



VITAL2015

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Finance Issues

Threats to Supplemental Payments

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AMERICA'S
ESSENTIAL
HOSPITALS



THE LANDSCAPE

GROWING INTEREST IN MEDICAID OVERSIGHT

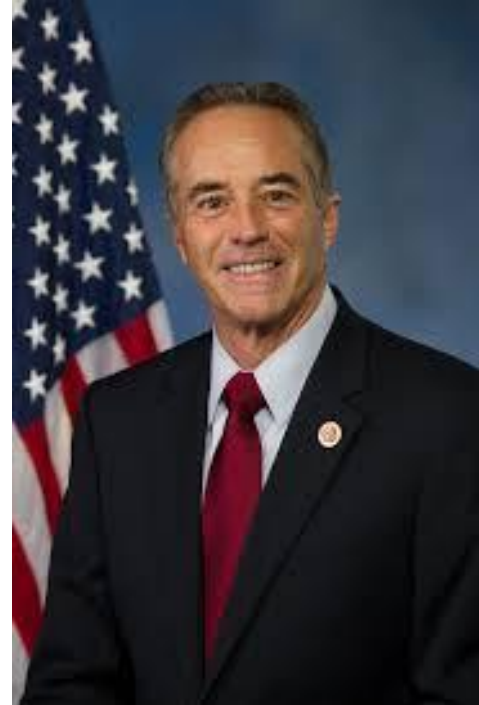
- GOP controlled Congress interested in Medicaid reform
- Administration feels pressure
 - » from Congress
 - » end of Obama presidency



LEGISLATIVE THREATS

CONGRESSIONAL SCRUTINY

- H.R. 2151 “Improving Oversight and Accountability in Medicaid Non-DSH Supplemental Payments Act” sponsored by Rep. Chris Collins (R-NY)
 - » Would require DSH-style independent audits of non-DSH supplemental payments
 - » May lead to repayment obligations
 - » Unclear if audits apply to waiver-based UC payments or DSRIP



OTHER ENERGY AND COMMERCE BILLS

- HR 1362 Medicaid REPORTS Act sponsored by Rep. Brett Guthrie (R-KY)
 - » Likely “Collins bill” companion
 - » Requires each state to report source of funds, entities providing, and amount of funds to finance non-federal share
- HR 1400 Medicaid Tax Fairness Act sponsored by Rep. Morgan Griffith (R-VA)
 - » Gradually reduces provider tax payments from 6% cap to 5.5% from 2016-2020
- HR 2119 Medicaid state plan waivers must be budget neutral sponsored by Rep. John Shimkus (R-IL)



IS IT A COINCIDENCE?

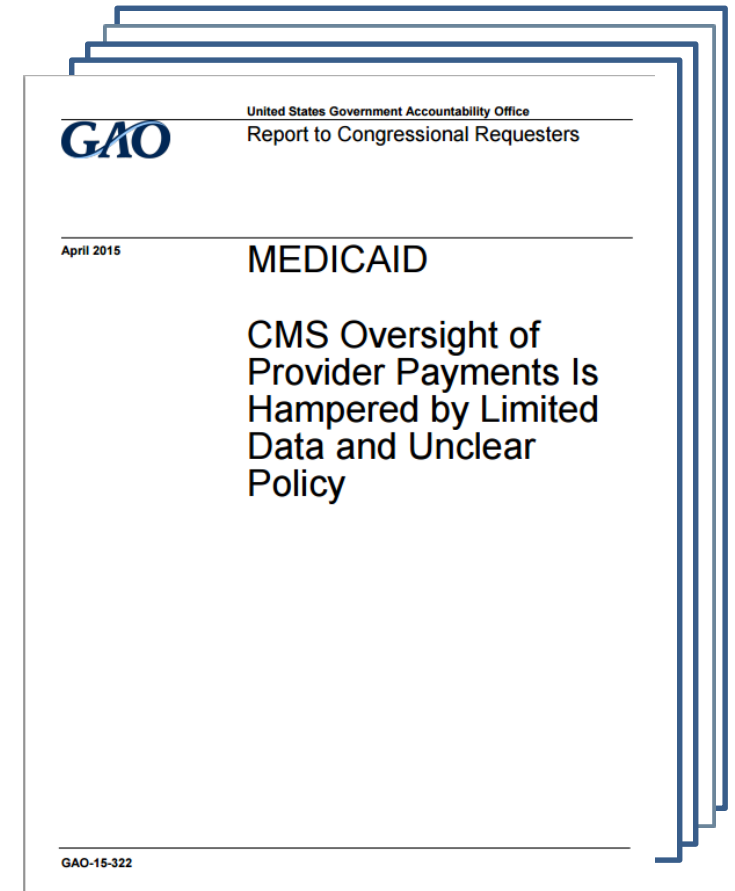
- Anticipating Medicaid oversight bill package
 - » Individual bills as part of comprehensive strategy
- Rumors of more hearings?



REGULATORY THREATS

GAO ISSUES ITS REPORT – APRIL 2015

- Report findings:
 - » Provider-specific data insufficient
 - » Number of government hospitals received high payments, warranting additional oversight
 - » Some public hospitals received payments above their total operating costs
 - » The Centers for Medicare & Medicaid Services' (CMS') current oversight is insufficient



GAO RECOMMENDATIONS TO CMS

- CMS must ensure that states report accurate provider-specific payment data
- CMS should develop a policy to determine the economy and efficiency of Medicaid payments
- CMS should also develop a policy to review Medicaid payments to individual providers to determine whether they are economical and efficient

SUPPLEMENTAL PAYMENTS IN MANAGED CARE

- “Direct Pay Prohibition” in current regulations prohibits states from making supplemental payments for services to managed care enrollees
- States have found ways to workaround the prohibition, including:
 - » Service carve-outs
 - » Waiver-based uncompensated care pools
 - » Delivery System Reform Incentive Payment (DSRIP) programs
 - » Graduate Medical Education (GME) payments
 - » Payments through Managed Care Organizations (MCOs)

MANAGED CARE PROPOSED RULE

- Issued May 26, 2015
- First overhaul of managed care regulations in over a decade
- Aims to align regulations with existing standards for commercial, health insurance marketplace and Medicare Advantage plans
- Maintains direct pay prohibition, with exceptions for GME, DSH, and FQHC payments
- Explicitly prohibits states from directing MCO expenditures, except under specified circumstances

FUTURE RULEMAKING

- CMS Regulatory Agenda includes plan to issue a “Medicaid State Payment Adjustment” proposed rule
 - » Would require “all supplemental payments be distributed proportional to the volume or cost of service delivered or be tied to meeting performance benchmarks
 - » Would include time limits on supplemental payments
 - » Would include additional reporting requirements
- Rule is expected in late 2015



QUESTIONS?

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