Maryland Health Services Cost Review Commission

Uncompensated Care Policy Recommendations

May 5, 2014

HSCRC
Health Services Cost Review Commission

Uncompensated Care Policy Recommendations

▸ The uncompensated care provision in rates be reduced from 6.86% to 6.16%, pending continuing review of PAC data for payments received that could moderate the reduction by approximately .10%;

▸ Uncompensated care levels continue to be monitored for further potential reductions for FY 2016 or sooner, if warranted;

▸ The regression formula be changed from the current model;

  ▸ To the Five Variable Model described in this report.

  ▸ The results of the Five Variable Model should be combined with two years of historical data to more closely reflect current trends in uncompensated care. This process will need to be modified next year as a result of the significant changes in bad debt levels.

  ▸ The PAC% of FY 2013 charges, once adjusted for any payments received, should be subtracted from the uncompensated care result for each hospital to derive its final percentage for determining its contribution or withdrawal from the uncompensated care pool. Appendix IV shows the proposed results, subject to any changes resulting from an analysis of collection activities.

  ▸ The regression model results be updated to reflect the more recent experience of hospitals with years ending after June 30, 2013 before finalization.

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▸ The Charity Care Adjustment be suspended indefinitely and not be reinstituted in FY 2015 rates;

▸ Data be collected on write-offs to guide future development of uncompensated care regression models and uncompensated care policies;

▸ Data be collected on outpatient denials, in addition to data already collected on inpatient denials, to understand the continuing trends in denials under the new All-Payer model; and

▸ A new uncompensated care policy be developed for FY 2016 that reflects the patterns in uncompensated care experience that are observed in FY 2015 and projected for FY 2016.

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