
 - CBO Estimate of the Percent Uninsured:
 - 17% in 2013
 - 9% in 2014
 - 7% in 2015
 - 5% in 2016 – 2018
 - 6% in 2019

DSH Additional Payment

- Factor 2

Year	Change in % Uninsured	Inverse of the % Change
2014	47%	53%
2015	59%	41%
2016	71%	29%
2017	71%	29%
2018	71%	29%
2019	65%	35%

DSH Additional Payment

- Factor 3
 - Each Hospital's Percentage of the Aggregate Amount of Uncompensated Care Costs, Estimated by the Secretary
 - The Aggregate Uncompensated Care Costs for 3,350 PPS Hospitals was About \$18.8 Billion, or About \$5.6 Million Per Hospital
 - Equates to an Average of .02985%

DSH Additional Payment

- For an Average Hospital That Gets DSH in 2014:
 - Uncompensated Pool \$7,900,000,000
 - % Change in the Uninsured 53%
 - Hospital % of Aggregate
Uncompensated Care Costs .02985%
- Uncompensated Care Payment \$1,249,820

Worksheet S-10

- ❑ Not Clear If, or How CMS Used S-10 Data in the Past
- ❑ Instructions Were Poorly Written
- ❑ S-10 is Now Meaningful
- ❑ Payment will be Determined Based on the S-10 Data - Expect an Audit

Worksheet S-10

Description	2552-10	2552-96
Uncompensated Care Questions	NA	1-16
Cost to Charge Ratio	1	24
Medicaid Net Revenues (Payments)	2,5	17.01
Medicaid Charges (Gross Revenue)	6	28
Medicaid Cost	7	29
SCHIP Net Revenues (Payments)	9	19
SCHIP Charges (Gross Revenue)	10	26
SCHIP Cost	11	27

Worksheet S-10

Description	2552-10	2552-96
State/Local Indigent Care Net Revenues (Payments)	13	18
State/Local Indigent (Gross Revenue)	14	23
State/Local Indigent Cost	15	25
Restricted Private Grants, Gifts, Interest Income for Uncompensated or Indigent Care	17	20, 21
Government Grants, Appropriations, or Transfers for Support of Operations - Not Research or Capital	18	20, 21

Worksheet S-10

- Uncompensated Care
 - Was Combined on Lines 30, 31
- Charity Care: Lines 20-25
- Bad Debts: Lines 26-29

Worksheet S-10

- Line 20 Instructions
 - “Enter the Total Initial Payment Obligation of Patients Who are Given Full or Partial Discount Based on the Hospital’s Charity Care Criteria...for Care Delivered During this Cost Reporting Period...”
 - “For Uninsured Patients...this is the Patient’s Total Charges”
 - “For Patients Covered by a Public Program or Private Insurer with which the Provider has a Contractual Relationship these are the Deductible and Coinsurance Payments Required by the Payer”

Worksheet S-10

- Line 20 Instructions
 - “Include Charity Care for All Services Except Physician and Other Professional Services”
 - “Do Not Include Charges for Either Uninsured Patients Given Discounts Without Meeting the Hospital’s Charity Care Criteria or Patients Given Courtesy Discounts”

Worksheet S-10

- Line 20 Instructions
 - “Charges for Non-Covered Services Provided to Patients Eligible for Medicaid or Other Indigent Care Program (including charges for days exceeding a length of stay limit) Can be Included, if Such Inclusion is Specified in the Hospital’s Charity Care Policy and the Patient Meets the Hospital’s Charity Care Criteria”

Worksheet S-10

■ Line 21 Instructions

- “Calculate the Cost of Initial Obligation of Patients Approved for Charity Care by Multiplying Line 1 by Line 20”
- “Use Column 1 for Uninsured Patients...Use Column 2 for Patients Covered by a Public Program or Private Insurer with which the Provider has a Contractual Relationship”

■ Line 22 Instructions

- “Enter Payments Received or Expected From Patients Who Have Been Approved for Partial Charity Care Services...Payments From Payers Should Not be Included on This Line”

Worksheet S-10

Line 23 Instructions

- “Calculate the Cost of Charity Care by Subtracting Line 22 From Line 21”

Line 24 Instructions

“Enter “Y” for Yes if Charges for Patient Days Beyond a Length-of-Stay Limit Imposed on Patients Covered by Medicaid or Other Indigent Care Program are Included in the Amount Reported in Line 20, Column 2, and Complete Line 25”

Charity Care Logs

- Essential to Enable Accurate Cost Reporting
- Provides Detailed Charity Care Account Information Not Available From the General Ledger
- Creates a Documentation Component Critical to the Overall Audit Trail

Sample Hospital											
Charity Log											
FYE 06-30-2011											
	Acct	Admit	Discharge	Primary	Second	Gross	Insurance	Non-charity	Charity	Patient	Account
Patient Name	#	Date	Date	Payer	Payer	Charges	Payments	Adjustments	Adjustments	Payments	Balance
Full Charity- No Insurance, No Patient	1111	10/15/10	10/16/10	SP		10,000	-	-	10,000	-	-
Partial Charity- No Insurance, No Patient	2222	10/15/10	10/15/10	SP		2,000	-	1,500	500	-	-
Partial Charity- No Insurance, Full Patient	3333	9/20/10	9/20/10	SP		2,000	-	1,000	500	500	-
Partial Charity- No Insurance, Partial Patient	4444	11/25/10	11/25/10	SP		2,000	-	1,000	500	100	400
Partial Charity- Insurance, No Patient	5555	7/8/10	7/10/10	BX	SP	25,000	4,000	18,000	3,000	-	-
Partial Charity- Insurance, Full Patient	6666	2/10/11	2/11/11	BX	SP	17,000	2,500	10,000	4,000	500	-
Partial Charity- Insurance, No Patient	7777	3/31/11	4/1/11	BX	SP	18,000	3,500	10,000	4,000		500
						76,000	10,000	41,500	22,500	1,100	900

Sample Hospital												
Charity Report Summary												
FYE 06-30-2011												
		Account	Admit	Discharge	Primary	Second	Gross	Insurance	Non-charity	Charity	Patient	Account
Patient Name	sort	Number	Date	Date	Payer	Payer	Charges	Payments	Adjustments	Adjustments	Payments	Balance
Full Charity- No Insurance, No Patient Payment	1	1111	10/15/10	10/16/10	SP		10,000	-	-	10,000	-	-
Total Full Charity- Uninsured Patients							10,000	-	-	10,000		
Partial Charity- No Insurance, No Patient Payment	2	2222	10/15/10	10/15/10	SP		2,000	-	1,500	500	-	-
Partial Charity- No Insurance, Full Patient Payment	2	3333	09/20/10	09/20/10	SP		2,000	-	1,000	500	500	-
Partial Charity- No Insurance, Partial Patient Payment	2	4444	11/25/10	11/25/10	SP		2,000	-	1,000	500	100	400
Total Partial Charity- Uninsured Patients							6,000	-	3,500	1,500	600	400
Partial Charity- Insurance, No Patient Payment	3	5555	07/08/10	07/10/10	Blue X	SP	25,000	4,000	18,000	3,000	-	-
Partial Charity- Insurance, Full Patient Payment	3	6666	02/10/11	02/11/11	Blue X	SP	17,000	2,500	10,000	4,000	500	-
Partial Charity- Insurance, No Patient Payment	3	7777	03/31/11	04/01/11	Blue X	SP	18,000	3,500	10,000	4,000		500
Total Partial Charity- Insured Patients							60,000	10,000	38,000	11,000	500	500

Sample Hospital			
S-10 worksheet			
FYE 06-30-2011	Uninsured	Insured	
	Patients	Patients	Total
	Col 1	Col 2	Col 3
Total Full Charity- Uninsured Patients	10,000		
Total Partial Charity- Uninsured Patients	2,500		
Total Partial Charity- Insured Patients		12,000	
Total Line 20 (Charges)	12,500	12,000	24,500
Total Partial Charity- Uninsured Patients	1,000		
Total Partial Charity- Insured Patients		1,000	
Total Line 22 (Patient Payments)	1,000	1,000	2,000

Conclusions

- National Focus on Charity Care is Not Likely to End – Politics Will Drive Practices
- New Reporting Requirements Will Mean Changes to Methods and Procedures
- Planning for Reporting Changes May Require Hospitals to Make Short-Term Investments in Additional Resources to Support Accurate Report Preparation

Questions

- THANK YOU
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