AMERICAN HEALTH LAW ASSOCIATION

Measuring Changes to Uncompensated Care DSH

Medicare Cost Reporting and the Impact of COVID-19

[Program Section 39]

Institute on Medicare and Medicaid Payment Issues

Thursday March 24, 2022 3:15-4:30 pm EDT

Friday March 25, 2022 8:00-9:15 am EDT

americanhealthlaw.org

Unraveling Uncompensated Care

A *discussion* on Uncompensated Care (UC) cost reporting and reimbursement.

An *evaluation* of UC Cost data before and during the COVID-19 Public Health Emergency (PHE).

AGENDA

ACA and UC Cost Reporting

Quick Refresher

1 ACA shifts Disproportionate Share (DSH)

25% Empirical DSH | 75% UC DSH

Phase in started in FFY 2014 | UC Cost Fully Applied in FFY 2020

2 Qualify through empirical DSH method

Hospital fiscal year DSH % at or > 15%

Title XIX eligible days + Medicare SSI days / total days

Inpatient Prospective Payment System (IPPS) Only

3 Payments determined from UC Cost (Mostly*)

UC Cost reported on Worksheet S-10 line 30

Entire hospital complex

FFY 2022 Interim Pmts Based on FY 2018 and FY 2019 Discharges

4 FFY 2022 national funding: $7.2bn

Base year: FFY 2018 cost reports; $33bn of UC Cost*

Hospital Payment: % of national UC funding (aka factor 3)

$1M UC Cost = ~$215K Payment

Factor 1 = $14bn [CMS estimate if no DSH changes from the ACA]. Hospitals retain 25% [$3.5bn] | Factor 2 = Remaining $10.5bn reduced by annual changes to the national uninsured population (0.686). | Total FFY 2022 uncompensated care payments = $7.2bn ($10.5bn x 0.686).

*UC Cost not used for Puerto Rico, Indian Health Service (IHS) and Tribal DSH hospitals

Quick Refresher

Different Definitions Under Agency Instruction

Medicare Cost Reporting Instructions	IRS 990 Form 990 H Instructions	GAAP FASB Accounting Standards Codification Master Glossary	American Hospital Association Fact Sheet: Uncompensated Care
- Uninsured per Patient FAP - Non-Medicare Bad Debt - Discounted Care under FAP must be “medically necessary” - No courtesy and administrative discounts - No physician | professional component - Driven by Medicare cost principles - CMS Proposed IPPS Acute Care Only for Federal Fiscal Year (FFY) 2021 Cost Reports	- Free or discounted health services…meet(ing) the organization's criteria for financial assistance and are unable to pay for all or a portion of the services - As part of tax exemption under Section 501(r), the FAP must include eligibility criteria for financial assistance and whether such assistance includes: • free or discounted care • the basis for calculating amounts charged to patients • and the method for applying for financial assistance	- Charity care represents health care services that are provided but are never expected to result in cash flows. - Charity care is provided to a patient with demonstrated inability to pay. - Each entity establishes its own criteria for charity care consistent with its mission statement and financial ability.	- Hospital care provided for which no payment was received from the patient or insurer. - Sum of a hospital's bad debt and the financial assistance it provides. - …includes care for which hospitals never expected to be reimbursed and care provided at a reduced cost for those in need. - Uncompensated care excludes other unfunded costs of care, such as underpayment from Medicaid and Medicare

Indecipherable

*“During oral arguments Nov. 29, several justices expressed frustration with the complicated Medicare payment rule that has spawned litigation. Justice Clarence Thomas said the language in the rule is "indecipherable," and Justice Stephen Breyer said he was “exhausted by the dispute”**

*Source: Supreme Court justices baffled by Medicare payment rule
Empire Health Empirical Disproportionate Share Litigation
beckershospitalreview

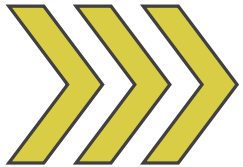
ACA and UC Cost Reporting

Limitations on Review

What to do when instructions are indecipherable?

No Appeals

- Areas of Worksheet S-10 instructions may also be considered "Indecipherable"
- However, unlike empirical DSH, UC DSH payments cannot be appealed



ACA Limitations on Review

- *There shall be no administrative or judicial review under section 1869, section 1878, or otherwise of the following: "(A) Any estimate of the Secretary for purposes of determining the factors described in paragraph (2). "(B) Any period selected by the Secretary for such purposes**

*Codified at 42 USC 1395ww(r)(3)

ACA and UC Cost Reporting

Language from the ACA

…"amount of uncompensated care" for a year in proportion to "the aggregate amount of uncompensated care" for all qualifying hospitals"

"based on **appropriate data**" or other "alternative data" that is "a better proxy for the costs . . . **of treating the uninsured**"*

WS S-10 UC Cost Reporting

When is a patient considered to be uninsured or underinsured?	How do CMS Instructions impact Section 501(R) compliance?	What are the best practices for documenting financial assistance in the FAP?

*Codified at 42 USC 1395ww(r)(2)(C)

ACA and UC Cost Reporting

Limitations on Review

1 Transmittal 17 Instructions

- CMS proposed new WS S-10 instructions and clarifications in November 2020 (Transmittal 17, "T17")
- T17 Instructions were finalized in January 2022 without any of CMS's proposed revisions

2 WS S-10 Audit Disputes

- Consistency in audit is key, especially since WS S-10 audits are closed, there is no appeal
- Best practices involve a proactive approach working with disputed audit results

3 UC Costs Impacted by COVID-19

- Potential irregularities in UC Cost due to COVID-19 impact the stability of payments
- This presentation assesses UC Cost trends before and during COVID-19 considering stay-at-home orders and postponement of elective procedures
- In future rule making, CMS also intends to consider the potential impact of the COVID-19 PHE on the determination of UC costs

ACA and UC Cost Reporting

UC Cost Categories

Charity Care

Charge Write-Offs during the Provider's Fiscal Year | Procedures Must Follow FAP | No Prof. Charges, Prompt Pay or Courtesy discounts

- Uninsured Charity Discounts
- Insured Charity Discounts
- Self Pay Discounts
- Non-Covered and Denied Medicaid

Bad Debt

Total Bad Debt Patient Responsibility Written-Off During Hospital's Fiscal Year

- Non-Medicare Bad Debt*
- [Bad Debt is typically transfer of active AR to Bad Debt AR]
- Medicare Bad Debt
- Net of All Recoveries Received During Fiscal Year

T17 Clarifications

Removed from Final T17 instructions, **but** still relate to UC cost reporting

- Insured But Uninsured for Hospital Stay
- Charges from Exhausted Benefits
- Insurance Not Under Contract with Hospital
- Frankenstein Accounts**

*Proposed T17: Enter the amount of Medicare and non-Medicare bad debts/implicit price concessions (pursuant to the Accounting Standards Update, Topic 606)

**Frankenstein Account = Reversing and writing-off aged accounts to the correct transaction in the current year (not addressed in cost reporting instructions)

ACA and UC Cost Reporting

T17: Proposed But Not Finalized

Short-Term Acute Care Only

- **Proposed T17:** Enter charge write-offs *billable under the hospital CCN for patients…Exclude charges in any other part of the hospital complex (e.g., psychiatric unit, SNF, HHA, ESRD, etc.)*
- **Consideration**: Safety nets providing essential subacute services would be adversely impacted by this change | ~65% of UC DSH payments go to hospitals providing subacute services

Medically Necessary Only

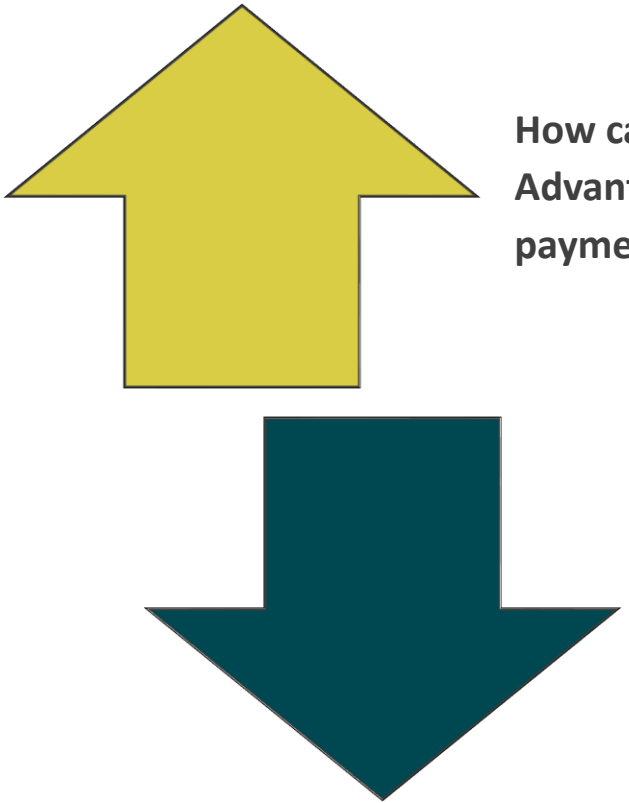
- **Proposed T17:** Charity care results from a hospital's policy to provide **medically necessary** health care services free of charge to patients who meet the hospital's FAP
- **Consideration:** Medical necessity may be subject to interpretation | Perhaps CMS may clarify "cosmetic" services are not allowable

CARES HRSA [Uninsured]

- **Proposed T17:** Do not include charges for uninsured patients reimbursed by HRSA (PRF).
- **Confirmation:** Although Proposed T17 instructions were not finalized, this guidance is also stated in CMS's Billing and Cost Report FAQs

ACA and UC Cost Reporting

Medicare Advantage



How can providers work with Medicare Advantage (MA) plans to include UC DSH payments as part of the Medicare rate?

The shift from Medicare FFS to Medicare MA decreases the UC DSH Pool

Medicare Inpatient Reimbursement Comparison

Traditional Medicare (FFS) vs Medicare Managed Care Organization (MCO)

Payment Type	Medicare Fee for Service Provider Agreement and Cost Report Settlement	MCO In-Network Contract between Provider & MCO and CMS Regulations	MCO Out of Network (OON) No contract with MCO CMS Regulations apply
Base Rate	Basic IPPS amounts	Like FFS (+/- 5%)	Basic IPPS amounts
Factor Adjustments (e.g., IME)	Indirect Medical Education (IME)	Shadow billing	Same as in-network process
Pass Through Payments	Graduate Medical Education (GME) Medicare bad debts	Shadow billing for GME Medicare Bad Debt is excluded	Same as in-network process
DSH	DSH and UC DSH Payments	Empirical DSH limited to 25% | UC DSH based on contractual agreement	**Depends whether empirical DSH and UCC are "part of PPS payment"**

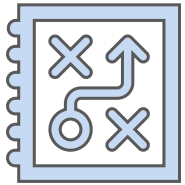
FFS payments reduced by applicable deductibles and coinsurance. Bad Debts limited to 65% and only on unpaid FFS deductibles and coinsurance.

MCO In network contracts may limit DSH based on amounts used in interim rates. UC DSH amounts may be limited to reasonable flat amount per discharge.

MCO OON should be limited circumstances such as emergent or urgently needed care.

ACA and UC Cost Reporting

Amount Generally Billed (AGB)



Look Back Method:
Sum of (allowable claim) amounts…during a prior 12-month period divided by the sum of the associated gross charges*

Are providers including UC DSH payments as part of the Medicare rate?

Prospective Method:
Total amount Medicare or Medicaid would allow for care

Emergency or other medically necessary care

*Look Back rates: Medicare fee-for-service alone, Medicare fee-for-service and all private health insurers paying claims to the hospital facility, or Medicaid, either alone or in combination with Medicare and all private health insurers

https://www.irs.gov/charities-non-profits/limitation-on-charges-section-501r5

ACA and UC Cost Reporting
Emerging UC Cost Considerations

Sale of Accounts Receivable

- Evaluation of UC cost reimbursement vs. A/R sale value
- Can charges not reimbursed from sale of AR be reported as UC Cost?
- What is the FAP consideration?

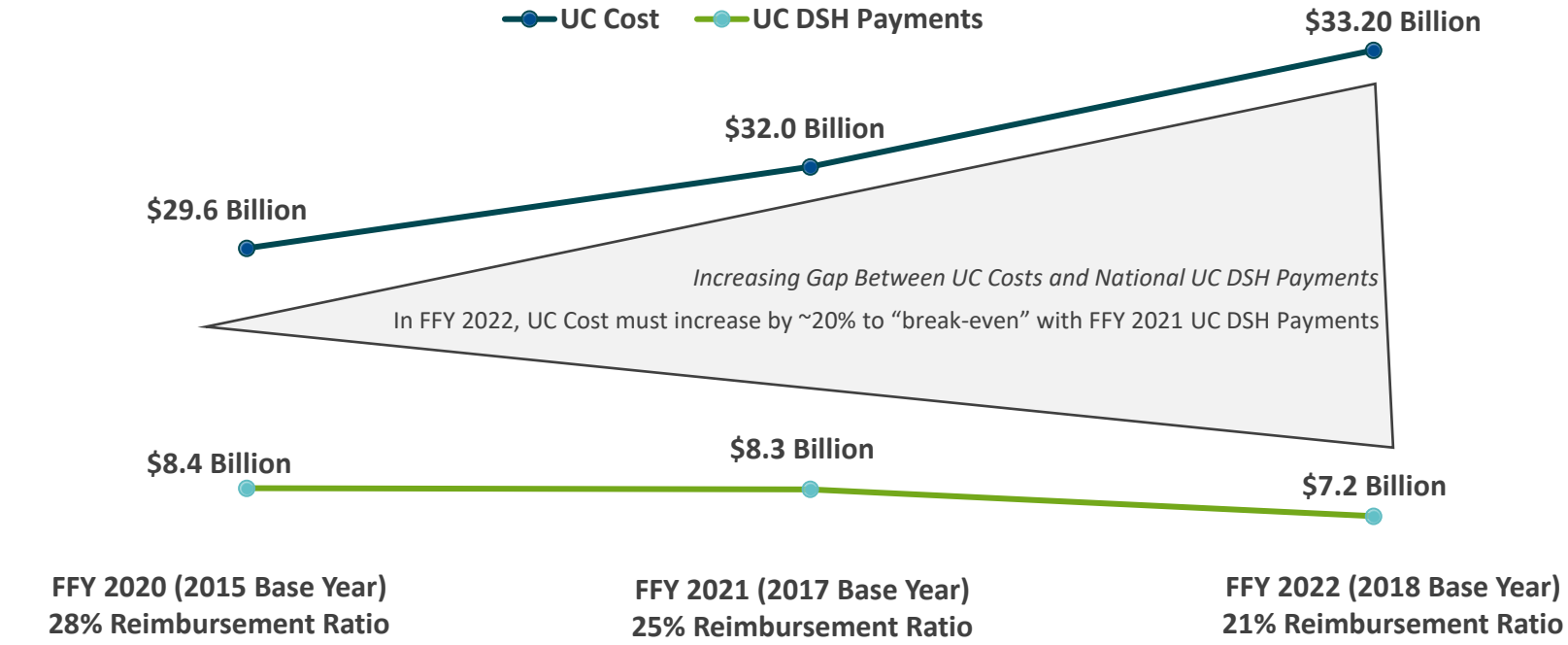
Charitable Physician Administrative Time

- Reimbursement for access to care for Medicaid, Uninsured and Underinsured patients
- Administrative portion of cost allowable as UC Cost in Medicaid State DSH programs
- Would CMS allow these costs as UC Cost? Any FAP Consideration?

National UC DSH Funding

National UC DSH Funding

Trend of Cost and Payment

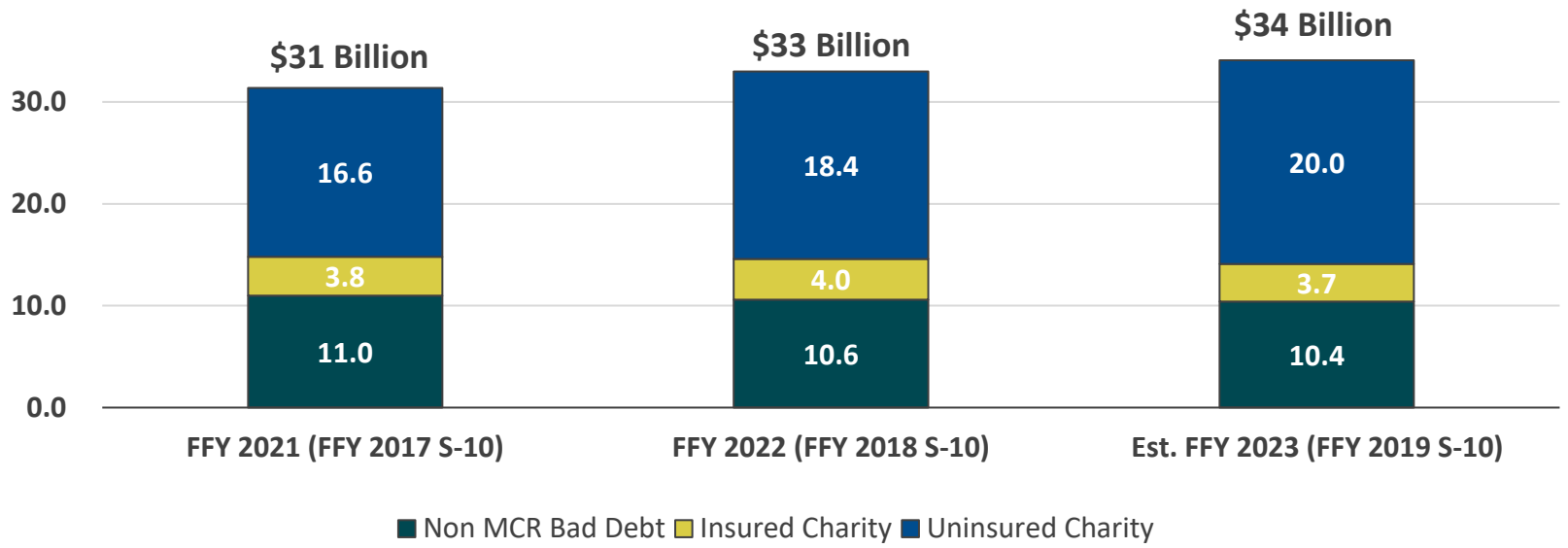


Includes UC Cost for all DSH recipient hospitals in the respective Federal Fiscal Year | Excludes Puerto Rico, IHS and Tribal hospital UC Cost

UC DSH Reimbursement Ratio: Base Year UC Cost to Federal Year UC DSH Payment (for hospitals Estimated to receive DSH payments only)

National UC DSH Funding

UC Cost Breakdown

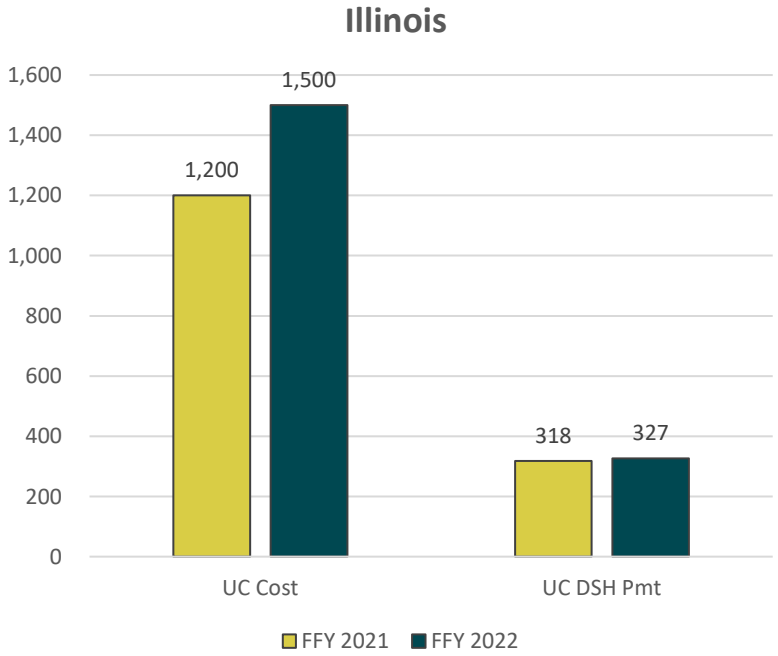


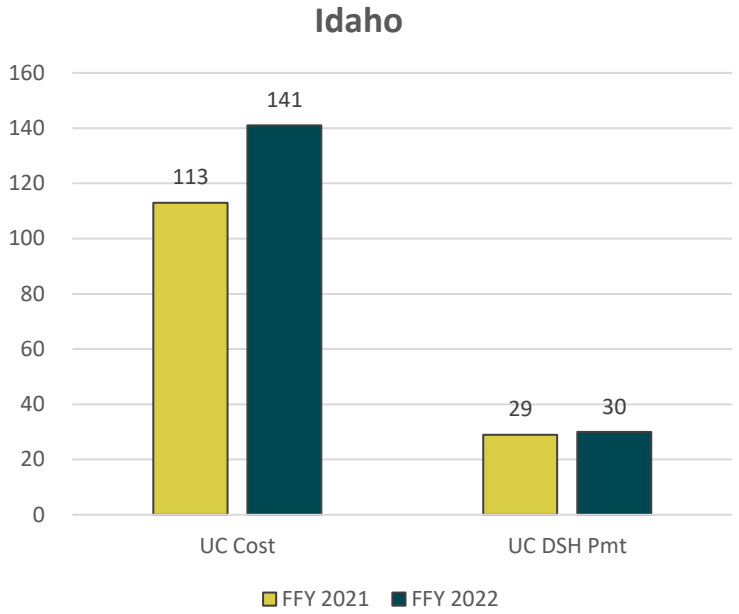
- Only includes UC Cost from providers estimated to receive DSH in FFY 2022 (therefore, a slight variance from UC cost on previous slide)
- Excludes Puerto Rico, IHS and Tribal hospital UC Cost

National UC DSH Funding

UC Payment Trends

Largest Statewide Increases (in Millions)

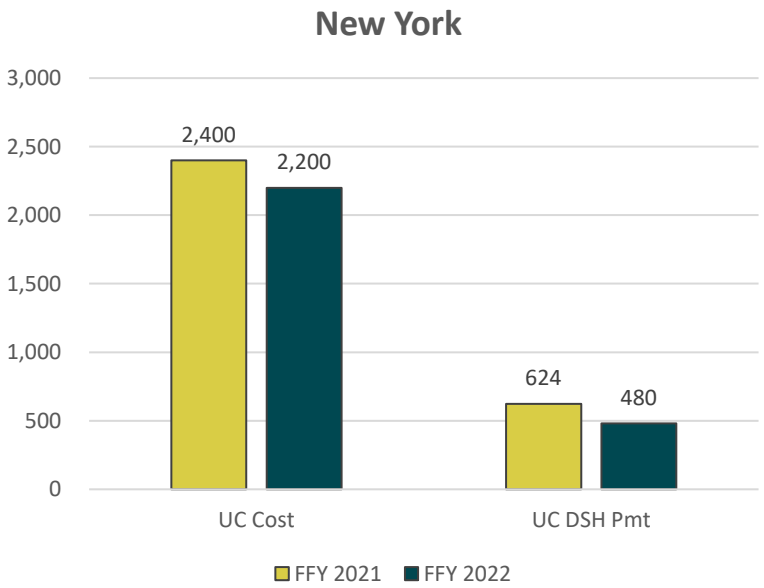


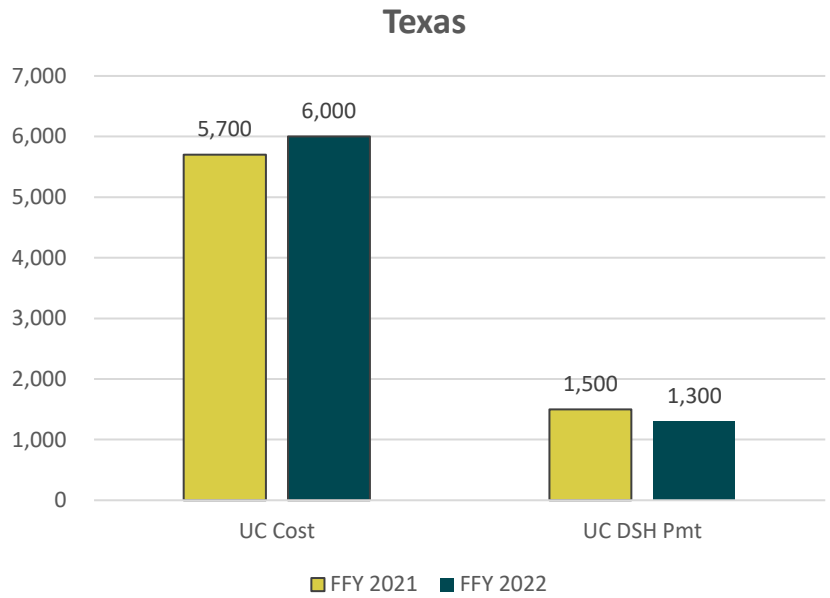


National UC DSH Funding

UC Payment Trends

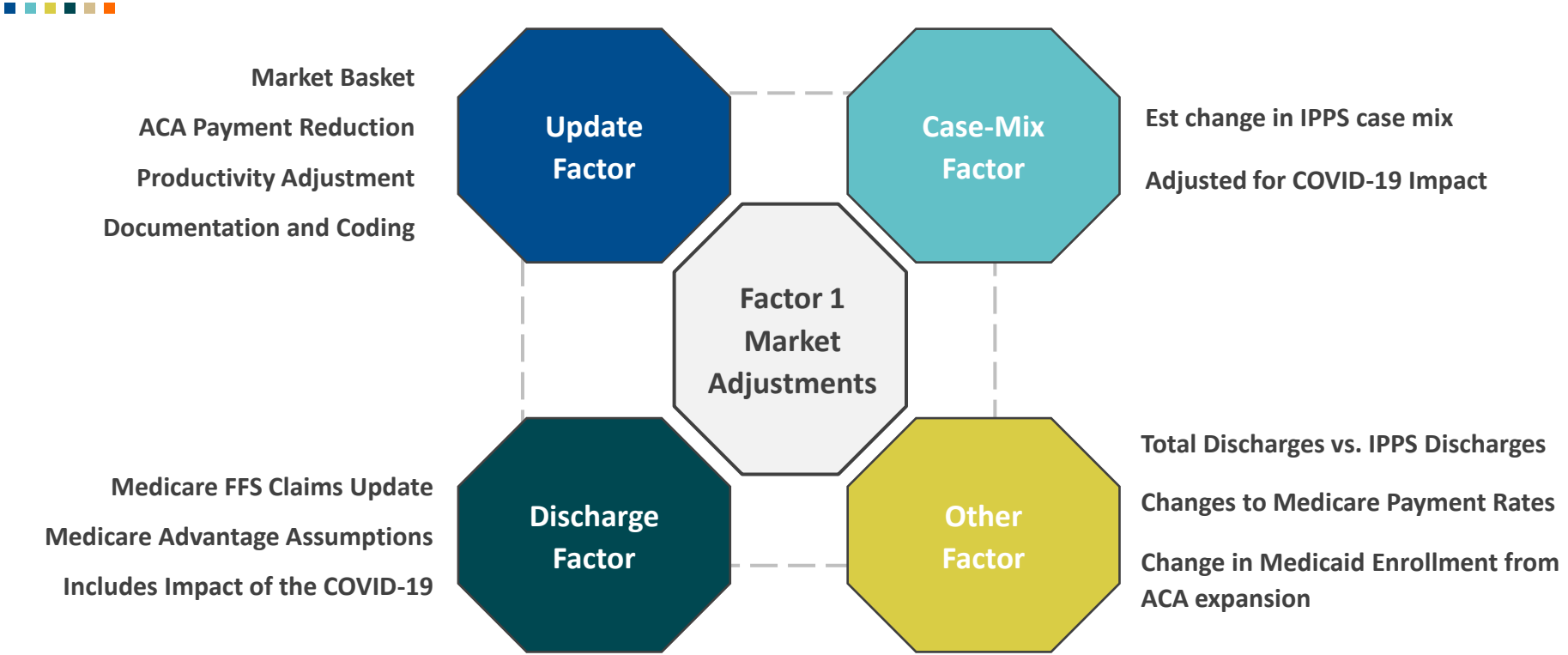
Largest Statewide Decreases (in Millions)





National UC DSH Funding

Market Adjustments



FFY 2022 IPPS Final Rule

UC DSH:

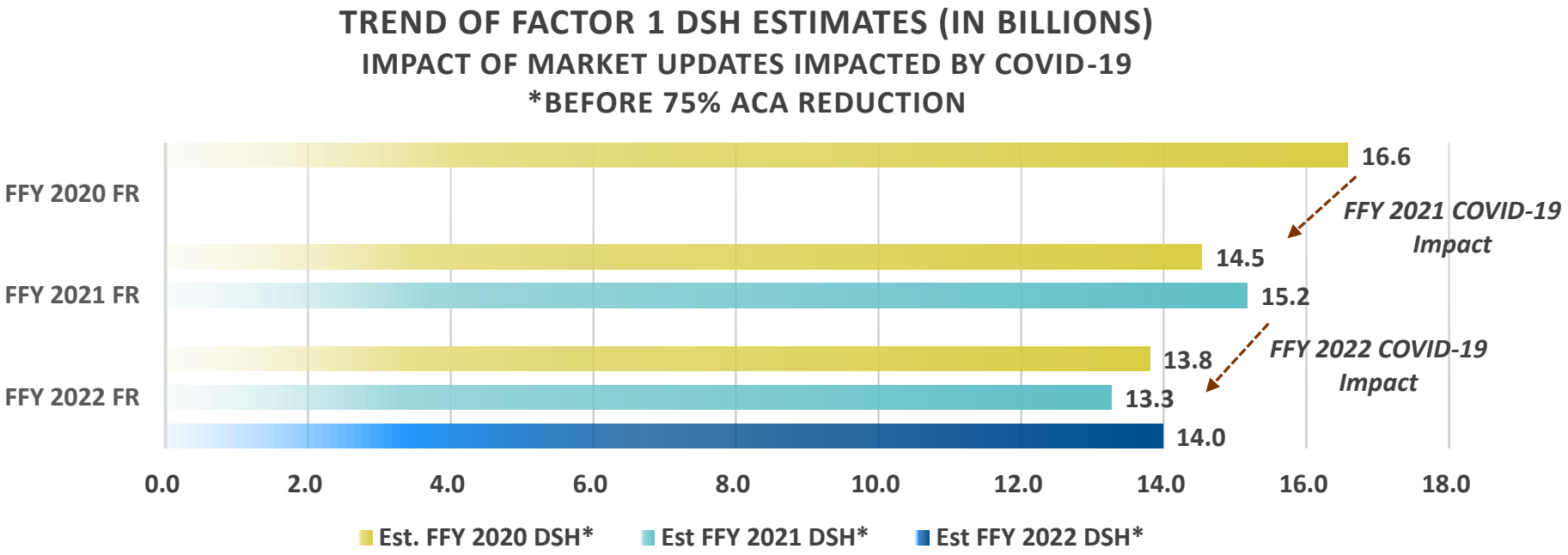
"We do not believe that excluding and/or mitigating the impact of the pandemic through adjustments to Factor 1 calculation would be consistent with the statute."

- Vs. -

Value Based Purchasing:

"This policy is intended to ensure that these programs neither reward nor penalize hospitals based on the circumstances caused by the PHE for COVID-19 that measures were not designed to accommodate."

National UC DSH Funding
Market Adjustments



National UC DSH Funding

Market Adjustments

FFY 2022 UC DSH Pool Decreases by $1.1 billion due to compounding CMS market adjustments

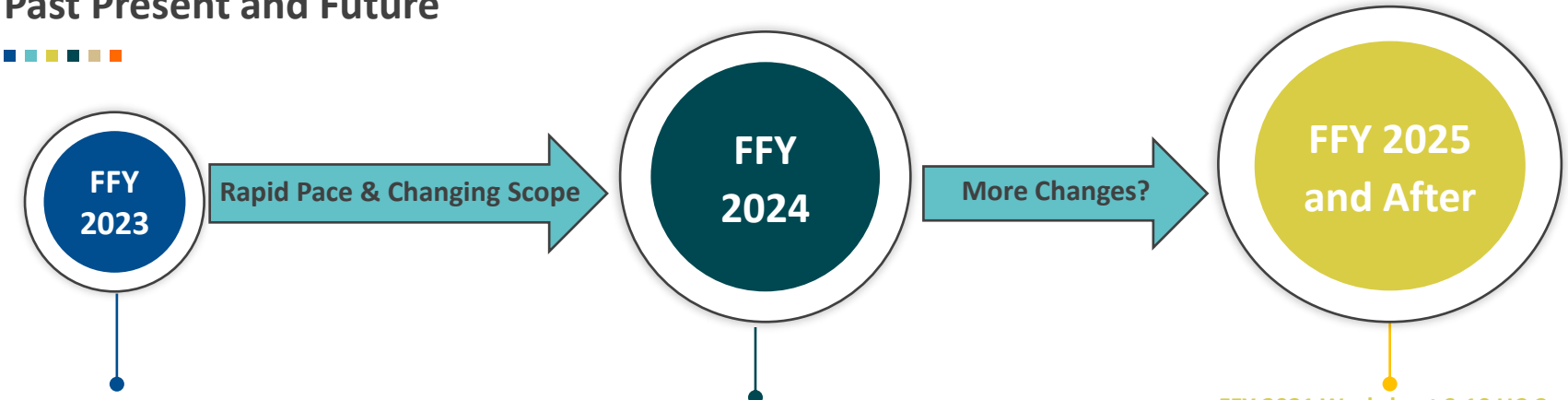
		A	*B*	*C*	*D*	*E*	*F*	*G*	*H=A*B*C*D*E*F*G*	*I = H*75%*	*J*	*K = I*J*
Federal Fiscal Year	**Descript**	**Base Year***	**2017 Update**	**2018 Update**	**2019 Update**	**2020 Update**	**2021 Update**	**2022 Update**	**Total Adjusted***	**75% of Total***	**Factor 2**	**UC DSH Pool***
FFY 2020 2016 Base Year	Amt	**14.0**	1.0796	1.0528	1.0121	1.0311	N/A	N/A	**16.6**	**12.4**	67.1%	**8.4**
	Chg from PY	***0.8***	0.0149	(0.0029)	(0.0133)	N/A	N/A	N/A	**0.2**	**0.2**	(0.4%)	**0.1**
FFY 2021 2017 Base Year	Amt	**14.0**	N/A	1.0530	1.0129	0.9731	1.0437	N/A	**15.2**	**11.4**	72.9%	**8.3**
	Chg from PY	***0.0***	N/A	0.0002	0.0008	(0.0580)	N/A	N/A	**(1.4)**	**(1.1)**	5.3%	**(0.1)**
FFY 2022 2018 Base Year	Amt	**14.0**	N/A	N/A	1.0144	0.9091	1.0364	1.0541	**14.0**	**10.5**	68.6%	**7.2**
	Chg from PY	***0.0***	N/A	N/A	0.0015	(0.0640)	(0.0073)	N/A	**(1.2)**	**(0.9)**	(4.3%)	**(1.1)**

*Base Year, Total Adjusted, 75% of Total, and UC DSH Pool **in Billions**

Worksheet S-10 Audits

Worksheet S-10 Audits

Past Present and Future



FFY 2019 WS S-10 UC Cost

Audit Begin: ~3/1/2021 | End: 12/31/2021

Notable Scope:

- Financial Assistance Policies
- Charity | SP Discounts with reconciliation
- CY, PY and Subsequent YR UC Cost Write-Offs
- Non-Covered & Denied Medicaid
- Bad Debt, Recoveries and AFS Reconciliation
- Account Balance Review
- **Samples (ongoing sample size audit variation)**

FFY 2020 Worksheet S-10 UC Cost

Audit Begin: ~2/1/2022 | End: 12/31/2022

New Notable Scope:

- Contractual allowances for life of each encounter (no imputing account balance)
- A/R balance and relationship to charity and bad debt write-offs
- Medicaid deductibles ("share of cost" needed to prompt Medicaid reimbursement)

FFY 2021 Worksheet S-10 UC Cost

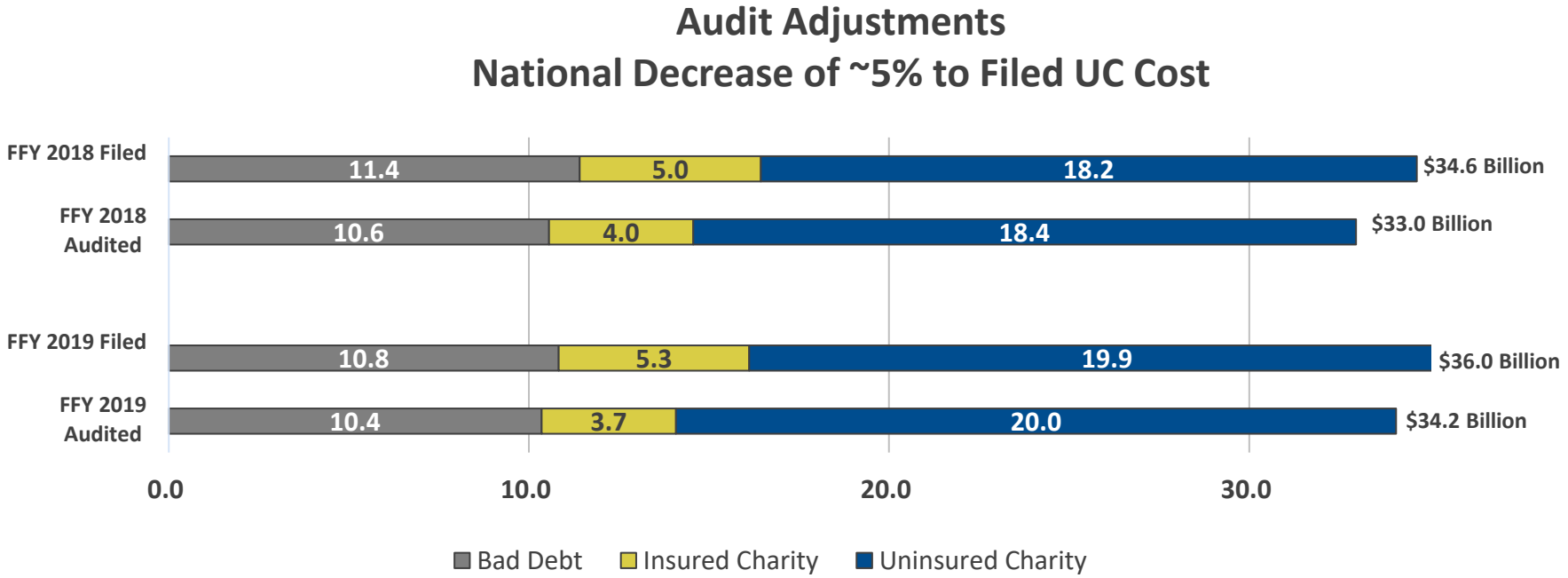
Audit Begin and End: TBD

Scope: TBD

- T18 and New CMS Exhibits
- Clarifications on amending cost reports for non-S-10 revisions?
- Will MACs continue to allow material revisions between filed and audited WS S-10?

Worksheet S-10 Audits

Adjustments



*Only includes UC Cost from providers estimated to receive DSH in FFY 2022 | Excludes Puerto Rico, IHS and Tribal hospital UC Cost

Worksheet S-10 Audits

Resolving Disputed Adjustments

1. Disputed Audit Adjustment

- Document the disputed adjustment
- Notify MAC intent of revision in future cost report
- E.g., Presumptive charity with no other support (i.e., patient asset test)

2. Financial Assistance Policy

- Apply changes to the FAP
- Acknowledge charity determinations can be retroactive
- E.g., Revised FAP allows for presumptive eligibility in absence of asset test

3. Transaction Adjustment

- Reverse the transaction(s) disallowed per WS S-10 audit
- Report the transaction(s) as written-off in current year
- E.g., Presumptive charity not requiring patient asset test per FAP revision

4. Audited Financial Statements

- Consider if restatements to prior year audited financials are required to properly record charity and /or bad debt

5. Cost Reporting

- Ensure the write-off was not reported on any WS S-10 used for UC payments (FFY 2014 to current cost report)
- Report the write-off amount as charity care or bad debt on current year WS S-10

6. Disclosure

- Denote the adjustment and reporting on WS S-10 on the cost report cover letter
- Report and request the account are audited in a separate category of UC Cost claims

COVID-19 and UC Cost Trends

COVID-19 and UC Cost Trends

Application of UC Costs during the PHE

FFY 2022 IPPS Final Rule

"…Because cost reporting data for the period covered by the COVID–19 PHE is not yet available to be analyzed, we believe it would be premature to attempt in this rulemaking to modify the methodology for determining uncompensated care payments for a future year specifically to address the impact of the COVID– 19 PHE. ***We intend to consider the potential impact of the COVID-19 PHE on the determination of uncompensated care costs in future rulemaking, as appropriate."***

COVID-19 UC Cost Analysis

- Analysis of UC Cost trends from the Healthcare Cost Report Information System (HCRIS) before and during COVID-19
- Correlation of UC Cost with start and stop dates of stay-at-home orders and postponement of elective procedures
- Notably, UC Costs are based on transaction date, often occurring after patient discharge
- The impact of COVID-19 may continue into future federal fiscal years, impacted by a change in accounts written-off (as opposed to discharged)

COVID-19 and UC Cost Trends

FFY 2020 vs. FFY 2019

Stay at Home Orders and Postponed Procedures

Est. FFY 2020 Impact by Cost Reporting Period

Percentage Change FFY 2020 vs. FFY 2019

Cost Reporting Period in FFY 2020	Number of DSH Hospitals	% of CR Weeks with Stay-at-Home Order	% of CR Weeks with Postponed Elective Procedures	Charity Care	Bad Debt	Total UC Cost
12.1.2019 to 11.30.2020	16	12.5%	10.1%	45.0%	14.3%	32.3%
1.1.2020 to 12.31.2020	**1,024**	**11.7%**	**9.5%**	**-2.5%**	**-5.1%**	**-3.4%**
3.1.2020 to 2.28.2021	20	11.4%	8.5%	-1.5%	-6.3%	-1.9%
10.1.2019 to 9.30.2020	444	10.7%	8.8%	7.9%	4.5%	6.7%
11.1.2019 to 10.31.2020	20	10.0%	9.5%	6.6%	-2.0%	4.1%
2.1.2020 to 1.31.2021	14	9.9%	9.6%	-6.2%	0.0%	-5.0%
4.1.2020 to 3.31.2021	70	8.9%	6.6%	-2.0%	0.6%	-1.2%
5.1.2020 to 4.30.2021	39	1.5%	1.0%	-9.0%	-29.8%	-14.1%
6.1.2020 to 5.31.2021	55	0.0%	0.0%	-15.2%	-16.4%	-15.5%
7.1.2020 to 6.30.2021	548	0.0%	0.0%	-5.5%	-10.6%	-7.0%
Total	**2,251**	**8.1%**	**6.6%**	**-1.0%**	**-4.1%**	**-2.0%**

- **The ~2% decrease in national UC cost would be first decrease since audited WS S-10 was used for UC DSH Payments**
- Decrease of 3.4% in UC Cost impacts the largest group of DSH hospitals (12/31/2020 FYEs)
- However, other DSH groups (other FYEs) with weeks impacted by stay-at-home orders and postponed procedures have increases to UC Cost (e.g., FYE 9/30/2020)
- Notably, cost reports later in FFY 2020 have UC cost decreases, even with no weeks of stay-at-home orders or postponed procedures (FYE 1.31.31 through 6.30.21)

COVID-19 and UC Cost Trends

10 Highest Stay-at-Home Order Weeks with FFY 2020 Cost Report Year

The relationship of the (1) annual change in UC cost and (2) weeks during stay-at-home orders varies by state

		Largest Top Ten		Percentage Change FFY 2020 vs. FFY 2019		
State	Number of DSH Hospitals	% of CR Weeks with Stay-at-Home Order	% of CR Weeks with Postponed Elective Procedures	Charity Care	Bad Debt	Total UC Cost
NJ	45	22.0%	14.7%	17.0%	9.6%	15.5%
MA	46	15.0%	16.9%	24.8%	4.4%	15.0%
CT	24	14.7%	0.0%	14.6%	-14.5%	2.6%
OH	89	14.1%	12.4%	**-2.5%**	-8.3%	-5.1%
DC	2	13.4%	11.5%	**-12.0%**	-11.8%	-11.9%
MN	44	12.9%	9.7%	**-5.3%**	-16.1%	-9.8%
NH	10	12.7%	0.0%	**-19.9%**	-29.6%	-23.8%
MI	76	12.3%	7.4%	**-7.1%**	-6.0%	-6.5%
VT	6	11.5%	15.3%	**-17.7%**	5.2%	-5.6%
RI	8	11.5%	13.4%	0.0%	3.2%	1.6%
National	**2,251**	**8.1%**	**6.6%**	**-1.0%**	**-4.1%**	**-2.0%**

COVID-19 and UC Cost Trends

10 Highest Weeks of Postponed Procedures with FFY 2020 Cost Report Year

The relationship of the (1) change in annual UC cost and (2) weeks during postponed elective procedures varies by state

		Largest Top Ten		Percentage Change FFY 2020 vs. FFY 2019		
State	Number of DSH Hospitals	% of CR Weeks with Stay-at-Home Order	% of CR Weeks with Postponed Elective Procedures	Charity Care	Bad Debt	Total UC Cost
MA	46	15.0%	16.9%	24.8%	4.4%	15.0%
VT	6	11.5%	15.3%	**-17.7%**	5.2%	-5.6%
NJ	45	22.0%	14.7%	17.0%	9.6%	15.5%
WA	38	9.4%	14.1%	**-4.3%**	-2.0%	-3.7%
RI	8	11.5%	13.4%	0.0%	3.2%	1.6%
OH	89	14.1%	12.4%	**-2.5%**	-8.3%	-5.1%
DC	2	13.4%	11.5%	**-12.0%**	-11.8%	-11.9%
AK	5	6.1%	10.7%	**-23.1%**	18.9%	-11.0%
NY	105	10.5%	10.5%	**-2.5%**	10.1%	1.8%
FL	121	5.6%	10.0%	**-0.2%**	-8.4%	-2.0%
National	**2,251**	**8.1%**	**6.6%**	**-1.0%**	**-4.1%**	**-2.0%**

COVID-19 and UC Cost Trends

Analysis Caveats

1. Total sample size of 2,252 DSH hospitals
2. Focuses on the number of weeks:
    - A provider's respective state spent under a stay-at-home order (SAHO)*
    - A provider's elective procedures were postponed**
3. Includes DSH providers (DSH Eligible for Sole Community Hospital (SCH) DSH Eligible) with data in all 3 federal fiscal years (2018, 2019 & 2020) as of 12/31/2021 HCRIS data.
    - The 12/31/2021 HCRIS data is missing FFY 2020 ~500 cost reports with 6/30/2021, 7/31/2021 & 8/31/2021 fiscal year ends
4. Cost reports that do not represent a full year of data are excluded
5. The FFY 2020 data is unaudited and likely overstated. Recent audit results show a 5% decrease to as filed UC Cost. This adjustment was applied FFY 2020 UC Cost amounts.

*SAHO was undetermined for DSH hospital in AR, ND, NE, SD, UT and WY. Therefore, the nationwide average of SAHO weeks was applied to cost report weeks in the federal fiscal year for these respective hospitals.

**Postponement of elective procedures was undetermined for DSH hospitals in GA, ID, MT, MO, SC, KS, ME, WI, NV, CY, HI, DE, NH, ND and WY. Therefore, the nationwide average of postponed elective procedure weeks was applied to cost report weeks in the federal fiscal year for these respective hospitals.

ADDENDUMS

Addendum 1

T17: Proposed But Not Finalized

1. Insured but uninsured for hospital stay

Proposed T17: Report charge write-offs determined uninsured for hospital stay

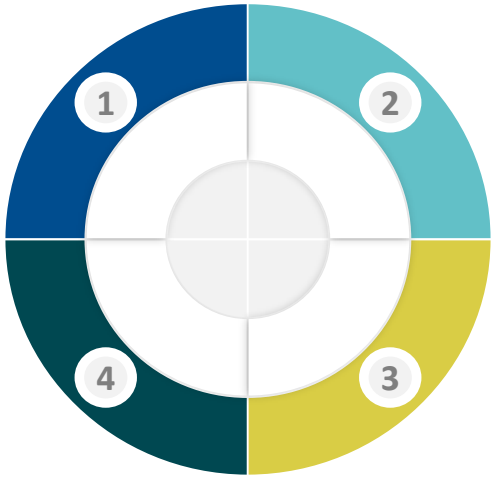
Final T17: Not addressed but reaffirms charge write-offs are determined by the FAP*

4. Frankenstein accounts

Not discussed in CMS instruction

Addresses allowable charity and bad debt accounts not reported in prior years

May involve reversing prior year transactions to correct transaction type (e.g., charity care or bad debt) in the current year



2. Charges from exhausted benefits

Proposed T17: Report charges other than deductible, coinsurance, and co-payments for insured patient's liability for medically necessary hospital services

Final T17: Not addressed but reaffirms charge write-offs are determined by the FAP*

3. Insurance not under contract with provider

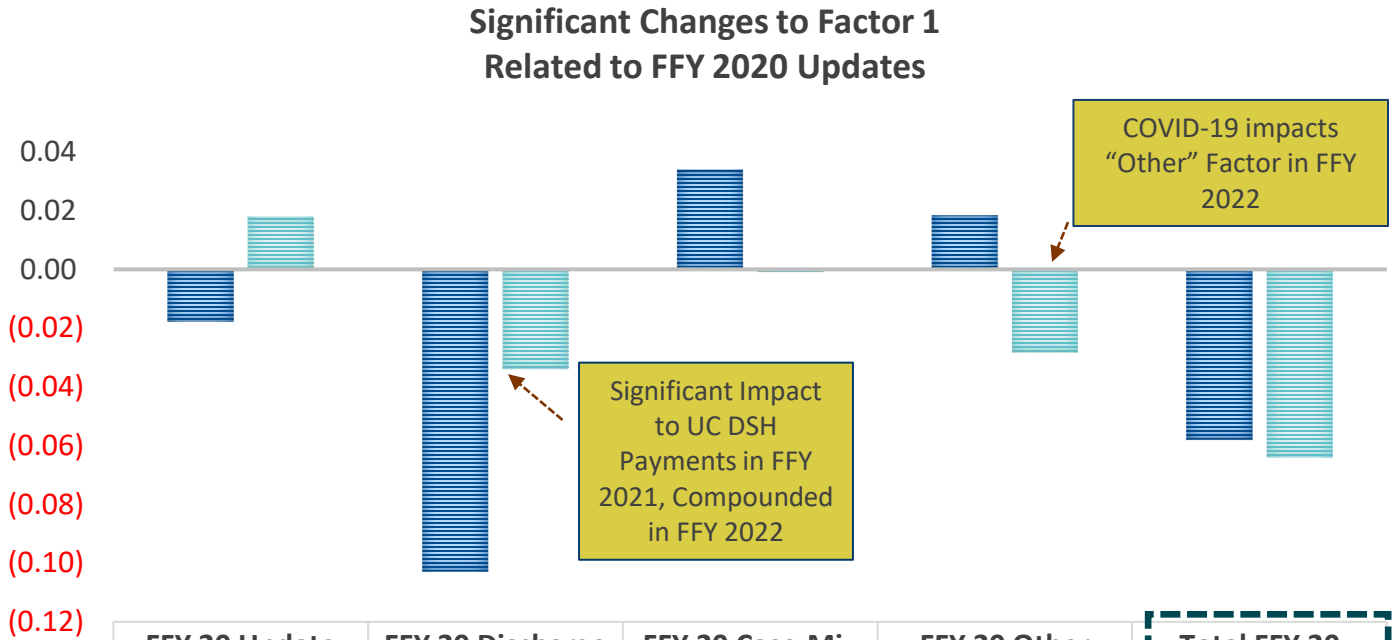
Proposed T17: Do not report charge write-offs from a contractual or inferred contractual relationship (payment from insurer on behalf of insured patient)

Final T17: Report charge write-offs for patients with coverage from an entity that does not have a contractual relationship per the FAP

*CMS IPPS Rules (FFY 2019 and FFY 2020): *"nothing prohibits a hospital from considering a patient's insurance status as a criterion in its charity care policy. A hospital determines its own financial criteria as part of its charity care policy"*

Proposed T17 instructions stated "CMS does not mandate the eligibility criteria that a hospital uses under its financial assistance policy"

Addendum 2
Market Adjustments



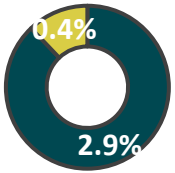
	FFY 20 Update Factor	FFY 20 Discharge Factor	FFY 20 Case-Mix Factor	FFY 20 Other Factor	Total FFY 20 Update
FFY 21 FR vs. FFY 20 FR	(0.0179)	(0.1029)	0.0340	0.0184	(0.0580)
FFY 22 FR vs. FFY 21 FR	0.0179	(0.0340)	(0.0010)	(0.0284)	(0.0640)

Addendum 3

Medicaid Expansion and Medicare DSH Estimates

Component of Factor 1 “Other” Update

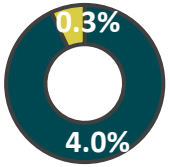
FFY 2022 Final Rule



FFY 2020 % increase from Medicaid Expansion

FFY 2021 % increase from Medicaid Expansion

FFY 2021 Final Rule



FFY 2020 % increase from Medicaid expansion

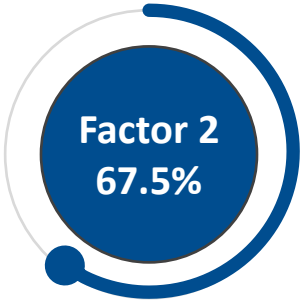
FFY 2021 % increase from Medicaid expansion

Medicaid Expansion Estimates include an assumption that new enrollees are healthier than the average Medicaid recipient and therefore have less hospital utilization. This same assumption applies to new Medicaid beneficiaries who enrolled in 2020 and thereafter due to the COVID–19 pandemic.

“Since we do not know how many Medicare beneficiaries will choose to enroll in an MA plan, or how much the remaining fee for service enrollees will use hospital services, or the total impact of the Covid-19 pandemic, there is much uncertainty in these numbers.”

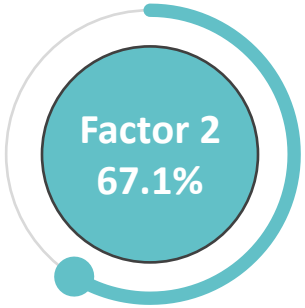
Addendum 4
Factor 2 Adjustment for the Change in Uninsured

No COVID-19 Impact



FFY 2019

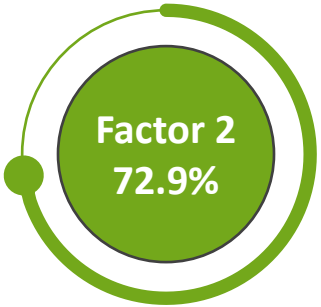
- Base year CY 2013 Uninsured: 14.00%
- Federal Year 2019 Uninsured: 9.5%
- National Health Expenditure Accounts (NHEA), **NHEA Projections**
- Insurance enrollment through 2016; Projected Enrollment 2017 - 2019



FFY 2020

- Base year CY 2013 Uninsured: 14.00%
- Federal Year 2020 Uninsured: 9.4%
- **NHEA Projections**
- Insurance enrollment through 2017; Projected Enrollment 2018 - 2020

COVID-19 Impact



FFY 2021

- Base year CY 2013 Uninsured: 14.00%
- **Federal Year 2021 Uninsured: 10.2%**
- **NHEA Projections** w/ recent BLS data and monthly Blue-Chip Economic Indicators
- Insurance enrollment through 2018; Projected Enrollment 2019 - 2021

FFY 2022

- Base year CY 2013 Uninsured: 14.00%
- Federal Year 2022 Uninsured: 9.6%
- **NHEA Projections** w/recent BLS data, and monthly Blue-Chip Economic Indicators
- Insurance enrollment through 2019; Projected Enrollment 2020 – 2022

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