

Critical Access Hospital State Network Council Meeting

July 10, 2009

Salina, KS

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1. Update on CAH Medicaid Cost Settlements:

- Critical Access Hospitals (CAHs) are reimbursed the peer group amount (MSDRG) as an interim payment for fee-for-service Medicaid claims.
- We perform a cost-settlement for CAH claims using the Title XIX sections of the Medicare cost report. The cost settlement does not include CAH MCO claims.
- To-date, 67 CAHs have received either interim or final settlements. The total amount paid to the CAHs is **\$2,168,906**.
- Approximately 45 cost reports (mostly 12-31 interim cost reports) are pending interim or final settlements. Approximately 23 are pending for payment on July 16. The total amount is **1,550,727**.
- CAH Medicaid cost reimbursement follows Medicare principles for reasonable cost reimbursement. This means CAH billed charges by revenue code and Medicaid patient days are used for carving out the portion of the hospital's cost applicable to Medicaid.
- Medicaid "content of service" charges are captured in the settlements for determining the Medicaid cost.
- CAH cost reimbursement effectively reduces the amount of Medicaid DSH money distributed to CAHs because cost reimbursement reduces the level of overall uncompensated care for the hospital. A CAH can still receive a DSH payment for losses attributable to Medicaid MCO claims and the uninsured.

2. CAH Cost Reports:

- CAHs should continue to file a copy of their as-filed Medicare cost report with Myers and Stauffer. The as-filed cost reports are used for the inpatient rate setting process. The mailing address is: 11440 Tomahawk Creek Parkway, Leawood, KS 66211
- For CAH interim and final settlements, a separate cost report filing must be filed directly to the Kansas Health Policy Authority, Suite 900-N, Landon State Office Building, 900 SW Jackson Street, Topeka, KS 66612
- Items needed for a CAH settlement:

Electronic Cost Report File
 Cost report mapping of charges to cost centers
 Inpatient hospital log data (electronic and in Excel)
 Outpatient hospital log data (electronic and in Excel)
 For final settlements:
 Electronic Cost Report file with WPA adjustments applied
 A copy of the WPS final settlement letter (final NPR)

3. 2010 Medicaid DSH

Medicaid DSH surveys were due back to Myers and Stauffer by July 2, 2009. The 4th quarter Medicaid DSH payment will be \$15,593,929. Hospitals will receive \$9,686,232 and the Institutes for Mental Disease will receive 5,907,697.

1st Qtr FFY 2009	16,714,639	2 nd Qtr SFY 2009	
2 nd Qtr FFY 2009	16,714,639	3 rd Qtr SFY 2009	
3 rd Qtr FFY 2009	19,915,836	4 th Qtr SFY 2009	
4 th Qtr FFY 2009	15,593,929	1 st Qtr SFY 2010	Pay in mid-August
Total	68,939,043	(federal share is 41,418,577)	

Note: ARRA FMAP does not apply to DSH. DSH FMAP is 60.08%. ARRA FMAP, effective July 1, 2009, is 69.41%.

Medicaid Disproportionate Share Hospital Adjustment (DSH)

The American Recovery and Reinvestment Act (ARRA) or “Stimulus” bill allowed for a 2.5% increase in DSH allotments. An additional 2.5% will apply effective October 1, 2009.

	<u>Federal</u>	<u>Fed Match%</u>	<u>Total DSH</u>	<u>Hospital DSH</u>
FFY 2008 DSH Allotment	38,854,200	.5943	65,378,092	43,607,187
FFY 2009 DSH w/4%	40,408,368	.6008	67,257,603	44,860,821
FFY 2009 DSH w/2.5%	41,418,577	.6008	68,939,043	45,982,342
FFY 2010 DSH w/2.5%	42,454,042	.6038	70,311,431	46,897,724

Hospital increase for 2008 to 2010 is \$3,290,537.

Medicaid Certified DSH Audits are will take place later this year. Reports for 2005 and 2006 are due to CMS on January 1, 2010.

4. Status of Medicaid Cost Rules:

- **Cost Limits for Public Providers:** ARRA included a Sense of Congress to withdraw the rule. Congress engaged the Lewin Group to perform an analysis of the rule and its impact. The final report is due to Congress on January 1, 201.
- **Medicaid Graduate Medical Education Reimbursement (GME):** ARRA included a Sense of Congress to withdraw the rule. The rule is also in the Lewin Group study.

- **Payment for Hospital Outpatient Services:** The entire November 7, 2008 rule was rescinded on June 29, 2009.
- **Provider Taxes:** On June 29, 2009, CMS delayed, until June 30, 2010 the enforcement of portions of the regulation that clarified limitations on health care related tax programs.
- **Coverage of Rehabilitative Services:** The rule is included in ARRA Sense of Congress to withdraw.
- **Payments for School Administrative and Transportation Services:** Rule was rescinded on June 29, 2009.
- **Case Management Services:** Provisions of the December 4, 2007 rule were rescinded on June 29, 2009

