

# **IMPACT OF MANAGED CARE MEDICAID ON HENRY COUNTY HEALTH CENTER**



**Henry County Health Center (HCHC) is a 25 bed Critical Access Hospital in Mount Pleasant. have provided high quality care for 96 years.**

**We provide a wide range of health care services for constituents of Henry County.**

**Ambulance Service**

**49 bed Long Term Care Facility**

**Inpatient and Outpatient services**

## **Healthcare Environment in Iowa**

**Iowa initiated the Iowa Health and Wellness plan in 2014. This expansion of Medicaid coverage for low income Iowans covered approximately 150,000 individuals**

**In Henry County in 2014, there were initially 876 individuals who were enrolled in the Iowa Health and Wellness plan and the market place choice plan**

**By 2016, that number had increased to 982 individuals.**

**In October of 2017, there were a total of 4,225 Henry County residents that were eligible for Medicaid.**

**In January of 2014, there were a total of 3,813 Henry County residents that were eligible for Medicaid.**

**This represents a 11% increase in 3 years and is now slightly over 21% of population of Henry County**

# Healthcare Environment in Henry County

## Change in percent of revenue related to care HCHC provided to patients who are on Medicaid

|                       | 2017  | 2016  | 2015  | 2014  | 2013  |
|-----------------------|-------|-------|-------|-------|-------|
| % of Medicaid Revenue | 18.5% | 17.0% | 15.4% | 13.3% | 10.5% |

## Change in Acute and Newborn discharges related to care HCHC provided to patients who are on Medicaid

|                             | 2017  | 2016  | 2015  | 2014  | 2013  |
|-----------------------------|-------|-------|-------|-------|-------|
| XIX/MCO New Born Discharges | 53.1% | 53.6% | 50.0% | 59.7% | 52.7% |
| XIX/MCO Acute Discharges    | 16.7% | 17.8% | 13.6% | 14.3% | 12.8% |

## Change in Ambulance and ER revenue related to care HCHC provided to patients who are on Medicaid

|                   | 2017   | 2016   | 2015   | 2014   | 2013   |
|-------------------|--------|--------|--------|--------|--------|
| XIX/MCO Ambulance | 19.10% | 17.00% | 17.20% | 15.30% | 11.80% |
| XIX/MCO ER        | 33.00% | 29.50% | 29.00% | 26.10% | 22.90% |

# Exhibit A

## Henry County Health Center Medicaid MCO Payment Analysis

**Medicaid/MCO**

**Reimbursement Comparison:**

|  | 2017             |
|--|------------------|
| HCHC Charges for Medicaid/MCO services         | \$7,360,286      |
| HCHC costs related to Medicaid MCO services    | \$4,030,564      |
| Reimbursement under Medicaid MCO contracts     | \$3,038,284      |
| 2017 Shortfall from historical Medicaid reimb. | <b>\$992,280</b> |

|             | Cost<br>Reimbursement | Expected<br>Emergency Room<br>Recoupments | Total            |
|-------------|-----------------------|---|------------------|
| United      | \$86,702              | \$133,451                                 | \$220,153        |
| AmeriGroup  | \$137,489             | \$198,168                                 | \$335,657        |
| AmeriHealth | \$312,866             | \$123,604                                 | \$436,470        |
|             | <b>\$537,057</b>      | <b>\$455,223</b>                          | <b>\$992,280</b> |

**Summary of Reduction  
in Reimbursement:**

|                |                  |                |
|----------------|------------------|----------------|
| Ambulance      | \$263,667        |                |
| Emergency Room | \$455,223        |                |
| Other          | \$273,390        |                |
|                | <b>\$992,280</b> | <b>-24.62%</b> |

**Cut in reimbursement rate**

# Exhibit B

## Henry County Health Center Ambulance Medicaid Reimbursement History

|  | 2017             | 2016             | 2015             | 2014             | 2013             |
|--|------------------|------------------|------------------|------------------|------------------|
|  | MCO              | (9 Months)       |                  |                  |                  |
| <u>Ambulance Medicaid Reimbursement</u>      |                  |                  |                  |                  |                  |
| HCHC Charges for Medicaid EMS Services       | \$374,294        | \$260,619        | \$321,839        | \$226,785        | \$166,203        |
| HCHC Costs related for Medicaid EMS Services | \$305,738        | \$208,881        | \$240,651        | \$192,510        | \$129,992        |
| Medicaid Interim Paid                        | <u>\$42,071</u>  | <u>\$30,232</u>  | <u>\$35,016</u>  | <u>\$23,608</u>  | <u>\$16,072</u>  |
| Medicaid Cost Settlement                     | <u>\$263,667</u> | <u>\$178,649</u> | <u>\$205,635</u> | <u>\$168,902</u> | <u>\$113,920</u> |
|  | <b>B</b>         | <b>A</b>         | <b>A</b>         | <b>A</b>         | <b>A</b>         |

**A** Settlement paid to critical access hospitals under traditional Medicaid reimbursement.

**B** Settlement (Shortfall) not paid under current Medicaid MCO reimbursement contracts with critical access hospitals.

# Exhibit C

## Henry County Health Center Examples of Emergent Ambulance Charges

|                    | Charge                    | HCHC<br>Cost              | Write<br>Off              | Cash                     |          |
|--------------------|---------------------------|---------------------------|---------------------------|--------------------------|----------|
| AMB1184            | \$1,421.90                | \$1,161.45                | \$1,232.63                | \$189.27                 | EMERGENT |
| AMB1573            | \$1,539.50                | \$1,257.51                | \$1,334.57                | \$204.93                 | EMERGENT |
| AMB1643            | \$1,060.70                | \$866.41                  | \$915.80                  | \$144.90                 | EMERGENT |
| AMB1655            | \$1,724.30                | \$1,408.46                | \$1,498.49                | \$225.81                 | EMERGENT |
| AMB1719            | \$1,709.60                | \$1,396.45                | \$1,395.05                | \$314.55                 | EMERGENT |
| <b>United</b>      | <u>\$7,456.00</u>         | <u>\$6,090.28</u>         | <u>\$6,376.54</u>         | <u>\$1,079.46</u>        |          |
| AMB1310            | \$2,308.10                | \$1,885.33                | \$2,019.27                | \$288.83                 | EMERGENT |
| AMB1579            | \$1,098.50                | \$897.29                  | \$958.44                  | \$140.06                 | EMERGENT |
| AMB1606            | \$3,600.00                | \$2,940.59                | \$3,143.28                | \$456.72                 | EMERGENT |
| AMB1630            | \$2,843.30                | \$2,322.49                | \$2,478.97                | \$364.33                 | EMERGENT |
| AMB1686            | \$1,081.70                | \$883.57                  | \$944.25                  | \$137.45                 | EMERGENT |
| <b>Amerigroup</b>  | <u>\$10,931.60</u>        | <u>\$8,929.26</u>         | <u>\$9,544.21</u>         | <u>\$1,387.39</u>        |          |
| AMB1589            | \$2,047.70                | \$1,672.62                | \$1,769.42                | \$278.28                 | EMERGENT |
| AMB1591            | \$1,046.00                | \$854.40                  | \$899.44                  | \$146.56                 | EMERGENT |
| AMB1620            | \$1,543.70                | \$1,260.94                | \$1,327.25                | \$216.45                 | EMERGENT |
| AMB1678            | \$2,079.40                | \$1,698.52                | \$1,786.28                | \$293.12                 | EMERGENT |
| AMB1718            | \$2,557.70                | \$2,089.21                | \$2,175.88                | \$381.82                 | EMERGENT |
| <b>AmeriHealth</b> | <u>\$9,274.50</u>         | <u>\$7,575.69</u>         | <u>\$7,958.27</u>         | <u>\$1,316.23</u>        |          |
| <b>Total</b>       | <u><u>\$27,662.10</u></u> | <u><u>\$22,595.23</u></u> | <u><u>\$23,879.02</u></u> | <u><u>\$3,783.08</u></u> |          |

# Exhibit D

## Henry County Health Center Summary of Emergency Room Recoupments

|             | <u>expected<br/>Recoupment<br/>Amount</u> | <u>Visits<br/>Adjusted</u> | <u>Visits<br/>Appealed</u> |
|-------------|---|----------------------------|----------------------------|
| AmeriHealth | \$123,604                                 | 558                        | 188                        |
| United      | \$133,451                                 | 189                        | na                         |
| Amerigroup  | \$198,168                                 | 1,169                      | na                         |
| Total       | <u>\$455,223</u>                          | <u>1,916</u>               |                            |

AmeriHealth denied all 188 appeals. All 188 were truly emergent.

United would not let us appeal any of the adjusted claims.  
Informed us that those were paid in error and there is nothing to appeal.

Did not pursue Amerigroup due to the actions of the other two.

# Exhibit E

## Henry County Health Center Explanation of Emergency Room Recoupments

Prior to October 2015, all providers used the ICD9 coding set. Beginning on October 1, 2015, ICD10 codes were required to be used for all Medicare and Medicaid claims. Iowa Medicaid would have updated the emergent list with ICD10 codes based on the previous ICD9 list. What happened with this list is that many diagnosis codes didn't crosswalk very well from ICD9 to the much more specific ICD10 code set. When that list was crosswalked from ICD9 to ICD10, only unspecified codes remained in the ICD10 list and the codes with more specific diagnosis were left off the new list.

An example is R10.10 upper abdominal pain, unspecified. That is considered emergent. However, R10.11 Right Upper Quadrant pain is considered non-emergent, a more specific code and that code is not on the list. All hospitals and clinics spent many months educating physicians prior to the ICD10 go live of October 2015, to have their documentation as specific as possible, to paint the picture of how sick the patient was. This list that the MCOs were using since we signed contracts, penalized us for the correct coding that the physicians were providing to the coding departments.

Through Iowa Hospital Association (IHA), hospitals have been identifying codes that were left off the Emergent list that the MCOs used to determine Emergent versus Non-Emergent. Many codes were updated with a July 2017 date of service, but the MCOs have recouped Non-Emergent claims going back to April 2016 when our contracts began. They did inform IHA that they would not pay any claims that were prior to the updated list.



# Exhibit F

## Henry County Health Center Examples of Pre-Authorization Issues

|                  | <u>Claims</u> | <u>Charges</u> | <u>Denied</u>   |
|------------------|---------------|----------------|---|
| OB Services      | 6             | \$51,567       | 3 of these denied because of faxing information on the weekend. MCO claimed they did not have the Prior Authorization in a timely fashion                                   |
| Infusion Therapy | 1             | \$17,725       | University of Iowa received Prior Authorization for Patient. Patient too sick to travel. HCHC provided the service. Denied due to HCHC not getting the Prior authorization. |
| Outpatient Obs   | 2             | \$17,493       | Stay exceeded 48 hours. Denied due to not updating authorization  |
| Physical Therapy | 1             | \$4,508        | Patient switched MCO's. Did not notify HCHC   |
| CT Scan          | 1             | \$1,822        | Patient signed up presumptive. MCO's inconsistent with retro authorizations.  |
| Secondary Claims | 42            | \$15,025       | MCO changed timely filing on secondary claims. Denied even though within their guidelines.  |

# Exhibit G

## Henry County Health Center Examples of Outstanding Payment Issues

|                       | <u>Claims</u> | <u>Charges</u> | <u>Date</u>         | <u>not paid due to being in a project</u>  |
|-----------------------|---------------|----------------|---------------------|--|
| denied,not payable    | 177           | \$62,400       | Prior to July 2017  | Switching NPI numbers-error in payment amount<br>MCO has Identified the issue, don't know why their system is paying wrong.<br>No date when these are to be corrected. |
| ambulance charges     | 20            | \$21,422       | April 2017          | Sent, but never paid by Logisticare<br>MCO said that they would reprocess.   |
| providers not updated | 161           | \$30,460       | Prior to March 2017 | MCO did not have correct providers in system<br>MCO said that they would reprocess.  |
| physical therapy      | 9             | \$6,228        | Since January 2017  | Denied but no reason<br>MCO said that they would reprocess.  |
| wrong payment         | 356           | \$55,737       | Since July 2016     | Paid APC rate instead of Cost to Charge Ratio<br>No date when these are to be corrected.   |

**IF THESE SHORTFALLS CONTINUE, HOW WILL THEY IMPACT  
HENRY COUNTY HEALTH CENTER AND OTHER SIMILAR  
CRITICAL ACCESS HOSPITALS IN THE STATE OF IOWA?**

118 hospitals in state of Iowa. 82 of those are Critical Access Hospitals

US News report on Healthcare  
Overall Healthcare - Iowa ranked #5  
Number 1 in Affordability

HCHC isn't alone. Similar experiences are being felt by other Critical Access Hospitals in state Iowa who provide similar services and seeing an increase in Medicaid payer mix

Impact of access and provision of services in our rural communities

Strategic review of essential services at HCHC for the communities we serve

Review of service lines at HCHC for sustainability in this environment

**Change is necessary.**

**THANK YOU**