Texas Waiver and Cost Reporting Updates

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Texas Waiver Updates

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1115 Waiver Days for Medicare Cost Reporting

- CMS has historically not permitted hospitals to claim days covered by Section 1115 waiver days in the Medicaid fraction for Medicare DSH
  - Lost two separate district court cases on this issue
  - Created opportunity for Texas hospitals to reopen / amend prior Medicare cost reports
- FFY 2023 IPPS Proposed Rule
  - CMS's third attempt to exclude Section 1115 waiver days
    - Effective October 1, 2023 on only Section 1115 waiver days that meet to following will be allowed
      - Health insurance product that covers inpatient hospital services or
      - Premium assistance must cover 100% of the cost of insurance
- Future litigation

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1115 Waiver Days for Medicare Cost Reporting

- Change Request 12669 – released March 16, 2023
  - Provided updated direction to MAC's related to evaluation of Section 1115 Waiver days in the calculation of DSH reimbursement
    - May sample 1115 Waiver logs
    - Documentation will be similar to Medicaid eligible day requests verifying inpatient stay

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Physician Time Studies

- Texas UC Protocol requires maintaining time study to determine
  - Direct patient care services
  - Hospital administration and teaching services

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Cost Reporting Updates

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Top Issue – Rural Wage Index

- Rural floor computed three ways (highest takes effect):

Hospital Data
A = Geographically urban hospitals
A1 = Subset of geographically rural hospitals with either §412.103 rural reclassifications or “Lugar” reclassification
B = Geographically urban hospitals with §412.103 rural reclassification
B1 = Subset of geographically urban hospitals with §412.103 rural reclassification and MGCRB reclassification (“dual” reclassification)
C = Cross state MGCRB reclassification to rural area

	Current Calculation: Rural Wage Index is the highest of	Proposed Calculation: Rural Wage Index if the Highest of
Calculation 1	A	A + B
Calculation 2	A – A1	(A – A1) + (B – B1)
Calculation 3	A + (B-B1) + C	A + B + C

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Texas Rural Floor – FFY 2024

CBSA	CBSA Description	State	FFY 2024 Wage Index Without Rural Floor	FFY 2024 Wage Index With Rural Floor	Impact
45	TEXAS	TX	0.8856	0.8689	(0.0167)
11100	Amarillo, TX	TX	0.7545	0.8689	0.1144
15180	Brownsville-Harlingen, TX	TX	0.8317	0.8689	0.0372
21340	El Paso, TX	TX	0.8128	0.8689	0.0561
29700	Laredo, TX	TX	0.7722	0.8689	0.0967
31180	Lubbock, TX	TX	0.8530	0.8689	0.0159
32580	McAllen-Edinburg-Mission, TX	TX	0.7762	0.8689	0.0927
33260	Midland, TX	TX	0.8544	0.8689	0.0145
36220	Odessa, TX	TX	0.8210	0.8689	0.0479
41660	San Angelo, TX	TX	0.7822	0.8689	0.0867
41700	San Antonio-New Braunfels, TX	TX	0.8610	0.8689	0.0079
43300	Sherman-Denison, TX	TX	0.8088	0.8689	0.0601
46340	Tyler, TX	TX	0.7895	0.8689	0.0794
47020	Victoria, TX	TX	0.8039	0.8689	0.0650

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Texas Rural Floor – FFY 2024

CBSA	CBSA Description	State	FFY 2024 Wage Index Without Rural Floor	FFY 2024 Wage Index With Rural Floor	Impact
10180	Abilene, TX	TX	0.9123	0.8951	(0.0172)
12420	Austin-Round Rock-Georgetown, TX	TX	0.9192	0.9019	(0.0173)
13140	Beaumont-Port Arthur, TX	TX	0.9013	0.8843	(0.0170)
17780	College Station-Bryan, TX	TX	0.9091	0.8920	(0.0171)
18580	Corpus Christi, TX	TX	0.9624	0.9443	(0.0181)
19124	Dallas-Plano-Irving, TX	TX	0.9552	0.9372	(0.0180)
23104	Fort Worth-Arlington-Grapevine, TX	TX	0.9600	0.9419	(0.0181)
26420	Houston-The Woodlands-Sugar Land, TX	TX	0.9978	0.9790	(0.0188)
28660	Killeen-Temple, TX	TX	0.9435	0.9257	(0.0178)
30980	Longview, TX	TX	0.9365	0.9188	(0.0177)

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Wage Index

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Strategies

- Review Table 2 for proposed reclassification options
- Review Table 3 for states where there are large hospitals with a current 412.103 designation with an active MGCRB
- Review Table 3 for states with a low number of rural hospitals that also have large hospitals with 412.103 designation and active MGCRB
- Discuss statewide analysis with Hospital Associations
- Watch for more details on the rulings & final rules

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Other Wage Index items

- Occupational Mix surveys due June 30, 2023
  - No change in rules since 2019
  - Based on Calendar Year (CY) 2022 payroll
- Proposed Unadjusted National average hourly wage $50.33
  - Proposed increase 5.3%....before all appeals/corrections
  - Starting increase for FY 2024 is already 4.8% before changes
- 1,149 hospitals have MGCRB reclassification
  - 45 days from notice of proposed rulemaking to withdraw
- Continuing imputed rural floor, frontier states 1.0 wage index minimum, computation of wage index & OMS, etc.
  - Labor split is 62% below 1.0 wage index & 67.6% above 1.0

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Other Wage Index Strategies

- It's MGCRB time!
- Carefully evaluate potential for withdrawals for FFY 2023; due within 45 days of publication date (remember other hospitals could also be making changes)
- Evaluate potential for FFY 2025 requests due 9/1/2023
- Still opportunities with regard to rural designation; seek help—this year there will be more focus on getting hospitals in the rural calculation as getting them out!
- If you haven't started already, it's also wage index review time! Changes likely due 9/1/2023. This year hospitals will need to get 6-7% increases instead of the 4% in past years

Transmittal 18:
Form Updates

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TRANSMITTAL 18

Published
December 29, 2022

Effective for cost report periods beginning on or after October 1, 2022

Creation of a two-part S-10:

Part I Total Hospital Complex

Part II Hospital Only

Creation of Worksheet 3A

Detail support for Medicaid eligible days

Creation of Worksheet 2A

Detail support for Medicare Bad Debts

Creation of Worksheet 3B

Detail support for S-10 Charity Care

Creation of Worksheet 3C

Detail support for S-10 Bad Debts

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TRANSMITTAL 18

S-10 PART I
Total Hospital Complex

S-10 PART II
Exclude Psych Unit, SNF, HHA, ESRD, etc.

S-10 PART II
CHARITY & BAD DEBT WRITE OFF REPORTS RUN BY UNIT. HOSPITAL ONLY AMOUNTS GO TO PART II. TOTAL COMPLEX AMOUNTS GO TO PART I

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TRANSMITTAL 18

WORKSHEET 3A

Medicaid Eligible Days

COLUMN 8	COLUMN 8	COLUMN 8	COLUMN 11
Patient Population Code • Code required to identify restricted / unrestricted eligibility • New requirement	States do not provide restricted / unrestricted so a crosswalk will have to be created	Examples of restricted codes are emergency only, labor & delivery, etc.	11 Labor & Delivery Days • Required to be split on list • New requirement

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WORKSHEET 2A

Medicare Bad Debts

ADDITIONAL FIELDS REQUIRED

Medicaid ID, Medicaid remittance advice date, date sent to collection agency, date returned from collection agency, beneficiary responsible amount, secondary remittance advice date, recovery detail

COLUMN 7

Medicaid Number

- Medicaid ID could be an issue for Medicaid HMOs
- Many providers are not able to retrieve the traditional ID easily
- Unclear if Medicaid ID required will be traditional ID

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WORKSHEET 2A

Medicare Bad Debts

COLUMN 10	COLUMN 11	COLUMN 12	COLUMN 18
Medicaid RA Date • Must have a date or AD (Alternate Documentation) • AD should be very rare	Secondary RA Date • If secondary payer rejects, enter denial or notification date	Beneficiary Responsible Amount • Deduct/Coinsurance, for dual eligible the amount the patient is responsible for paying ($3.40 in SC) • Bad debt amount is reduced by this column	Recoveries • Not new but in this format, all data elements required. • We plan to continue to do recoveries on separate worksheet

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WORKSHEET 3B S-10

Charity Care

COLUMN 11

- Deductible & coinsurance must be separately identified
- This is a new requirement & could create issues during data retrieval

COLUMN 6

Insurance Status

- New requirement
- Options are uninsured, insured & insured with no contractual relationship, not medically necessary, exhausted benefits, non covered services

COLUMN 6

Insurance Status

- Split of insured patients could be difficult & time consuming

COLUMN 13

Contractual Allowance Amount

- Required only for insured accounts

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TRANSMITTAL 18

WORKSHEET 3C
S-10 B

Bad Debts

COLUMN 6

Patient Insurance Status

- Same criteria as for S-10

COLUMN 17

Patient Bad Debt Write off Amount

- Must be arrived by doing math on the list of Charges less payments less contractual

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Uncompensated Care: Worksheet S-10

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Factor 1 and Factor 2

- Estimated DSH (Factor 1)
  - FFY 2022 = $10,488,564,546
  - FFY 2023 = $10,461,731,029
  - FFY 2024 = $10,216,040,320
- Factor 2
  - FFY 2022 = 68.57%
  - FFY 2023 = 65.71%
  - FFY 2024 = 65.71%
- Uncompensated Care Pool
  - FFY 2022 = $7,192,008,710
  - FFY 2023 = $6,874,403,459
  - FFY 2024 = $6,712,960,094

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Factor 3

Future uncompensated care payments will be based on:

FY2023	FY2024	FY2025
Factor 3 = Average of FY2018 and FY2019 Reports	Factor 3 = Average of FY2018, FY2019 & FY2020 Reports	TBD

***Medicaid ratio is based on HCRIS extract last updated December 2022. March 2023 updated data is expected to be used for the final rule. The 2020 SSI ratio was used on proposed Rule. The 2021 SSI ratio will be used for the final rule.**

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Miscellaneous

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Medicare DSH

- Capital DSH: Effective for discharges occurring on or after October 1, 2023, hospitals reclassified as rural under § 412.103 will no longer be considered rural for purposes of determining eligibility for capital DSH payments.
  - Could mean big dollars for some providers

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Section V: Low Volume Adjustment

- Extension of temporary changes to LV methodology for FY 2023 and FY 2024.
  - 15 miles between nearest proximity hospital
  - Less than 3,800 Total Discharges
- Criteria will revert to 2010 methodology starting in FY 2025
  - 25 miles between nearest proximity hospital
  - Less than 200 Total Discharges

➢ Application for payment is required to be received by the MAC by 10/1/23

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Section V: Low Volume Adjustment

Fiscal Years	Road Miles	Total Discharges	Payment Adjustment
2019 through 2024	>15	< = 500	0.25
		> 500 < 3,800	0.25 – [0.25/3300] * (number of total discharges -500) = (95/330) – (number of total discharges/13,200)
2025 and subsequent years	>25	< 200	0.25

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Section V: Medicare Dependent Hospitals

- Legislation extended the Medicare Dependent Hospital (MDH) program through FY 2024.
- If classified as MDH 9/30/2022 no need to reapply
- If rural classification for MDH was canceled on or after October 1,2022 then provider must request to be reclassified as rural and reapply for MDH classification.

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Changes to the PPS-Exempt Cancer Hospital Quality Reporting (PCHQR) Program

- Proposing to adopt four new measures:
  - Facility Commitment to Health Equity
  - Screening for Social Drivers of Health
  - Screen Positive Rate for Social Drivers of Health
  - Documentation of Goals of Care Discussions Among Cancer Patients

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Section VII: Hospitals Excluded from IPPS

- 3.0% Increase in Target Amounts for Children's Hospitals, 11 Cancer Hospitals, and Others
- Frontier Community Health Integration Project Demonstration
  - Only 5 CAHs elected to participate from Montana and North Dakota

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Thank you!

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