Impact of Reported JAR Data on Hospital Supplemental Pool Payments

Understanding the Relationship Between the Joint Annual Report (JAR) and Medicaid Supplemental Payments

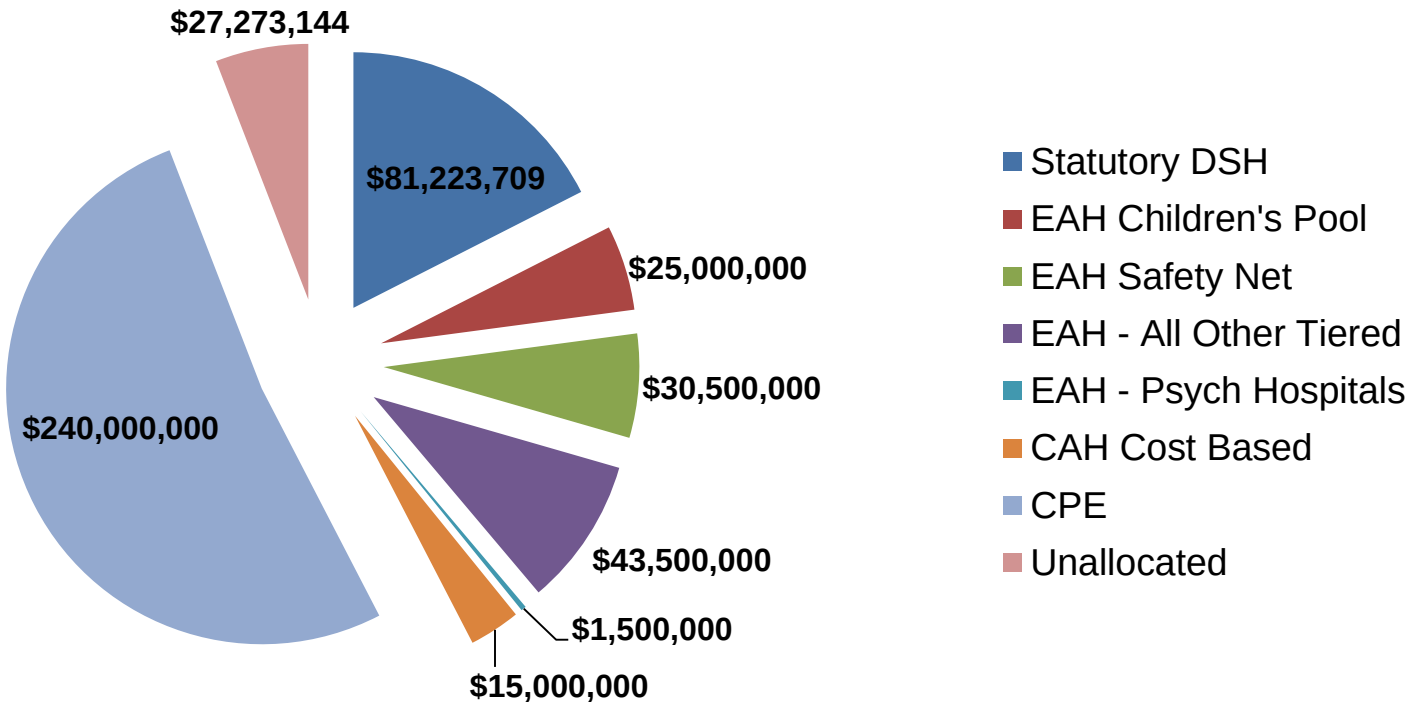
Webinar Objectives

- Provide an overview of the methodology for Medicaid (TennCare) supplemental payments in Tennessee
- Describe the connections between the JAR and the distribution of supplemental payments for hospitals
- Discuss some common reporting issues in the JAR data that will negatively impact payment if they are not addressed
- Share the process for correcting JARs
- Provide an overview of changes to the 2019 JAR form

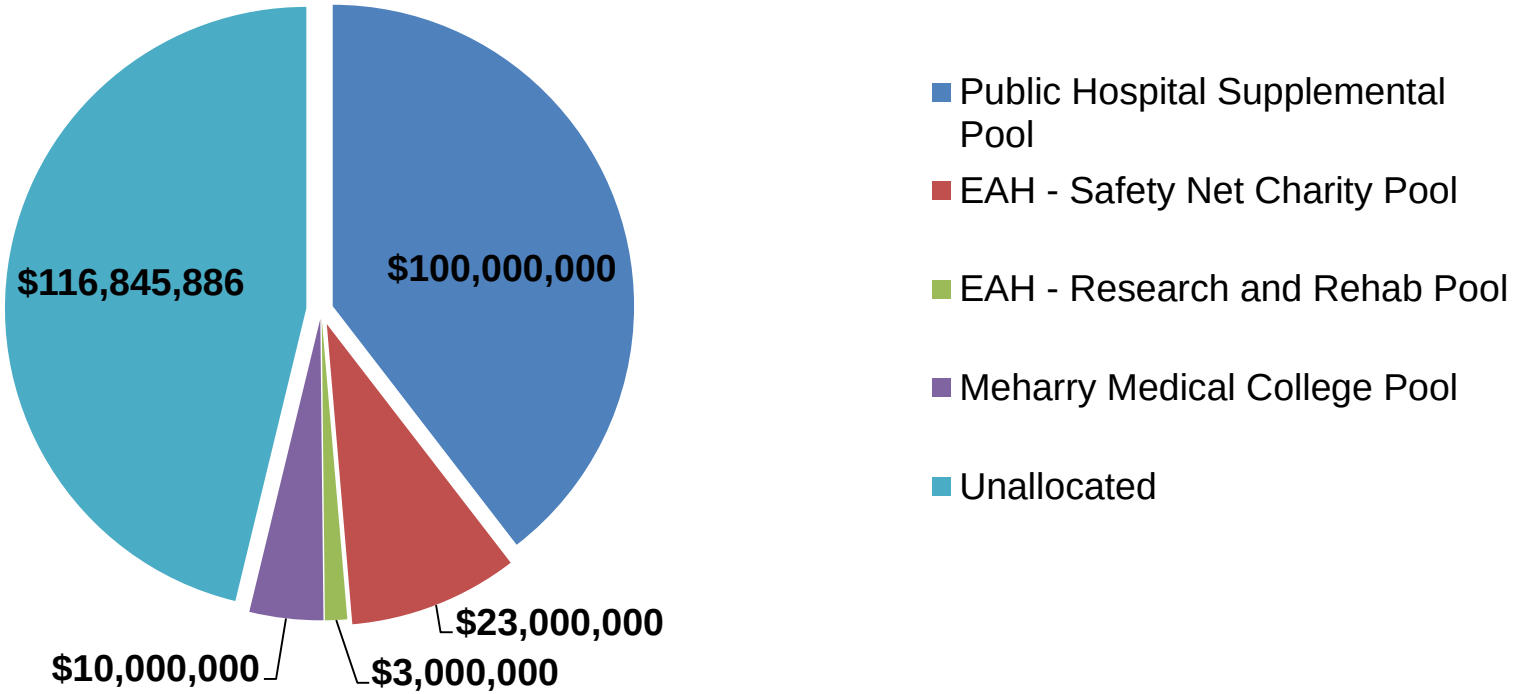
Supplemental Pools Update

- FY 2020 Methodology
  - Virtual DSH Pool: Most sub-pools are based on points for TennCare volume, Charity Care, and whether the facility qualifies as having a children's hospital.
  - Charity Care Pool: Sub-pools are distributed based on charity care cost and/or self-pay cost.
- Data source will continue to be the Joint Annual Report
  - Data for hospitals that are included on the same Medicare cost report but on separate JARs will be combined so the calculation and audit will include the same facility groupings
- All of the Virtual DSH pool will be subject to the DSH audit and to repayment
  - Hospitals only will be required to meet the OB requirement in the SSA for statutory DSH

FY19 Current Allocation of Virtual DSH Pool of $463,996,853



FY19 Current Allocation of the $252,845,886 Charity Care Fund

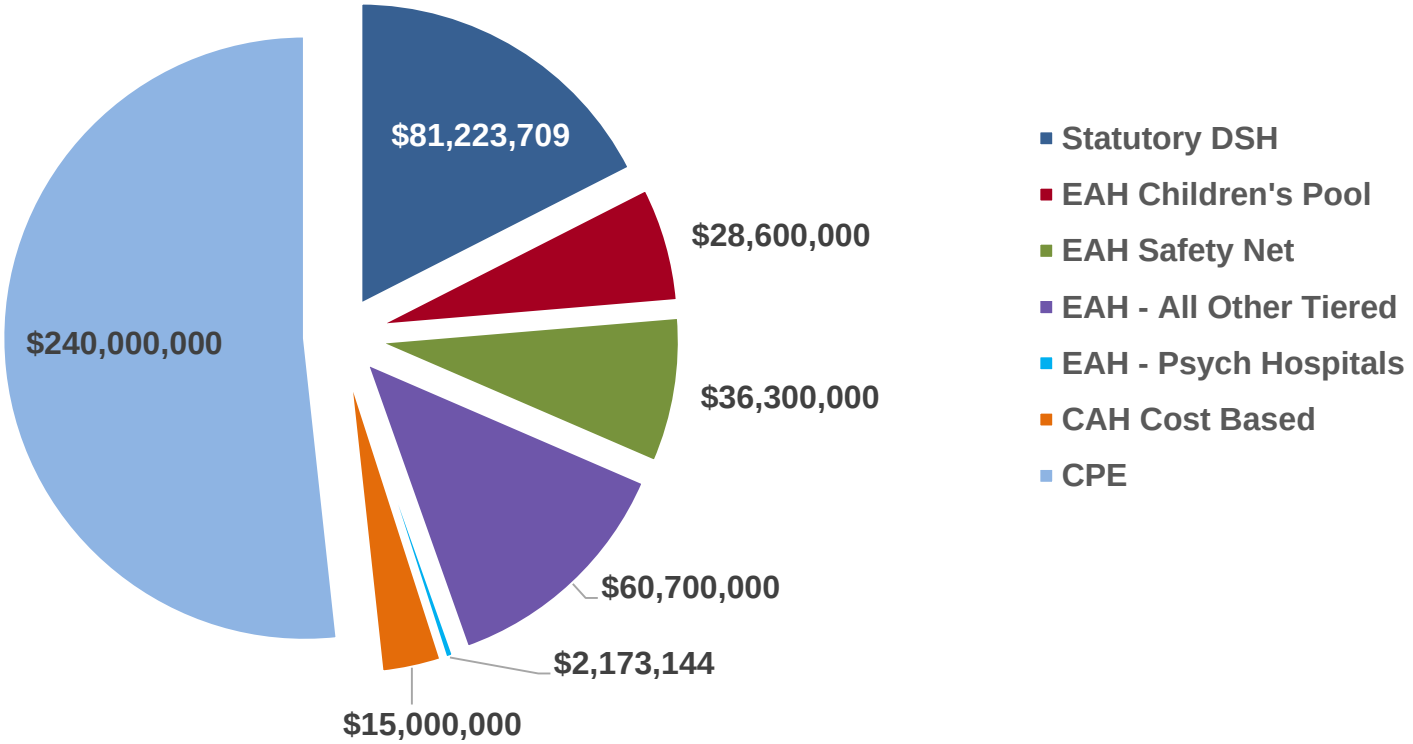


FY2020 Proposed New Pool Payments

- The $27.3 million unallocated portion of the Virtual DSH Fund will be proportionally distributed to the existing pools in the Virtual DSH fund
- The $116 million in the Charity Care Fund will become a separate pool
  - The funds will be distributed based on the facilities proportional remaining unreimbursed charity and self-pay costs after the other pool payments have been taken into consideration.
- All facilities that qualify for a current pool payment are eligible to receive a payment from the new pool

- Waiting for TennCare to submit the waiver to CMS.
- Any new dollars from these pools will likely be distributed toward the end of FY2020.

FY20 Proposed Allocation of Virtual DSH Pool of $463,996,853



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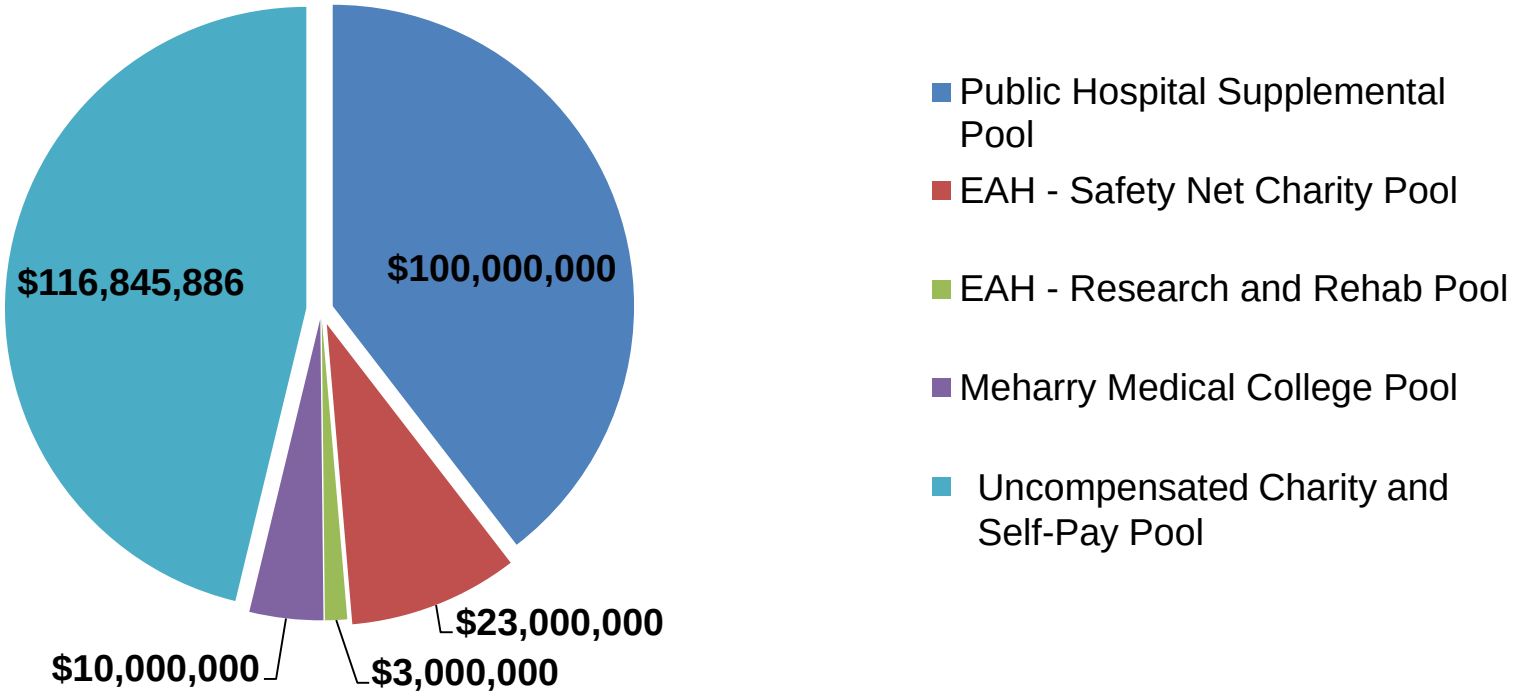

Joint Annual Report Connections to Pool Distributions

The JAR is the source of information for the following key statistics for Medicaid supplemental pool distribution:

- Hospital Cost to Charge Ratio
- Medicaid Shortfall (Medicaid Costs – Medicaid Payments)
- Medicaid and Total Adjusted Patient Days
- Hospital Charity Care Costs
- Hospital Unreimbursed Self-pay Costs
- Total expense is now relevant for the “all other acute” hospital pools to determine the tier for the hospital
- Meeting the SSA requirement of providing OB for statutory DSH based on having an obstetrics service and at least one delivery

Important JAR Definitions –Cost to Charge Ratio

- Cost to charge ratio – Calculated by dividing total expenses (Schedule E. Section B, Total payroll expenses plus Total nonpayroll expenses) by the grand total of charges (Schedule E, Section A, Total Government Sources Gross Patient Charges plus Total Nongovernment Sources Gross Patient Charges)

- This ratio is used any time hospital "cost" is used in a supplemental pool distribution methodology, such as calculating Medicaid costs or charity care costs.

- In the methodology, if multiple hospitals share a Medicare provider number, the JAR data for those hospitals will be combined.
  - In those situations, a single cost to charge ratio will be used for the combined hospitals using the group's total expenses and gross patient charges.

Cost to Charge Ratio

Calculated as: Total expenses/Total charges

Total expenses - Schedule E. Section B

B. EXPENSES (for the reporting period only; round to the nearest dollar)

1. Payroll Expenses for all categories of personnel specified below; (see definitions page)

a) Physicians and dentists (include only salaries) . . . . . .

b) Medical and dental residents (include medical and dental interns) . . . . . .

c) Trainees (medical technology, x-ray therapy, administrative, and so forth) . .

d) Registered and licensed practical nurses . . . . . .

e) All other personnel . . . . . .

f) Total payroll expenses (add B1a through B1e) . . . . . .

2. Nonpayroll Expenses

a) Employee benefits (social security, group insurance, retirement benefits) . .

b) Professional fees . . . . . .

1. Medical professional fees . . . . . .

2. Other professional fees (dental, legal, auditing, consultant and so forth) . .

c) Contracted nursing services (include staff from nursing registries, service contracts, and temporary help agencies)

d) Depreciation expense . . . . . .

e) Interest expense . . . . . .

f) Energy expense . . . . . .

g) TennCare Shared Risk Payment-Hospitals Only . . . . . .

h) All other expenses (supplies, purchased services, nonoperating expenses, and so forth) . . . . . .

i) Total nonpayroll expenses (add B2a through B2h) . . . . . .

3. TOTAL EXPENSES (add B1f + B2i) . . . . . .

Total Charges - Schedule E, Section A

A. CHARGES (continued)	Gross Patient Charges	minus	Adjustments to Charges	equals	Net Patient Revenue	
2. Nongovernment						
a) Self Pay						
b) Blue Cross Blue Shield						
c) Commercial Insurers (excludes Workers Comp)						
d) *COMBINED Blue Cross Blue Shield and Commercial Insurers (excludes Workers Comp)						
e) Workers Compensation						
f) Other						
g) Total Nongovernment Sources						
3. Totals						
a)Total Inpatient (excludes Normal Newborn)						
b)Normal Newborns						
c) Total Inpatient (includes Normal Newborn) (A3a + A3b)						
d) Total Outpatient						
e) Grand Total (Ali + A2g)						

Important JAR Definitions – Medicaid Shortfall

- Medicaid Shortfall – Calculated by applying the cost to charge ratio to Total Medicaid Charges (Totals reported in the Gross Patient Charges column on Schedule E, Section A, Items 1.e and f – Medicaid/TennCare Inpatient and Outpatient) and then subtracting the Medicaid Net Patient Revenues (Totals reported in the Net Patient Revenue column on Schedule E, Section A, Items 1.e and f – Medicaid/TennCare Inpatient and Outpatient)

- If the Medicaid costs exceed reported Medicaid net patient revenue, then the hospital meets one of the qualifications for Virtual DSH payments.
- If revenue exceeds reported costs, then charity care costs and unreimbursed self-pay costs must be greater than the amount of Medicaid revenue in excess of costs. **Otherwise there is no shortfall amount to be offset by Virtual DSH payments.**

Medicaid Shortfall

- Calculated as Medicaid cost minus Medicaid revenue where Medicaid cost equals Medicaid charges times the hospital cost to charge ratio

A. CHARGES (For reporting period only. Do not include revenue related loses; round to the nearest dollar.)

	Gross Patient Charges	minus	Adjustments to Charges	equals	Net Patient Revenue
1. Government					
a) Medicare Inpatient - Fee for Service					
b) Medicare Advantage - Inpatient					
c) Medicare Outpatient - Fee for Service					
d) Medicare Advantage - Outpatient					
e) Medicaid TennCare Inpatient					
i. United Health Care Community Plan					
ii. Amerigroup					
iii. Blue Care					
iv. TennCare Select					
v. TennCare MCO not specified					
vi. Other State Medicaid					
f) Medicaid TennCare Outpatient					
i. United Health Care Community Plan					
ii. Amerigroup					
iii. Blue Care					
iv. TennCare Select					
v. TennCare MCO not specified					
vi. Other State Medicaid					
g) CoverKids					
h) Other (Include TRICARE/CHAMPUS)					
i) Total Government Sources					

Important JAR Definitions – Adjusted Patient Days

- Adjusted Patient Days – Calculated by multiplying patient days as reported on Schedule G, Section 3 – Utilization by Revenue Source by the appropriate ratio of total charges to inpatient charges.
  - If you were calculating Medicaid Adjusted Patient Days, you would multiply the total Medicaid/TennCare Inpatient days by the ratio of Total Medicaid Charges to Total Medicaid Inpatient Charges. To calculate Total Adjusted Patient Days, multiply the grand total of patient days by the ratio of Total Charges to Total Inpatient Charges for all sources.

- Hospitals **must** have **both** total charges and total inpatient charges populated on the JAR or a hospital's supplemental payment amount cannot be determined.
- The statistic that is important when evaluating a hospital's ability to earn supplemental payments is Medicaid Adjusted Days expressed as a percent of Total Adjusted Patient Days.

Adjusted Patient Days

Total Adjusted Days calculated as: Total Inpatient Days * (Total Charges/Total Inpatient Charges)
TennCare Adjusted Days calculated as: Total TennCare Inpatient Days * (Total TennCare Charges/Total TennCare Inpatient Charges)

G3. Utilization by Revenue Source

	Admissions or Discharges	Inpatient Days or Discharge Patient Days	Outpatient visits
I. Government			
a. Medicare Inpatient - Fee for Service			
b. Medicare Advantage - Inpatient			
c. Medicare Outpatient - Fee for Service			
d. Medicare Advantage - Outpatient			
e. Medicaid TennCare Inpatient			
i. United Health Care Community Plan			
ii. Amerigroup			
iii. Blue Care			
iv. TennCare Select			
v. TennCare MCO not specified			
vi. Other State Medicaid			
f. Medicaid TennCare Outpatient			
i. United Health Care Community Plan			
ii. Amerigroup			
iii. Blue Care			
iv. TennCare Select			
v. TennCare MCO not specified			
vi. Other State Medicaid			
g. CoverKids			
h. Other (Include TRICARE/CHAMPUS)			
II. Nongovernment			
a. Self-Pay			
b. Blue Cross Blue Shield			
c. Commercial Insurers (excludes Workers comp)			
d. Combined Blue Cross Blue Shield and Commercial (excludes Workers Comp)			
e. Workers Compensation			
f. Other			
Total			

A. CHARGES (continued)

	Gross Patient Charges	minus	Adjustments to Charges	equals	Net Patient Revenue
2. Nongovernment					
a) Self Pay					
b) Blue Cross Blue Shield					
c) Commercial Insurers (excludes Workers Comp)					
d) *COMBINED Blue Cross Blue Shield and Commercial Insurers (excludes Workers Comp)					
e) Workers Compensation					
f) Other					
g) Total Nongovernment Sources					
3. Totals					
a)Total Inpatient (excludes Normal Newborn)					
b)Normal Newborns					
c) Total Inpatient (includes Normal Newborn) (A3a + A3b)					
d) Total Outpatient					
e) Grand Total (Ali + A2g)					

Qualification for Virtual DSH Pools Based on Adjusted Patient Days

- To qualify for Virtual DSH payments, a hospital's TennCare/Medicaid Adjusted Days percentage must be greater than or equal to 13.5% of Total Adjusted Days

or

- The hospital's percentage is greater than 9.5% and the hospital number of TennCare adjusted days is greater than the average for all acute care hospitals

- The acute care hospital average *excludes* the following groups:
  - state mental health institutes,
  - critical access hospitals,
  - children's hospitals, and
  - essential safety net providers.

Adjusted Patient Days & Supplemental Payment Points

- In addition to determining whether or not a hospital qualifies for payment, the Medicaid adjusted days percentage is also used to determine a point value for a hospital with respect to the amount of Medicaid volume in the hospital.

- Higher Medicaid volume hospitals receive a higher point value as shown below:
  - 1 point - Percentage >/= 9.5% and < 13.5% and Medicaid adjusted days is greater than the average for acute care hospital group
  - 1 point – Percentage >/= 13.5% and </= 24.5%
  - 2 points – Percentage > 24.5% and </= 30.5%
  - 3 points – Percentage > 30.5% and </= 49.5%
  - 4 points – Percentage > 49.5%

Important JAR Definitions – Charity Care Cost

- Charity Care cost – Calculated by multiplying the sum of inpatient and outpatient charity care charges (Schedule E, Section A, Items 5.a. and b.) times the facility's cost to charge ratio.

Schedule E					
A. Charges					
				Adjustments to Charges	
5. Nongovernment Adjustments to Charges					
a) Charity Inpatient					
b) Charity Outpatient					
c) Other Adjustments, specify types					
					Total charity (5a + 5b)

Charity Care Percent & Supplemental Pool Points

- The total charity care cost is divided by total expenses to produce a charity care percentage that earns points for a facility when calculating supplemental payments.

- Hospitals with higher charity care receive a higher point value as shown below:
  - 0 points - Percentage < 0.5%
  - 1 point - Percentage >/= 0.5% and < 4.5%
  - 2 points - Percentage >/= 4.5% and < 10.0%
  - 3 points - Percentage >/= 10.0%

Important JAR Definitions – Unreimbursed Self-Pay Cost

- Unreimbursed Self-Pay Cost- Calculated by multiplying self-pay charges (Schedule E. Section A. Item 2.a. Self-Pay, in the Gross Patient Charges column) by the facility's cost to charge ratio then subtracting the Self-Pay Net Patient Revenue (Schedule E. Section A. Item 2.a. reported in the Net Patient Revenue column).

Schedule E.
A. CHARGES (continued)

	Gross Patient Charges		Adjustments To Charges		Net Patient Revenue
2. Nongovernment		minus		equals	
a) Self-Pay	$	-	$	=	$
b) Blue Cross Blue Shield	$	-	$	=	$ 0
c) Commercial Insurers (excludes Workers Comp)	$	-	$	=	$ 0
d) *COMBINED Blue Cross Blue Shield and Commercial Insurers (excludes Workers Comp)	$	-	$	=	$ 0
e) Workers Compensation	$	-	$	=	$ 0
f) Other	$	-	$	=	$ 0
g) Total Nongovernment Sources	$ 0	-	$ 0	=	$ 0
3. Totals					

Meeting the OB Requirement

Schedule D Services							
18. Hospital Based Detailed Services							
Utilization of Selected Services							
E.	Surgery						
	Inpatient Only						
	# Dedicated Operating Rooms						
	# Dedicated Procedure Rooms						
	Outpatient Only						
	# Dedicated Operating Rooms						
	# Dedicated Procedure Rooms						
	Shared Rooms used for Inpatients and Outpatients						
	# Dedicated Operating Rooms						
	# Dedicated Procedure Rooms						
			Is this Service Provided in your Hospital			To Inpatients	
			Yes	No		Unit	Number
	Acupuncture					Cases	
	Dental					Cases	
	Ear Nose and Throat					Cases	
	Endoscopy					Cases	
	General Surgery					Cases	
	Gynecology					Cases	
	Hand Surgery					Cases	
	Infertility					Cases	
	Neurology					Cases	
	Obstetrics					Cases	
Schedule L - Perinatal			Yes	No			
11. Obstetrics							
Obstetrics Level Of Care			must have Yes marked in one of these levels				
	Level I						
	Level II						
	Level III						
	Regional Perinatal Center						
Total Deliveries						Deliveries	
						Patient Days	

The Relationship Between Points & Payments

- The new methodology for the Virtual DSH pools will continue to use the Tennessee Medicaid historical General Hospital Rate (GHR) to calculate payment shares within pools.
  - The GHR for Safety Net Hospitals is $908.52
  - The GHR for all other hospitals is $674.11

- The hospital's number of points determines the percentage of GHR that is multiplied by the hospital's adjusted Medicaid days to calculate an initial payment amount for each facility.

- If the sum of the initial payment amounts exceeds the amount allocated to the pool, each hospital's share of the pool is calculated as the hospital's percent of the total initial amount times the total amount in the pool.

The Relationship Between Points & Payments

Point values that determine the percentage of the GHR:

- 7 or more points – 100% of GHR
- 6 points – 80% of GHR
- 5 points – 70% of GHR
- 4 points – 60% of GHR
- 3 points – 50% of GHR
- 2 points – 40% of GHR
- 1 point – 30% of GHR

Example of Points Impact

- Acute Care Hospital A has 9,000 adjusted Medicaid Days and 50,000 total adjusted days.
- Acute Care Hospital B has 9,000 adjusted Medicaid Days and 36,000 total adjusted days.

- Hospital A's percent of adjusted Medicaid days is 18% (9,000/50,000), earning 1 point.
- Hospital B's percentage is 25% (9,000/36,000), earning 2 points.

- If neither hospital earned a charity point, then Hospital A's initial calculated amount would be 9,000 x (30% of GHR) = 9,000 x $202.23 or $1,820,097.
- Hospital B's calculated amount would 9,000 x (40% of GHR) = 9,000 x $269.64 = $2,426,796.

- For this example, the total initial amounts for all hospitals in the pool sum to $60 million
  - Hospital A - $1,820,097/$60,000,000 = 3.0335%
    - Hospital A would receive 3.0335% of the $10 million or $303,350.
  - Hospital B - $2,426,796/$60,000,000 = 4.0447%
    - Hospital B would receive 4.0447% of the $10 million or $404,470.

Future THA Project

- Physician UPL
  - Understanding how many physicians hospitals employee and or contract with is important to help us discuss and model this initiative.
    - Physician employment and/or contract data reported in 4 sections of the JAR
      - Schedule B, item 2B and 3 provide number of employed and contracted physicians by type of contract or employment arrangement (IPA, PHO, ISM, …)
      - Schedule J, item 2, personnel on payroll includes physicians by type of physician specialty
      - Schedule K, column 1 items a-k provides employed physicians on the medical staff by specialty and column 2 a-k provides number of physicians under individual contract and column 3 a-k the number under a group contract, both by specialty
      - Schedule M, item 2 provides the total number of employed physicians billed under the hospital contract and item 3 provides the number billed under a physician negotiated rate or fee schedule
    - Data are not consistent across the 4 schedules
  - Which schedule provides the best information on employed physicians and contracted physicians where the hospital holds the contract?

Revising the Joint Annual Report

- TDH will accept changes to the 2017 JAR but will not update the final 2017 JAR data base
  - THA will make the corrections to the 2017 data base
  - THA must be copied on all e-mails sending corrections and on TDH's e-mail back to the hospital accepting the correction
  - THA maintains this documentation in the event there are ever questions or audits

- The THA corrected data base will serve as the official data base for TennCare pool calculations

Revising the Joint Annual Report

- Corrections for the 2017 JAR may be legibly marked on a copy of the pages from the original JAR submission that are to be revised
- If in Excel, please highlight the fields that are being changed.
- E-mail changes to Lonnie Matthews at Lonnie.Matthews@tn.gov with the Department of Health
  - Copy THA (Amanda Newell, anewell@tha.com) on the email
  - Request a return e-mail from Lonnie indicating the changes have been accepted and placed in the hospital file
- **Corrections should be submitted by August 30th.**
- **Going forward, no corrections will be accepted after the first quarter of payments have been made.**

2019 JAR-H Changes

Fine tuning after a major rehaul

2019 JAR Form Changes

- General:
  - Language and acronyms updated throughout for consistency
- Schedule D: Services
  - Added instructions to the form (throughout) for better definition to OP collection columns to include data from hospital outpatient departments and/or off-site hospital-based clinics
  - CON Covered Services: lithotripsy removed and placed in “renal” section, including collection of mobile units
  - Mammography: updated to collect non-Full-field Digital Mammography (FFDM) and FFDM procedures, versus screening, diagnostic and FFDM as previously listed in the JARH form
  - Radiation: added “other radiation therapy” field, including a free text field to specify

2019 JAR Form - Schedule D cont'd

Surgery:

- Added a general note to the form and instructions, "If a patient is having multiple surgery types in the same visit, please count the surgery type in the category for the patients PRIMARY reason for surgery."
- Removed service types: hand surgery, infertility, otolaryngology and radiological
- Changed "plastic" surgery to "cosmetic"
- Added "pediatric IP and OP" cases to separate adult and pediatric surgery cases

Physical Rehabilitation: changed "episodes of care" in OP to "visits"

Transplants: removed number of organs in "organ bank" and "tissue bank"

INSTRUCTIONS Schedule D:

- Added links, where applicable, to connect to HSDA for code definition lists to ensure hospitals are reporting the same data
- HAPPENING NOW: THIMA is building additional code lists for other services not defined throughout schedule D

2019 JAR Form Changes

Schedule E: Financial Data

- General note added to the form: All revenue associated with normal newborns should be included in all data EXCEPT for item “Total Inpatient” (excludes ONLY NORMAL newborn)
- Nongovernment Adjustments to Charges: added ‘amount of Medicare bad debt that was not reimbursed by Medicare’
- “Retail Pharmacy” added to revenue and expenses

INSTRUCTIONS Schedule E:

- A general note was added to report IP and OP data in appropriate IP and OP fields. TDH is building logic in the web tool to only accept IP and OP in proper fields.
- Definition of “retail pharmacy” was added

2019 JAR Form Changes

Schedule F: Beds and Bassinets

- Newborn Nursery Bassinets: verbiage “unlicensed (level 1)” added for clarification
- Number of Beds Set up and Staffed on Typical Day: for the neonatal care field the verbiage “Licensed / NICU (Level II-IV)” was added for clarification

Schedule G: Utilization

- Inpatient and outpatient clarified with each payer group (Hospitals were reporting IP in OP and vice versa – TDH is building logic in the web tool to only accept IP and OP in proper fields). A note was placed in the instructions.

2019 JAR Form Changes

Schedule H: Psych and SUD

- Same as above, TDH is building logic in the web tool to only accept IP and OP data in proper fields

Schedule I: ED

- Changed payer list to match throughout the JAR

Schedule K: Medical Staff

- Changed construction of the ‘primary care’ section (broken into subsections – family practice, OB/GYN, and other primary care)

2019 JAR Form Changes

Schedule L: Perinatal

- Changes requested by TDH for more detailed data collection
  - Neonatal levels of care – added verbiage "(well baby bassinet)" for level 1
  - Added a collection field "Number of CON Approved or Assigned Level II-IV Beds"

Schedule M: Employed Physicians

- Expenses section: added verbiage on the form "excluding facility expenses reported in Schedule E" for more definition

Schedule N: Freestanding Outpatient Clinics (FQHC/RHC)

- 2018: A note was added to report offsite outpatient clinic data in Schedules E and M
- 2019: This schedule has been completely removed

Questions

Amanda Newell anewell@tha.com

Mary Layne Van Cleave mlvc@tha.com