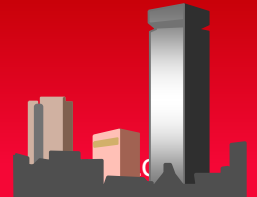




HCRA HOSPITAL CONFERENCE

February 15, 2011



INTRODUCTIONS



- **Tony Naglieri,**
Chief Health Care Fiscal Analyst
- **Phyllis Stanton,**
Principal Health Care Fiscal Analyst
- **George Lengio,**
Principal Health Care Fiscal Analyst

SEMINAR PURPOSE

To Gain a Better Understanding of the Health Care Reform Act (HCRA) to Effectively Fulfill your Hospital's Obligations

SEMINAR OVERVIEW

1	Evolution of HCRA
2	Basics of HCRA
3	Common Issues
4	Delinquency Process
5	Audit Issue to Address
6	Contact Information
7	Questions





NYPHRM was Established in the Early '80's

Public Health Law 2807-c Established:

1

**Hospital Inpatient Reimbursement System
for All Payors Except Medicare**

2

Surcharges on Hospital Rates

3

1 % Assessment on Hospitals to Fund BDCC





HCRA January 1, 1997 Established:

1

Negotiated Rates

2

Assured Quality and Access to Care

3

Continued Financing for Public Policy Objectives





Sources of HCRA Revenue:

1

1% Hospital Statewide Assessment

2

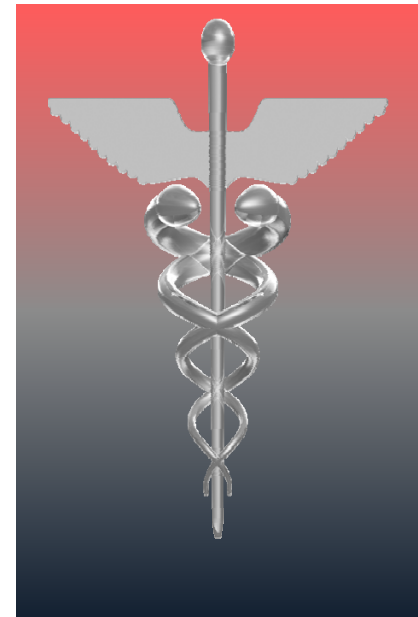
Surcharge on Net Patient Service Revenue

3

GME Alternative Per Unit of Payment Surcharge

4

Covered Lives Assessment





HCRA Disbursements:

1

Medicaid Costs

2

Child Health Plus Program

3

Family Health Plus Program

4

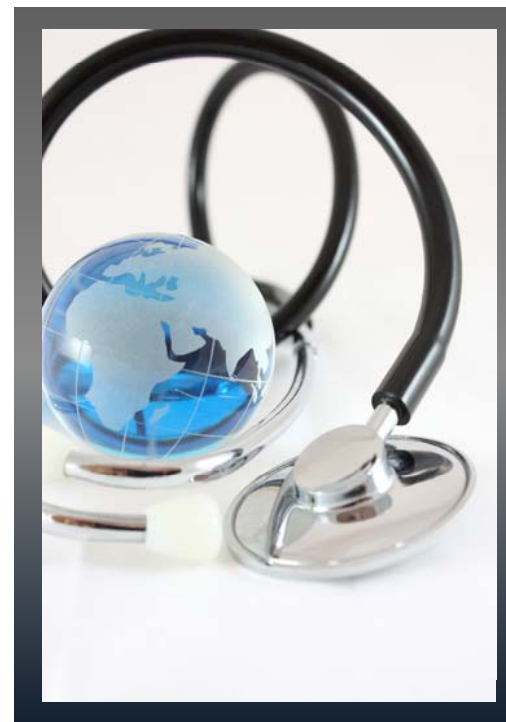
Workforce Recruitment & Retention

5

Hospital Indigent Care

6

EPIC Program



COMMON ISSUES





Elector List

1

Pool's Secure Web Site's Elector List: www.hcrapools.org Allows You to View:

- Alphabetical and downloadable list of all current and past electing payors and their electing third party administrators
- Employer Identification Number of electing payors and their electing third party administrators
- Former names that payor has been known by or that you may still know them by
- Payor's and third party administrator's elector effective date, end date and current status information

2

Upcoming Elector List Enhancements

- Historical Payor Merger Information



ELECTOR LIST - Windows Internet Explorer										
https://www.hcrapools.org/elector_list/elector_list.cfm?id=1&letter=A										
New York Public Goods Pool Elector List										
Below is an alphabetical list of organizations that have voluntarily elected to make public goods payments directly to the Department of Health's Pool Administrator. To be included on the list, an organization must have elected in conformance with HCRA provisions and Department requirements.										
Federal ID Number	Effective Date	End Date	Name	Type	2010 Filing Status	2011 Filing Status	City	State	Message	Posting Date
521154807	04/01/2010		A & A BOLT & SCREW INC	Payor	M	M	BALTIMORE	MD		04/22/2010
221420334	04/01/2000	01/31/2003	A & A COMPANY, INC.	Payor	M	M	SOUTH PLAINFIELD	NJ	ELECTOR SWITCHED TO FULLY INSURED	04/03/2000
520559323	01/01/1997	12/31/2000	A & A GLOBAL INDUSTRIES INC	Payor	M	M	LUTHERVILLE-TIMONIUM	MD	ELECTION RESCINDED	01/03/1997
208635723	06/01/2006		A & A MANUFACTURING CO INC	Payor	A	A	NEW BERLIN	WI		06/02/2006
840592073	05/01/2004	04/30/2007	A & A TRADIN POST	Payor	A	M	ELIZABETH	CO	ELECTOR SWITCHED TO FULLY INSURED	05/03/2004
841299267	04/01/2002	11/30/2002	A & B BUILDERS, INC.	Payor	M	M	DENVER	CO	ELECTOR SWITCHED TO FULLY INSURED	04/01/2002
911394310	01/01/1997	04/30/2007	A & B PLASTICS, INC.	Payor	M	M	YAKIMA	WA	ELECTION REVOKED	01/03/1997
391216094	01/01/1997	12/31/2005	A & B PROCESS SYSTEMS CORP	Payor	M	M	STRATFORD	WI	ELECTOR SWITCHED TO FULLY INSURED	01/03/1997
351537007	01/01/2001		A & D CONSTRUCTORS	DBA					See STERLING BOILER & MECHANICAL, INC.	
562138708	06/01/2004	05/31/2006	A & D ENVIRONMENTAL & INDUSTRIAL SERVICES	Payor	M	M	HIGH POINT	NC	ELECTOR SWITCHED TO FULLY INSURED	06/04/2004
132743018	01/01/1997		A & E STORES INC	Payor	A	A	TETERBORO	NJ		01/03/1997
133091639	01/01/1997		A & E TELEVISION NETWORKS	Payor	M	M	NEW YORK	NY		01/03/1997
841028424	02/01/2006		A & E TIRE INC	Payor	A	A	DENVER	CO		02/02/2006
510111502	01/01/1997	12/31/1997	A & H METALS INC.	Payor	M	M	NEWARK	DE	ELECTOR SWITCHED TO FULLY INSURED	01/03/1997
930446761	01/01/1997		A & I BENEFIT PLAN ADMINISTRATOR	TPA			PORTLAND	OR		01/03/1997
431003958	01/01/2002	08/31/2003	A & J PRINTING	Payor	M	M	NIXA	MO	ELECTOR SWITCHED TO FULLY INSURED	01/04/2002
251243937	01/01/1998	02/28/2006	A & K ENTERPRISES	Payor	M	M	GLENSHAW	PA	ELECTION REVOKED	01/05/1998
941631996	01/01/1998	02/28/2006	A & K RAILROAD MATERIALS	Payor	M	M	SALT LAKE CITY	UT	ELECTION REVOKED	01/05/1998
930936046	04/01/2000	12/31/2001	A & L DISTRIBUTING COMPANY	Payor	M	M	BEAVERTON	OR	ELECTOR SWITCHED TO FULLY INSURED	04/03/2000
221697831	01/01/2002	09/30/2002	A & L PLASTICS, INC.	Payor	M	M	NEWTON	NJ	ELECTOR SWITCHED TO FULLY INSURED	01/04/2002
363266129	08/01/2003	03/31/2005	A & M CARTAGE OF TINLEY PARK INC	Payor	M	M	TINLEY PARK	IL	ELECTOR SWITCHED TO FULLY INSURED	08/04/2003
591775901	01/01/2001	11/30/2001	A & M ENGINEERING PLASTICS, INC.	Payor	M	M	LARGO	FL	ELECTOR SWITCHED TO FULLY INSURED	01/05/2001
710673176	01/01/1999	01/31/2000	A & M ENTERPRISES INC	Payor	M	M	HUMBOLDT	TN	ELECTOR PLAN TERMINATED	01/04/1999
061171404	01/01/1997	12/31/2000	A & M PRODUCTS	DBA					See FIRST BRANDS CORPORATION	
621259586	01/01/1997	11/30/1997	A & M SERVICE, INC.	Payor	M	M	LEBANON	TN	ELECTOR CLOSED	01/03/1997
561885799	01/01/1999	07/31/2005	A & M TOOL M DIVISION INC	Payor	M	M	ARDEN	NC	ELECTION REVOKED	01/04/1999
362593958	01/01/2001	06/30/2003	A & R TRANSPORT, INCORPORATED	Payor	M	M	JOLIET	IL	ELECTOR SWITCHED TO FULLY INSURED	01/05/2001
521360413	04/01/2004	02/28/2005	A & T SYSTEMS INC	Payor	M	M	SILVER SPRING	MD	ELECTOR SWITCHED TO FULLY INSURED	04/07/2004
521360413	01/01/1999	12/31/1999	A & T SYSTEMS INC	Payor	M	M	SILVER SPRING	MD	ELECTOR SWITCHED TO FULLY INSURED	01/04/1999
561280253	01/01/2004		A & W ONE STOP, INC.	Payor	A	A	SHELBY	NC		01/05/2004
133951308	07/01/2003		A & W RESTAURANTS	DBA					See YUM! BRANDS INC	
951627375	07/01/1997	06/30/2001	A & W RESTAURANTS	Payor	M	M	LOUISVILLE	KY	MERGED WITH ANOTHER ELECTOR	07/03/1997
231268876	04/01/1997	12/31/2002	A & X DEVELOPMENT CORP	DBA					See ZAUSNER FOOD CORPORATION	
112748423	04/01/2001	01/31/2004	A AND Z SOFTWARE SHOP INC	Payor	M	M	GARDEN CITY	NY	ELECTOR SWITCHED TO FULLY INSURED	04/02/2001



Insurance ID Cards

1

Properly Identifying the Payor Can Sometimes Be a Challenge Due to:

- Difficulty in differentiating the payor from their third party administrator when the administrator is also a payor

2

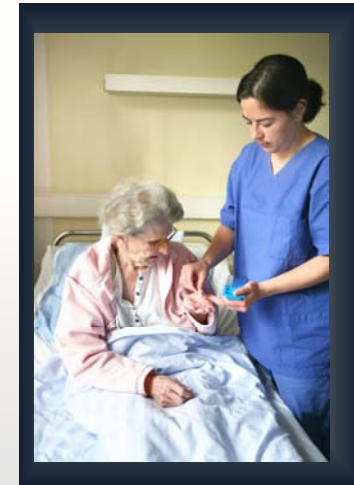
The Two Systems Third Party Administrators Use When Issuing Insurance Cards:

- “The Card System” – Lists the name of the payor, aka their client
- “The Identifier System” – places a “non-electror” sticker or imprint in the absence of the payor name (less likely alternative)

3

Identifying the Election Status of Your Payors At Registration Ensures Against:

- Erroneous payor information keyed to your database, that may lead to:
 - Surcharge underpayments owed by your hospital



Elector vs Nonelector

1

AKA Direct vs Nondirect

2

Definition of an Electing Payor:

- A third party payor, as defined in PHL Section 2807-j(1)(c), who has made an election to the Public Goods Pool to pay surcharges at a reduced surcharge rate (currently 9.63%) directly to the Public Goods Pool on surchargeable claims paid to HCRA designated providers

3

Definition of a Nonelector:

- A third party payor, as defined in PHL Section 2807-j(1)(c), who has NOT made an election to the Public Goods Pool to pay surcharges at a reduced surcharge rate, and therefore must pay substantially higher surcharges to the provider, if assessed, (currently 37.90%, and if applicable, a GME Alternative Per Unit of Payment Surcharge). Hospitals are responsible to pay the Public Goods Pool surcharges owed on revenue received from a nonelector



Elector vs Nonelector (continued)

4

Hospital's Obligations

- **Surcharges owed by the provider are legally triggered by the type of patient revenue they receive**
- **Common patient revenue that hospitals are responsible to pay surcharges to the Public Goods Pool:**
 - **Patient Portion Coinsurance (at current rate of 9.63% if insurer is an elector)**
 - **Uninsured Patient Revenue (at current rate of 9.63%)**
 - **Unspecified Payor Revenue (not a third party payor as defined in the PHL; at current rate of 9.63%)**

5

Nonelectors and Inpatient Claims (PHL §2807-s(1)(b))

Specified third party payors, that meet the following criteria, will be subject to the GME Alternative Per Unit of Payment Surcharge, at percentage rates based on the region of the state where the hospital resides:

- **Defined as payors in the PHL that are subject to the GME**
- **That are nonelectors**
- **That provide inpatient coverage**
- **That incur an inpatient bill**



Nonelectors Subject to the GME:

1

Corporations Organized and Operating in Accordance with Article 43 of the NYS Insurance Law

- Not for Profit Insurers and HMOs

2

Corporations Operating in Accordance with Article 44 of the NYS PHL

- HMOs in NYS

3

Self Funded Plans Providing Expense Incurred Inpatient Coverage regardless of insurance type except when providing coverage described in the next screen

- Regardless of Domicile

4

Insurers and HMOS Authorized to Write Accident and Health Policies (regardless of which state/country they are licensed)

Non-electors NOT Subject to the GME:



- NYS governmental agencies
- Workers Compensation carriers providing coverage under NYS Law
- Auto no-fault carriers providing coverage under NYS Law
- Volunteer Firefighters providers of coverage under NYS Law
- Volunteer Ambulance Workers providers of coverage under NYS Law



Fixed Dollar Patient Portions

1

Hospital's Responsibility to Determine if Obligated to Surcharge on Fixed Dollar Patient Portion

- In fixed dollar patient portions such as fixed dollar co-pays or deductibles, electing payors have a choice between two options on how to pay the associated surcharge
- Hospitals are obligated to determine which option they've chosen, otherwise are obligated themselves

2

The Electing Payor's Choices of Surcharge Payment Options:

1. Payor pays claim by utilizing the second billing example found on the DOH website. Hospital pays the surcharge out of fixed dollar amount and gets reimbursed by payor
2. Payor pays the associated surcharge on the fixed dollar amount directly to the Public Goods Pool via payor report





Fixed Dollar Patient Portions (continued)

3

Proper Reporting of Copays:

1. If payor chooses #1 above, hospitals will report the fixed dollar payment received from the insured patient on Line #10 of their PGP report, entitled: “Self-Pay Uninsured...”

Hospital pays the surcharge out of the fixed dollar amount and gets reimbursed by payor

2. If payor chooses #2 above, and notifies hospital of such choice, the hospital will report the fixed dollar payment received from the patient on the following lines:

- On Hospital Inpatient portion of the PGP report: Line 17
- On Hospital Outpatient portion of the PGP report: Line 19

3. In the absence of the electing payor notifying the hospital that they have chosen option #2 above, the hospital’s “default” is to report the fixed dollar payment on line 10 of the PGP

4. A nonelecting payor must utilize option #1 above, and the hospital must report on line 10



Example of \$200 Patient Co-payment

1

Regular hospital bill = \$1,000

Hospital bill with applicable surcharge amount:

$\$1,000 \times 1.0963 = \$1,096.30$ (\$1,000 plus surcharge of \$96.30)

$\$1,096.30 - \$200 = \$896.30$ (\$200 paid by the patient to the hospital)

$\$896.30 \div 1.0963 = \817.57 (paid by the electing payor to the hospital)

$\$896.30 - \$817.57 = \$78.73$ (paid by the electing payor to the Public Goods Pool)

Upon receipt of the \$200 co-payment from the patient, the hospital uses the same formula:

$\$200.00 \div 1.0963 = \182.43 (kept by the hospital)

$\$200.00 - \$182.43 = \$17.57$ (paid by the hospital to the Public Goods Pool)

2

Hospital receives:

\$ 817.57 paid by electing payor

\$ 182.43 paid by patient

\$1,000.00 Total

3

Public Goods Pool receives:

\$ 78.73 paid by electing payor

\$ 17.57 paid by hospital

\$ 96.30 Total





Discrete Physician Billing

1

Criteria

Public Health Law section 2807-j (3)(a)(v) excludes revenue received from physician practice or faculty practice plan discrete billings for private practicing physician services;

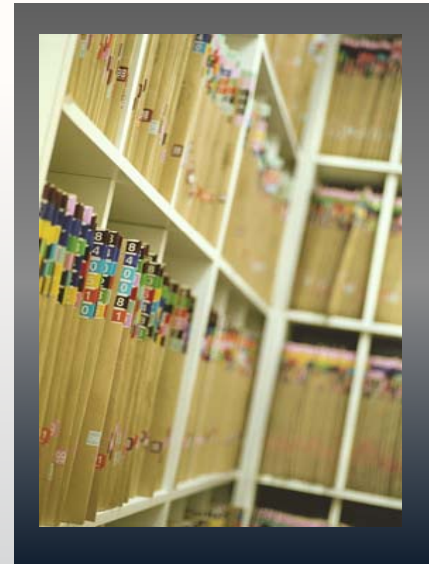
2

Acceptable Documentation

A letter from the hospital on hospital letterhead that states that physician billings using the hospital's federal tax identification number for discreetly billed physician's services are private practicing physician services and are exempt from the HCRA surcharge as defined in Public Health Law section 2807-j (3)(a)(v).

If only some physicians meet this criteria they should be specifically listed in the letter.

OR





Discrete Physician Billing (continued)

For hospitals that employ their physicians the letter should include the following;

The Department has instructed the auditors to extend all reasonable deference to hospitals who, having reviewed all relevant information, formally advise the DOH or auditors that its employment arrangements with its physicians meet the revenue exclusion criteria contained in the statute.

Legal We have reviewed the applicable statutes and other relevant materials regarding the nature of physician billings incorporated into hospital payment rates (such as DRG's or APG's) as distinguished from discrete billings for physician services (which occur on separate claim forms than claims for hospital services) and confirmed our analysis with our counsel.

Accounting Private practice physician revenues are included in the total revenues reported in our audited financial statements. Our Institutional Cost report (ICR) reflects only revenues for hospital services and revenues (if any) for physician services which are not private practicing and thus indeed recorded as hospital revenues.

Billing For purposes of your data reviews during the audit, private practicing physician revenues are identified by having been billed on a physician claim form such as CMS 1500, ANSI 837P or patient statements (for patients with no payor) which are designated for physician use.

Accordingly, based on the above review, our employment arrangements with our physicians meet the revenue exclusion criteria contained in the statutes and are, therefore exempt from the HCRA surcharges and assessments as "...revenue received from physician practice... discrete billings for private practicing physician services..."



Foreign Payors and Patients

1

Foreign Insurance Companies and Medical Assistance Companies

- Foreign insurance companies are insurers licensed in other countries
- Medical assistance companies act as the conduit for claim payments between the foreign insurance company and providers in U.S.; administer travel policies for expatriates
- Must make an election like any payor in order to pay current elector rate to the PGP
- If no election is made, hospital must pay the non-electror rate to the PGP currently at 37.90% and if for inpatient claims, paid by an accident and health policy, or a self funded plan (as known in the U.S), a regional GME percentage.

2

Foreign Countries with Nationalized Health Plans or Paid Directly by Foreign Governments

- Deemed Unspecified payor; pay directly to hospital at self pay rate currently at 9.63%
- Examples: Canada and Israel

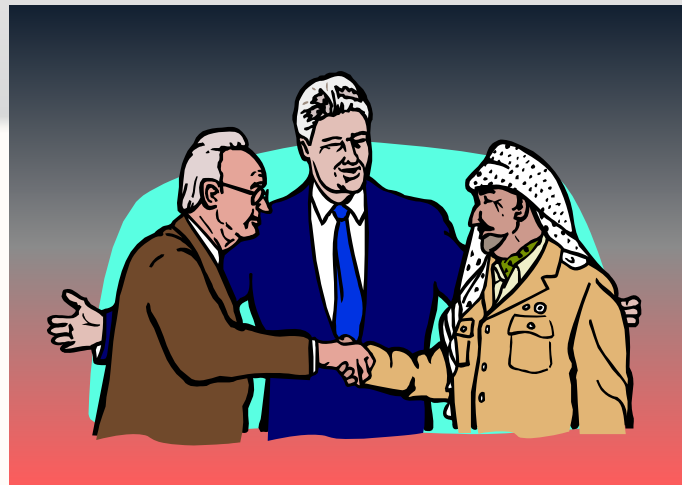


Foreign Payors and Patients (continued)

3

Foreign Diplomatic Agents

- Exempt from all surcharges if protected under their diplomatic mission
Those protected by the diplomatic mission carry exemption paperwork





Surchargeability of Personal Items

Recent Decision on the Exemption of Personal Items

- Revenue from billed patient personal items such as TVs, telephones, and private rooms are no longer subject to the HCRA surcharge since some items could be determined to NOT be for the treatment or prevention of human illness, disease, injury or disability



- Out of state Medicaid programs are considered third party payors and must make an election decision
- As a nonelector, must pay 37.90% Indigent Care surcharge but no GME Per Unit of Payment Percentage for inpatient claims



Out of State Medicaid

1

Obligated to Elect for Reduced Surcharge Percentage

- Out of state Medicaid programs are considered third party payors and must make an election in order to pay the reduced surcharge percentage
- As a nonelector, must pay 37.90% Indigent Care surcharge but no GME Per Unit of Payment Percentage for inpatient claims

2

Acceptance of the State's Election

- States that are listed on the Elector List by the state's name, are deemed to be electors for their state's Medicaid program





Point of Service Revenue from Insureds

1

Your Obligations to Pay the Surcharge

- Where insured patients are to be billed directly for services, the hospital must remember to assess the surcharge on the bill, based on the election status of the primary payor
- It becomes the hospital's obligation to submit the surcharges

2

Patient Requests for Surcharge Refunds

- If the patient pays the entire bill, they will seek reimbursement from their electing payor
- Payors are often confused about their responsibility to the Public Goods Pool on the associated surcharge on the claim and refer member back to provider to seek surcharge refund, contending that *they* are obligated to pay the surcharge directly; this is incorrect
- Hospitals may then erroneously refund surcharges to patient based on this
- Since hospitals are obligated to pay the surcharges in such situations, any reimbursement to patient *must* come from the payor





Medicare

1

Traditional Medicare Exemptions:

- Revenue received for Medicare covered services is exempt from surcharge; includes revenue received from:
 - the Medicare program
 - an insurer contracted to administer on behalf of the Medicare program
 - a supplemental plan such as a Medigap policy, or,
 - the beneficiary themselves

2

Medigap/Supplemental Policies

- Pay for certain out-of-pocket expenses that Medicare covers but does not pay in full
- Also can cover certain services that are not payable by Medicare due to:
 - Non-covered services
 - Exhaustion of benefits
- Surcharges apply to services not covered, at rates based on election status of payor, but no GME Per Unit of Payment Surcharge



Medicare (continued)

3

Medicare Advantage Part C

- Medicare Advantage Part C plans supply a person with all of their Part A and Part B benefits, plus, depending on the plan chosen, may cover services that traditional Medicare will not, like dental, vision, and unlimited inpatient days
- ANY service for which Medicare Advantage pays for, is exempt from the surcharge



DELINQUENCY PROCESS





Delinquency Process

1

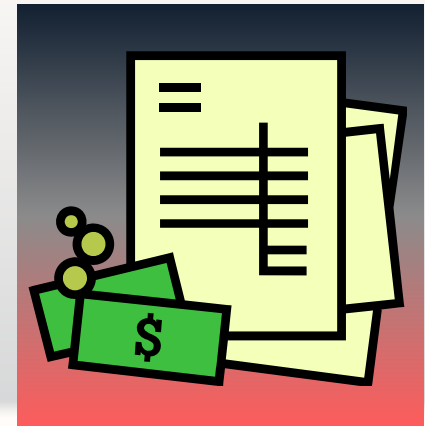
Delinquency Notice

- Delinquency notifications are sent via email and hardcopy mailing around the 10th of each month (adjusted for weekends and holidays)

2

Estimated Billing Process

1. Delinquency letters and bills are mailed on a quarterly basis. The hospital has sixty days from the date of the letter to file delinquent report(s) and submit payment
2. A final notice is mailed with updated bill giving hospitals thirty additional days
 - If delinquencies are not resolved within that time period, amount is deemed final and is not subject to revision
3. Action is taken on the outstanding liability





Delinquency Process (continued)

3

Action Taken for Non-Compliance:

- Recoup from future Medicaid claim cycle checks paid by the state
- Offset against Medically Indigent/High Need distributions
- Submit referral to the state's Attorney General's Office to pursue legal collection



AUDIT ISSUE





“Miscellaneous” Bucket of Payors



Documenting Direct and Nondirect Payors

When the auditors review a hospital's records, they seek to determine if the surcharge should be assessed at the direct (electing) payor rate or the non-direct (non-electing) or enhanced rate.

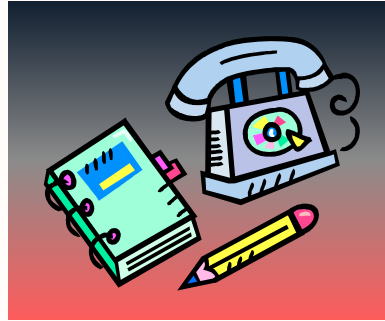
Since most hospitals do not have the payors Federal Employment Identification Number (FEIN) the auditors have to perform an alphabetic name to name match between the hospital's files and the elector list maintained by the Public Goods Pool (PGP) website.

It becomes extremely important that the hospital's files match the PGP list as closely as possible to avoid potentially direct (electing) payors being identified as non-direct (non-electing) and thus be subjected to the enhanced surcharge rate.



CONTACT INFORMATION





Contact Information

1

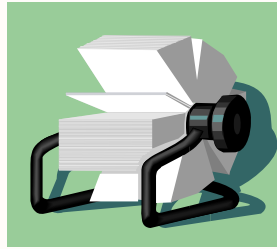
Contact the Office of Pool Administration:

Telephone: (315) 671-3800

Email: webpools@hcrapools.org

For Questions Relating To:

- Electronic website for report submission questions
- Obtaining a user ID and password, or trouble with logging on
- Setting up file transfer Pool payments
- Questions relating to receipt of Pool payments



Contact Information (continued)

2



Contact the Department of Health:

Telephone: (518) 474-1673

bimamail@health.state.ny.us

For Questions Relating To:

- The surchargeability of revenue and distributions
- Interpretation of the Public Health Law on HCRA
- Specific report line questions about reportable revenue and deductions
- Any questions regarding the 1% Statewide Report
- Any delinquencies, Medicaid recoupments or referrals to the state's Attorney General's Office based on HCRA delinquencies
- Electing Payors or Third Party Administrators

QUESTIONS

