Department of Medical Assistance Services (DMAS) Hospital Payment Policy Advisory Council (HPPAC) Meeting

Minutes

Name of Meeting:	Hospital Payment Policy Advisory Council
Date of Meeting:	October 29, 2019
Length of Meeting:	1 hour and 15 minutes

Members Present:
Chris Gordon, DMAS
Bill Lessard, DMAS
Donald Halliwill, Carilion
Stephan Quiriconi, Bon Secours
Michelle Chesser, Ph.D., Joint Commission on Health Care
Kenneth McCabe, Department of Planning and Budget
Chris Bailey, Virginia Hospital and Healthcare Association

Members Absent:
Robert Broermann, Sentara

Other DMAS Attendees:

Tanyea Darrisaw	Beth Jones
Karen Cameron	Matthew Terrill
John Snouffer	Casie Curcie
Keith Collins	Larry Roberts
Sara Benoit	Taryn Gulkewicz
Shelly Williams	

Other VHHA Attendees:

Lanette Walker	Jay Andrews
Jennifer Wicker	

Other Attendees:
Mike Tweedy, Virginia Senate Finance Committee

Objective of Meeting:

Update on coverage and rate assessments for FY20 and discussion of multiple Disproportionate Share Hospital (DSH) payment issues

Call to Order and Introductions

Chris Gordon called the meeting to order at 3:15 PM.

Opening Remarks

- Mr. Gordon reviewed the results of the last Hospital Payment Policy Advisory Council (HPPAC) meeting
    - He reported that the approved format was used to submit the 2019 coverage and rate assessment detail to the General Assembly
    - Mr. Gordon reiterated DMAS' commitment to resubmit this report annually and to share its detail with the VHHA

Update on Coverage and Rate Assessments for FY20

- Matthew Terrill reviewed the assessment report (as updated the previous night with current Department of Social Services (DSS) costs) for FY20 to date.
    - There was agreement to post the report monthly to the DMAS website
    - Bill Lessard summarized the upcoming enhanced supplemental payments related to claims and encounters reported during the June through August period

DMAS report on DSH Incentives for Private Hospital to Admit TDO Patients

- Mr. Lessard provided the budget language regarding the development of a disproportionate share hospital (DSH) payment distribution policy to incentive private hospitals' to admit patients with temporary detention orders (TDOs)
- Mr. Lessard stated that other than minimal requirements, states generally have large flexibility for state plan amendments for CMS approval for DSH.
    - To qualify for DSH a hospital must only meet the 1% state Medicaid utilization requirement, in addition to either an obstetrics unit operating requirement or two "obstetrics qualified" physicians (if a rural hospital, these could include family doctors)
- Mr. Lessard summarized that within the Affordable Care Act (ACA), Congress included reduced allotments to DSH
    - This reduction had been delayed four times since the ACA's passage and that it will now be effective in 2020 unless another expected (but unsure) delay occurs.
    - The most recent court case favored CMS' argument for less generous costs.
    - Explained Virginia has separate methodologies for the Children's Hospital of King's Daughters (CHKD), University of Virginia and Virginia Commonwealth University (UVA/VCU), and all other hospitals.
    - States have flexibility to develop DSH programs in multiple ways to serve their needs.
    - DMAS' study mandate requires a report due December 1, 2019. DMAS' intention is to not present any information from the report until it is made official in December, DMAS wants stakeholder input prior to its publication

    - Mr. Bailey stated that allotments due to states had not been updated since the early 1990s
    - VHHA had a meeting the other day on their overall disappointment that it may be too late to submit effective TDO incentive policy proposals. He emphasized that DSH is "only one lever" to encourage TDOs
- Jennifer Wicker raised the question of whether there was an actual goal or number to obtain for incentivized TDO admissions, or if the mandate was just to encourage TDOs in general.
    - VHHA has concern that the study mandate overlooked an entire population of voluntary behavioral health admissions that private hospitals admit for inpatient settings; while state hospitals do not.
        - Private acute hospitals experienced a net increase of roughly 1200 admissions per year.
        - VHHA's position is that the proposal would not properly incentivize TDOs, but that the reduction of DSH allotment going into effect may make it more difficult for these hospitals to accept patients.
        - There are several VHHA hospitals operating below the full licensed bed number
        - Many of the recommendations put forth by VHHA last year focused on the front and back end of the workforce; working with community service board (CSB) members to find ways to increase crisis stabilization units (CSUs); and addressing the changing types of patients served by community hospitals.
        - New psychiatric inpatient admissions are more medically complex, have increased need for special intellectually and developmentally disabled programming, and/or are increasingly arriving intoxicated to emergency departments.
        - VHHA suggested increased reimbursements for these populations specifically.
- Donald Halliwill summarized that in the behavioral health environment it is not possible to push staffing beyond current levels due to the complex work environment.
- Karen Cameron stated that traditionally occupancy rates are based on licensed, not staffed, beds since staffing fluctuates
- Mr. Bailey stated that VHHA would present a list of recommendations
- Mr. Lessard stated that for the current study it would not be possible to address all options but that they would be able to include comments from the public and VHHA.
- Mr. Gordon asked Ms. Wicker if VHHA had specific recommendations for increasing psychiatric reimbursement and she responded that these were under development.
    - She replied that VHHA presented comments last fall and that she is currently working with membership on solutions related to medically complex and disabled patients. She also stated that a few weeks before the December 1 due date VHHA would share more recommendations.

- Mr. Lessard noted that many issues faced by private hospitals are shared by state hospitals, and that additionally state hospitals are required to accept TDOs regardless of occupancy.

Options for DSH

- Mr. Lessard explained that DMAS' current methodology uses a base year for utilization. The base year for FY20 is FY17, which is pre-expansion. It would not be until FY22 that at least some expansion utilization would show in the base year (FY19).
- Mr. Gordon asked if these audits were done at the individual hospital level, and Mr. Lessard replied yes, and that these audits included a focus on indigent care populations.

Modifying the Methodology for Distributing Private Hospital DSH in Response to Expansion

- Mr. Lessard distributed background information on the Medicaid utilization rate as a part of audit function.
  - Medicaid utilization rates are increasing except for children's hospitals although the exact magnitude is to be determined. There may be a decrease after initial pent up demand for utilization, and that DMAS will be looking at the general impact of expansion as well as the impact of expansion on hospitals.
- Once DMAS had more information they would need a new eligibility threshold for DSH.
- Mr. Halliwill asked if the timeframe for the new threshold would be one to two years away
  - Mr. Lessard replied DMAS would likely want recommendations by next summer in order to have the new threshold effective July 2021.
- Mr. Lessard noted that federal regulations specified "two obstetricians with qualifications."
  - Discussion ensued about various OB units statewide.
  - He acknowledged at least one hospital which closed OB still have "on call" contracts with obstetricians, but whether that meets the federal requirement is unknown.

Other Items

Mr. Lessard asked the Council for any other items to discuss or additional recommendations and found none.

Meeting Adjourned

The meeting was adjourned by Mr. Gordon at 4:30 PM.