

Revised FFY 2014-15 Hospital Provider Fees and Supplemental Payments

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Our Mission

Improving health care access and outcomes for the **people** we serve while demonstrating sound stewardship of financial **resources**



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Identified Calculation Error

- **Miscalculations in the Uniform Cost Report (UCR)**
 - Errors in the calculation of certain costs used in the Upper Payment Limit (UPL) and supplemental payments.
- **UCR miscalculation impact**
 - 10% decline in Medicaid & uninsured cost
 - \$2 million reimbursement +/- for 20% of hospitals
 - \$10 million reimbursement +/- for 3 hospitals
 - Significant decrease in net reimbursement for rural hospitals



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Revisions To Model

- **Department Goals**
 - Minimize impact to rural and safety net hospitals
 - Minimize impact to hospitals experiencing a net negative reimbursement due to UCR correction
- **Department Revisions**
 - Adjusted percentage adjustment factors used in both Inpatient and Outpatient supplemental payments
 - Increased the portion of Uncompensated Care supplemental payment for hospitals with fewer than 25 beds by \$3.5M



Overall Impact of Revisions

- Total Medicaid payments increased from 92% to 96% of UPL
- Provider Fee still 5.5% of Net Patient Revenue (NPR)
- **No Change in Net Reimbursement**
 - No change in total Supplemental Payments (\$1,186,189,476)
 - No change in total Provider Fees (\$688,506,704)
 - Changes in specific supplemental payments though



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Inpatient Base Rate Hospital Supplemental Medicaid Payment

- Revised IP Base Rate Percentages
 - State-Owned Public - **62%**
 - Non State-Owned Public - **150%**
 - Private - **157%**
 - Pediatric - **13%**
 - Other High Vol. - **99%**
 - Rehab/LTAC - **5%**
- Original - **\$619,800,000**
- Revised - **\$606,800,000**
- Delta - **(\$13,000,000)**



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Outpatient Hospital Supplemental Medicaid Payment

- Revised OP Payment Percentages
 - University - **28%**
 - Non State-Owned Public - **18%**
 - Non State-Owned Public Rural - **51%**
 - Private - **27%**
 - Private Rural - **64%**
- Original - **\$193,000,000**
- Revised - **\$207,600,000**
- Delta - **\$14,600,000**



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Uncompensated Care Hospital Supplemental Medicaid Payment

- Changes in allotment to Essential Access Hospitals and Other Hospitals but no change in total payment
- Allotment to Essential Access Hospitals Increased \$3,500,000
 - Original - \$30,000,000
 - Revised - \$33,500,000
 - Delta - \$3,500,000
- Allotment to Other Hospitals Decreased \$3,500,000
 - Original - \$85,500,000
 - Revised - \$82,000,000
 - Delta - **(\$3,500,000)**



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DSH Hospital Supplemental Payment

- Original Model allotment was \$196,500,000
- Revised Model allotment is \$194,900,000
 - The difference of \$1,600,000 is equivalent to:
 1. The decrease in the Inpatient Base Rate Hospital Medicaid Supplemental Payment
 2. The increase in the Outpatient Hospital Medicaid Supplemental Payment



Summary of Changes in Supplemental Payments between Revised and Original Model

Hospital Group	Inpatient Base Rate Payment Change	Outpatient Payment Change	Uncomp. Care Payment Change	Total DSH Payment Change	Total Payment Change
State Hospital :	\$ 15,700,000	\$ 1,300,000	\$900,000	\$ 4,500,000	\$ 22,400,000
Government Hospital :	\$ (16,700,000)	\$ 6,200,000	\$1,300,000	\$ (7,500,000)	\$ (16,700,000)
Private Hospital :	\$ (12,000,000)	\$ 7,100,000	\$ (2,200,000)	\$ 1,400,000	\$ (5,700,000)
Total :	\$ (13,000,000)	\$ 14,600,000	\$0	\$ (1,600,000)	\$ 0



Discussion

