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WELCOME

Medicare Regulatory Update: 2024 IPPS Proposed Rule

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Medicare Regulatory Update: 2024 IPPS Proposed Rule

July 27, 2023

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Agenda

01 PAYMENT RATES

02 MS-DRGS

03 MEDICARE WAGE INDEX

04 MEDICARE DSH/UNCOMPENSATED CARE

05 GME

06 QUALITY PROGRAMS

07 HEALTH EQUITY

08 OTHER PAYMENT AND REGULATORY ITEMS FOR CONSIDERATION

Proposed Regulations

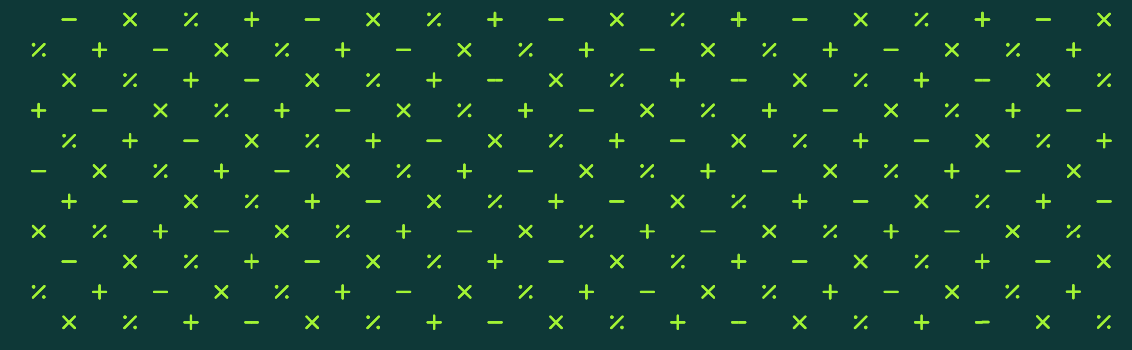
- The proposed IPPS payment regulations cover payment period October 1, 2023 – September 30, 2024
- Includes payment update for Inpatient Acute and Long Term Acute
- Regulations for comment **ended June 9th**
- Final IPPS payment regulations will be released later in the summer
- Proposal to Final: What to expect

POLLING QUESTION 1

How often does your organization submit comments to CMS in response to payment proposal updates?

- Comment to most or all updates
- Comment occasionally to updates
- Comment infrequently
- Never

Payment Rates



CMS FY 2024 Proposed Rule Percentage Change – Inpatient Payments

- IPPS operating payment rates proposed to increase by 2.8 % in FY 2024 relative to FY 2023
  - Successfully participate in the Hospital Inpatient Quality Reporting (IQR) Program and meaningful electronic health record (EHR) users.
  - This increase is the result of a 3.0% market basket update and a productivity cut of 0.2%.
- However:
  - Projected payment decreases include:
    - $161 million in DSH - UC payments
- Prior year IPPS payment rate increase was 4.3%
- Market basket vs. Inflation

Proposed FFY 2024 Update

	Quality Data Submitted and Meaningful User	Quality Data Submitted / NOT a Meaningful User	Quality Data NOT Submitted / Meets Meaningful Use	Quality Data NOT Submitted / NOT a Meaningful User
MB “Rate of Increase”	3.0%	3.0%	3.0%	3.0%
Failure to submit Quality Data	0.00	0.00	-0.75	-0.75
Failure to meet Meaningful Use	0.00	-2.25	0.00	-2.25
MFP Adjustment	-0.2	-0.2	-0.2	-0.2
Net Percent Increase/Decrease	***2.8%***	***0.55%***	***2.05%***	***-0.2%***

IPPS Payment Methodology

Standardized Operating Rate

Adjusted for Geographic Factors

(Labor-Related Portion X Wage Index) + Non-Labor Related Portion

Market Basket Adj *Market Basket Adj*

Wage Index **>** 1.0 → 67.6% Labor Share/32.4% Non-labor Share

Wage Index ≤ 1.0 → 62.0% Labor Share/38.0% Non-labor Share

Adjusted For Case Mix

Base Rate X MS-DRG Weight → MS-DRG-Adjusted Base Payment

Additional Add-Ons to MS-DRG Adjusted Based Payment

Capital, Outliers, Disproportionate Share (Based on Qualifications), IME (If Applicable)

DRG Payment Rates (Quality Data/MU met)
Wage Index > 1.0000

	FFY 2024 Proposed Rule	FFY 2023 Final	Percentage Change Y/Y
Labor-Related	$4,410.86	$4,310.00	2.34%
Non-Labor	2,114.08	2,065.74	2.34%
Capital	505.54	483.76	4.50%
Total Payment Rate	$7,030.48	$6,859.50	2.49%

Wage Index <= 1.0000

	FFY 2024 Proposed Rule	FFY 2023 Final	Percentage Change Y/Y
Labor-Related	$4,045.46	$3,952.96	2.34%
Non-Labor	2,479.48	2,422.78	2.34%
Capital	505.54	483.76	4.50%
Total Payment Rate	$7,030.48	$6,859.50	2.34%

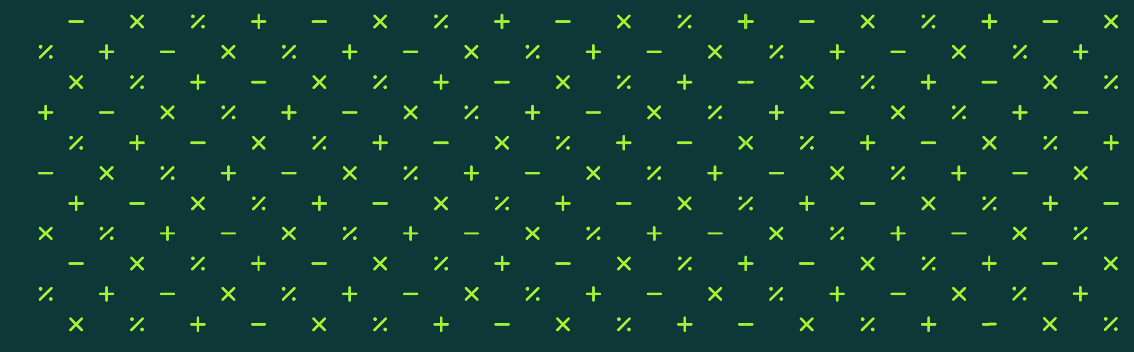
Labor/Non-Labor DRG Rates: Wage Index > 1.0000

Description (for FFY 2024 Proposed Rule)	Labor	Non-Labor
FY2024 Base Rate, after removing PY Reduction Factors	$4,628.54	$2,218.41
FY2024 Update Factor	1.027	1.027
MS-DRG Recalibration Budget Neutrality Factor (BNF)	1.001376	1.001376
Cap Policy MS-DRG Weight Budget Neutrality Factor	0.999764	0.999764
Wage Index Budget Neutrality Factor (BNF)	1.000943	1.000943
Reclassification 'BNF'	0.980959	0.980959
Lowest Quartile 'BNF'	0.997371	0.997371
Cap Policy Wage Index Budget Neutrality Factor	0.996562	0.996562
Operating Outlier Factor	0.949000	0.949000
Rural Demonstration Budget Neutrality Factor	0.999619	0.999619
Sections 414 (MACRA) and 15005 of PL 114-255 (+.50%)	1.001	1.001
National Standardized Amount FY2024 DRG Payment Rate	$4,410.86	$2,114.08

Outliers: Fixed Loss Threshold

- Modify the methodology for calculating payments on outlier cases within the IPPS to account for data uniquely impacted by COVID-19 by averaging:
  - 2021 data including COVID cases and payment increases
  - 2021 data excluding COVID cases
- Proposed outlier threshold for FFY 2024 is $40,732
- Final outlier threshold for FFY 2023 is $38,859
- Represents a 4.82% increase

MS-DRGs



MS-DRG Update

- DRG weights re-calibrated on annual basis using claims data and cost report data
  - FY 2022 MedPAR claims and the FY 2021 cost reports, for the FFY 2024 rate
  - **No longer modifying for COVID-19 hospitalizations**
- Changes to MS-DRG
  - Fifteen (15) new MS-DRGs
  - Sixteen (16) MS-DRGs expired
- Relative Weight Impacts vs FFY23
  - 21% of MS-DRGs changing by between 5-10%
  - 6% of MS-DRGs changing by more than 10%

Proposed MS-DRG – Top 5 Relative Weight Gains

MS-DRG	Final FFY 2023 Weight	Proposed FFY 2024 Weight	%
MS-DRG 017: AUTOLOGOUS BONE MARROW TRANSPLANT WITHOUT CC/MCC	4.3701	6.1578	40.91%
MS-DRG 927: EXTENSIVE BURNS OR FULL THICKNESS BURNS WITH MV >96 HOURS WITH SKIN GRAFT	18.9822	26.6002	40.13%
MS-DRG 886: BEHAVIORAL AND DEVELOPMENTAL DISORDERS	1.365	1.6659	22.04%
MS-DRG 117: INTRAOCULAR PROCEDURES WITHOUT CC/MCC	0.9928	1.2069	21.57%
MS-DRG 883: DISORDERS OF PERSONALITY AND IMPULSE CONTROL	1.6145	1.8854	16.78%

MS-DRG Update: MS-DRG 18

- MS-DRG 18 - Chimeric Antigen Receptor (CAR) T-cell and Other Immunotherapies
- Previously used proxy to adjust for cases where the high-cost therapy product was provided at low or no cost, such as when provided under a clinical trial
- Proposed to change DRG weight using new methodology
  - Discontinue use of proxy
  - Recognize coding that identifies claims to be excluded from average
  - Calculate adjustment to apply to the lower cost cases

MS-DRG Update: Other Changes

- Reassigning:
  - FROM: MS-DRGs 166-168 -Thrombolysis for pulmonary embolism procedures
  - TO: New MS-DRG 173 - Ultrasound Accelerated and Other Thrombolysis with Principal Diagnosis Pulmonary Embolism
- Reassigning:
  - FROM: MS-DRGs 222-227 Cardiac Defibrillation Implant
  - TO: New MS-DRGs 275-277
  - Also, ADD to post-acute care transfer list under special payment methodology
- New:
  - MS-DRG 212 Concomitant Aortic and Mitral Valve Procedures for specific inpatient episodes with aortic valve report or replacement procedures

MS-DRG Update: Additional Changes

- End of NCTAP (Covid-19 Add-On Payment) as of September 30, 2023
- CMS continues to seek feedback regarding clinical indicators to identify clinical severity
- No change to CC/MCC while CMS analysis continues
- EXCEPT:
  - Severity-level change related to social determinants of health
    - ICD-10-CM Homelessness code
    - Shift non-CC episodes to complication or comorbidity to recognize the additional resource utilization

New Technology Add-On Payments

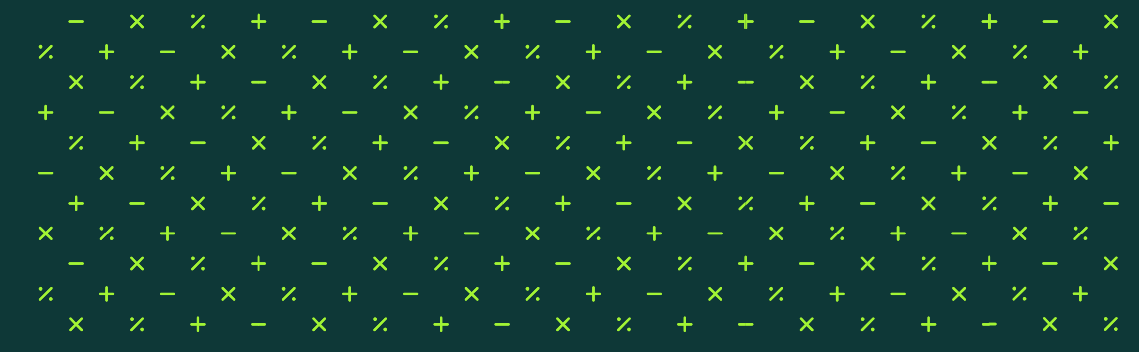
- The NTAP program provides for additional payment to hospitals for cases involving eligible new and relatively high-cost technologies utilized during inpatient hospital stays
- CMS is continuing eleven (11) previously approved technologies
- CMS is discontinuing fifteen (15) previously approved technologies
- CMS seeks comment on 19 NTAP applications under traditional pathway & 20 NTAP applications under alternative pathways
- Proposed modification to NTAP eligibility criteria

POLLING QUESTION 2

Does your organization model the reimbursement impacts of the annual Medicare proposed updates?

- Always model proposals
- Occasionally model
- Would like to, but lack time or resources
- This is not a priority

Medicare Wage Index Update



Current Use of Medicare Area Wage Index (AWI) Data (Refresher)

The "adjusted"* area wage index is currently used in:

- Medicare inpatient prospective payment system (IPPS)
- Medicare outpatient prospective payment system (OPPS)
- California Medi-Cal FFS (APR-DRG) system**

The "unadjusted" ***area wage index is used in:

- Medicare skilled-nursing facility PPS
- Medicare inpatient rehabilitation facility PPS
- Medicare inpatient psychiatric facility PPS
- Other Medicare payment systems (ESRD, HHA, Hospice, others)

Many hospitals factor the "adjusted" AWI into Medicare Advantage (MA) and Medi-Cal Managed Care contracts in their rate setting process.

* The "adjusted" AWI accounts for geographic reclassifications, rural floor budget neutrality and occ mix.
**Any change to Medi-Cal FFS in one year will be adjusted the following year to make the change budget neutral.
*** The "unadjusted" AWI excludes occupational (occ) mix survey adjustments

FY 2024 Continuation of Low Wage Index Hospital Policy

- CMS elects to continue its low wage index hospital policy that it first adopted in FY 2020.
  - *Bridgeport Hospital v. Becerra*, No. 20-cv-1574, 2022 WL 612658 (D.D.C. Mar. 2, 2022), in which the Court on March 2, 2022, found the agency did not have the statutory authority to adopt this policy.
- Under this policy, CMS makes upward adjustments to the wage indices of hospitals with a wage index value below the 25th percentile.
- The adjustment for each eligible hospital is equal to half of the difference between the otherwise applicable final wage index value for the hospital and the 25th percentile wage index value for all hospitals that same year.
- For FY 2024, CMS is proposing that the 25th percentile wage index will be 0.8615.
- As in past years, CMS is proposing to fund these adjustments by making a budget neutrality adjustment to the standardized amount.

Wage Index Values

- The proposed FY 2024 wage index update uses wage data from cost reporting periods beginning in FY 2019.
- The method used to compute the proposed FY 2024 wage index without an occupational mix adjustment follows the same methodology that was used to compute the wage indexes without an occupational mix adjustment in the FY 2022 IPPS/LTCH PPS final rule.
- The proposed FY 2024 unadjusted national average hourly wage is $**50.33**.
- Use of **CY 2019 Medicare Wage Index Occupational Mix Survey** for the FY 2024 wage index.
- Proposed FY 2024 occupational mix adjusted national average hourly wage is $**50.27**
- Approximately 1,274 of 3,373 Providers (37.7%) are receiving a wage index payment that is based upon a CBSA other than their own geographic CBSA.

Rural Wage Index Changes

- Existing Methodology Uses the Highest Average Hourly Wage From the Following Calculations:
  - Calculation 1: Geographically rural hospitals,
  - Calculation 2: Geographically rural hospitals without a MGCRB or Lugar reclassification, or
  - Calculation 3: Geographically rural hospitals plus reclassified rural hospitals that do not have MGCRB or Lugar reclassifications and out-of-state hospitals that have reclassified into the rural area of the state.

- Revised Methodology Uses the Highest Average Hourly Wage From the Following Calculations:
  - Calculation 1: Geographically rural hospitals **and reclassified rural hospitals,**
  - Calculation 2: Geographically rural hospitals without a MGCRB or Lugar reclassification, or
  - Calculation 3: Geographically rural hospitals and reclassified rural hospitals plus out-of-state hospitals that have reclassified into the rural area of the state.

Changes to Rural Floor

STATE	FFY 2024 PROPOSED WI FACTOR	FFY 2023 FINAL WI FACTOR	FFY 2024 NO. OF CBSA ELIGIBLE FOR RURAL FLOOR	FFY 2023 NO. OF CBSA ELIGIBLE FOR RURAL FLOOR
CALIFORNIA	1.5040	1.2534	19	9
CONNECTICUT	1.1256	0.9703	4	3
HAWAII	1.2456	1.1999	1	0
ILLINOIS	0.9802	0.8458	13	3
NEW YORK	1.2183	0.8515	11	3
OREGON	1.0906	1.0318	4	0
WASHINGTON	1.0848	1.0388	7	5
ARIZONA	0.9472	1.0397	3	6
MASSACHUSETTS	1.1168	1.2974	6	7

FY 2023 Final Wage Index - Oregon

Table 3 - WAGE INDEX TABLE BY CBSA - FY 2023 (CONTAINS THE FOLLOWING DATA: AVERAGE HOURLY WAGE, WAGE INDEXES AND THE GAF. ALSO INCLUDES WAGE INDEXES PRIOR TO APPLICATION OF THE FRONTIER WAGE INDEX AND/OR RURAL FLOOR AND IMPUTED FLOOR AS WELL AS AN INDICATOR FOR CBSAs ELIGIBLE FOR THE FRONTIER AND/OR RURAL FLOOR AND/OR IMPUTED FLOOR WAGE INDEX) - FY 2023 CORRECTING AMENDMENT										
CBSA	Area Name	State	State Code	FY 2023 Average Hourly Wage	3-Year Average Hourly Wage (2021, 2022, 2023)	Wage Index	GAF	Reclassified Wage Index	Reclassified GAF	State Rural Floor
38	OREGON	OR	38	49.6535	48.9893	1.0318	1.0217	1.0318	1.0217	1.0318
10540	Albany-Lebanon, OR	OR	38	52.0542	50.5328	1.0817	1.0553			
13460	Bend, OR	OR	38	52.2873	51.3996	1.0866	1.0585			
18700	Corvallis, OR	OR	38	53.8381	51.7744	1.1189	1.0800			
21660	Eugene-Springfield, OR	OR	38	54.3567	54.2145	1.1297	1.0871	1.1073	1.0723	
24420	Grants Pass, OR	OR	38	49.7735	48.7305	1.0343	1.0234			
32780	Medford, OR	OR	38	52.0037	50.9636	1.0807	1.0546			
38900	Portland-Vancouver-Hillsboro, OR-WA	OR	38	57.6712	56.1233	1.1985	1.1320	1.1792	1.1195	
41420	Salem, OR	OR	38	53.8897	52.1603	1.1200	1.0807			

FY 2024 Proposed Wage Index - Oregon

Table 3 - PROPOSED WAGE INDEX TABLE BY CBSA - FY 2024 (CONTAINS THE FOLLOWING PROPOSED DATA: AVERAGE HOURLY WAGE, WAGE INDEXES AND THE GAF. ALSO INCLUDES WAGE INDEXES PRIOR TO APPLICATION OF THE FRONTIER WAGE INDEX AND/OR RURAL FLOOR AS WELL AS AN INDICATOR FOR CBSAs ELIGIBLE FOR THE FRONTIER AND/OR RURAL FLOOR WAGE INDEX) - FY 2024 PROPOSED RULE

CBSA	Area Name	State	State Code	FY 2024 Average Hourly Wage	3-Year Average Hourly Wage (2022, 2023, 2024)	Wage Index	GAF	Reclassified Wage Index	Reclassified GAF	State Rural Floor
38	OREGON	OR	38	50.8903	49.7224	1.0906	1.0612			1.0906
10540	Albany-Lebanon, OR	OR	38	55.7220	52.7541	1.0906	1.0612			
13460	Bend, OR	OR	38	53.8277	52.5082	1.0906	1.0612			
18700	Corvallis, OR	OR	38	56.0392	53.9619	1.0938	1.0633			
21660	Eugene-Springfield, OR	OR	38	60.8484	56.7112	1.1877	1.1250	1.1461	1.0979	
24420	Grants Pass, OR	OR	38	52.7222	50.8784	1.0906	1.0612			
32780	Medford, OR	OR	38	55.2175	52.9056	1.0906	1.0612	1.0906	1.0612	
38900	Portland-Vancouver-Hillsboro, OR-WA	OR	38	61.6769	58.5405	1.2039	1.1355	1.1901	1.1266	
41420	Salem, OR	OR	38	57.2992	54.5536	1.1183	1.0796	1.1082	1.0729	

Noticeable Changes Final 2023 v Proposed 2024:

1. State rural area wage index value increased from 1.0318 to 1.0906 (proposed). What's changed?
2. Eligible for Rural Floor in green

FY 2024 Proposed Wage Index – Oregon Providers

FY 2024 IPPS Impact File - Proposed Rule (April 2023)											
Provider Number	Name	Geographic Labor Market Area	Post Reclass Labor Market Area	RECLASS	FY 2024 Wage Index	Provider Number	Name	Geographic Labor Market Area	Post Reclass Labor Market Area	RECLASS	FY 2024 Wage Index
380001	Mid-Columbia Medical Center	38	38900	W	1.1901	380040	St Charles Redmond	13460	13460	W	1.0906
380002	Asante Three Rivers Medical Center	24420	32780	W	1.0906	380047	St Charles Bend	13460	13460	W	1.0906
380004	Providence St Vincent Medical Center	38900	38900	N	1.2039	380050	Sky Lakes Medical Center	38	05	W	1.4888
380005	Asante Ashland Community Hospital	32780	32780	N	1.0906	380051	Salem Hospital	41420	38900	W	1.1901
380007	Legacy Emanuel Medical Center	38900	38900	N	1.2039	380052	Saint Alphonsus Medical Center - Ontario, Inc	38	38	N	1.0906
380009	OHSU Hospital And Clinics	38900	38900	W	1.2039	380056	Santiam Hospital	41420	41420	N	1.1183
380014	Good Samaritan Regional Medical Center	18700	41420	W	1.1202	380060	Adventist Health Portland	38900	38900	N	1.2039
380017	Legacy Good Samaritan Medical Center	38900	38900	N	1.2039	380061	Providence Portland Medical Center	38900	38900	N	1.2039
380018	Asante Rogue Regional Medical Center	32780	05	W	1.4888	380071	Willamette Valley Medical Center	38900	38900	N	1.2039
380020	Mckenzie-Willamette Medical Center	21660	21660	N	1.1877	380075	Providence Medford Medical Center	32780	05	W	1.4888
380021	Tuality Community Hospital	38900	38900	N	1.2039	380082	Providence Milwaukie Hospital	38900	38900	N	1.2039
380022	Samaritan Albany General Hospital	10540	41420	W	1.1202	380089	Legacy Meridian Park Medical Center	38900	38900	N	1.2039
380025	Legacy Mount Hood Medical Center	38900	38900	N	1.2039	380090	Bay Area Hospital	38	21660	W	1.1461
380027	Mercy Medical Center	38	21660	W	1.1461	380091	Kaiser Sunnyside Medical Center	38900	38900	N	1.2039
380029	Legacy Silverton Medical Center	41420	41420	N	1.1183	380102	Sacred Heart Medical Center - Riverbend	21660	21660	N	1.1877
380033	Sacred Heart University District	21660	21660	N	1.1877	380103	Kaiser Foundation Hospital - Westside	38900	38900	N	1.2039
380037	Providence Newberg Medical Center	38900	38900	N	1.2039	500050	Peacehealth Southwest Medical Center	38900	38900	N	1.2039
380038	Providence Willamette Falls Medical Center	38900	38900	N	1.2039	500150	Legacy Salmon Creek Medical Center	38900	38900	N	1.2039

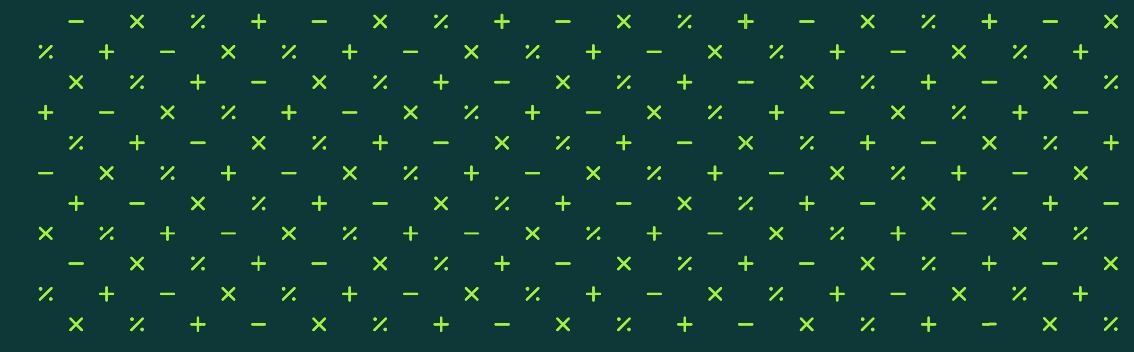
Source: CMS Impact File

POLLING QUESTION 3

Has your organization completed the CY2022 Occupational Mix survey?

- Completed
- In progress
- Haven’t started
- Looking for assistance
- N/A

Medicare DSH/Uncompensated Care



Uncompensated Care – Proposed Factor 1

- Baseline FY 2020 - $13.257 billion

FY	Update	Discharge	Case Mix	Other	Total	DSH	2023 Rule
2021	1.029	0.940	1.029	0.9850	0.9804	**12.997**	12.829
2022	1.025	0.943	0.997	1.0011	0.9647	12.539	13.138
2023	1.043	0.975	1.005	1.0484	1.0715	13.435	13.949
2024	1.028	0.976	1.005	1.0055	1.0139	**13.621**	

Update column is determined as follows:

FY	MB	Prod	D&C	Total
2021	2.4	0.0	0.5	2.9
2022	2.7	-0.7	0.5	2.5
2023	4.1	-0.3	0.5	4.3
2024	3.0	-0.2	0.0	2.8

Uncompensated Care – Factor 1 Trends

FFY	DSH Estimate	25% EJ DSH	Factor 1
2014	$12,790,922,790	$3,197,730,698	$9,593,192,093
2015	$13,383,462,196	$3,345,865,549	$10,037,596,647
2016	$13,411,096,528	$3,352,774,132	$10,058,322,396
2017	$14,396,635,710	$3,599,158,928	$10,797,476,783
2018	$15,552,939,524	$3,888,234,881	$11,664,704,643
2019	$16,339,055,838	$4,084,763,960	$12,254,291,879
2020	$16,583,455,657	$4,145,863,914	$12,437,591,743
2021	$15,170,673,476	$3,792,668,369	$11,378,005,107
2022	$13,984,752,729	$3,496,188,182	$10,488,564,547
2023	$13,948,974,706	$3,496,188,182	$10,461,731,029
2024	$13,621,387,093	$3,405,346,774	$10,216,040,319

Uncompensated Care – Proposed Factor 2

CY 2023 uninsured: 9.3%

CY 2024 uninsured: 9.2%

FY 2024 weighted uninsured: (9.3% x .25) + (9.2% x .75) = 9.2%

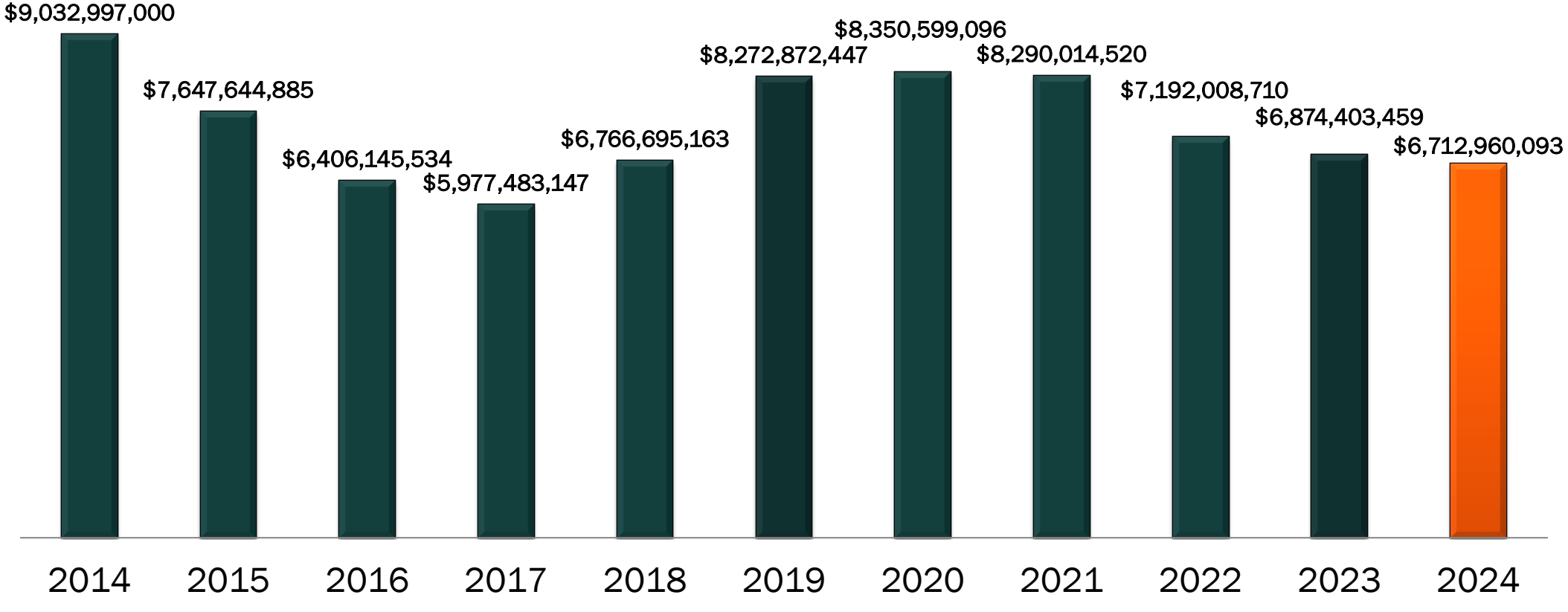
2013 uninsured: 14%

1-|((14%-9.2%) / 14%| = 1-34.29% = **65.71%** (Same as 2023 Final Rule)

Uncompensated Care – Proposed UC Pool Total

- 2024 Gross Pool from Factor 1 = $10.216 Billion
- 2024 Proposed Factor 2 = 65.71%
- 2024 Proposed UC Amount $10.216 * 65.71% = $6.712 Billion
  - Distributed to 2,380 hospitals
  - Decrease of $161 Million (2.3%) from 2023 final rule

UC Pool Trends



Uncompensated Care – Proposed Factor 3

- FFY 2018/2019/2020 Line 30 S-10 data to derive Factor 3 for FY 2024
  - Using the average of the audited FY 2018, 2019, 2020 reports
  - Using reports from December 2022 HCRIS extract to calculate proposed Factor 3
  - Intend to use March 2023 HCRIS extract to calculate final Factor 3
- Interim Uncompensated Care Payments
  - Based on average of FY 2019, FY 2021, and FY 2022. Excluding FY 2020 due to Covid-19 pandemic
- Section3133DSH@cms.hhs.gov – Submit Factor 3 issues or concerns to CMS inbox by 6/9/23

FFY 2018 -2020 S-10 Cost Report Comparison – 2021 HCRIS vs. 2023 HCRIS results

Change in Line 30 UC

FFY	Providers	Change	Percent
2018	2,208	$(1,439,170,956)	-4.46%
2019	2,165	$(1,852,298,458)	-5.53%
2020	1,590	$(1,433,654,216)	-6.26%
OR - 2020	26	$(32,617,816)	-11.53%

- 1,590 Providers out of 2,338 revised their 2020 cost report from the initial filing
- 6.26% decrease in Line 30 for those 1,590 Providers

FFY 2018 -2020 S-10 Cost Report Comparison – 2021 HCRIS vs. 2023 HCRIS results (cont'd)

Charity Care Changes Line 20

				Uninsured		Insured		Total	
FFY	Providers	No Change	Revised	Change	Percent	Change	Percent	Change	Percent
2018	2,208	217	1,991	$625,477,123	.73%	$(1,270,360,563)	-24.36%	$(644,883,440)	-.71%
2019	2,165	201	1,964	$687,116,240	.72%	$(1,533,327,661)	-29.66%	$(846,211,421)	-.82%
2020	1,590	202	1,388	$(266,065,217)	-.41%	$(1,119,117,471)	-34.02%	$(1,385,182,688)	-1.93%
OR – 2020	26	0	22	$40,601,214	16.75%	$(43,123,809)	-39.38%	$(2,522,595)	-.72%

- 1.1 Billion dollar decrease in insured charity charges
- Insured charity not subject to the cost to charge ratio
- Dollar for dollar impact on Line 30 total

FFY 2018 -2020 S-10 Cost Report Comparison – 2021 HCRIS vs. 2023 HCRIS results(cont'd)

Bad Debt Line 26

FFY	Providers	No Change	Revised	Change	Percent
2018	2,208	186	2,022	$(2,764,330,592)	-6.48%
2019	2,165	269	1,896	$(1,734,635,356)	-4.34%
2020	1,590	292	1,298	$(758,779,005)	-3.05%
OR – 2020	26	2	24	$(5,351,477)	-3.45%

- $758 million decrease
- Bad debt was reviewed by MACs in the 2020 S-10 audits
- Non-Medicare bad debt not reviewed by hospitals as thoroughly as Medicare bad debt

FFY 2018 -2020 S-10 Cost Report Comparison – 2021 HCRIS vs. 2023 HCRIS results Summary

FFY	Average/Min/Max	Change
2018	Avg Line 30 Change	$(651,798)
2018	Largest Line 30 Decrease	$(159,787,481)
2018	Largest Line 30 Increase	$47,426,702
2019	Average of Line 30 Change	$(855,565)
2019	Largest Line 30 Decrease	$(304,527,296)
2019	Largest Line 30 Increase	$106,720,795
2020	Average of Line 30 Change	$(901,669)
2020	Largest Line 30 Decrease	$(112,260,716)
2020	Largest Line 30 Increase	$24,357,335

Next Steps and Best Practices – Uncompensated Care

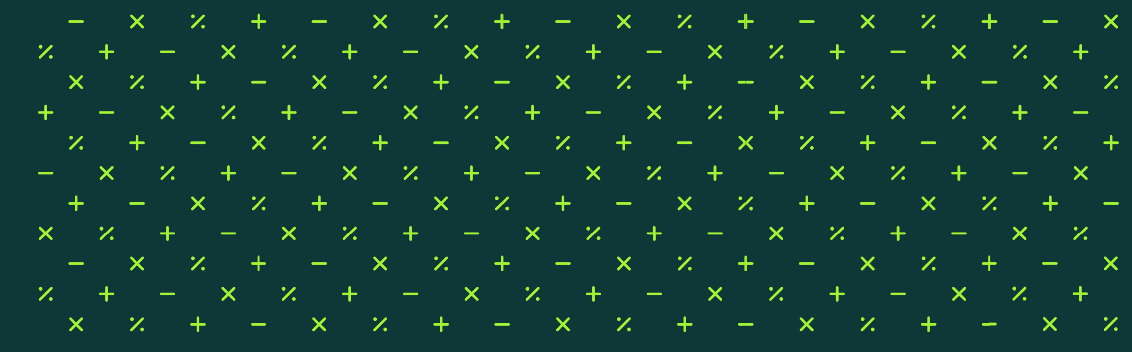
- MACs are currently performing Worksheet S-10 audits on all FFY 2021 cost reports
  - Designate an individual(s) and budget S-10 preparation and audit support time for each fiscal year
  - Deep dive into your transaction codes and business practices to ensure Worksheet S-10 is capturing all of the hospital's uncompensated care
  - Consider revising S-10 data as necessary and amend for FFY 2022

- Filing Requirements
  - Worksheet S-10 Charity Care patient detail required at time of cost report filing (10/1/18 and after). Detail must be +/- 3% of cost report values.
  - Additional requirements and revised templates coming with Transmittal 18

Medicare DSH – Traditional

- CMS proposes to reimburse Medicare capital DSH for urban hospitals reclassified as rural
- *Toledo Hospital vs Becerra*
- Applies to providers reclassified as rural under section 412.103

GME



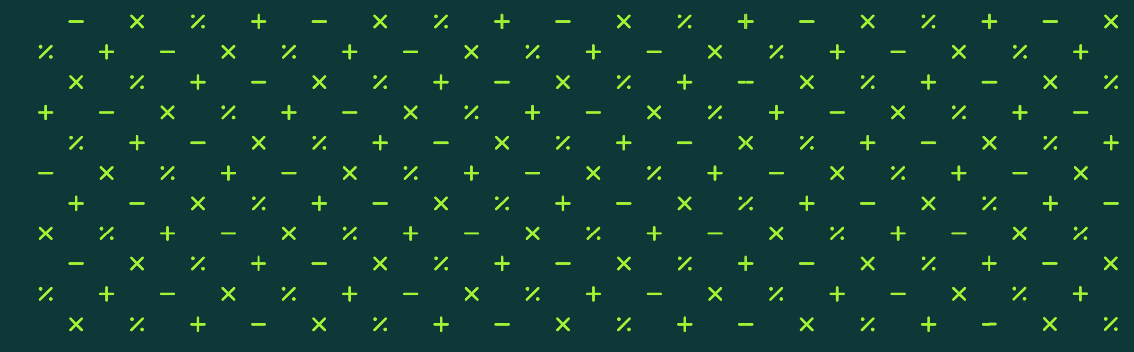
Graduate Medical Education

- Proposal to allow Rural Emergency Hospitals (REHs) to train residents and receive GME payment on or after October 1, 2023.
  - The REH can include full-time equivalent (FTE) residents training at the REH in the direct GME and indirect medical education (IME) FTE counts for payment from Medicare.
  - Also option for reasonable cost reimbursement
- Proposal to clarify the instructions on Form CMS 2552-10 Worksheet E, Part A, Line 20 when a provider is participating in a Medicare GME affiliation agreement.
  - CMS proposes to outline which cost report lines are to be utilized when calculating current year FTE caps.
  - The goal is to isolate changes from the affiliation agreement and not impact the resident-to-bed-ratio when participating in new program or a change in the number of beds in the denominator.

Graduate Medical Education (continued)

- CMS announced the recent closure of St. Vincent Charity Medical Center, a teaching hospital located in Cleveland, OH. This will be Round 20 of Section 5506 application and selection process. The hospital had 64.66 cap slots for GME and 56.73 cap slots for IME. **Applications are due July 30, 2023.**
- CMS is proposing to implement Section 4143 of the Consolidated Appropriations Act (CAA) of 2023
  - Directs CMS to recalculate the Nursing Allied Health (NAH) Medicare Advantage (MA) payment pools for calendar years 2010 through 2019 without the application of the $60 million limit previously required by the statute.
  - CMS will direct the Medicare Administrative Contractors (MAC) to recalculate the NAH MA payment for eligible hospital cost reporting periods overlapping with calendar years 2010 through 2019 that are still within the three-year reopening window.
  - This proposal would make hospitals whole for the NAH MA recoupments for calendar years 2010 through 2019.

Quality Programs



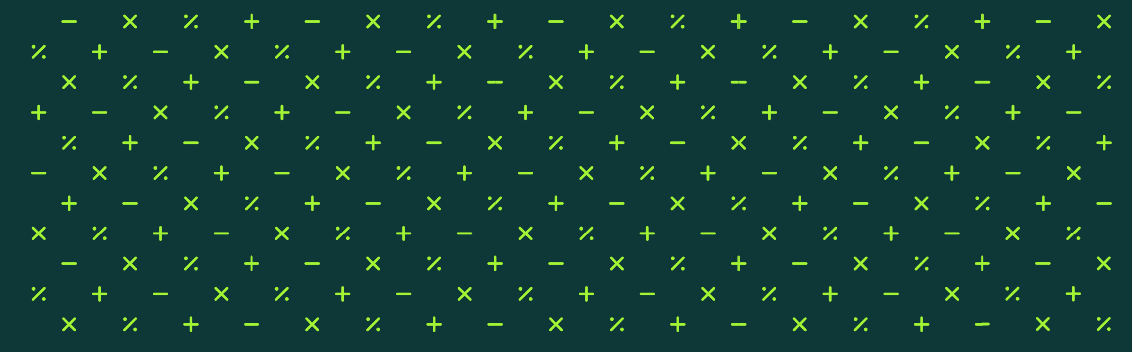
Value-Based Payments

- Propose Hospital Equity Adjustment to reward providers serving underserved patient populations
  - To be implemented in FY26
  - Provide bonus point to a hospitals Total Performance VBP score
- New Measure – Severe Sepsis
- Modify Medicare Spending per Beneficiary calculation
- New conditions for THA/TKA
- Change to HCAHPS
- Codify measure removal factors

IQR

- Three new eCQMs
  - Hospital harm – pressure injury
  - Hospital harm – acute kidney
  - Excessive radiation dose
- HCP Covid-19 Vaccine measure “up to date”
- Include Medicare Advantage patients on hospital-wide all-cause mortality readmission measures
- Remove three (3) measures
  - THA/TKA – now in HVBP proposal
  - MSPB – updated version of measure proposed to HVBP
  - Elective delivery prior to 39-week gestation – measure tapped out

Health Equity



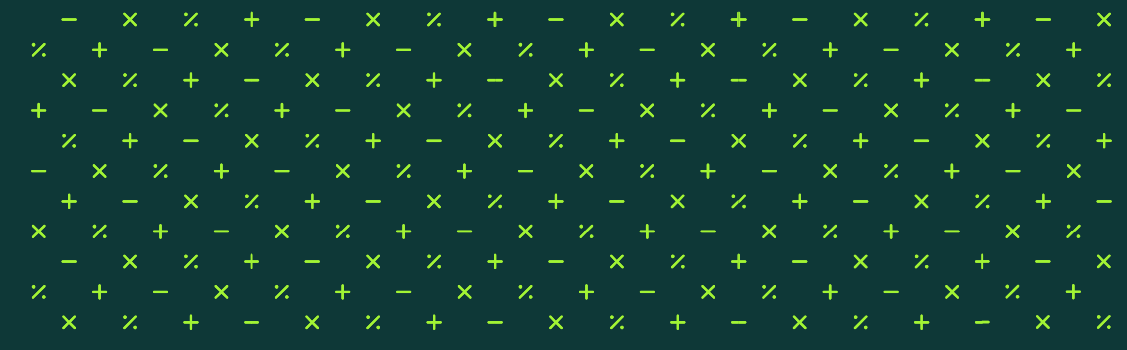
Safety-Net Hospitals

- CMS requesting information regarding support for safety-net hospitals
  - Provide support for providers that serve historically underserved populations
  - Evaluate previously identified proposals on this matter
  - How should safety-net hospitals be defined?
  - What are their unique challenges?
  - What new approaches or modifications to existing approaches could be implemented?

Health Equity Proposals

- Social Determinants of Health ("SDOH") diagnosis codes
  - SDOH Z codes
  - Which SDOH codes increase resource use?
  - Homelessness
- VBP – Home Equity Adjustment bonus points
  - "Measure performance scaler" and "Underserved multiplier"
  - "Underserved multiplier" = Proportion of hospital stays for patients dually eligible

Other Payment and Regulatory Items for Consideration



Other Items

➢ Long-Term Acute Hospital PPS

- 2.9% Update (3.1% market based less 0.2% productivity adjustment)
- However, decrease proposed to high-cost outlier
- LTACH Proposed QRP changes

Other Items

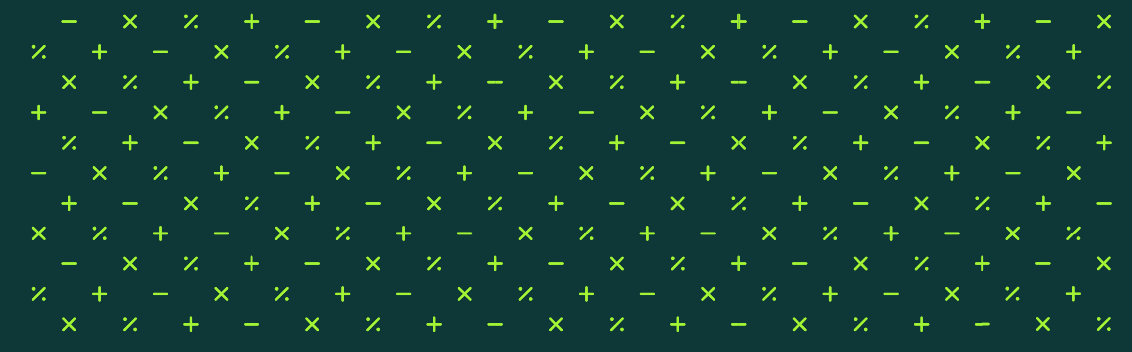
- Reinstate program integrity restrictions regarding the frequency, size, and setting of facility capacity expansions
- Ownership disclosures on Medicare enrollment forms
- Low Volume Hospital Payment Adjustment
- Rural Emergency Hospital enrollment application criteria

POLLING QUESTION 4

How much do you think your organization will be impacted by the various health equity provisions in the IPPS proposal?

- Significantly
- Moderately
- Minimally
- Not sure

Reimbursement Related



FY 2024 Outlook and Beyond

Trustees Report to Congress

June 2, 2023

Table II.B1.—Medicare Data for Calendar Year 2022

		SMI		
	HI or Part A	Part B	Part D	Total
Assets at end of 2021 (billions)	$142.7	$163.3	$19.7	$325.7
Total income	$396.6	$467.6	$124.3	$988.6
Payroll taxes	352.8	—	—	352.8
Interest	4.1	3.6	0.1	7.9
Taxation of benefits	32.8	—	—	32.8
Premiums	4.8	131.3	17.6	153.7
Government contributions	1.1	329.7	92.4	423.2
Payments from States	—	—	13.7	13.7
Other	1.0	2.9	0.5	4.5
Total expenditures	$342.7	$436.7	$125.7	$905.1
Benefits	337.4	431.6	125.2	894.2
Hospital	142.6	63.0	—	205.5
Skilled nursing facility	28.3	—	—	28.3
Home health care	5.9	10.2	—	16.1
Physician fee schedule services	—	73.4	—	73.4
Private health plans (Part C)	169.3	234.0	—	403.3
Prescription drugs	—	—	125.2	125.2
Other[1]	−8.6	51.1	—	42.4
Administrative expenses	5.3	5.1	0.5	11.0
Net change in assets	$53.9	$30.9	−$1.4	$83.4
Assets at end of 2022	$196.6	$194.2	$18.3	$409.1
Enrollment (millions)				
Aged	56.7	52.2	44.8	57.1
Disabled	7.9	7.3	6.6	7.9
Total	64.7	59.5	51.4	65.0
Average benefit per enrollee[1]	$5,217	$7,255	$2,437	$14,908

[1]Includes repayments of $33.4 billion and $17.4 billion to Part A and Part B, respectively, for the Medicare Accelerated and Advance Payments Program.

Note: Totals do not necessarily equal the sums of rounded components.

FY 2024 Outlook and Beyond

Trustees Report to Congress

June 2, 2023

HI Financial Outlook

Table II.E1.—Estimated Operations of the HI Trust Fund under Intermediate Assumptions, Calendar Years 2022–2032

[Dollar amounts in billions]

Calendar year	Total income[1]	Total expenditures	Change in fund	Fund at year end	Ratio of assets to expenditures[2]
2022[3]	$396.6	$342.7[4]	$53.9	$196.6	42%
2023	406.9	401.8[4]	5.1	201.7	49
2024	427.1	421.9	5.2	206.8	48
2025	452.5	453.0	−0.5	206.3	46
2026	479.7	487.3	−7.6	198.7	42
2027	508.0	524.7	−16.7	181.9	38
2028	533.4	563.9	−30.5	151.4	32
2029	559.1	606.6	−47.5	103.9	25
2030	584.9	648.0	−63.1	40.8	16
2031[5]	612.1	691.5	−79.3	−38.5	[6]
2032[5]	639.3	737.3	−97.9	−136.5	[6]

[1]Includes interest income.
[2]Ratio of assets in the fund at the beginning of the year to expenditures during the year.
[3]Figures for 2022 represent actual experience.
[4]Includes net repayments of $33.4 billion and $1.1 billion in calendar years 2022 and 2023, respectively, for the Medicare Accelerated and Advance Payments Program.
[5]Estimates for 2031 and later are hypothetical since the HI trust fund would be depleted in those years.
[6]Trust fund reserves would be depleted at the beginning of this year.

Note: Totals do not necessarily equal the sums of rounded components.

FY 2024 Outlook and Beyond

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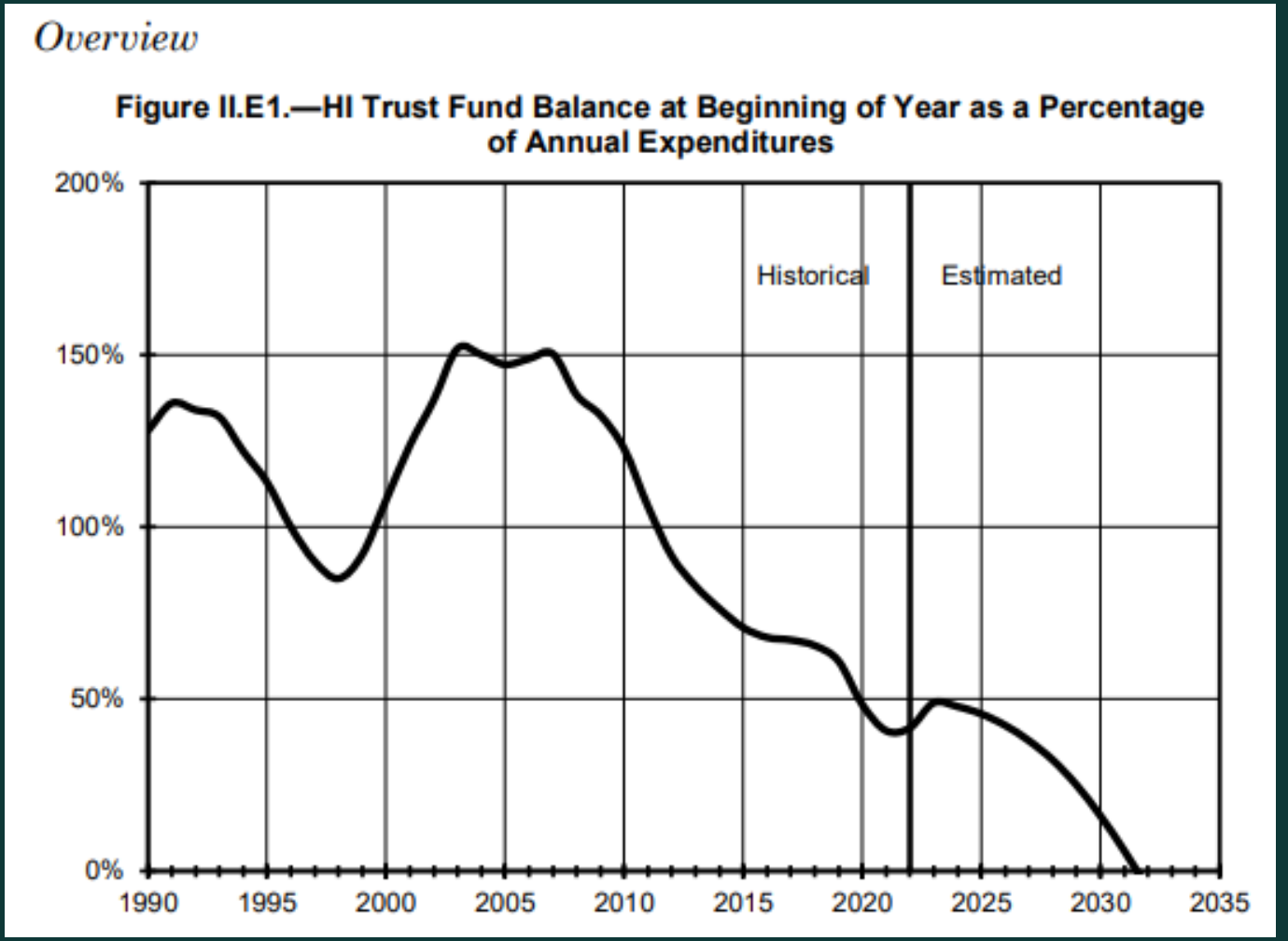

FY 2024 Outlook and Beyond

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Table II.D1.—Components of Increase in Medicare Incurred Expenditures by Part

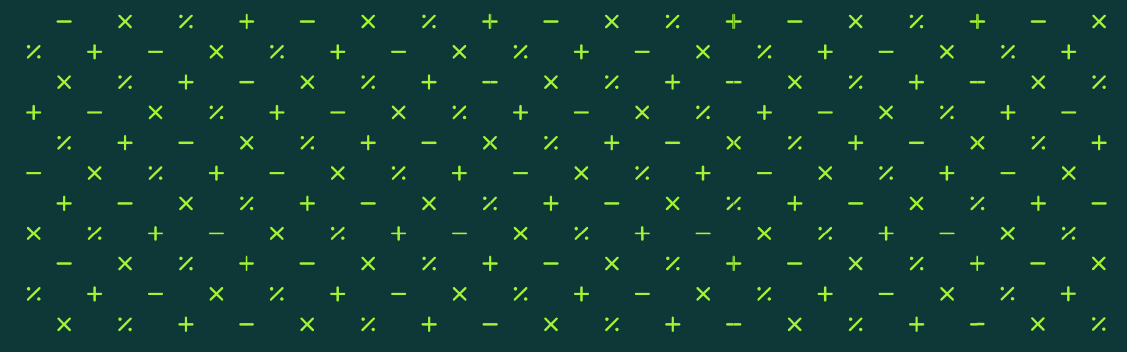
[In percent]

	Average annual percentage change						
	Prices						
Valuation period	CPI	Medicare relative to CPI	Overall Medicare	Number of beneficiaries	Beneficiary demographic mix	Volume and intensity	Total increase
Part A:							
2023–2032	3.2%	−0.2%	3.0%	1.9%	0.1%	1.8%	7.0%
2033–2047	2.4	0.1	2.5	0.6	0.4	1.3	4.8
2048–2097	2.4	−0.2	2.2	0.5	−0.1	1.3	3.9
Part B:							
2023–2032	3.2	−1.1	2.0	2.0	0.1	4.2	8.5
2033–2047	2.4	−0.3	2.1	0.6	0.0	2.7	5.5
2048–2097	2.4	−0.2	2.2	0.5	−0.1	1.5	4.2
Part D:							
2023–2032	3.2	[1]	[1]	2.4	−0.2	[1]	5.8
2033–2047	2.4	[1]	[1]	0.6	−0.2	[1]	4.3
2048–2097	2.4	[1]	[1]	0.5	−0.1	[1]	4.5

[1]Volume and intensity and price components are not available for Part D due to the current methodology used to incorporate the provisions of the Inflation Reduction Act of 2022.

Notes:
1. Price reflects annual updates, total factor productivity reductions, and any other reductions required by law or regulation.
2. Volume and intensity is the residual after the other four factors shown in the table (CPI, excess Medicare price, number of beneficiaries, and beneficiary demographic mix) are removed.
3. Totals do not necessarily equal the sums of rounded components.

Next Steps, Closing Thoughts & Questions



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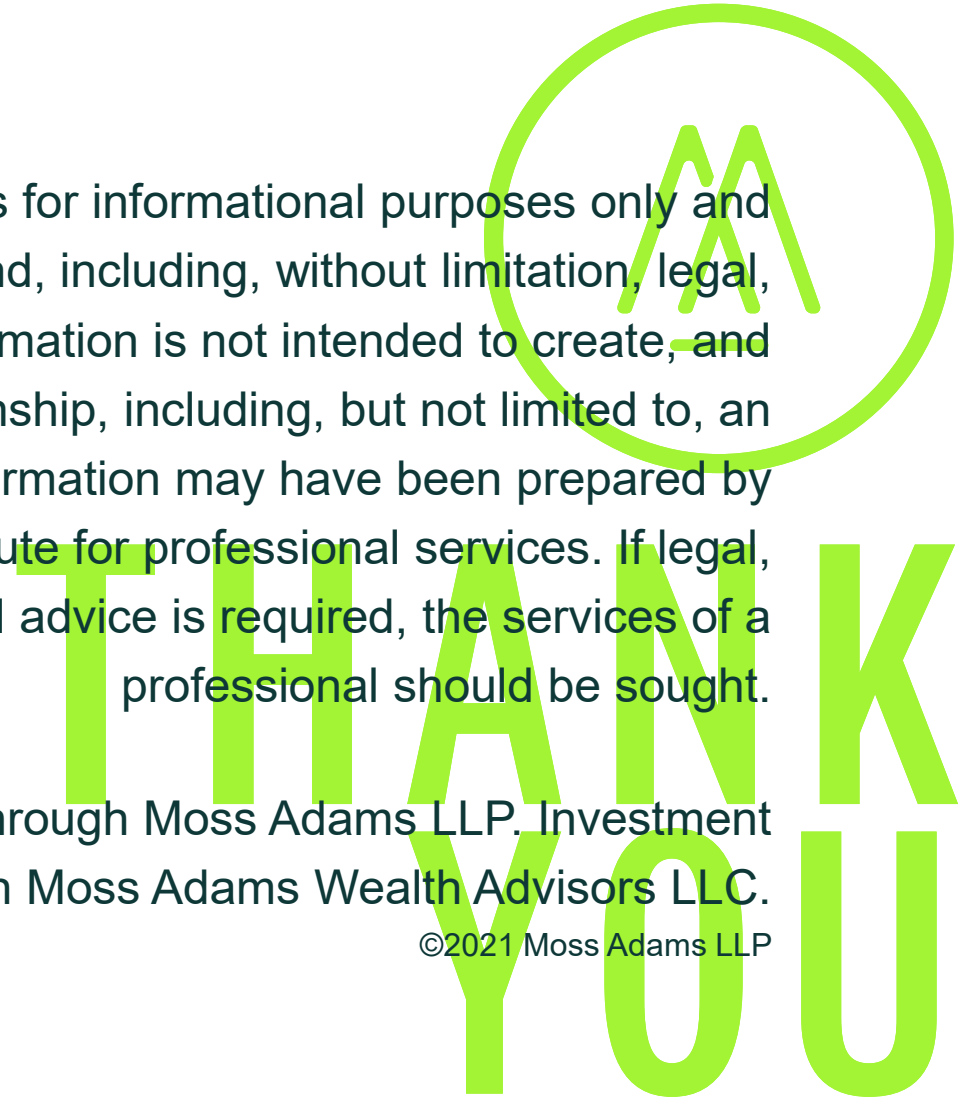

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Home Office Cost Allocations & Reporting	Outsourcing & Staff Augmentation	Wage Index Preparation & Reviews
Medical Education Program Implementation, Expansion, & Reviews	Regulatory Analysis & Interpretation	Worksheet S-10: Charity Care & Bad Debt & Audit Support

Reimbursement Enterprise-wide Solutions

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AR Valuations	Formulate Third-Party Reserves for Financial Reporting Purposes	Net Patient Revenue Analysis & Calculations	Roll Forward Analysis
Charge Master Standardization & Maintenance	Geographic Reclassifications	Organ Acquisition & Transplant Programs	Service Line Impact Analysis
Cliff Impact Analysis	Government Payment Programs Training	Outlier Reconciliations	State Provider Tax Programs
Clinical Pathway Reviews for Inpatient & Outpatient Service Lines	Government Programs Profitability Analysis	Payment Rate Reviews & Third-Party Payment Variance Analysis	Strategic Business Planning
Contractual Model Reviews for Compliance & Accuracy	Ground Ambulance Data Collection	Provider-based & Outpatient Service Line Assessments	Succession Planning
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