

MHA Update

Michigan Revenue Cycle Association (MRCA) Meeting



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Who is the MHA?

- **Mission:** *We advance the health of individuals and communities.*
- **Vision:** *Through our leadership and support of hospitals, health systems and the full care continuum, we are committed to achieving better care for individuals, better health for populations and lower per-capita costs.*

Medicare Advantage Plans

- As of January 2020, 42 plans operating in Michigan, with 970,000 or approximately 48% of Michigan's 2 million Medicare beneficiaries enrolled
 - Enrollment up 91,000 since October
 - Up to 25 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

FY 2019 HRA Payments

- QAAP tax-funded HRA payments are based on managed care encounter data accepted by MSA during each quarter and provide:
 - Add-on is 70% for inpatient services & 87.3% 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
Q4	268	151	419
Total	1,186	669	1,855
Target	1,069	620	1,689

- FY 2020 will provide same percentage add-on (70% I/P and 87.3% O/P) subject to CMS approval
- **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
Q4	14	9	23
Total	58	38	96
Target	34	26	60

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

FY 2020 Medicaid Updates

- HRA, Psych HRA, SNAF pre-prints were approved by CMS.
 - Psych HRA add-on of \$308 (includes HMP as of FY 19)
 - HRA add-ons of 70% (inpatient) and 87.3% (outpatient)
- FY 2020 Q1 HRA payments due to hospitals on Feb. 7. Totaling \$414M
- FY 2020 Q1 Psych HRA Payments due to hospitals on Feb. 28
- January GME (Q2) due to hospitals on January 30
- 2nd quarter MACI pool adjustments due to underlying data used for 1st quarter

Medicare Off-Site Clinic Lawsuit

- American Hospital Association and several hospitals sued CMS regarding payment cuts
 - Medicare Fee-For-Service claims
 - If grandfathered under Bipartisan Budget Act of 2015
 - Claims after 1/1/2019 will be re-processed at full OPPS rate instead of 70%
 - Hospitals do not need to do anything
 - OPPS rates were adjusted as of 11/4/19

Medicare OPPS Updates

Outpatient Prospective Payment System (OPPS) Calendar Year (CY) 2020 Final Rule Correction Notice Analysis

Estimated Change in Medicare Payments

CY 2019 Final Rule Compared to CY 2020 Final Rule Correction Notice

Michigan

Impact Analysis	Dollar Impact	Percent Change	
Estimated CY 2019 OPPS Payments	\$2,261,708,300		
Marketbasket Update	\$56,284,700	2.49%	
ACA-Mandated Marketbasket Reduction	(\$7,504,100)	-0.33%	
Other BN Adjustments	(\$13,328,100)	-0.59%	
Wage Index (Wage Data and Reclassification)	(\$13,045,600)	-0.58%	
Wage Index (Other Changes)	\$7,312,500	0.32%	
> Rural Reclasses Removed from Rural Floor Wage Index Calc	\$11,416,800	0.50%	
> Increasing Bottom Quartile Wage Index Values	(\$2,892,000)	-0.13%	
> Application of 5% Stop Loss Adjustment	(\$1,212,300)	-0.05%	
APC Factor/Updates	(\$24,133,000)	-1.07%	
Estimated CY 2020 OPPS Payments	\$2,267,294,700		
Total Estimated Change CY 2019 to CY 2020	\$5,586,400	0.25%	
<i>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: -\$45,346,100</i>			
Estimated Impact of Payment Change to Excepted Off-Campus Provider-Based Departments (PBDs) at 40% of OPPS Rate	<i>Portion of CY 2018 OPPS Revenue for Off-Campus PBDs</i>	<i>Estimated CY 2019 Payment for Excepted Off-Campus PBDs</i>	<i>Estimated CY 2020 Payment for Excepted Off-Campus PBDs</i>
	2.30%	\$52,252,200	\$29,858,100
Estimated Impact/Change to Overall CY 2019 OPPS Revenue	(\$22,394,100)	-1.0%	
Potential Impact if ALL Total Hip Arthroplasty (THA) Procedures are Performed in an Outpatient Setting Using CPT Code 27130	<i>Est. FFY 2020 IPPS Revenue (THA Procedures Only)</i>	<i>Est. CY 2020 OPPS Revenue (THA Procedures Only)</i>	<i>Potential Impact on Total Revenue</i>
<i>MS-DRG 469: Major Hip and Knee Joint Replacement or Reattachment of Lower Extremity w MCC or Total Ankle Replacement</i>	\$111,057,600	\$87,549,200	(\$23,508,400)
<i>MS-DRG 470: Major Hip and Knee Joint Replacement or Reattachment of Lower Extremity w/o MCC</i>			

Medicaid DSH Payments

- FY 2019 Step 1 and FY 2015 Step 3 CHAP invoices due 11/25
- FY 2016 step 3 and FY 2017 Step 2 DSH payments in next 60 days
 - QAAP tax invoices distributed following payments
 - FY 2017 Step 2 excludes third party payments for roughly 2/3 of the fiscal year per CMS
- Absent Congressional action, cuts to federal DSH allotments take effect in FY 2020
 - Unknown how MSA will implement

FY 2020 Medicaid Budget

- Critical Access Hospitals received a rate uplift roughly 55%
 - Will be paid with a different OP reduction factor
 - Both FFS and MCO reprocessed
 - CAH hospitals were then removed from rural access pool and OB stabilization pool
 - No cash change until approved by CMS (end of February)
- Rural Access Pool and OB Stabilization pools restored
 - OB to be paid by 1/23
 - RAP is being calculated (FFS-quarterly, MCO-Lump sum)
- MHA continues to model and analyze auto no fault
 - July 2020 can start opting out of PIP
 - July 2021 dollar changes

Public Act 208 of 2018

- Work requirements 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

- Implementation of healthy behaviors delayed until Oct. 1, 2020
- 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

Days in A/R

- Results for 17 Michigan hospitals that submitted data to MHA Monthly Financial Survey for January – October 2019 and same period 2018
 - Medicare – Days decreased from 34 to 30
 - Medicaid – Days down from 51 to 48
 - BCBSM – Days down from 42 to 38
 - Overall – Days down from 49 to 46

??? Questions ???

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