

The Impact of ACA on Dialysis Reimbursement

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Yes - Potbelly Pigs are Smart – Meet Milo



Medicare Cost Report

General Purpose of the Annual Medicare Cost Report

- **Determines actual cost per treatment for every dialysis treatment modality**
- **Used in Annual CMS Rate Setting Process**
- **Report Medicare Bad Debt Recovery as a Certified Medicare Facility to Recover Unpaid Medicare Deductibles and Co-pays**

Recent Medicare Reporting Changes

Recent Medicare Structural Reimbursement Changes

- **1/1/2011 Bundled Rate (Tx, Drugs, Labs)**
 - **Election for All-in vs Phase-in**
- **1/1/2012 Elimination of Bad Debt Floor**
 - **Facility Cost Profile must exceed Mcare Reimbursement under Old Floor**
 - **Position Change on Status of CMS lawsuit for ESRD Program**

Cost Report Reimbursement Questionnaire

Reimbursement Questions

- **Related Party Transactions**
- **Level of Review on Financial Data**
- **Bad Debt Reporting Level**
 - **Seeking Bad Debt (Mcare/Mcaid - Indigent)**
 - **Changes to Facility Bad Debt Policy**
 - **Were Patients Deductibles and/or Co-Payments Waived**
- **PS&R Report & Statistical Data**

Cost Report Expenses Profiles

Underlying Allowable Expense Detail

- **Aggregate Cost Center Costs (type)**
- **Detail of Medical Director and Administrator Compensation**
- **Transactions with Related Organizations**
- **Adjustments to Expenses (disallowed and unrecorded costs)**
- **Cost Center Reclassifications**

Facility Cost/Revenue Per Treatment

- **Cost Per Treatment Calculation**
 - **Report Total and Mcare Treatment Numbers**
 - **Average Cost Per Treatment by Modality (process cost accounting)**
 - **Average Mcare Reimbursement Per Treatment (Facility PS&R Report) Reconciliation**

Eligible Bad Debt Reimbursement

Calculation of Mcare Bad Debt Reimbursement

- **Total Mcare Bundled Payments**
- **Mcare Deductible & Coinsurance**
- **PPS Bad Debts for Mcare Deductible & Coinsurance**
- **Composite Rate Bad Debt Allocation**
- **Phase-In of Disallowed Mcare Bad Debt (2012 88% - 2013 76% - 2014 65%)**

Bundled Composite Cost Calculation

Calculation of facility specific composite cost percentage

- **Total Allowed Expenses**
divided by
- **Total Composite Costs**
equals
- **Facility Specific Composite Costs Percentage (range of 80% to 85%)**

Medicare Bad Debt Reimbursement

Calculation of Facility Net Mcare Bad Debt Recovery Amount

- **PPS Bad Debts for Mcare Deductible
& Coinsurance
Times**
- **Composite Rate Bad Debt Allocation
Times**
- **Phase-In of Disallowed Mcare Bad
Debt**

Requirements for Medicare Bad Debt Listing

- **Patient Name**
- **HIC Number**
- **Dates of Service**
- **Indigent (yes/no)**
- **Mcaid Number**
- **Date 1st Bill Sent**
- **Write Off Date**
- **Mcare Remit Date**
- **Mcare Deductible**
- **Mcare Co-Ins**
- **Less Recoveries**
- **Net Mcare B/D Claim Amount**
- **Indigent With Proof of Income**
- **Mcare/Mcaid Aggregate total**

State of Florida Insurance Plans

Mcare/Mcaid Replacement Insurance Plans

- **Pay 100% of Mcare Payment Rates**
- **Required By Law Unless Contracted**
- **Most Facilities are Contracted at or around Mcare Bundled Rate**
- **Rule of Thumb - Never Compete on Price with Other Dialysis Providers**

Medicare Replacement Plans

Medicare Replacement Plans Reimbursement Rates

- **Generally Pays at Medicare Rates**
 - **If Spending Exceeds Benefit Levels will pay the 20% co-insurance**
 - **If Spending Below Benefit Levels will “not” pay the 20% co-insurance**
- **In Network – Pays at Contracted Rates**

Medicaid Managed Care Plans (MMA)

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- **Medicare Secondary Payment of 20%**
 - Amerigroup
 - Medica
 - Molina
- **As apposed to No Secondary Pymt**
- **Florida Medicaid Pays the 20% of Mcare Co-Insurance**

Traditional Private Insurance Payers

- **Private Payers Moving to Bundled Rate Since 1/1/2011 Mcare Bundle**
 - **\$550 to \$900 in Rural Areas**
 - **\$450 to \$550 in Urban Areas**
 - **Still Paying Close to Billed Charges**
 - **Federal Blues Plans**
 - **Out-of-State Blues Plans**
 - **Out-of-State United Healthcare Plans**
 - **Very Few Traditional PPO's Left**

Insurance Plans Fee Schedules

Out-of-Network (“OON”) Fee Schedules

- **Some Insurance Carriers are Setting OON Fee Schedules at Mcare Rates**
- **Reasoning – No Contract In Place**
- **Alternatively OON set at 150% of Mcare Rates with High Deductibles & 40%-50% Co-Ins – Aetna & Cigna**
- **Single Payer Agreements**

Obamacare State Plans

State Plans Approximately 1/3

- **Lower Selections with Plan Terminations & Coverage Changes**
- **United Healthcare Terminating Participation in State Sponsored Health Plans**
- **Higher Deductibles & Co-Pays**
- **Limited Selection of PCP**

Federal Tax Returns

Changes to Federal Tax Laws

- **Annual Federal Tax Return Settlement of State Funded Health Insurance Premiums**
- **Small Employers Can No Longer Deduct Employee Reimbursement of Health Insurance Premiums Pretax**
- **Large Group vs Small Group Employer Sponsored Health Plans**

United Healthcare vs ARA

United Healthcare Sues American Renal over Excessive Charges

- **US District Court – Southern District of Florida**
- **United Alleges ARA Told Patients They Would Pick Up “Any Charges” for Co-Pays & Deductibles (See Mcare Cost Report Question)**
- **Referred Patients to AKF for help With Their Insurance Premiums**

American Kidney Fund

AKF “Trap” for Patient Insurance Reimbursement Assistance

- **AKF Health Insurance Assistance Benefits to all Providers**
- **How to Hold Patient’s Accountable for Future Financial Responsibilities**
- **Expectations for Other Patients within the Facility to Maintain Insurance Premiums, Deductibles and Coinsurance Payments**

State of ESRD Insurance Reimbursement

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