
Maryland AAHAM: HSCRC Updates July 15, 2020

Presented by:

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Objective

- To discuss recent updates from the HSCRC and explore how these updates might impact AAHAM professionals



Agenda

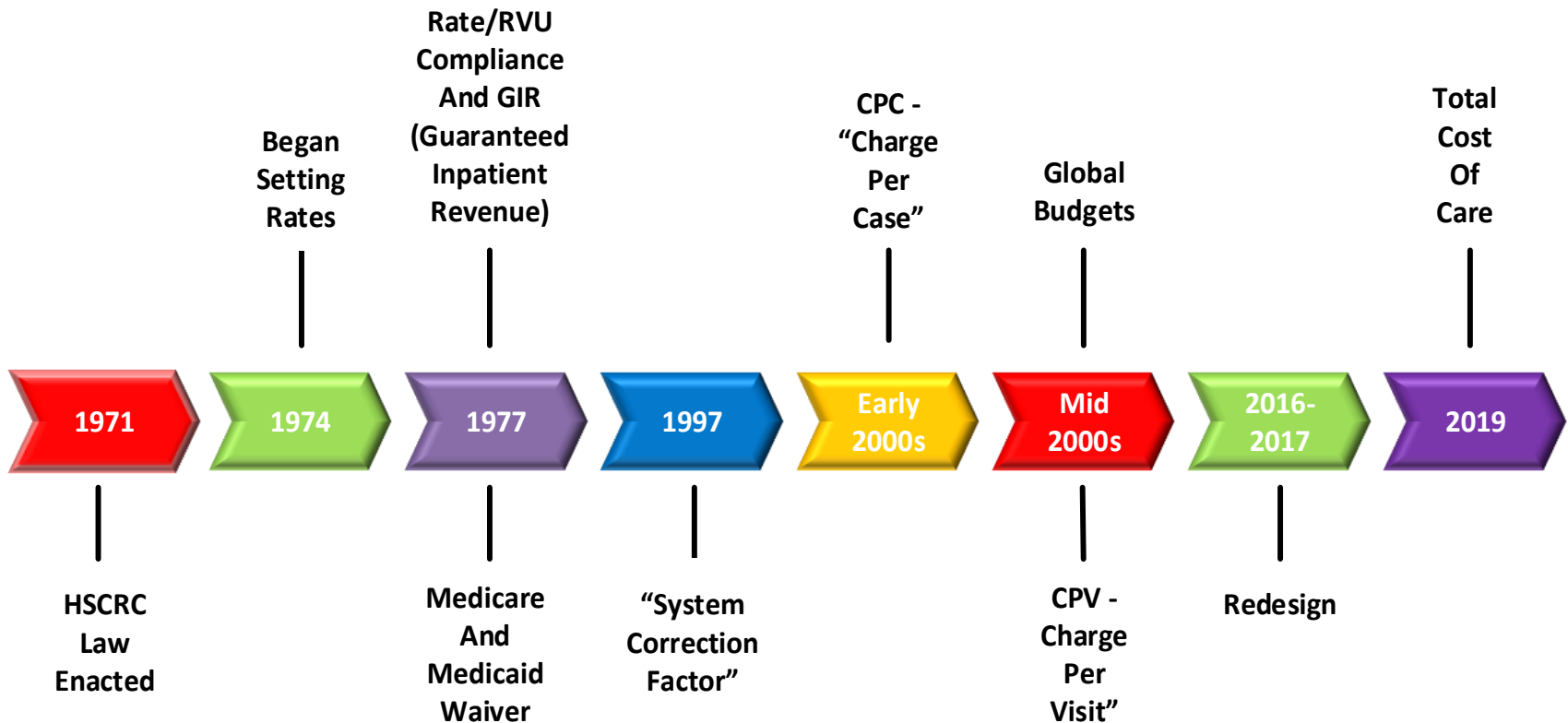
- New to HSCRC? Some basic information
- Recent COVID Updates
- Annual July 1st Updates
- New Adjustments
- Key Takeaways



HSCRC BASIC INFORMATION



History of HSCRC



Structure of Commission

- Seven members of the Commission, appointed by the Governor, four-year terms, different backgrounds (consumers, payers, providers)
- Staff of HSCRC – Executive Director, Deputy Directors, etc.
- Executive and Public meetings are held monthly to discuss reimbursement methodologies, annual rate increases, rate applications, and other issues impacting hospitals.

Goals of HSCRC

- Constrain hospital cost growth
- Ensure that hospitals have the financial ability to provide efficient, high quality services to all Marylanders
- Increase the equity, fairness and stability of hospital financing
- Provide accountability



Recent Trends (Pre-COVID) with HSCRC

- Addressing public/population health
- Allowing more flexibility (gainsharing, etc.)
- Going beyond hospitals – “Total Cost of Care”
- Encouraging partnerships across the state



Recent Trends (Pre-COVID), cont'd

- Recent opening of new psych facility in Annapolis
- Medicare Advantage Partnerships
- Episode Quality
- Facility Fees



Did You Know Rates Include...?

Not only direct hospital costs:

- Nursing Support Programs
- Maryland's Health Information Exchange (aka CRISP – Chesapeake Regional Information System for our Patients)
- Maryland Patient Safety Center (minimal)



Did You Know HSCRC monitors...?

- Efficiency/Reasonableness of Charges
- Readmissions
- Hospital acquired conditions
- Potentially Avoidable Utilization

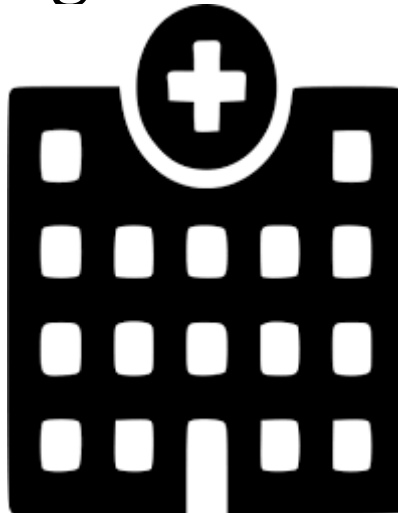


RECENT COVID UPDATES – HIGH LEVEL



At the Hospital

- The “at the hospital” rule in Maryland has existed since the inception of HSCRC
- Was lifted during this pandemic – hospitals can use other locations, patient homes, etc. to render care – and still charge regulated rates



Rate Corridor Increases

- What is a rate corridor increase?
 - This is when the HSCRC allows hospitals to charge greater than 5% above their unit rates
- This pandemic has seen 10%, 15%, and even higher increases granted because of how low the volumes had become (during the crisis, not prior to the crisis)
- Recently expanded to July 31st, 2020





Surge Funding

- The HSCRC recently approved that IF a hospital's volumes should exceed the volumes in the Global Budget, the hospital can charge above their GBR.
 - This is unlikely to occur for most hospitals because the pre-surge “trough” was so significant
 - At one point, there was an estimated revenue “gap” between losses and surges for Maryland of \$1.3 billion even with the rate corridor increases.

Undercharge Carryovers

- Usually, end of year requires a hospital to be at or above charging requirements at the risk of losing the revenue permanently and avoiding penalties
 - Not this year – the HSCRC knows hospitals may not be able to charge all their GBR and is allowing them to be carried over to FY 2021 – with consideration given to other sources of funding (CARES Act for example)
 - Revenue recognition will be handled with Finance, Reimbursement, Auditors, etc.



What about overcharges?

- IF a hospital should happen to exceed their GBR with their charged revenues plus any federal grant monies received, “normal” penalties will be applied



What if a Hospital Is Too Low on Cash?

- The HSCRC has vowed to watch the Days Cash on Hand and intervene if necessary.
 - There were debates over what level of Days Cash on Hand would warrant the HSCRC to grant an increase to rates (via corridor expansion) for a hospital, and this will continue to be discussed.
- Hospitals are supposed to be taking full advantage of federal funding and payer advanced payments to assist with these cash challenges.
 - Hospitals are reporting this information to the HSCRC.



RECENT COVID UPDATES – DETAILS



Lab Testing Scrutiny

- With the amount of COVID testing and the requirement to publish the price on the hospital's website, the HSCRC has hospitals purposefully mirroring the national Medicare payment rates
- RVUs are “normal” so dollars shifted to other lab tests
- Issue: Codes and testing are coming out more quickly than reimbursement info

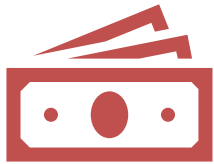


Specimen Collection Only

- Normally a nasal swab would be bundled
- Medicare allows hospitals across the nation to charge a special and temporary HCPCS for specimen collection only
- We are waiting to see if HSCRC will also permit



Coverage



HSCRC allowance does not equate to payer coverage



Use caution



HSCRC guidance used to help “win” battles with payers, not as much in recent years

ANNUAL JULY 1ST UPDATES



Draft Rate Update

- For July 1st, the update factor was calculated to be 3.79% (3.62% per capita) for the first half of the year, before non-hospital related adjustments.
 - This is not a “routine” year – there could be changes
 - Sensitivity to payers and patients



Clinic RVU Updates

- Relative value units will be updated (reduced) for evaluation and management visits
- Rate realignment for this revenue center is still under discussion (overhead could be reduced).



End result =
Lower facility fees
Higher other charges

NEW ADJUSTMENTS



Care Transformation Initiatives (CTIs)

- Beginning January 1st, 2021, hospitals will measure savings achieved for CTIs
- Revenues will be adjusted for 2022 where some hospitals will gain and some hospitals will lose revenue (neutral overall)
- Types of programs being used (notice these go far beyond hospitals)?
 - Care transitions (post-discharge)
 - Palliative
 - Primary Care
 - Community (skilled nursing, assisted living)
 - Emergency

Focus Areas for Statewide Partnerships

- Diabetes – may see more education and programs
- Opioids – may see more education and treatment facilities
- COVID-19 – hospitals working with long-term care and congregate living facilities



KEY TAKEAWAYS



Takeaways

1. With COVID-19 and in general, watch for coverage issues where HSCRC might not be “the answer”
2. Stay in close contact with Reimbursement/Finance Teams
3. Expect significant rate instability for FY 2020 and FY 2021 (more than you have seen historically)
4. Lower dollar facility fees = less patient complaints if you are lucky?
5. Watch for new initiatives



How Can I Learn More?

- Explore the HSCRC website, especially Rate Setting/ Accounting and Budget Manual
 - www.hscrc.state.md.us
- Attend monthly public meetings at the HSCRC
 - Meeting minutes are also available on their website
- Attend Maryland Healthcare Financial Management Association (HFMA) meetings, especially the January HSCRC Workshop
 - www.hfma.org



Questions and Answers



THANK YOU

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Credits

Used for this presentation:

- ❖ HSCRC meeting attendance
- ❖ Health Services Cost Review Commission website – hscrc.state.md.us.gov

