

Wyoming Hospital Association

Joint Labor, Health & Social Services Committee

May 13, 2021



Our Mission

WHA is a statewide Association dedicated to providing leadership and representation and advocacy for Wyoming hospitals. The Association through leadership and collaboration, among all healthcare providers, promotes information and education that enables Wyoming hospitals to deliver high quality, adequately financed/cost-effective health care that is universally accessible to all Wyoming citizens.



Wyoming Hospitals	Community	Governance	Management affiliation	Acute	LTC/SNF	Staff	FY end
				#beds	#beds	#empl	
PPS ACUTE HOSPITALS							
Wyoming Medical Center	Casper	Non-profit Banner Owned	Banner Health	217		1150	June 30
Cheyenne Regional Medical Center	Cheyenne	County memorial	Univ of Colorado Health System	206	16	1910	June 30
Evanston Regional Hospital	Evanston	For-Profit	CHS Quorum Health Corp	42		150	April 30
Campbell County Health	Gillette	District		93	160	1100	June 30
St. John's Medical Center	Jackson	District		48	60	610	June 30
SageWest Health Care - Lander	Lander	For-Profit	LifePoint Hospitals, Inc.	89		170	Dec 31
Ivinson Memorial Hospital	Laramie	District	Univ of Colorado Health System	90	9	400	June 30
SageWest Health Care - Riverton	Riverton	For-Profit	LifePoint Hospitals, Inc.	70		160	Dec 31
Memorial Hospital of Sweetwater County	Rock Springs	County memorial		99		460	June 30
Sheridan Memorial Hospital	Sheridan	County memorial		88		620	June 30
CRITICAL ACCESS HOSPITALS							
Star Valley Health	Afton	District		22	24	320	June 30
Three Rivers Health	Basin	District		10	37	90	June 30
Johnson County Healthcare Center	Buffalo	District		25	44	205	June 30
Cody Regional Health	Cody	District	Quorum Health Resources	25	94	620	June 30
Memorial Hospital of Converse County	Douglas	County memorial		25		370	June 30
South Lincoln Medical Center	Kemmerer	District		16	24	170	June 30
North Big Horn Hospital	Lovell	District	Billings Clinic System	15	85	250	June 30
Niobrara Community Hospital	Lusk	District	Wyoming Medical Center	4	20	60	June 30
Weston County Health Services	Newcastle	District	Regional Health Rapid City	12	54	160	June 30
Powell Valley Healthcare	Powell	District	HealthTech Mgmt Services	25	100	330	June 30
Memorial Hospital of Carbon County	Rawlins	County memorial	Quorum Health Resources	25		160	June 30
Crook County Medical Services	Sundance	District	Health Management Services - MT	16	32	120	June 30
Hot Springs Health	Thermopolis	District	HealthTech Mgmt Services	25		105	June 30
Community Hospital	Torrington	Non-profit Banner owned	Banner Health	25		140	Dec 31
Platte County Memorial Hospital	Wheatland	District - leased	Banner Health	25		130	Dec 31
Washakie Medical Center	Worland	County memorial - leased	Banner Health	25		110	Dec 31
Other Wyoming Hospitals							
Wyoming Behavioral Instutute	Casper	Acute-Psychiatric	Universal Health Services	90			Dec 31
Summit Medical Center	Casper	Surgical Hospital	Investor owned	16			Dec 31
Elkhorn Valley Rehabilitation Hospital	Casper	Acute-Inpatient Rehab	Ernest Health	41			Dec 31

Hospital Types - Critical Access Hospital (CAH)

- Have 25 or fewer acute care inpatient beds
- Located more than 35 miles from another hospital
- Maintain an annual average length of stay of 96 hours or less for acute care patients
- Provide 24/7 emergency care services



Benefits of CAH Status

- Cost-based reimbursement from Medicare
- Capital improvement costs included in allowable cost for determining Medicare reimbursement
- Access to Flex Program education resources, technical assistance, and/or grants

Hospital Types – Prospective Payment Systems (PPS)

A Prospective Payment System (PPS) is a method of reimbursement in which Medicare payment is made based on a predetermined, fixed amount. The payment amount for a particular service is derived based on the classification system of that service (for example, diagnosis-related groups for inpatient hospital services). CMS uses separate PPSs for reimbursement to acute inpatient hospitals, home health agencies, hospice, hospital outpatient, inpatient psychiatric facilities, inpatient rehabilitation facilities, long-term care hospitals, and skilled nursing facilities.



2 Types of Governmental Hospitals - County Memorial and Hospital District

1. “County Memorial Hospital” is defined in Wyoming Statute 18-8-101

any institution, place, building or agency in which any accommodation is maintained, furnished or offered for the hospitalization of the sick, injured or care of any person requiring or receiving chronic or convalescent care, including public health centers, community mental health centers and other types of hospitals and centers including but not limited to general, tuberculosis, mental and chronic disease hospitals, medical facilities and related facilities

County Memorial Hospitals may (as described in WY Statute 18-8-201):

- Issue revenue bonds
- Notes and warrants or other revenue securities
- Enter into agreement for lines of credit with any financial institution
- Issue tax and revenue anticipation notes in amounts not to exceed 80% of the total amount of taxes levied for operation of the hospital for the fiscal year during which the notes are issued



2 Types of Governmental Hospitals - County Memorial and Hospital District

2. “Hospital District”

Establishment of a Hospital District is defined in Wyoming Statute 35-2-401

The board of county commissioners may, by resolution, submit the question of establishing the special hospital district to the electors of the proposed district at the next general election or another date as provided by W.S. 22-2-104.

Hospital Districts may (as described in WY Statute 35-2-414):

- Levy a tax for that year upon the taxable property in such district in it’s county
 - in any one year the tax shall not exceed the amount of 3 mills
 - if the trustees vote to increase the mill levy beyond 3 mills, the board of county commissioners shall call an election within the district



Private Hospitals

Non-profit Hospital

- Viewed as charities by the IRS and are required to provide certain community benefits (these same community requirements apply to governmental hospitals)
- Do not pay federal income tax or state and local property taxes
- Revenue is reinvested in facilities – not paid to shareholders

For-profit Hospital

- Investor owned
- Profits paid to shareholders

Physician Owned Hospital

- Hospital in which a physician, or immediate family member of a physician, has an ownership or investment interest
- Provisions in federal law govern conflict of interest, the ability to expand, patient safety, etc...

Emergency Medical Treatment and Labor Act (EMTALA)

- In 1986, Congress enacted the Emergency Medical Treatment & Labor Act (EMTALA) to ensure public access to emergency services regardless of ability to pay
- Section 1867 of the Social Security Act imposes specific obligations on Medicare-participating hospitals that offer emergency services to provide a medical screening examination (MSE) when a request is made for examination or treatment for an emergency medical condition (EMC), including active labor, regardless of an individual's ability to pay
 - Hospitals are then required to provide stabilizing treatment for patients with EMCs. If a hospital is unable to stabilize a patient within its capability, or if the patient requests, an appropriate transfer should be implemented.
- Hospital-based outpatient clinics not equipped to handle medical emergencies are not obligated under EMTALA



Hospital Operations

- Profitable services vs. non-profitable services
- Community Health Needs Assessments (CHNA) used to inform service line decisions
- Remote communities with small populations but high needs
 - EMS
 - Dialysis
 - Long Term Care (LTC)
 - Anesthesia (CRNA)
 - PT/OT/Speech

Rules & Regulations

- **Joint Commission**
 - The Joint Commission accredits and certifies more than 22,000 health care organizations and programs in the United States, including hospitals and health care organizations that provide ambulatory and office-based surgery, behavioral health, home health care, laboratory and nursing care center services. An independent, not-for-profit organization, The Joint Commission is the nation's oldest and largest standards-setting and accrediting body in health care.
- **State License and Survey**
 - Healthcare Licensing and Surveys (HLS) assures that residents and patients receive quality care from healthcare facilities required to be licensed by the State of Wyoming. HLS also promotes health and safety through on-site inspections and complaint investigations.
- **HCAHPS**
 - The intent of the HCAHPS initiative is to provide a standardized survey instrument and data collection methodology for measuring patients' perspectives on hospital care.

Fixed & Variable Costs

Fixed Costs:

- Buildings/property
- Salaries
- Equipment (MRI, CT, Radiology)

Variable Costs:

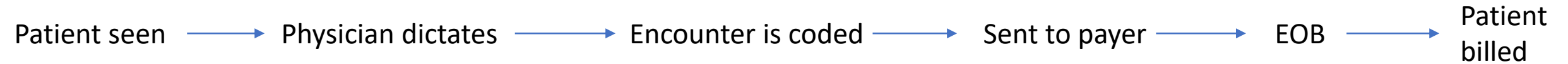
All direct materials related in treating an individual patient.

- Medications
- Testing agents
- Disposable supplies

Cost of physicians:

- Employed vs. Contract
- Malpractice insurance

Billing & Collections



Collections Process:



Options for patients:

- Payment plans
- Sliding Fee Scale
- Charity Care / Financial Assistance

Coding

- DRG
 - Diagnosis Related Group – Basis of Medicare’s hospital reimbursement system. Payment categories used to classify patients for the purpose of reimbursing hospitals for each case in each category with a fixed fee regardless of factual costs incurred. They are based on ICD-10 Codes.

MS-DRG	FY 2020 FINAL Post-Acute DRG	FY 2020 FINAL Special Pay DRG	MDC	TYPE	MS-DRG Title	Weights	Geometric mean LOS	Arithmetic mean LOS
216	Yes	Yes	05	SURG	CARDIAC VALVE & OTH MAJ CARDIOTHORACIC PROC W CARD CATH W MCC	10.0424	13.7	16.0
217	Yes	Yes	05	SURG	CARDIAC VALVE & OTH MAJ CARDIOTHORACIC PROC W CARD CATH W CC	6.6516	8.5	9.5
218	Yes	Yes	05	SURG	CARDIAC VALVE & OTH MAJ CARDIOTHORACIC PROC W CARD CATH W/O CC/MCC	5.4014	5.9	6.9
219	Yes	Yes	05	SURG	CARDIAC VALVE & OTH MAJ CARDIOTHORACIC PROC W/O CARD CATH W MCC	7.8401	9.0	10.9
220	Yes	Yes	05	SURG	CARDIAC VALVE & OTH MAJ CARDIOTHORACIC PROC W/O CARD CATH W CC	5.3059	6.0	6.6
221	Yes	Yes	05	SURG	CARDIAC VALVE & OTH MAJ CARDIOTHORACIC PROC W/O CARD CATH W/O CC/MCC	4.5962	4.1	4.7

- CPT
 - Current Procedural Terminology – Medical nomenclature used to report medical procedures and services for for processing claims, conducting research, evaluating healthcare utilization, and developing medical guidelines and other forms of healthcare documentation.

Example: 72050 PR CHG RADEX SPINE CERVICAL 4 OR 5 VIEWS

- HCPCS
 - Healthcare Common Procedure Coding System – Collection of standardized codes that represent medical procedures supplies, products and services. The codes are used to facilitate the processing of health insurance claims by Medicare and other insurers.

Example: J9355 — Injection, trastuzumab, excludes biosimilar, 10 mg

- ICD-10
 - International Classification of Diseases – System used by physicians to code all medical diagnosis and procedures for claims processing

Example: W20.8xxA - Struck by falling object (accidentally)



Alternative Payment Models (APM)

A payment system that gives added incentive payment to provided high quality and cost-efficient care.

Examples Include:

- Pay for Performance
- Bundled Payments
- Medicare Shared Savings
- Accountable Care Organizations (ACO)
- Patient Centered Medical Homes

Uncompensated Care = care provided for which no payment is received

Bad Debt and Financial Assistance

- **Bad debt** consists of services for which hospitals anticipated but did not receive payment
- **Financial assistance** consists of services for which hospitals neither received, nor expected to receive, payment because they had determined the patient's inability to pay
 - Depending on a variety of factors, including whether a patient completes an application for financial assistance, care may be classified as either financial assistance or bad debt. Bad debt is often generated by medically indigent and/or uninsured patients.

Wyoming

~ \$120,000,000 per year in uncompensated care **COST**

Uncompensated Care Charges = Bad Debt Charges + Financial Assistance Charges

Cost-to-Charge Ratio = $\frac{\text{Total Expenses Exclusive of Bad Debt}}{\text{Gross Patient Revenue} + \text{Other Operating Revenue}}$

Uncompensated Care Costs = Uncompensated Care Charges x Cost-to-Charge Ratio



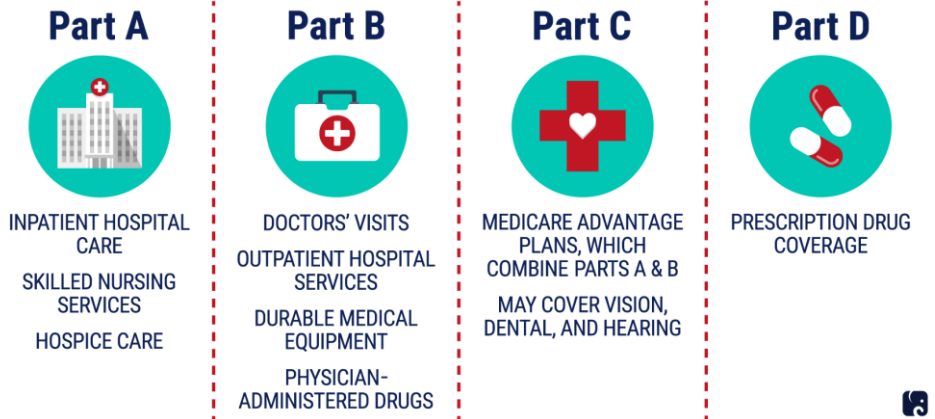
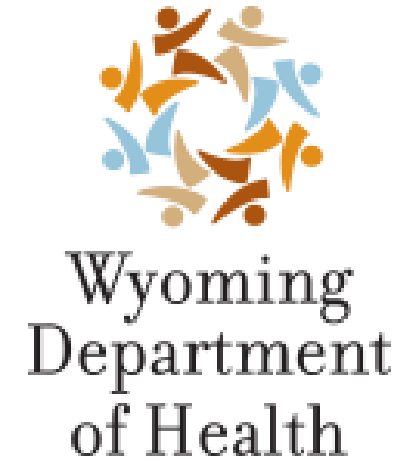
Community Benefit

- **Financial assistance** (bad debt is not counted)
- **Medicaid & other means-tested public programs**
 - CHIP, local and state government programs for low-income persons not eligible for Medicaid
- **Community health improvement services**
 - Community based clinical services where there is no patient bill (e.g.: screenings, health clinics)
 - Classes or lectures on disease conditions
 - Healthcare support services (e.g.: enrollment for health insurance through the insurance marketplace)
 - Transportation
 - Information and referral
- **Health professions education**
- **Subsidized health services**
 - programs provided despite a financial loss so significant that losses remain after removing the effects of financial assistance, Medicaid shortfall and bad debt. The services are provided because they meet identified community health needs and if these services were no longer offered, they would be unavailable in the area, or the community's capacity to provided the services would be below the community's need
- **Research**
- **Cash & in-kind contributions for community benefit**
 - Cash donations to tax-exempt entities and other organizations that provide community benefits
 - In-kind donations such as meeting rooms, supplies, equipment and parking vouchers

Payers

Wyoming Medicaid

Medicaid helps pay for healthcare services for children, pregnant women, families with children, and individuals who are aged, blind or disabled who qualify based on citizenship, residency, family income, and sometimes resources and healthcare needs.



Medicare is the federal health insurance program for:

- People who are 65 or older
- Certain younger people with disabilities
- People with End-Stage Renal Disease (permanent kidney failure requiring dialysis or a transplant, sometimes called ESRD)

Payers

Commercial Insurance:

- Most commercial insurance providers are for-profit companies, although some operate as nonprofit organizations
- ~50% of insured people in Wyoming obtain their coverage through their employer
- ERISA qualifying and self-funded employer health plans are regulated by the Department of Labor
- 24,574 Wyoming residents are signed up for individual plans through the health insurance marketplace, according to HHS



Term	Definition
Cost	<p>To providers: the expense incurred to deliver health care services to patients.</p> <p>To payers: the amount they pay to providers for services rendered.</p> <p>To patients: the amount they pay out-of-pocket for health care services.</p>
Charge or price	<p>The amount asked by a provider for a health care good or service, which appears on a medical bill.</p>
Reimbursement	<p>A payment made by a third party to a provider for services. This may be an amount for every service delivered (fee-for-service), for each day in the hospital (per diem), for each episode of hospitalization (e.g., diagnosis-related groups, or DRGs), or for each patient considered to be under their care (capitation).</p>

Payer Mix - the various sources of reimbursement and reimbursement rates, such as Medicare, Medicaid, self-pay, and private insurance plans

Eric Boley

President

Wyoming Hospital Association

eric@wyohospitals.com

307-632-9344

Josh Hanes

Vice President

Wyoming Hospital Association

josh@wyohospitals.com

307-632-9344

