

Uncompensated Care

**Medicare Cost Report Worksheet S-10
HCRIS Analysis**

**HCRIS Data-Sets
September 2017
March 2018
June 2018**

September 4, 2018

Uncompensated Care Recognition Services



Scope of Analysis

- ❖ To evaluate the dependability of HCRIS Uncompensated Care (UC) data reported on Medicare cost report WS S-10*.
- ❖ UC cost was calculated from FFY 2014 and FFY 2015 cost reports per the September 2017, March 2018 and June 2018 HCRIS.
- ❖ WS S-10 revisions between the September and June HCRIS:
 - **FFY 2014 Cost Reports – 1,591 DSH hospitals (68%)**
 - There were 683 revisions comparing June to March HCRIS. Toyon estimates ~157 hospital revisions occurred after the January 2, 2018 “deadline” for S-10 revisions.
 - **FFY 2015 Cost Reports – 1,851 DSH hospitals (79%)**
 - There were 741 revisions comparing June to March HCRIS. Toyon estimates ~241 hospitals, likely after the January 2, 2018 “deadline” for S-10 revisions.

*This analysis excludes the cost report trim, UC data for non-DSH hospitals (according to the FFY 2019 Proposed Rule Final Rule), All Inclusive Rate Providers (AIRP), Maryland hospitals Puerto Rico hospitals, and Indian Health Services (IHS)/Tribal hospitals.

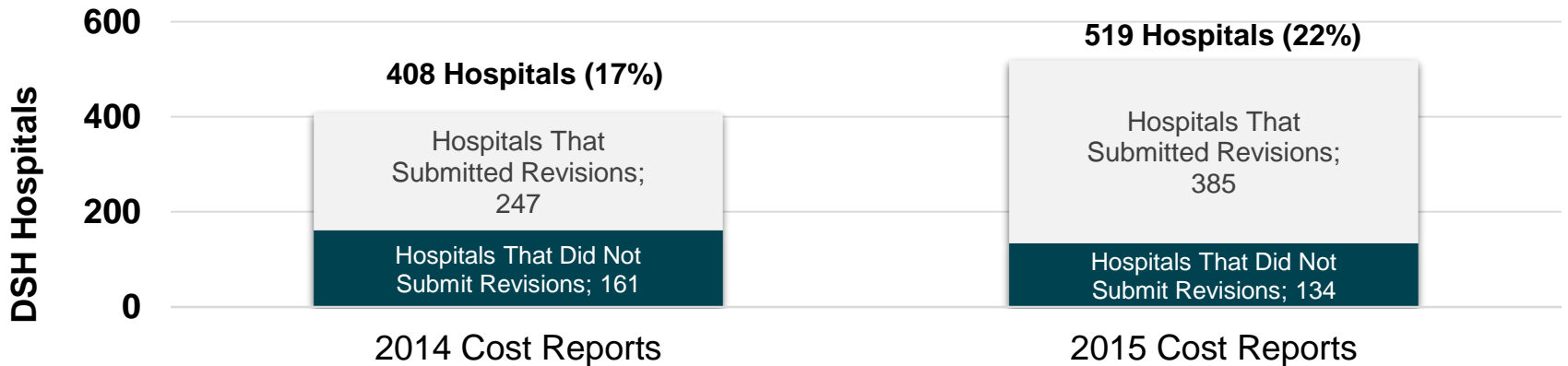
HCRIS Data

- ❑ September 30, 2017: Cost report HCRIS data representing unadjusted “as filed” uncompensated care (before hospital revisions).
- ❑ February 15, 2018: Date of 2014 and 2015 HCRIS data used in the **FFY 2019 IPPS Proposed Rule** (CMS initially planned on using data from the December 30, 2017 HCRIS in development of the Proposed Rule).
- ❑ June 30, 2018: CMS HCRIS data used in the in development of the **FFY 2019 IPPS Final Rule** (CMS initially planned on using data from the March 31, 2017 HCRIS in development of the Final Rule).

Charity Coinsurance and Deductibles

- ❖ Approximately 20% of DSH hospitals are reporting charity coinsurance and deductibles (C+D) more than 25% of total charity care charges.
 - ✓ The national average is ~6%.
 - ✓ Over half the hospitals identified as over-reporting C+D submitted UC cost changes by the June HCRIS.
 - ✓ CMS sent letters to some hospitals requesting them to verify or amend C+D by April 20, 2018.
- ❖ *Why is this important?* New CMS instructions under T11 no longer reduce charity C+D by the CCR. Any amounts, incorrectly reported as C+D, will result in an overstatement of total UC cost.

Charity Coinsurance and Deductibles Greater Than 25% of Charity Charges



According to the June HCRIS file, for FY 2016 cost reports, there are 552 hospitals with charity care C+D above 25% of total charity care charges.

According to the FFY 2019 Final Rule, 2,353 hospitals receive Medicaid DSH UC payments based on UC Cost as reported on the 2014 and 2015 cost reports. The Final Rule shows 2,485 total DSH hospitals for FFY 2019.

Charity Coinsurance and Deductibles

- ❖ From the March 2018 to June 2018 HCRIS, Toyon noted the following changes regarding the reporting of insured charity C+D:
 - ✓ For 2014 cost reports, there were 175 changes to the amount of reported charity care C+D totaling a reduction of \$1.1B in insured charity care C+D cost.
 - ✓ For 2015 cost reports, there were 186 changes to the amount of reported charity care C+D totaling a reduction of \$1.6B in insured charity care C+D cost.
- ❖ The chart below compares the percentage of charity care C+D as a percentage of total charity care charges from the March and June HCRIS files.
- ❖ It is evident that changes were made between the March and the June HCRIS file, however many hospitals still report charity care C+D above reasonable thresholds.

Percentage of Charity Care C+D of Total Charity Care	2014 Cost Reports			2015 Cost Reports			2016 Cost Reports
	June HCRIS	March HCRIS	Variance	June HCRIS	March HCRIS	Variance	June HCRIS
Over 100%	0	0	0	1	1	0	0
100%	8	10	(2)	14	12	2	11
75% - 99%	27	37	(10)	45	58	(13)	99
50% - 74%	82	96	(14)	125	131	(6)	126
25% - 49%	291	299	(8)	336	353	(17)	440
0%-24%	1,945	1,911	34	1,832	1,798	34	1,677
Total	2,353	2,353	0	2,353	2,353	0	2,353

Other Observations

1. High UC Cost Amounts

National DSH Average of UC Cost as Percentage of Total Hospital Cost is ~6%

- ❖ In the FY 2014 and FY 2015 cost reports, there are 4 cases of UC data representing between 50% and 99% of total hospital costs. CMS adjusts the UC data for these hospitals.
 - ✓ In the FY 2016 cost reports, there are another 4 cases of UC data representing between 50% and 99% of total hospital costs.
- ❖ In the FY 2014 and FY 2015 cost reports, there are 58 cases of UC data representing between 25% and 49% of total hospital costs.
 - ✓ In the FY 2016 cost reports, there are another 21 cases of UC data representing between 25% and 49% of total hospital costs.

2. Uncompensated Care Cost at “Face Value” From HCRIS

- ❖ There are 24 UC amounts in the FFY 2019 Proposed Rule that are not calculated under the T11 method, rather calculated under T10.

Other Observations (Continued)

3. Negative UC Values Reported on Hospital Cost Reports

- ❖ For FY 2014 and 2015 cost reports, there are 40 cases of negative amounts reported on WS S-10 (all inputs are required to be positive). This can result in an incorrect determination of UC cost.
- ❖ For 2016 cost reports, there are 21 cases of negative amounts reported on WS S-10 (all inputs are required to be positive).

4. Medicare Bad Debts

- ❖ Toyon is investigating HCRIS data, as Medicare bad debt amounts are not flowing over to WS S-10, Line 27 and/or 27.01 in 1,209 cases (2014 and 2015 cost reports).
 - ✓ There are also 22 cases of UC data with no reported total bad debt (line 26) – but, Medicare bad debts flow from other areas of the cost report and are reported as a subscribed (on lines 27 and 27.01).
- ❖ For FY 2016 cost reports, there are 1,225 Medicare bad debt amounts are not flowing over to WS S-10, Line 27 and/or 27.01 (29 cases whereby there is no reported total bad debt but, Medicare bad debts flow from other areas of the cost report).



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