


⋮



# MHA Update


## HFMA Western Michigan Chapter November 19, 2009

**Vickie R. Seal**  
**Director of Finance**  
**Policy & Health Delivery**

1

⋮

⋮




# Medicare IPPS Final Rule

- Statewide, Medicare IPPS payments are projected to increase by \$7 million, or 0.2%, in FY 2010, compared to FY 2009.
  - Compared to decrease of \$104 Million under proposed rule.
- Hospital-specific impact analysis to CEOs, CFOs and RDs was distributed on Aug. 27, 2009.
- DRG reports made available Oct. 13.

2

⋮

⋮




## Medicare OPPS Final Rule

- Released on Oct. 30.
- Final rule effective Jan. 1, 2010.

3

⋮




## Continued, OPPS Final Rule

- 2.1% marketbasket increase
- \$375 increase in outlier threshold to \$2,175.

4

⋮




## Continued, OPSS Final Rule

- Expiration of hold-harmless transitional outpatient payments.
- No changes to the current 11 outpatient quality measures.

5

⋮



## Continued, OPSS Final Rule

- Implementation of quality reporting validation in order to receive full payment in 2011.
- Implementation of year 3 of a 4-year phase-in to align ASC and OPSS payments.

6

⋮

MHA

## Continued, OPSS Final Rule

- Addition of 26 surgical procedures payable by Medicare when performed in an ASC.
- Hospital-specific impact analysis to be distributed next week.

7


⋮

MHA

## Continued, OPSS Final Rule

- Detailed OPSS reports available by late January.
  - Top 50 APCs
  - Service distribution for multi-level APCs
  - Product line summary


8



## Recovery Audit Contractors

- Minimal activity to date, focusing only on limited automated reviews.
- No notices to hospitals yet.

9




## RAC Automated Issues Approved for CGI

	CGI
Blood Transfusion	√
Untimed Codes	
IV Hydration Therapy	√
Bronchoscopy	√
Once per Lifetime	
Pediatric CPT > age	
Pegfilgrastim – 6mg	
J2505 Injection	

10

⋮




## Continued, RAC

- CMS has delayed approval of inpatient medical necessity reviews for all RACs nationally.
- CGI questions can be sent to: [racb@cgi.com](mailto:racb@cgi.com).
- 

11

⋮



## Medicare Wage Index

- All requests for data changes, with supporting documentation, must be received by NGS by **Dec. 7, 2009**.
- Data will be used to develop the FY 2011 Medicare area wage index.
- Data reported on hospital cost reports for FYEs Sept. 30, 2007 – Aug. 31, 2008.

12

⋮

MHA

## Medicare Quality Webinar

- Dec. 9, 2009 – 9 am
- Review hospital-specific reports distributed week of Nov. 16.
- Includes data for Quality Indicators, HCAHPS, Mortality, VBP, and Readmissions.

13

⋮


MHA

## Medicare Advantage Plans

- As of October 2009, 34 plans operating in Michigan.
  - Up to 20 plans in some counties.
- Currently, approximately 410,000 of Michigan's 1.5 million (or 26%) Medicare beneficiaries, are enrolled in an MA plan.
- 148% increase in number of MA enrollees since January 2007 enrollment of approx. 165,000.
- Excel file available on MHA website listing all Michigan counties and all MA plans in each.
- Updated quarterly.

14

⋮




## Continued, MA Plans

- Unlike Medicare FFS, each MA plan may determine its own utilization model and is not required to maintain uniform electronic payment processes with hospitals.
- As Medicare enrollees continue to select MA plans, the variety of plans and payment processes may result in increased utilization scrutiny and administrative effort at hospitals.
- Humana and BCBSM implementing RAC-type audits – other plans likely to follow.

15

⋮

⋮




## FY 2010 Medicaid Budget

- 8% provider rate cut for hospitals, nursing homes, and physicians.
- Elimination of \$5 million DSH pool.

16

⋮

⋮




## Approved MHA Board Motion

- That the MHA Board of Trustees authorizes the association to pursue a strategy to minimize the impact of the FY 2010 eight percent Medicaid rate cuts by increasing the state's retention (through a modest increase in the tax rate) to secure a sum equal to the planned GF savings and preserve \$99M in federal Medicaid matching funds.

17

⋮



## FY 2010 Budget "Fix"

- State agreed to MHA proposal that the targeted GF savings of \$36 million be achieved through increased hospital provider tax to preserve \$99 million in federal funds.

18

⋮

MHA

## Prior Engler EO Reductions

- Continue in FY 2010 and future years.
- \$45.9 million reduction to inpatient DRG and rehab per diem payments.
  - Carry forward from 2002, 2003, & 2005 Executive Orders
- MSA will recoup via lump sum reduction to MIP amounts in Aug/Sept 2010.
- Maintains higher DRG payment rates from HMOs.

19

⋮


MHA

## Updated Medicaid Rates

- Effective Jan. 1, 2010.
- MSA distributed correspondence week of Nov. 2.
- Hospital appeals - notify Steve Ireland in writing by Nov. 23.
- Implement Grouper 27.0, which was implemented by Medicare 10/01/09.

20

⋮




## Cont., Jan. 1, 2010 Rates

- MSA policy DRG-944
- Comments due Nov. 28.
- MSA will not include HMO encounter data

21

⋮




## Provider Tax Programs

- Through FY 2009, these programs have increased federal funds to Michigan hospitals by over \$2 Billion.
- FFS program implemented in Michigan in FY 2003.
- HMO program implemented in Michigan in FY 2007, with Jan 1, 2007 effective date.
  - First state in the US with hospital provider tax program distributed through HMOs.
- Combined these programs resulted in a FY 2009 net benefit of \$677 million.

22

⋮




## MACI Pool

- FY 2009           \$542.6 million
- FY 2010           \$564.6 million
- Correspondence to hospitals in near future.
- Review payments to avoid exceeding cost/charge limits.

23

⋮

⋮



## HRA Pool

- FY 2009           \$609 million
- FY 2010           \$641 million
- Increase reflects mandatory shift of pregnant women from FFS to HMOs.

24

⋮

⋮

MHA

## GME & HRA Transactions

- Nov. GME Nov. 23
- Nov. HRA Dec. 8
- Nov. Tax due Dec. 17
- Dec. GME Dec. 21
- Dec. HRA Jan. 7
- Dec. Tax Jan. 14

25

⋮


MHA

## Psych QAAP

- Included in FY 2010 budget
- \$30 million pool
- \$18.6 million net benefit for Psych providers
- All hospitals subject to tax.

26

⋮




## CMS DSH Audits

- Deadline extended to Dec. 31, 2009
  - FY 2005 and 2006 data request
- MHA hosted 2 member forums in Oct.
- Q & A document available – Nov.9 MR.
- FY 2007 audits must be completed by Dec. 31, 2010.

27

⋮

⋮




## CHAMPS

- Claims processing and payments have gone smoothly.
- Reporting issues identified by hospitals – see Nov. 9 MR.
- Issues should be resolved in Dec/Jan.

28

⋮

•  
•




## Medicaid HMOs

- Medicaid enrollment is approximately 1.75 million, or one of every 6 Michigan citizens.
- In October, Medicaid HMO enrollment was approximately 1.11 million, with approx. 63% of beneficiaries enrolled in one of the 14 Medicaid HMOs.
- # of HMOs in each county varies from 1 to 8 plans.
- A list of Medicaid HMOs operating in each county, including enrollment information, is available on the MHA website.

29


•  
•



## BCBSM

- Medical necessity audits for Medicare Advantage patients, beginning with discharges after Jan. 1, 2007.
- CMS allows MA plans this option with different timetable than RAC.
- Other MA plans doing the same.


30



## AHA Survey Results

- Annual MHA Advisory Bulletin that compares 2007 AHA Survey results for Michigan hospitals to those nationally.
- Includes margins, ED visits, OP visits, IP admissions, days, births, ALOS, etc.
- See MHA Advisory Bulletin # 1252, included in 1/26/09 weekly mailing.
- Powerpoint and Excel files available.


31



## MHA Resources

- Monday Report is available FREE and is distributed via email each Monday morning.
  - Go to website and select “Newsroom”, then Monday Report
- MHA Monday Report – electronic publication issued weekly (bi-weekly during Summer).
- Website: [www.mha.org](http://www.mha.org)
- Request password if you don't have one.
  - Email Donna Conklin at [dconklin@mha.org](mailto:dconklin@mha.org) to obtain MHA member ID number
- Advisory Bulletins – Extensive communications available only to MHA members, as needed. (Require password to obtain from website).
- Hospital specific mailings as needed for various impact analyses, etc.
- Periodic member forums


32



## More MHA Resources

- Feb. 2009 - Michigan's Health Care Safety Net: In Jeopardy
- 2009 Michigan Community Hospitals: A Healthy Dose of the Facts
- 2007-2008 State Legislative Session in Review
- 2008 Hospital Community Benefits Report
- 2008 Economic Impact of Health Care in Michigan
- MHA Monthly Financial Survey (MFS)
- Electronic versions of reports:  
[www.mha.org/mha/reports/index.jsp](http://www.mha.org/mha/reports/index.jsp)

33



## ???Questions???

Vickie Seal, Director of Finance  
Michigan Health & Hospital Association  
Policy & Health Delivery  
110 West Michigan Avenue, Suite 1200  
Lansing, MI 48933  
Phone: (517) 703-8608  
Fax: (517) 703-8637  
email: [vseal@mha.org](mailto:vseal@mha.org)

34

## MHA Advisory Bulletins

<b>Number</b>	<b>Date</b>	<b>Subject</b>
1251	1/19/09	Summary of Michigan Medicaid Provider Tax Programs
1252	1/26/09	Comparison of Michigan to National Results from the 2007 AHA Annual Hospital Survey; Opportunity to Enroll in MHA Monthly Financial Survey
1253	2/2/09	Blue Cross Blue Shield of Michigan Update
1255	2/18/09	MSA Work Group Meeting
1257	2/23/09	Internal Revenue Service Study on Nonprofit Hospitals
1258	3/23/09	Summary of Health Information Technology Programs and Funding in the American Recovery and Reinvestment Act of 2009
1259	3/30/09	Increased Federal Disproportionate Share Hospital Allotment, Fiscal Year 2009
1260	4/20/09	MSA Work Group Meeting
1261	4/27/09	Medical Services Administration Correspondence—FY 2009 Medicaid Access to Care Initiative Pools
1262	5/4/09	Reducing Avoidable Hospital Readmissions
1263	5/11/09	Fiscal Year 2010 Medicare Inpatient Proposed Rule
1267	6/15/09	MSA Work Group Meeting
1269	7/13/09	Payment for Services Provided to “Plan First!” Medicaid Beneficiaries
1270	7/13/09	2010 Medicare Proposed Rules—Hospital Outpatient Prospective Payment System & Ambulatory Surgical Center, Physician Fee Schedule
1271	7/27/09	MSA Work Group Meeting
1273	8/10/09	Fiscal Year 2010 Medicare Inpatient Final Rule
1275	9/21/09	MSA Work Group Meeting
1276	10/5/09	Fiscal Year 2011 Medicare Area Wage Index Workshops

# MHA Monday Report List

---

Date	In This Issue
1/12/09	BCBSM Issues Medicare Advantage PPO Manual
1/19/09	Proposal Would Expand Medicare Coverage for PET Diagnostic Testing
	MedPAC Makes Recommendations to Congress
	Medicare Advantage Enrollment Update
	Blue Cross Medicare Advantage Reimbursement Clarified
	Medicaid DSH Reporting and Audit Final Rule Released
1/26/09	Final Rule Issued for Implementing ICD-10
	Medicaid Proposes Criteria Change for \$5 Million Disproportionate Share Pool
	Blue Cross Blue Shield Announces Hospital Information Meetings
	Michigan Medicaid Caseload Increasing as Unemployment Rate Climbs
2/2/09	Decline in Michigan Median Income Adds to Hospitals' Financial Distress
2/9/09	Comments Due Feb. 19 on \$5 Million DSH Pool Proposed Policy
	MSA Retracts Annual MACI Payment Policy
2/16/09	Medicare RAC Program to Resume
	Medicaid Reimbursement for Ambulatory Surgical Centers Discussed
2/23/09	Medicare Recovery Audit Contractor Member Forum Scheduled
	Revised FY 2010 Medicare Wage and Occupational Mix Data to be Released Today
3/2/09	Revised FY 2010 Medicare Wage and Occupational Mix Data Released
	NGS Offering Medicare Education Opportunities
3/16/09	Instructions Issued for Processing FY 2006 Medicare Advantage Claims
	Blue Cross Blue Shield of Michigan to Distribute Palliative Care Survey
3/23/09	Medicare Wage Index Expected to Decrease in FY 2010
	MSA Hosts Medicaid HMO Utilization Work Group
3/30/09	Medicare Provider Statistical and Reimbursement Report Redesign Available Soon
4/20/09	Recovery Audit Contractor Questions Answered

	Fact Sheet Will Assist with ICD-10 Implementation
	Blue Cross Hosting Hospital Billing Directors Forum
	Enforcement of Red Flags Rule Begins May 1
	Medicaid Enrollment Continues to Grow
	CMS Projection Raises Concerns Regarding Inpatient Update
5/4/09	CMS Issues FY 2010 Medicare Proposed Rule for Inpatient Rehabilitation Facilities
	AHA to Launch RACTrac Initiative, Offers Webinar
	Medicare Advantage Enrollment Update
5/11/09	Proposed Rule Released for FY 2010 Medicare Inpatient PPS
	CMS Releases FY 2010 Skilled Nursing Facility Proposed Rule
	2010 Medicare Inpatient Psychiatric PPS Final Rule Released
5/25/09	Cost and Quality Data Now Accessible on BCBSM Web site
6/8/09	CHAMPS Subsystems Scheduled for Sept. 18 Implementation
	Interim Final Rule Cuts Current-Year LTCH Medicare Payments
	Hospitals to Encounter Medicaid Interim Payment Adjustments
	Electronic File Transfer Option Offered for Medicaid
	Number of Uninsured Citizens Expected to Increase
6/15/09	MSA Provides FY 2009 Medicaid Disproportionate Share Hospital Program Update
6/22/09	Members Encouraged to Comment on Medicaid Rate Reduction Policy
	MHA Draft Comments Available for Medicare Inpatient Proposed Rule
	Comments on Medicaid CHAMPS Implementation Policy Due June 30
	Proposed Medicare RUG Weight Recalibration Threatens Skilled Nursing Facilities
6/29/09	MHA Comments on Revised Medicaid DSH Ceiling
	Inpatient Psychiatric Facility Rate Update
	Additional Hospital Data Requested for QAAP Calculation
	Recovery Audit Contractor Update
	Medicare OPPS Reports Available
7/13/09	Proposed Medicaid Policy to Implement Continuation of Executive Order Cuts

	Comments Being Accepted on 2010 Medicare Rules
7/27/09	Medicaid Payments, Recoveries to Occur Aug. 19
	MSA Revises Medicaid DSH Ceiling Calculations
	Blue Cross Blue Shield of Michigan Hosts Medicare Advantage Audit Forums
	Beneficiaries Added to Medicaid HMO Rolls
	Medicaid Integrity Program Explained During Conference Call
	Blue Cross Requires Contracts for Out-of-State Professional Services
8/3/09	MHA to Host Recovery Audit Contractor Preparation Forum
	Enforcement of Red Flags Rule Delayed Until Nov. 1
8/10/09	Medicare IPPS Final Rule Released for FY 2010
	FY 2010 Medicare Final Rules for Post-Acute Care Issued
	Changes to Medicare Cost Report Proposed
	Medicaid Payments Delayed from \$5 Million Disproportionate Share Pool
	Medicare Advantage Enrollment Continues to Climb
8/17/09	Applications Due Sept. 1 for Medicare Geographic Reclassification
8/24/09	MHA Makes Available Draft Comments on Proposed Outpatient Payment Rules
	Medicaid Issues CHAMPS Implementation Policy
	Blue Cross Explains Audit Procedures for Medicare Advantage Claims
9/14/09	RAC Automated Issues Approved for CGI
	Medicaid Announces CHAMPS Implementation Date
9/21/09	Submit Medicaid DSH Eligibility Form by Oct. 2 Deadline
10/5/09	\$5 Million Hospital DSH Pool Approved
	Significant Issues Observed with Medicaid Bridges Eligibility System
	MHA Will Host CMS DSH Audit Educational Sessions for Hospitals
	CHAMPS Training Sessions Available
10/12/09	Preliminary Wage Index Data for FY 2011 Available for Review
	MHA Hosts Session on Medicaid Disproportionate Share Hospital Audits
	Disproportionate Share Hospital Payments Distributed This Week

	Blue Cross Posts Revised Diagnosis-Related Group Weights Online
10/19/09	Bridges Workgroup Meeting Held
	ICD-10 Implementation Resources Available
10/26/09	Occupational Mix Survey Changes Proposed for Medicare
	Medicare 2010 Deductibles and Premiums Announced
	Medicaid Utilization Work Group Clarifies Noncontracted HMO Issues
	Medicare Advantage Enrollment Continues to Climb
11/9/09	Medicare Outpatient Prospective Payment System 2010 Final Rule Released
	Deadline Extended for Medicaid DSH Data Submission
	Hospitals Identify Several Concerns with CHAMPS
	Deadline for Review of Hospital Wage Data is Dec. 7
11/16/09	Medicaid Inpatient Rate Update Proposed
	Enforcement of Red Flags Rule Further Delayed
	2010 Medicare Home Health Agency Final Rule Released
	Beneficiaries Added to Medicaid HMO Rolls