CMS Updates for Critical Access and Other Rural Hospitals

Get your nerd on

Presented by:

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Outline

- 340b Drug program
- Provider taxes
- Physician supervision
- New cost reporting forms
- Low volume hospitals
- State DSH audits
- Other miscellaneous updates

Health Care Reform

- Patient Protection and Affordable Care Act
  - PPACA
  - Affordable Care Act
  - Health care reform
- Reconciliation act
  - Makes life interesting

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Affordable Care Act

- Some implemented in 2011 IPPS rule
- Some through HRSA
- Some to be implemented

- Changes to payments
- IRS changes
- Insurance changes
- Legal

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340b Drug Program

- 340b discount pricing on outpatient drugs to eligible providers
- Directed by *Office of Pharmacy Affairs* (HRSA entity)

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340b Drug Program (Continued)

- PPACA expands 340b eligibility
  - Critical access hospitals
  - Rural referral centers
  - Sole community hospitals
  - Free standing cancer hospitals
  - Children's hospitals

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340b Drug Program (Continued)

- Discount is based on average manufacturer price (AMP)
  - Ceiling for name brand = 15.1%
  - Ceiling for generic = 11%
  - Example name brand drug AMP = $50
  - ***Highest*** 340b price is $42.45

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340b Drug Program (Continued)

- Manufacturers must participate in 340b to participate in Medicaid
  - –Voluntary
    - Funny, right?

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340b Expansion (Continued)

- Outpatient services considered “provider-based” by Medicare
  - Includes
    - Provider-based clinics
    - Emergency rooms
    - Outpatient surgeries
  - Excludes
    - Inpatients
    - Retail pharmacies
    - Clinics reported in the 100 series of your cost report

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340b Expansion (Continued)

- Patient defined
  - Established relationship with individual (has medical record)
  - Individual receiving healthcare from salaried or contracted professional
  - Not a patient if just dispensing drugs
  - FQHC requirement
  - AIDs specific requirement

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340b Expansion (Continued)

- Medicaid rebate rule
  - No double discounts
- Orphan drugs excluded (reconciliation act)
  - CAHs
  - SCHs
  - All the new covered entities (except children's hospitals)
  - List of orphan drugs can be found here:

http:www.accessdata.fda.gov/scripts/opdlisting/oopd/index.cfm

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340b Expansion (Continued)

- Tracking
  - Outpatient only
  - Must be provider-based outpatient department
  - Excludes Medicaid

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340b Expansion (Continued)

- Auditable records
  - How to keep separate – consider:
    - Talyst AutoSplit 340b
    - McKesson 340b Manager
      - $5,000 up front; $12,000 per year
    - Others?
  - Auditable by HRSA
  - Auditable by drug manufacturers
- Written policies on how drugs are kept separate
  - Inventory management

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340b Expansion (Continued)

- Eligibility criteria
  - Valid Medicare number
  - Meet one of the following
    - Entity owned or operated by unit of state or local government
    - Private hospital with state or local government contract to provide charity care
    - Private organization formally granted government powers by state or local government

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340b Expansion (Continued)

- Eligibility criteria
  - Certify outpatient clinics meet provider-based rules (integrated, etc.)
  - Group purchasing
    - Can pick and choose between case by case
      - Rumor: GPOs may make you choose

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340b Expansion (Continued)

- Enrollment
  - Quarterly
    - Due 30 days before end of quarter
    - Starts first day of quarter
    - Example: Request due December 1, discounts start January 1
  - In effect until HRSA is notified that the hospital no longer qualifies

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340b Expansion (Continued)

- Online registration
- Government status (paper form)
- Inclusion of outpatient facilities (paper form)
- http://opanet.hrsa.gov/OPA/Registration/RegistrationMain.aspx

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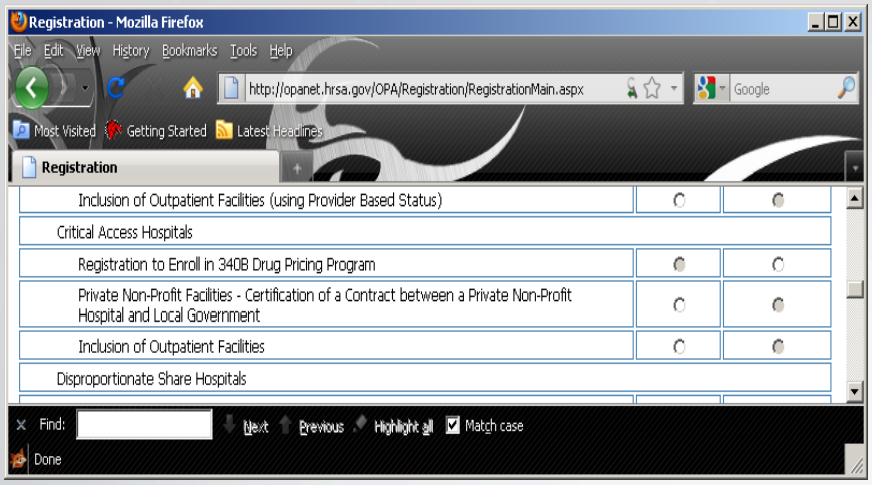
340b Registration Page



340b Prime Vendor Program

- "Deeper discounts"
- Consider joining
  - https://www.340bpvp.com/
- Useful information
- Can "navigate" 340b
- Earn certificate!

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340b Benefits

- Depends on the amount of outpatient drugs
  - Drugs on the orphan list are not covered
    - Most chemotherapy drugs
  - Back out Medicaid patients
  - Medicare paid cost
  - How much to track
  - Enlist the help of your pharmacist

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Provider Taxes

- Provider taxes
  - Ex: Bed taxes with federal matching funds
  - Amount to be paid by the hospital
  - Some additional Medicaid funding

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Provider Taxes (continued)

- Report expense as an expense to the hospital
- Report additional revenue as contra-contractual (if separately identifiable)
  - Use separate GL account to track

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Provider Taxes and the Cost Report

- Allowable costs
  - Must be related to patient care
  - Must be actually incurred
  - Generally, taxes are allowable
- Claim
  - "true cost of good or service"
  - E.g. – expense less revenue

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Allowable Taxes

- List of nonallowable taxes (not all-inclusive)
  - Federal income
  - State or local income and excess profit taxes
  - Some taxes on financing
  - Where provider could have been exempt
  - Assessments that should have been capitalized
  - Property taxes on property not used in covered services
  - Taxes charged to the patient
  - Self employment taxes for owners or partners

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2011 Final IPPS – Provider Taxes

- 2011 IPPS rule discusses provider taxes
  - It does not disallow taxes, but gives
- FI authority to make determination of allowability
  - FI *continue* to determine if amount should be netted against proceeds

Physician Supervision

- Types of supervision
  - Personal supervision
    - Present during procedure
  - Direct supervision
    - On campus, immediately available
  - General supervision
    - Service performed under direction/control of physician

Physician Supervision (Continued)

- Types of services
  - Diagnostic
  - Therapeutic

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Physician Supervision (Continued)

- Diagnostic services
  - Supervision requirements by individual test
    - Based on values in the Medicare Physician fee schedule files (MPFS)
      - General = MPFS 1
      - Direct = MPFS 2
      - Personal = MPFS 3
  - CAHs exempt

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Physician Supervision (Continued)

- Therapeutic services
  - Direct supervision
  - Anything:
    - Not diagnostic
    - Not specifically mentioned in the final rule
    - Observation

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Physician Supervision (Continued)

- Therapeutic services (continued)
  - Mandatory *physician* direct supervision
    - Pulmonary rehabilitation
    - Cardiac rehabilitation
    - Intensive cardiac rehabilitation
  - Excludes
    - PT, OT, ST

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Physician Supervision (Continued)

- Therapeutic services (continued)
  - Applies to *ALL* hospitals (CAHs too)
    - **Not enforced 2010 and 2011**
      - **Rural hospital with less than 100 beds**
      - **Should be making adjustments to comply in 2012**

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Physician Supervision (Continued)

- CMS devised a list and a new category of supervision:
  - Direct followed by general supervision
    - Nonsurgical, extended duration, therapeutic services
      - Recovery included in surgery
    - Direct – "initiation of the services"
    - General – after patient stable

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Physician Supervision (Continued)

- Direct followed by general supervision
  - Not included:
    - Surgery
    - Recovery
    - Chemotherapy
    - Blood transfusions
    - Your glass is half full

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Physician Supervision (Continued)

- Direct followed by general supervision – Items included:
  - C8957 – IV infusion, therapy/diagnosis
  - G0378 – Observation
  - G0379 – Admit to hospital for observation
  - 96360 – IV infusion, hydration (first hour)
  - 96361 – IV infusion, hydration (each additional hour)
  - 96365 – IV infusion, therapy, prophylaxis, or diagnosis (first hour)
  - 96366 – IV infusion, therapy, prophylaxis, or diagnosis (each additional hour)
  - 96367 – IV infusion, therapy, prophylaxis, or diagnosis additional infusion (first hour)

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Physician Supervision (Continued)

- Direct followed by general supervision – Items included:
  - 96368 – IV infusion, therapy, prophylaxis, or diagnosis additional infusion (each additional hour)
  - 96369 – Subcutaneous infusion (first hour)
  - 96370 – Subcutaneous infusion (each additional hour)
  - 96371 – Subcutaneous infusion (additional pump set up)
  - 96372 – Therapeutic, prophylactic, or diagnostic injection (intramuscular)
  - 96374 – Therapeutic, prophylactic, or diagnostic injection (IV push)
  - 96375 – Therapeutic, prophylactic, or diagnostic injection (sequential IV push, new drug)
  - 96376 – Therapeutic, prophylactic, or diagnostic injection (sequential IV push, same drug)

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Physician Supervision (Continued)

- Conditions of Participation (CoPs) vs. Payment Requirements…
  - CoPs = facility level (minimum standard)
  - Payment = service level
- Can use emergency room physician
  - Must be "immediately available"
  - No longer required to be at the hospital or CAH
    - Still must be physically present

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New Cost Reporting Forms

- Revised Hospital cost report form
  - Was 2552-96
  - Will be 2552-10
    - Nerd talk for new cost report forms
- Effective for 2011 cost reports (FYB 2-1-2010)

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2552-10

- Worksheet S-2 – new questions, new lines
  - Type of malpractice insurance (occurrence/claims made)
  - Malpractice limits
  - Y/N EHR meaningful user?
  - CAH EHR adjustment

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2552-10 (Continued)

- S-2, Part II
  - Replaces old CMS 339
    - Physician allocation still separate
    - Medicare bad debts still separate
  - Whether financial statements prepared by CPA

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2552-10 (Continued)

- S-3, Part I – patient days
  - Observation equivalent days in total only
  - Labor and delivery days reported separately
    - Medicaid
    - Total

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2552-10 (Continued)

- S-3
  - Part II – wage index
  - Part III – wage index summary
  - Part IV – (new) wage related costs
  - Part V – (new) contract labor and benefit costs
    - Parts IV & V were part of 339

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2552-10 (Continued)

- S-10 – Uncompensated care
  - Now required for CAHs
  - Charity calculation for EHR
  - IP & OP XIX payments (*hospital* services)
    - DSH payments not separately identifiable recorded here
    - Net of provider tax or assessments
    - Separate line for separately identifiable DSH or supplemental payments
    - Report gross XIX charges

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2552-10 (Continued)

- S-10 – Uncompensated care (continued)
  - SCHIP information
  - State indigent care programs
    - Report both similar to XIX
    - E.g. track separately

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2552-10 (Continued)

- S-10 – Uncompensated care (continued)
  - Line 17 – Identify all non-government payments for indigent care (endowments, donations, etc.)
  - Line 18 – Report operating grants
    - Includes Section 1011 funds
    - Excludes non-operating grants (capital, research)
  - Line 20 – report charity care

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2552-10 (Continued)

- S-10 – Charity care defined
  - Line 20 – Charges for full or partial charity discount
    - Uninsured = total charges (column 1)
    - Insured = deductible and coinsurance (column 2)
    - Omit physician
    - Omit other discounts given outside charity care policy
    - Include non-covered services for XIX if specified in charity care policy
  - Line 22 – partial payments received (partial discount)
    - Two columns
  - Line 25 – amount of charges for XIX patients for patient days beyond a length of stay limit

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2552-10 (Continued)

- S-10 – Bad debt defined
  - Line 26 – total facility bad debt
    - Excludes physician
    - Includes Medicare reimbursable bad debts

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2552-10 (Continued)

- A – Expenses
  - New cost center line numbers
  - Separate cost center must be used for implantables
  - Can break apart:
    - Cardiac rehab
    - Hyperbaric oxygen therapy
    - Lithotripsy

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2552-10 (Continued)

- A – <u>Revised form</u>
  - Overhead 1 – 33
  - Routine 30 – 34
  - Special care 40 – 46
  - Ancillary 50 – 75
  - Outpatient 88 – 93
  - Other 94 – 101
  - Special purpose 105 – 117
  - Nonreimbursable 190-194
  - Total – 200

- A – <u>Old form</u>
  - Overhead 1 – 24
  - Routine 25 – 36
  - Ancillary 37 – 59
  - Outpatient 60 – 63
  - Other 64 – 71
  - Special purpose 82 – 94
  - Nonreimbursable 96-100
  - Total – 101

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2552-10 (Continued)

- A – Property insurance from line 90 to 3 (after capital cost centers)
- A-7 – Removed old capital
- D, Part VI – Vaccines, eliminated
- D, Part V, column 4 is for vaccines
- CAH inpatient settlement on E-3, Part V was E-3, Part III
- Hs – Revised home health schedules

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State DSH Audits

- Federal audit of the states' DSH programs
- States pay DSH funds
  - Includes state and federal dollars
- Federal dollars means federal oversight
- States' information comes from the hospitals means
  - Hospitals subject to audit

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State DSH Audits (Continued)

- States' calculation of DSH differs from federal definition
- Federal definition of uninsured
  - 100% uninsured
  - No catastrophic plan
  - No fall back
- State's definition of uninsured
  - Varies state to state
  - Usually includes under insured

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State DSH Audits (Continued)

- Hold harmless period through 2010 (2011's count and the audit is due September 30, 2014)
- Redistribution of current money now
  - Based on initial findings
- Redistribution of money after hold-harmless date
  - May have payback
- Audit includes patient-by-patient detail

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Medicare Advantage No Pay Bills

- Medicare Advantage claims
- Medicare eligible claims
- Must be billed to Medicare as no-pay
  - Condition Code 04
  - TOB 11x (not 110)
  - PS&R report type 118
  - CAH start date: 1-3-11
- Benefits:
  - Compliance (DSH and low-volume hospitals)
  - **Only these claims will be added to EHR incentive calculation**

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Implantable Supplies

- Implantable vs. other chargeable supplies
  - Supplies used on patient and then disposed
  - Supplies left in patient
- IPPS final rule adds implantables as standard cost center
- Mandatory on new cost report forms
- Implantable revenue codes
  - 275 Pacemaker
  - 276 Intraocular lens
  - 278 Other implants
  - 624 Investigational device
- Cost reports beginning on or after May 1, 2009

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Method II

- Method II reimbursement:
  - September 30, 2010 and subsequent years
    - Request stays
  - 101% cost on all outpatient services
    - Reinstated in *Affordable Care Act*

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Physician Fee Schedule Cuts

- Delayed
- Delayed
- Delayed
- December 1, 2010
- January 1, 2011
- December 31, 2011

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Miscellaneous PPACA Changes

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Primary Care HPSA Bonus

- **In addition to HPSA bonus**
- Primary care 60% of allowed charges
  - Office or other outpatient visit (99201 – 99215)
  - Nursing facility visits (99304 – 99340)
  - Home visits (99341 – 99350)
- MDs, NPs, PAs, clinical nurse specialists
  - Family medicine
  - Internal medicine
  - Geriatric medicine
  - Pediatric
- Paid quarterly
- Calendar year (2011 based on 2009 specialty)
  - Updated yearly

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Physicians Assistants

- Allows physician assistants to certify medical necessity for SNF services
  - Was MDs, NPs and clinical nurse specialists
  - Effective 1-1-11

Frontier States Protections

- Wage index floor of 1
- IP: Discharges on or after 10-1-10
- OP: Services on or after 1-1-11
- Physicians: Services on or after 1-1-11
- 50% of counties are frontier counties
- IP = budget neutral
- OP = not

Frontier States

- Wage Index >= 1
  - Montana
  - Wyoming
  - South Dakota
  - Nevada
  - North Dakota

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Rural Protections

- Hold harmless
  - Extended through 2011
  - SCH regardless of number of beds
  - Rural non-SCH ≤ 100 beds
  - Was 2010, ≤100 beds, SCH
    - Medicare and Medicaid Extenders Act of 2010
    - Extends through 2012
- Rural laboratory cost-based payments
  - July 1, 2010 – July 1, 2011
  - Rural hospitals ≤ 50 beds
  - Medicare and Medicaid Extenders Act of 2010
    - Extends 2 years (through July 1, 2012)

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Healthcare Quality Improvement

- 2013 – portion of participating hospitals' payment tied to quality measures
- CMS to develop payment system for physicians based on quality of care (budget neutral)
- Quality reporting for
  - Hospice
  - Long-term care hospitals
  - Psychiatric hospitals
  - Rehabilitation hospitals
    - 2% reduction for non-participating
  - Ambulance
  - ASCs

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Healthcare Quality Improvement

(Continued)

- 2015 – payment penalties for hospital-acquired conditions
  - Hospitals in the top 25th percentile rates for these conditions
- Pilot program for payment bundling

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Employer Provided Healthcare

- Begins tax year 2011
- W-2 must reflect amount of health insurance paid on behalf of employee
  - Not taxable income
  - Shows value of health care benefit

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Physician Documentation

- Certify a Patient for DME & HH
  - Face-to-face encounter required
  - Documentation be kept
    - Written order or request for payment for durable medical equipment (DME)
    - Certifications for home health (HH)
    - Penalties = revoke Medicare enrollment for up to one year

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Legal-eese

- OIG document request
  - Not timely = $15,000 fine per day
- Adds whistleblower protection
- Required return of overpayments –
  - **Due within 60 days**
    - Overpayment was identified or
    - Cost report was due
    - Penalties = USC Title 31 3729(b)(3) (e.g. call your lawyer)
- Individuals or entities whose licenses are revoked in one state must be revoked in all states

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