

Charity Care Reporting HB2101 of 2017 - Status Report

Presentation to Health Insurance Reform
Commission - July 16, 2018

Erik Bodin

Director, VDH Division of Certificate of
Public Need

Presentation Outline

HB2101 Provisions and Requirements

Stakeholder Involvement

Data Collection and Analysis Methodology

Next Steps

Key Provisions of HB2101

Adds Definitions for “Charity Care” and “Bad Debt” to COPN statute (32.2-102.1)

Establishes new data reporting requirements for holders of COPNs with an associated condition to provide a level of charity care

- Total amount of charity care provided to indigent persons
- Number of patients to whom such charity care was reported
- Specific services delivered to patients reported as charity care recipients
- Percentage of total charity care comprised by each specific service
 - Value of charity care to be calculated based on Medicare reimbursement methodology

Requires hospitals that receive Disproportionate Share (DSH) adjustments to report additional information to VDH

Key Provisions of HB2101 (continued)

VDH Report to General Assembly due November 1, 2018 - Compare amount of charity care provided by COPN holders with charity care condition as valued based on

- gross charges,
- cost, and
- Medicare reimbursement methodology

For each valuation, provide

- total amount of charity care provided,
- total number of patients to whom charity care was provided,
- specific services delivered to patients reported as charity care recipients, and
- percentage of total charity care comprised by each specific service

New requirements for imposition of charity care conditions based on Medicare reimbursement methodology take effect July 1, 2019.

Stakeholder Engagement

VDH has engaged with a wide range of stakeholders in order to develop an implementation plan for HB2101, including:

- Virginia Hospital and Healthcare Association
- Medical Society of Virginia
- Virginia Association of Health Plans
- Anthem
- Virginia Health Information

Data Collection Methodology - Inpatient Facilities

Letter sent from State Health Commissioner to all 103 licensed hospitals

- Identify patient records written off to charity care during July 1 - December 31, 2017
- Data submission will be linked to quarterly patient level data already required to be submitted to VHI

Not all licensed hospitals have a COPN with a charity care condition

Due Date - July 15, 2018

Data Collection Methodology - Outpatient Facilities

Letter sent from State Health Commissioner to all licensed outpatient surgical hospitals, plus all outpatient facilities with a COPN

- Provide CPT codes for all services written off to charity care during July 1 - December 31 2017
 - Provide patient volume, the total number of times the service represented by that code was performed, and the number of times it was provided as charity care

Due Date - August 16, 2018

Not all outpatient facilities have a COPN with a charity care condition

Next Steps

Mid July - Mid August: Complete data collection

Mid August - Mid September: Complete data analysis and prepare draft report

Mid September - Mid October: Internal review of draft report, preparation of final report

November 1: Submission of final report to General Assembly

Questions??

Erik Bodin

Director, VDH Division of COPN

804-367-1889

Erik.bodin@vdh.virginia.gov

ATTACHMENT A

May 15, 2018

«Administrator», «Admin_Title»
«Facility_Name» (MPN: «MPN»)
«Address1»
«Address2»
«City», «State» «Zip»

Dear «Admin_Salutation»:

The purpose of this letter is to inform you of new data reporting obligations required for holders of a certificate of public need (COPN) with conditions imposed pursuant to Virginia Code § 32.1-102.4. In order to comply with statutory deadlines, this data reporting must be completed within sixty (60) days of the date of this letter.

Charity Care Reporting Requirements

Amendments to Virginia Code § 32.1-276.5(C), (<https://law.lis.virginia.gov/vacode/title32.1/chapter7.2/section32.1-276.5/>) passed by the Virginia General Assembly in 2017 (HB2101) require *...Every medical care facility for which a certificate of public need with conditions imposed pursuant to § 32.1-102.4 is issued shall report to the Commissioner data on charity care, as that term is defined in § 32.1-102.1, provided to satisfy a condition of a certificate of public need, including*

- (i) *the total amount of such charity care the facility provided to indigent persons*
- (ii) *the number of patients to whom such charity care was provided*
- (iii) *the specific services delivered to patients that are reported as charity care recipients and*
- (iv) *the portion of the total amount of such charity care provided that each service represents.*

Please note that these requirements are separate and apart from the COPN charity care reporting requirements found in Virginia Code § 32.1-102.4(F).

Data Collection and Dissemination

The Virginia Department of Health (VDH) contracts with Virginia Health Information (VHI) to develop, collect, analyze and disseminate the above referenced data. Under the direction of

VDH, VHI has worked together with stakeholders including the Virginia Hospital & Healthcare Association (VHHA) in an effort to develop a method for entities to report the required information for inpatient charity care with the least burden and duplicative effort.

Facilities will identify inpatient records which were “written off” to charity care from July 1 through December 31, 2017, regardless of the date of admission, and provide VHI with a file of data elements that VHI will link to the quarterly patient level data (PLD). This initial file of charity care records is due to VHI 60 days following the date of this letter. VHI will identify the records in the PLD and develop the reports listed in (i) through (iv) above. Beginning with fiscal years ending in 2018, facilities will report charity care records to VHI 90 days following their fiscal year end.

Data Privacy and Protection

The data that VDH is requesting and that entities are required to report in order to comply with Virginia Code § 32.1-276.5(C), as amended, includes protected health information subject to the privacy and security rules of the Health Insurance Portability and Accountability Act (HIPAA). Covered entities are permitted to disclose this data to VDH, through its subcontractor VHI, under the exception for health oversight activities at 45 C.F.R. §164.512(d). The disclosure is subject to the verification and minimum necessary provisions of 45 C.F.R. §164.514(h), and as such, the protected health information being requested by VDH pursuant to Virginia Code § 32.1-276.5(C) is limited to the minimum necessary to meet the requirements of the law.

Please refer to the attached Reporting Inpatient Charity Care insert for details on what data elements are required and additional details. Please contact Deborah Waite, VHI Operations Manager, at deborah@vhi.org or 804-643-0001 should you need further assistance.

Sincerely,

M. Norman Oliver, MD, MA
Acting State Health Commissioner

ATTACHMENT B

Reporting Inpatient Charity Care per §32.1-276.5

Reporting Requirement and Process

Inpatient hospitals with COPN requirements and with conditions attached currently file with VDH and the Office of Licensure and Certification (OLC) on a manual paper based summary process. In order to satisfy the new charity care reporting requirements (§32.1-276.5), inpatient facilities in Virginia with a COPN and conditions attached will perform the following steps:

Within 60 days of the date of the notification letter, authorized users representing above referenced inpatient hospitals will submit the below required data elements in an Excel file via secure upload to <https://www.vhi.org/charity/>. The file will contain the below Field Names that Virginia Health Information (VHI) will use to link to VHI's inpatient database in order to calculate the estimated cost of care and the estimated Medicare reimbursement for the inpatient charity care services provided. The documentation for initial submission will be based on those claims written off to charity care from July 1 to December 31, 2017, regardless of the date of admission. Beginning with fiscal years ending in 2018, facilities will report charity care records to VHI 90 days following their fiscal year end.

Data Element	Field Name
National Provider Identifier (NPI)	ProvNPI
Facility Name	Facility Name
Medicare Provider Number	MPN
Patient Control Number	PCN
Medical Record Number	MRN
Admission Date	Adate
Discharge Date	Ddate

Calculations

VDH or contractor (Virginia Health Information) will use the Federal Fiscal year (FFY) operating rate for the fiscal year as posted by CMS as the base operating rate and increase the operating rate by the Washington-Arlington-Alexandria CBSA wage Index (CBSA 47894). VDH or contractor will use the FFY capital rate for the fiscal year as posted by CMS as the base capital rate and increase by the Washington –Arlington-Alexandria adjustment factor (CBSA 47894). The two rates will be added together to determine a proxy DRG rate for all inpatient discharges. This rate will not take into account any claims that would qualify as meeting outlier or transfer payment criteria. In addition, this proxy amount will not take into account additional payments a facility may receive such as DSH, IME, GME and or any quality based payment program payments or penalties. The proxy DRG rate will be multiplied by the CMS DRG weights as posted by CMS in the inpatient final rule that pertains to the majority of the year in which data is being collected to determine the estimated Medicare reimbursement for that case (CMS MS-DRG Tables).

Cost per claim will be determined by utilizing the total operating expense ratio to total gross revenue plus other revenue plus other operating gains calculation performed by Virginia Health Information (VHI) as part of their annual EPICS analysis. The claims data will be broken down into appropriate services as defined by the facilities condition criteria by VDH or contractor based on revenue code found in the inpatient database submission to VHI. A summary by facility of the data will be used in VDH's report to the General Assembly per HB2101 with the initial report being due by November 1, 2018.

For Technical Assistance or questions regarding the website, please contact Deborah Waite, VHI Operations Manager, at deborah@vhi.org or 804.643.5573. For additional details or questions regarding the calculation methodology, please contact Jay Andrews, VHHA VP of Financial Policy at jandrews@vhha.com or 804.965.1229.

ATTACHMENT C

29 June 2018

«Administrator», «Admin_Title»
«Facility_Name» (MPN: «MPN»)
«Address1»
«Address2»
«City», «State» «Zip»

Dear «Admin_Salutation»:

This letter is a follow-up to the previous letter informing you of a new mandatory reporting system for COPN conditioned charity care. Pursuant to changes to the Code of Virginia §32.1-276.5(C) resulting from HB 2101 (2017 session of the Virginia General Assembly, you were requested to complete a spreadsheet listing COPN regulated services and patient volume offered at your outpatient facility[ies] and the number of those services provided as charity care. You were requested to provide all the CPT codes used at your facility and patient volume for all COPN regulated services rendered between July 1, 2017 and December 31, 2017.

We have recognized that there is frequently a time lag, often of considerable length, between the provision of care and the final determination that the care needed is classified as charity. We would like you to modify your reporting to be for the number of cases that you identified and wrote off as charity care between July 1, 2017 and December 31, 2017, regardless of when the care was delivered. This should provide a clearer picture of the provision of charity care, and should be easier to account for.

Please visit the VDH website at <http://www.vdh.virginia.gov/licensure-and-certification/downloadable-applications-and-forms/> and download the Revised COPN Charity Care Spreadsheet, at the top of the page under “Outpatient Charity Care Reporting” section. Then populate the spreadsheet and email it to COPN@vdh.virginia.gov by August 16, 2018, note the extended deadline. You will need to provide this information annually going forward. If you need additional assistance or have questions please contact me, at Erik.Bodin@vdh.virginia.gov, or by telephone (804) 367-1889.

Sincerely,

Erik Bodin, Director
Division of Certificate of Public Need