

CHA MEMBER FORUM

Medicare DSH and Site Neutral Payments

August 12, 2016

www.calhospital.org/regulatory-tracker
www.calhospital.org/calls-action



**CALIFORNIA
HOSPITAL
ASSOCIATION**



CHA Presenters



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Agenda

- Welcome
- Recap Medicare DSH Wins
- Other Items in IPPS Final Rule
- Next Steps for Advocacy on Site Neutral Payments
- Q & A



FFY 2017 Medicare DSH

DSH Payment Projections Under Traditional Formula

\$14.397 B

(\$14.227 B)

25%

Paid Under Traditional Method

\$3.599 B

(\$3.556B)

75% [FACTOR 1]

Dedicated to New Pool

\$10.797 B

(10.6 B)

Step 1: Reduce Pool

[FACTOR 2: relative to national rates of insurance]

Step 2: Distribute Pool

[FACTOR 3: based on hospitals' "uncompensated care"]

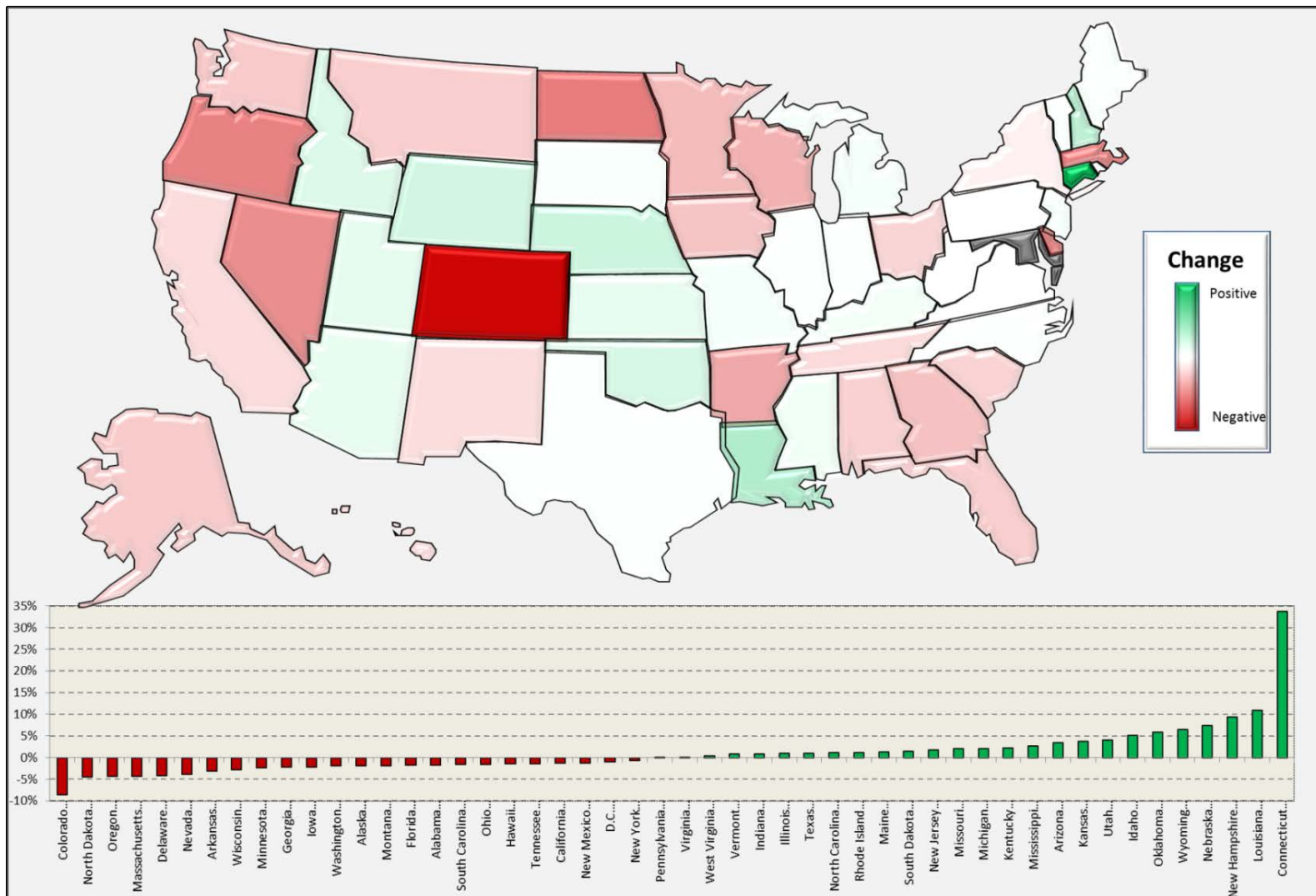
\$5.977 B

(\$6.054 B – Proposed)

Updated June CMS
Actuary Updates



DSH: 3-Year Averaging of Factor 3 vs. Current Methodology





CMS' Proposal for FFY 2018

Transition off proxy to UCC data from S-10 starting FFY 2018



Define UCC as: charity care and non-Medicare bad debt



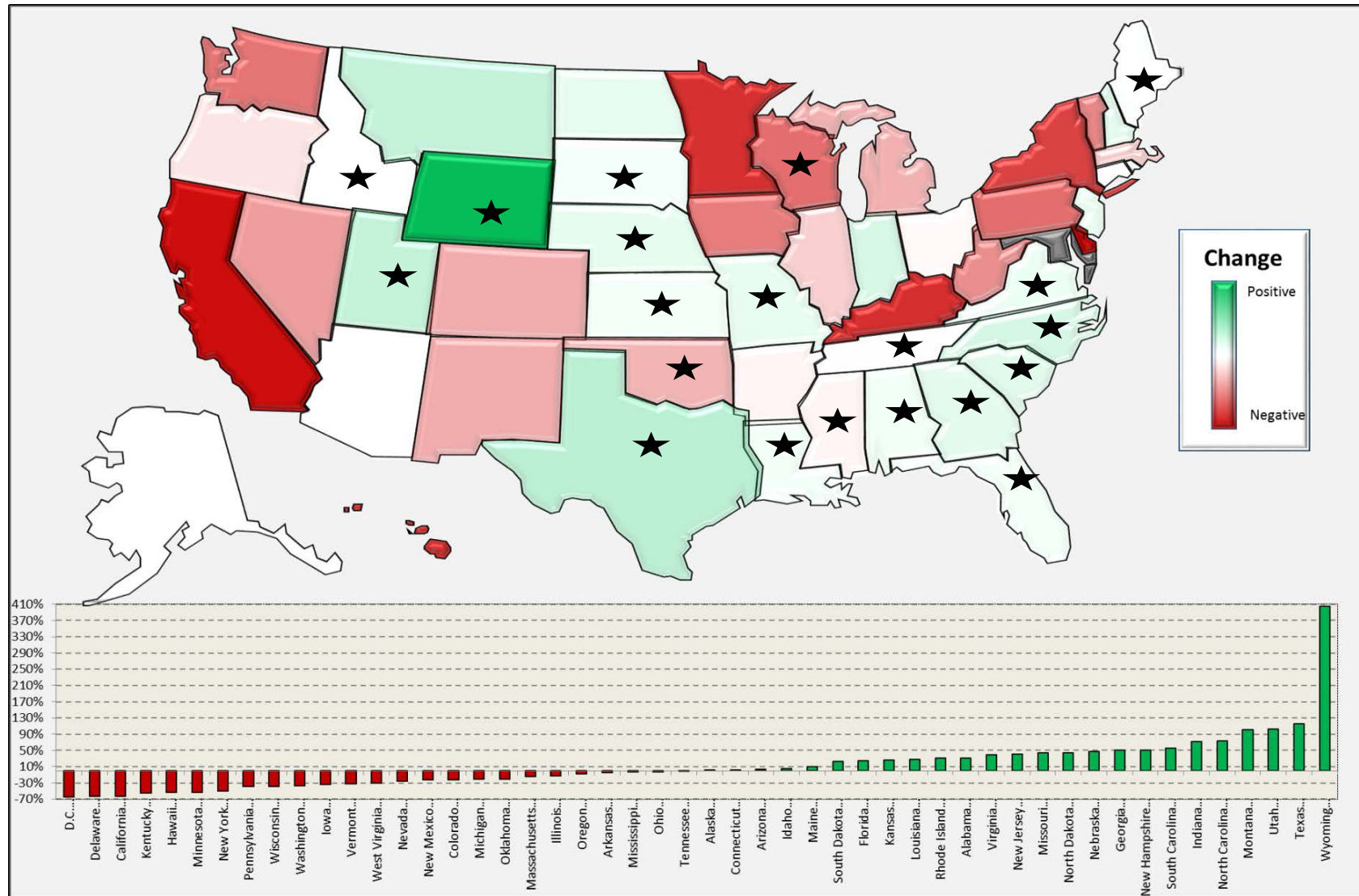
Phase-out use of proxy by FFY 2020



Maintain S-10 instructions and informal data review process between hospital and MAC

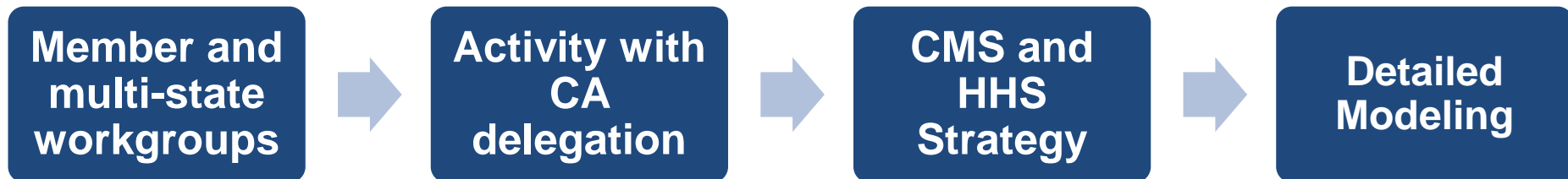


California Impact of Proposed Rule





Our Advocacy Efforts



CHA's Position:

- Do not finalize policy in 2017
- Clarify S-10 reporting rules and develop a hospital specific audit process, similar to the AWI
- Include Medicaid losses and teaching costs in definition of UC
- Define appropriate transition at a later date



Final Rule Outcome

Delay use of S-10 to no later than FFY 2021

(potentially using 2017 hospital reporting)



Consider alternative UCC proxies for intervening years



Tackle S-10 quality control and data improvement



Likely to maintain S-10 UCC definition

(Charity care and non-Medicare bad debt)



Likely to maintain basic 3-year transition to S-10 UCC; likely to not consider stop-loss policy





Quality Control and Data Improvement

- Cost Reporting Changes
 - Changes to reporting (cost report items)
 - Modification/clarification instructions
 - Cost report software edits to flag aberrant data
- Education
 - Issuance of FAQs on website
 - Seminars for hospitals and MACs
- Uniform MAC Data Reviews
 - Standard instructions for when and how often S-10s should be reviewed
 - Guidance to MACs to flag and review negative or missing data
 - Consider measures to identify “aberrant” data for further review
 - Consider auditing hospitals reporting the highest levels of uncompensated care
 - Consider audit of a random mix of hospitals by type, location, or other criteria



Anticipated Timeline

Sept. 30, 2016

Submit S-10
corrections to FY
2014 cost reports to
your MAC

(no indication that CMS
will use 2014 S-10 data)

FFYs 2018-2020

Use “appropriate
proxy” for UCC

(TBD but could continue
to be current proxy)

FFY 2017

Continue DSH UCC
payment based on
patient day proxy

(use 3-year average)

FFY 2021

Begin use of S-10
for UCC

(CMS suggests FFY
2021 UCC payments
could use FY 2017 cost
report; 3-yr transition
likely)



Hospitals to Inform CMS Process

Feed key points to CMS

- Cost report changes
- Educational needs
- MAC data review process

Share your thoughts

- Alyssa Keefe – akeefe@calhospital.org
- Amber Ott – aott@calhospital.org



IPPS Final Rule Highlights

- CMS restored the 0.2% update factor resulting from the 2 midnight rule (FFY 2014, 15 and 16)
- Notice Act – Current MOON out for public comment; Due September 1; Significantly revised
- CMS implemented the 1.5% coding offset to complete ATRA recoupment
- Total update for hospitals expected at +0.95%
- Adopts a new methodology for HAC penalty implementation
- Significant increase in Readmissions penalties expected; change in measures and specifications



Next steps on IPPS Final Rule

- CHA will issue a detailed final rule summary in early September
- Hospital-specific data suite reports and payment impact for FFY 2017 to be released soon
- Continued engagement with CHA members and CMS regarding next steps on Medicare DSH



Section 603 of the Balanced Budget Act of 2015

- Implements site-neutral payments for new off-campus provider-based hospital outpatient departments — those that began billing on or after Nov. 2, 2015 (the date of enactment of the legislation) – beginning January 1, 2017
- Exemptions:
 - On campus provider-based departments (grandfathered facilities billing before November 2)
 - A provider-based department within 250 yards
 - A dedicated emergency department
- This does not apply to CAH, RHCs or FQHCs



Section 603

For Off-campus HOPD
Services billing on or after
Nov. 2, 2015



Beginning January 1, 2017
Payments will be made
“under the applicable
payment system” i.e.
Physician Fee Schedule,
Ambulatory Surgery Center,
or Clinical Lab Fee Schedule
Rates

CHA Detailed Summary of BBA is available at

http://www.calhospital.org/sites/main/files/file-attachments/slavitt_603_060716_final_to_cms_w_attachment.pdf



Section 603

Left open many questions

- Relocation
 - Seismic compliance
- Expansion of services
- Change in ownership
- Payment for services not paid under other applicable Part B payment systems i.e. Partial Hospitalization



Site Neutral Advocacy Plan

Legislative Efforts

+

Regulatory Efforts

=

**Expanded # of hospitals that will
continue to receive OPPS payments**

Current Law: Section 603

Off-campus HOPD Services
furnished or billing on or after
November 2, 2015

CY 2017
PFS/ASC/
CLFS Rates

HR 5273
as amended

Off-campus HOPD Services
furnished or billing on or
after November 2, 2015

Provider
Submits
Voluntary
Attestation

**CY 2017
OPPS
Payment
Rates**

Voluntary Attestation
Received by CMS before
December 2, 2015

Binding written
agreement
executed for
“actual
construction” of
HOPD prior to
November 2,
2015

60 days after
enactment
CMS receives
written
certification of
compliance with
‘mid-build
requirements’

Submission
of CMS
Enrollment
(Form 855)

**CY 2018
OPPS
Payment
Rates**

November
2, 2015

December 31, 2016
or 60 days after
enactment, if later,
CMS receives
voluntary attestation

May 25, 2016



Legislative Effort

- H.R. 5273 – expands grandfather to those already in development on date of enactment (Nov. 2, 2015)
- Challenges:
 - Cost
 - Calendar
- “Dear Colleague” letters to CMS – 285 members signed
- CA Democrats meeting with Slavitt – July 6



HR 5273

- Introduced May 18
- House approved June 7
- Senate Finance Consideration

Visit CHA Federal Alerts for more info

<http://www.calhospital.org/calls-actionfederal>



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Leadership in Health Policy and Advocacy



May 19, 2016

CHA News

Daily briefing for California hospitals

TODAY'S TOP DEVELOPMENTS:

- **CHA Advocacy Alert: New Hospital Outpatient Department Legislation on Fast Track — Will it Help You?**
- Summary of Hospice Proposed Rule Available
- Membership Directory Released
- CHA Participates in ASHHRA Advocacy Day
- Medi-Cal DRG Provider Webinars Highlight Changes Effective July 1
- Upcoming CHA Education Events
- News Headlines - Top Stories From State & National Newspapers

CHA Advocacy Alert: New Hospital Outpatient Department Legislation on Fast Track — Will it Help You?

Alert

Action needed: CHA encourages hospital executives to review H.R. 5273, attached, to assess its potential impact on any new off-campus outpatient departments, and to share their findings with CHA.

Timing: Urgent — The bill could be voted on May 24.

On May 18, Reps. Pat Tiberi (R-OH) and Jim McDermott (D-WA), the chair and ranking member, respectively, of the House Ways and Means Health Subcommittee, introduced The Helping Hospitals Improve Patient Care Act of 2016, H.R. 5273. They plan to move the legislation quickly, perhaps as early next week. The bill would make adjustments to the hospital readmissions program and change the grandfathering provision of last year's Bipartisan Budget Act that changes the way new off-campus hospital facilities would be paid. The legislative language, a section-by-section summary and CHA's detailed summary of two key provisions are attached.

CHA is working to understand the impact the new dates and requirements outlined in H.R. 5273 would have on California hospitals with new off-campus facilities. Because the new requirements include documentation that only hospitals will have (attestation and building contracts), CHA needs to hear from hospitals about the bill's potential impact. Hospitals are asked to review the attached documents to determine if their hospital's new off-campus outpatient department would qualify and contact Anne O'Rourke in CHA's Washington, D.C.



Next Steps -- Legislative

- Bipartisan Letter – more signatures needed
 - Alert in CHA News when final
 - Recess can be hard; please leave me a message if you get a commitment
- Senate consideration of HR 5273
- Changes to H.R. 5273? Depending on final rule
- **Advocacy days in conjunction with AHA – Sept. 13**
 - [registration info](#)



Next Steps -- Regulatory

- **CY 2017 OPPS proposed rule CHA member forum, scheduled for August 18 from 10:30 a.m. – 12:00 p.m.**
<https://www.surveymonkey.com/r/OPPSForum>
- CHA draft comment letter to CMS available the week of August 29
 - **Hospitals should submit comments to CMS via www.regulations.gov**
 - **Due September 6**
- Hospitals may wish to reexamine their long-term plans and impacts this may have on current and future lines of service provided in off campus provider-based departments



Resources

- CY 2017 OPPS Proposed Rule and CHA Summary -
<http://www.calhospital.org/cha-news-article/cha-issues-summary-and-datasuite-analysis-cy-2017-opps-proposed-rule> The language for Section 603 starts on page 322 of the display copy and the implementing regulation is page 699 and 702
- **Please register for our CY 2017 OPPS proposed rule CHA member forum, scheduled for August 18 from 10:30 a.m. – 12:00 p.m. PT:**
<https://www.surveymonkey.com/r/OPPSForum>
- The Provider-Based regulations are codified in the code of federal regulation at <https://www.gpo.gov/fdsys/granule/CFR-2011-title42-vol2/CFR-2011-title42-vol2-sec413-65>
- The link to the Noridian website regarding voluntary attestation is available at <https://med.noridianmedicare.com/web/jea/provider-types/provider-based-facilities>



Questions?





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