MHA
Michigan Health & Hospital Association

Leading Healthcare

Michigan Revenue Cycle Association
Fall Conference
Big Rapids, Michigan

Sept. 20, 2019

Medicare Advantage Plans

- As of July 2019, 36 plans operating in Michigan, with 865,000 or approximately 43% of Michigan's 2 million Medicare beneficiaries enrolled
  - Enrollment up 10,000 since April
  - Up to 21 plans in some counties
- Review MA payment rate for all plans
- CAH entitled to Medicare cost reimbursement
- Each MA plan may determine own utilization model and is not required to maintain electronic transactions
- Matrix of MA plans by county available at MHA website – updated quarterly, with MHA Monday Report article

2020 Outpatient Proposed Rule

- Effective Jan. 1, 2020, the CMS will require hospitals to post charges and payor specific negotiated rates for 300 “shoppable” items/services in a consumer friendly manner
  - CMS will identify 70 items/services, with hospitals to identify 230 additional items/services

- A proposal to change the minimum required level of supervision for outpatient therapeutic services from direct supervision to general supervision in all hospitals, including critical access hospitals

Continued, 2020 Medicare OPPS Proposed Rule

- Proposal includes a 2.4% OPPS rate update
- Payment for **all clinic visits** (G0463) provided at off-campus hospital outpatient departments at 40% of OPPS rate down from the current 70% regardless of grandfathered status
- Continuation of the 340B payment cuts implemented in 2018
- Removal of Total Hip Arthroplasty (THA) from the inpatient only list, making it eligible for payment in either the inpatient or outpatient hospital setting

Cont., 2020 Medicare OPPS Proposed Rule

- Proposes prior authorization requirements for five categories of outpatient department services that are often considered cosmetic procedures
- A 2.5% increase in the cost outlier threshold from $4,825 to $4,950
- Comments due to CMS Sept. 27
  - MHA draft comments to be available week of Sept. 23
- Hospital-specific impact analysis distributed Aug. 19
- MHA will provide an updated hospital-specific impact analysis following release of final rule expected by Nov. 1 for the Jan. 1, 2020 effective date

Estimated Michigan Fee-for-Service OPPS Impact

Impact Analysis	Dollar Impact	Percent Change
Estimated CY 2019 OPPS Payments	*$2,092,502,000*	
Marketbasket Update	$55,189,300	2.64%
ACA-Mandated Marketbasket Reduction	($8,623,400)	-0.41%
Other BN Adjustments	($3,012,000)	-0.14%
Wage Index (based on FFY 2020 IPPS Final Rule Wage Index)	($1,448,400)	-0.07%
Reducing Wage Index Disparities (based on FFY 2020 IPPS Final Rule)	($4,054,700)	-0.19%
> Increasing Bottom Quartile Wage Index Values	$84,100	0.00%
> Application of 5% Stop Loss Adjustment	$457,400	0.02%
> Wage Index Transition Budget Neutrality	($4,596,200)	-0.22%
APC Factor/Updates	($20,411,800)	-0.98%
Estimated CY 2020 OPPS Payments	*$2,110,141,000*	
Total Estimated Change CY 2019 to CY 2020	***$17,639,000***	***0.84%***

The impact shown above does not include the impact of the 2.0% sequestration reduction to all lines of Medicare payment authorized by Congress through FFY 2027. It is estimated that the impact of sequestration on CY 2020 OPPS PPS-specific payments would be: -$42,203,200

Estimated Impact of Payment Change to Excepted Off-Campus Provider-Based Departments (PBDs) at 40% of OPPS Rate	***Portion of CY 2017 OPPS Revenue for Off-Campus PBDs***	***Estimated CY 2019 Payment for Excepted Off-Campus PBDs***	***Estimated CY 2020 Proposed Payment for Excepted Off-Campus PBDs***
	2.32%	***$48,952,700***	***$27,973,000***
Estimated Impact/Change to CY 2020 OPPS Revenue	***($20,979,700)***		***-42.9%***

Potential Impact if ALL Total Hip Arthroplasty (THA) Procedures are Performed in an Outpatient Setting Using CPT Code 27130	***Est. FFY 2020 IPPS Revenue (THA Procedures Only)***	***Est. CY 2020 OPPS Revenue (THA Procedures Only)***	***Potential Impact on Total Revenue***
MS-DRG 469: Major Hip and Knee Joint Replacement or Reattachment of Lower Extremity w MCC or Total Ankle Replacement	***$100,591,100***	***$89,358,800***	***($11,232,300)***
MS-DRG 470: Major Hip and Knee Joint Replacement or Reattachment of Lower Extremity w/o MCC			

FY 2020 Medicare IPPS Final Rule

- When all policy changes are considered, Michigan IPPS payments are estimated to increase by $56 million, or 1.3%
- Includes a net 2.75% operating and 0.7% capital rate increase
- 2.7% increase in cost outlier threshold from $25,769 to $26,743
- Number of MS-DRGs unchanged at 761
  - Relative weight changes for 80% will change by less than +/- 5%
- MHA distributed hospital-specific impacts analyses Aug. 29

Continued, FY 2020 Medicare IPPS Final Rule

- CMS is addressing wage index disparities between high and low wage index hospitals by adopting a budget neutrality adjustment to the national standardized operating rate
  - Value of 25th percentile wage index is 0.8457
- CMS adopted its proposal that a hospital's FY 2020 wage index be no less than 95% of its final FY 2019 wage index
- Policy will be effective for at least 4 years to give hospitals time to increase employee compensation, as this is the minimum amount of time necessary for the data to be reflected in the Medicare cost report and used to develop the area wage index

Continued, FY 2020 Medicare IPPS Final Rule

- CMS will use one year of worksheet S-10 data (FY 2015) to allocate the $8 billion Uncompensated Care (UCC) pool among 2,400 hospitals nationally
  - Michigan hospitals estimated to receive $117 million of the $8 billion

- CMS adopted a change to allow hospitals to include FTE counts at critical access hospitals for Graduate Medical Education and Indirect Medical Education purposes for cost reporting periods beginning on/after Oct. 1, 2019

Estimated Michigan Fee-for-Service IPPS Impact

	Operating		Capital		Total	
	Dollar Impact	% Change	Dollar Impact	% Change	Dollar Impact	% Change
Estimated FFY 2019 IPPS Payments	$3,963,398,300		$294,864,900		$4,258,262,800	
Provider Type Changes	($84,600)	0.0%	($1,483,800)	-0.5%	($1,568,400)	0.0%
Marketbasket Update (Includes Budget Neutrality)	$112,499,200	2.8%	$3,110,800	1.1%	$115,610,300	2.7%
ACA-Mandated Marketbasket Reductions	($15,195,300)	-0.4%	*Not Applicable*		($15,195,300)	-0.4%
Forecast Error Adjustment	*Not Applicable*		$0	0.0%	$0	0.0%
MACRA-Mandated Coding Adjustment	$17,306,800	0.4%	*Not Applicable*		$17,306,800	0.4%
Wage Index/GAF (Wage Data and Reclassification)	($16,474,200)	-0.4%	($2,066,200)	-0.7%	($18,540,500)	-0.4%
Wage Index/GAF (Other Changes)	$8,891,900	0.2%	$1,073,600	0.4%	$9,965,700	0.2%
> Rural Reclasses Removed from Rural WI Calc	$20,390,800	0.5%	$2,054,100	0.7%	$22,445,200	0.5%
> Increasing Bottom Quartile Wage Index Values	$8,400	0.0%	$6,900	0.0%	$15,300	0.0%
> Bottom Quartile Increase BN Adjustment	($7,888,300)	-0.2%	($676,900)	-0.2%	($8,566,000)	-0.2%
> Application of 5% Stop Loss Adjustment	$927,300	0.0%	$79,500	0.0%	$1,006,700	0.0%
> 5% Stop-Loss BN Adjustment	($4,545,700)	-0.1%	($389,600)	-0.1%	($4,935,300)	-0.1%
DSH: UCC Payment Changes [1]	($63,525,200)	-1.6%			($63,525,200)	-1.5%
> DSH UCC Distribution Factor Change	($65,207,100)	-1.6%	*Not Applicable*		($65,207,100)	-1.5%
Change in Hospital Specific Rate	$3,600	0.0%			$3,600	0.0%
MS-DRG Updates	$8,018,300	0.2%	$680,700	0.2%	$8,698,400	0.2%
Quality Based Payment Adjustments [2]	($2,362,000)	-0.1%	$19,300	0.0%	($2,342,900)	-0.1%
Net Change due to Low Volume Adjustment	$4,880,900	0.1%	$306,800	0.1%	$5,187,700	0.1%
Estimated FFY 2020 IPPS Payments	$4,017,357,100		$296,505,900		$4,313,863,300	
Total Estimated Change FFY 2019 to FFY 2020*	*$53,958,800*	*1.4%* ▲	*$1,641,000*	*0.6%* ▲	*$55,599,800*	*1.3%* ▲

** The values shown in the table above do not include the 2.0% sequestration reduction to all lines of Medicare payment authorized by Congress through FFY 2027. It is estimated that the impact of sequestration on FFY 2020 IPPS-specific payments will be: -$86,277,100.*

FREE Webinar Recording

- Medicare IPPS Final Rule with DataGen
  - Recording available via Sept. 16 MHA Monday Report

New Medicare Cards

- Starting Jan. 1, 2020, Medicare will ONLY accept claims submitted with the Medicare Beneficiary Identifier (MBI) and will reject all claims submitted with the Health Insurance Claim Number (HICN)
- Three ways providers can obtain MBIs:
  - Ask Medicare patients
  - Use the MAC's secure MBI look-up tool
  - Check the remittance advice

FY 2019 HRA Payments

- QAAP tax-funded HRA payments are based on managed care encounter data accepted by MSA during each quarter and provide:
  - 70% add-on for inpatient services
  - 87.3% add-on for outpatient services

*table is in millions

FY 2019 HRA	Regular	HMP	Total
Q1	334	187	521
Q2	300	173	473
Q3	284	158	442
YTD	918	518	1,436
Target	1,069	620	1,689

- FY 2020 will provide same percentage add-on (70% I/P and 87.3% O/P)
- **Hospital payments will vary quarterly based on Medicaid managed care services provided**

FY 2019 Psych HRA Payments

- New directed payments methodology that took effect for FY 2019 provides a $308 per-diem add-on for each Medicaid and Healthy Michigan Plan inpatient psych day based on accepted encounters from the PIHP during each quarter

*table is in millions

FY 2019 Psych HRA	Regular	HMP	Total
Q1	12	7	19
Q2	15	10	25
Q3	17	12	29
YTD	44	29	73
Target	34	26	60

- $308 per-diem add-on expected to continue for FY 2020
- Payments are funded by hospital QAAP tax
- **Quarterly payments will vary based on volume of services provided**

FY 2020 Medicaid Updates

- MSA will use data from hospital cost reports ending during state FY 2018 to update the hospital QAAP tax base
  - MSA will provide hospitals with a 30-day review period
- MSA will determine FY 2020 Medicaid Access to Care Initiative (MACI) pool payments amounts using FY 2018 data
- MSA will update hospital-specific inpatient operating and capital rates effective Oct. 1, 2019
- MSA will also update APR-DRG relative weights effective Oct. 1, 2019

Medicaid DSH Payments

- Aug. 27 - MSA released FY 2019 Step 1 DSH data for hospital review with hospitals having until Sept. 6 to notify MSA if they opt to reduce their DSH limit or decline DSH payments
  - MSA included third party payments in DSH limit calculations
- MSA will distribute $45 million in regular DSH on Sept. 19
- MSA announced a delay in distribution of the $185 million in QAAP tax-funded DSH payments
  - QAAP tax invoices to be distributed following payments
- FY 2016 preliminary DSH audit report due to MSA Sept. 30, with final report due to CMS Dec. 31, 2019
- FY 2017 DSH audits to begin early 2020; step 2 to be completed prior to audits

Medicaid DSH Eligibility Form

- Sept. 5 - MSA released notification for hospitals to complete FY 2020 DSH eligibility form which must be completed using the CHAMPS Facility Settlement System
- Failure to complete and return this form will result in forfeiture of hospital's DSH payment for FY 2020
- Sept 9, MHA distributed schedules to provide hospitals with requested FY 2018 HRA payment data due to MSA Sept. 30
  - Regular, HMP, Psych HRA payments
  - Used in Step 2 and 3 DSH calculations for FY 2018

CHAMPS Enrollment

- MSA recently finalized a policy to enforce federal Medicaid enrollment requirements that apply to all providers who prescribe drugs to Medicaid beneficiaries
- Effective Oct. 1, providers who prescribe drugs to Medicaid beneficiaries must be enrolled in CHAMPS
- MDHHS will prohibit payment for prescription drug claims written by a prescriber who is not enrolled
- Contact Provider Support or by call toll-free at (800)292-2550

Public Act 208 of 2018

- Effective Jan. 1, 2020
- Establishes work requirements and enacts new requirements for enrollees after 48 months of cumulative enrollment
- Impacts all HMP beneficiaries between ages 19 and 62 that are not otherwise exempt
- Required to work or participate in other qualifying activities for at least 80 hours per month
- Loss of eligibility after 3 months of non-compliance within a 12 month calendar year; coverage may be reinstated after compliance

Continued, Public Act 208 of 2018

- Cumulative enrollment requirements apply to HMP beneficiaries who have been enrolled in a health plan for 48 cumulative months
- Applies to HMP enrollees who have an income over 100% FPL that are not otherwise exempt
- Must complete a healthy behavior on an annual basis
- Must pay a 5% premium
- No opportunities to reduce costs
- Loss of coverage for non-compliance

??? Questions ???

Vickie Kunz
Senior Director, Health Finance
Michigan Health & Hospital Association
110 West Michigan Avenue, Suite 1200
Lansing, MI 48933
Phone: (517) 703-8608
email: vkunz@mha.org