

Flex Monitoring Team Update

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A Performance Monitoring Resource for
Critical Access Hospitals, States, and Communities

**Flex
Monitoring
Team** | University of Minnesota
University of North Carolina at Chapel Hill
University of Southern Maine



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Overview

- Recent Flex Monitoring Team (FMT) Activities
- Review of FMT recent products
- New projects for the coming year
- Findings from charity care project
- Questions

Recent FMT Activities

- April 2015 Health Affairs article describing how proposed-minimum distance requirements could harm high performing critical access hospitals (CAHs) and rural communities
- Worked with the National Quality Forum (NQF) to achieve Care Coordination Phase 3 endorsement of the Emergency Department Transfer Communication (EDTC) quality measures and with Centers for Medicare & Medicaid Services (CMS) on implementation issues
- Participated in NQF Committee regarding performance measurement issues for rural and low-volume providers, Draft report is available at www.qualityforum.org/Rural_Health.aspx
- Policy brief on Healthcare-Associated Infections by CAHs is in review by Federal Office of Rural Health Policy (FORHP)

Recent FMT Activities

- Briefing paper and policy brief on CAH charity care and bad debt released in June
- Follow up brief on community benefit activities of CAHs is nearing completion
- University of North Carolina (UNC) team modeled the effects of loss of cost-based reimbursement to CAHs which were summarized in a findings brief.
- FMT financial information US Department of Agriculture (USDA) and Housing and Urban Development (HUD) in their loan decision processes

Recent FMT Activities

- Between March 10, 2014 and March 9, 2015, the Flex Monitoring Team website 34,774 visits. 22,660 (65%) were from new visitors and 12,114 (35%) were from returning visitors. During these visits, users amassed a total of 95,246 page views. Of these, 71,676 (75%) were unique page views.
- Participated on a review panel for the Catholic Health Association's evaluation manual for community benefit activities
- Worked closely with FORHP on revisions to the guidance for the competitive funding cycle

Recent Papers & Briefs

- Charity Care and Uncompensated Care Activities of Tax-Exempt Critical Access Hospitals (FMT Briefing Paper #35), June 2015 by Gale, Croom, Croll, & Coburn.
- Charity Care and Uncompensated Care Activities of Tax-Exempt Critical Access Hospitals (FMT Policy Brief #38), June 2015 by Gale, Croom, Croll, & Coburn.
- Critical Access Hospitals' Receipt of Medicare and Medicaid Electronic Health Record Incentive Payments (FMT Policy Brief #37), January 2015 by Hung, Casey, & Moscovice

Recent Data Reports

- National and State Hospital Compare CAH and Quality Measure Results, Q2 2013 - Q1 2014
- National and State Community Benefit Activities of Critical Access, Other Rural, and Urban (based on 2012 American Hospital Association (AHA) and 2012 Medicare Cost Report data)
- National, state, and individual CAH financial data reports

Projects for 2015-2016 Funding Cycle

- Analyzing Financial/Operational Performance of CAHs
 - Provide detailed information on financial and operational performance in all CAHs, using financial data from hospital cost reports and other relevant data sources.
- Analyzing Quality Reporting and Improvement of CAHs
 - Analyze CAH quality performance and identify opportunities for quality improvement
- Integrated CAH Reports
 - Produce integrated CAH report providing data on hospital performance on key quality, finance, and market/community measures

Projects for 2015-2016 Funding Cycle (cont'd)

- Development of Quality Peer Groups and Refinement of Financial Peer Groups
 - Identify peer groups of CAHs for analyzing quality performance and to review CAH financial peer groups to ensure that they are still appropriate
- Identifying Flex States with High Performing CAHs
 - Identify states whose CAHs have exemplary financial, quality, and community performance based on objective indicators, as well as states that could benefit from technical assistance (TA) to help improve the performance of their CAHs

Projects for 2015-2016 Funding Cycle (cont'd)

- Flex Evaluation - a set of evaluation activities to:
 - Generate state Flex Program monitoring data that states will be submitting under the new program guidance including the evaluation of innovative projects and collection and evaluation of state emergency medical services (EMS) data
 - Identify the characteristics of “high-performing” state Flex Programs that can form the basis for measuring program performance

Projects for 2015-2016 Funding Cycle (cont'd)

- Population Health/Community Benefit and Impact - examine implementation strategies, community health needs assessment (CHNA) reports, and IRS Form 990, Schedule H filings for a sample of tax-exempt CAHs
 - Understand how CAHs are fulfilling their community obligations under the evolving IRS regulations
 - Explore the extent to which these reports can be used to monitor the alignment and accountability of CAH community health improvement activities

CAH Charity Care Performance

- Compared CAH charity care and bad debt performance to other rural and urban hospitals based on 2010 tax year IRS 990 data
- Provides baseline data (pre-Affordable Care Act (ACA))
- Key terms
 - Charity care - free or discounted services delivered to patients with a demonstrated inability to pay for care based on hospital financial assistance policies
 - Bad debt – write-offs for services provided to patients with a demonstrated ability to pay but later refuse to do so
 - Charity care and bad debt represents points on a continuum influence by hospital policies and revenue cycle management

Policy Context

- Substantial component of community benefit activities of tax-exempt hospitals
- ACA changes to IRS tax code requiring tax-exempt hospitals to:
 - Establish written policies for the provision of financial assistance and emergency care
 - Limit charges for medical care provided to financial assistance patients
 - Refrain from extraordinary billing and collection efforts unless reasonable efforts have been made to determine patient eligibility for financial assistance

Findings

- Total uncompensated care (combined charity care and bad debt)
 - CAHs report higher rates (7.4%) than other rural (5.9%) and urban (5.1%) hospitals
- Charity care
 - CAHS report lower rates (1.8%) than other rural (2.3%) and urban (2.3%) hospitals
 - CAHs report more restrictive charity care policies and use lower multiples of the Federal Poverty Guidelines (FPGs) to determine eligibility
 - CAHs are also less likely to provide free/discounted care to the “medically indigent” (87.6%) compared to other rural (90.0%) and urban (94.7%) hospitals

Findings (cont'd)

- Bad debt
 - CAHs report higher rates (5.6%) than other rural (3.6%) and urban (2.8%) hospitals
 - CAHs less likely have written charity care policies and collection policies that contain provisions on collection practices for patients known to qualify for charity care
 - CAHs less likely to report bad debt in accordance with Healthcare Financial Management Association (HFMA) Statement # 15
 - CAHs report a lower percentage of bad debt expenses estimated to be attributable to charity care (10.5%) than other rural (17.6%) and urban (18.7%) hospitals

Strategies to Revise Charity Care and Bad Debt Policies

- Patients with incomes at/near the hospital's eligibility criteria
 - Revise financial assistance policies to reflect the economic status of their patient populations and expand eligibility.
- Low-income patients that otherwise qualify for charity care
 - Revise application process;
 - Simplify eligibility documentation;
 - Promote awareness of the hospital's financial assistance program; and
 - Improve screening programs to identify patients eligible for public insurance coverage options or the hospital's financial assistance program

Strategies to Revise Charity Care and Bad Debt Policies (cont'd)

- Low-income patients (working poor) with high out-of-pocket cost health plans
 - Improve screening process to identify these individuals at the outset of care, and
 - Revise billing systems to capture and manage charity care charges at different stages of the billing process.

Strategies to Manage Charity Care and Improve Access

- Revise charity care and financial assistance policies to reduce financial barriers to care for vulnerable patients, and revise patient assistance programs to:
 - Ensure patient access to public insurance coverage options;
 - Provide culturally and linguistically-sensitive assistance with charity care applications; and
 - Improve awareness of financial assistance programs among vulnerable populations.

Strategies to Manage Charity Care and Improve Access (cont'd)

- Adopt population health strategies to better serve vulnerable patients, encourage early intervention in health problems, and reduce unnecessary utilization of use of high cost inpatient and emergency department services by:
 - Expanding access to culturally sensitive primary care and other essential services;
 - Developing care management programs;
 - Providing preventive and chronic care services; and
 - Developing programs to overcome travel barriers