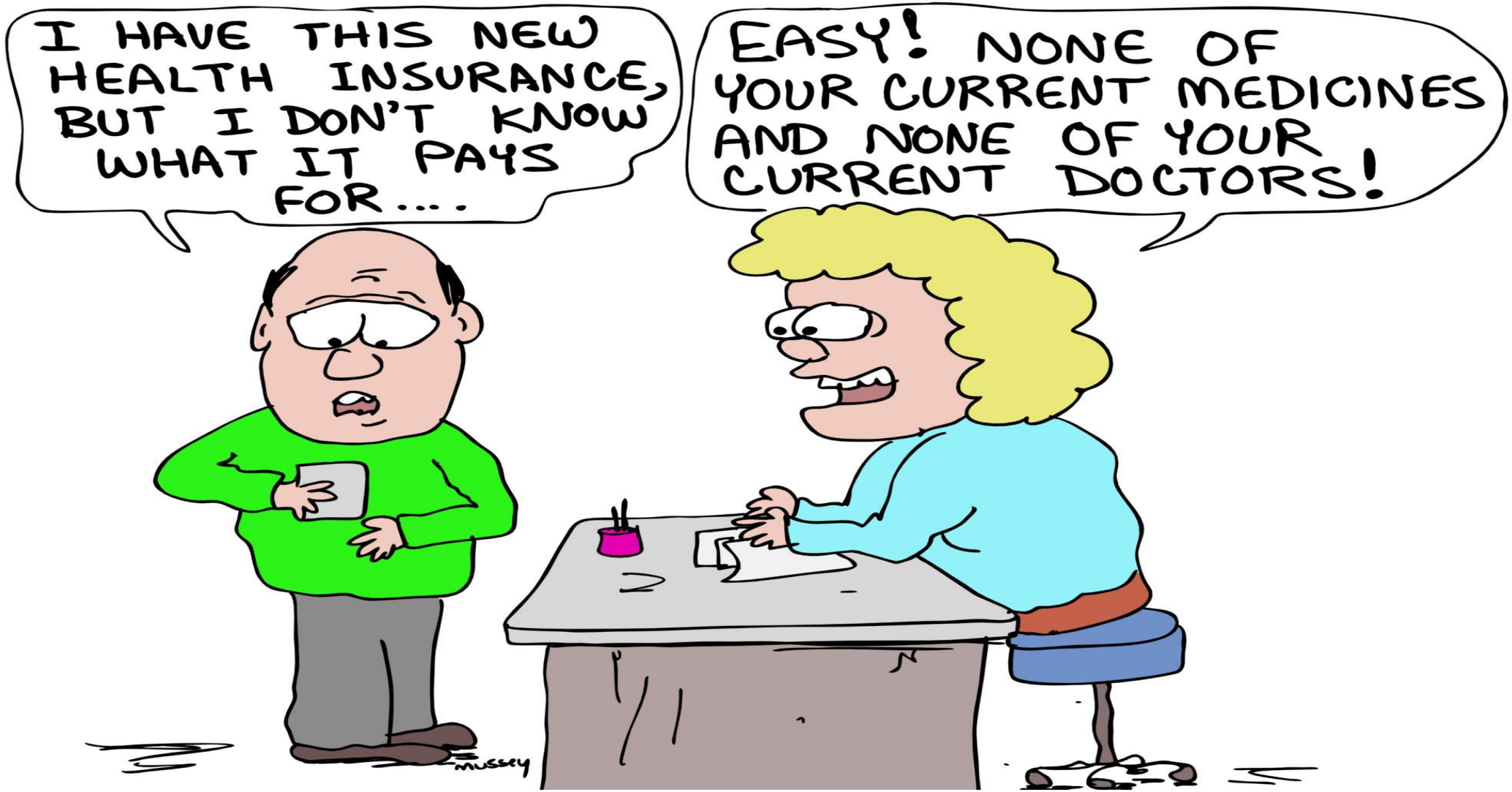
Understanding Payers

Why is it Important to your Organization?

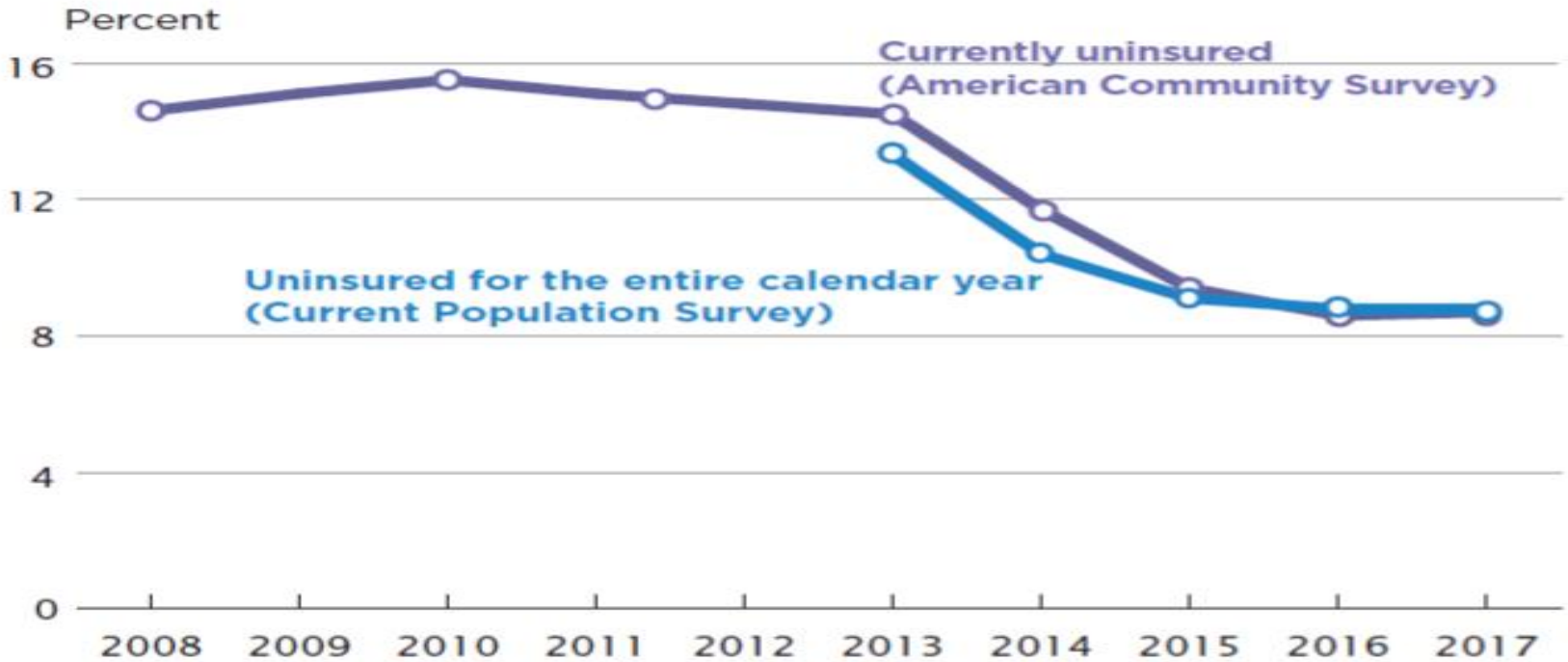
Overview

- Background
- Understanding Payers 101
- RCM in Relation to Data Collection
- Q&A


I HAVE THIS NEW HEALTH INSURANCE, BUT I DON'T KNOW WHAT IT PAYS FOR....
EASY! NONE OF YOUR CURRENT MEDICINES AND NONE OF YOUR CURRENT DOCTORS!
MUSSEY

What Does The Data Tell Us?

Figure 2.
Uninsured Rate: 2008 to 2017



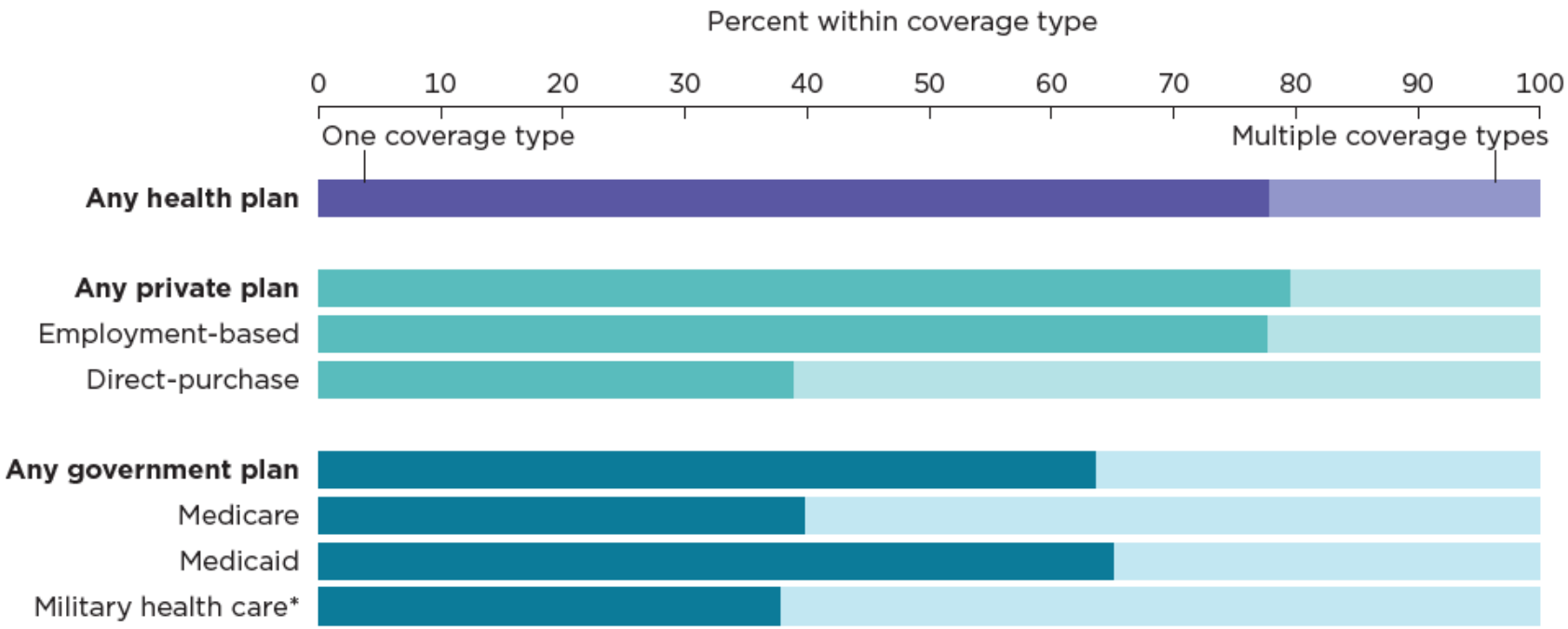
Note: Estimates are for the civilian noninstitutionalized population. For the Current Population Survey, estimates reflect the population as of March of the following year. For information on confidentiality protection, sampling error, nonsampling error, and definitions in the Current Population Survey, see <www2.census.gov/program-surveys/cps/techdocs/cpsmar18.pdf>. For the American Community Survey, estimates reflect the population as of July of the calendar year. For information on confidentiality protection, sampling error, nonsampling error, and definitions in the American Community Survey, see <www2.census.gov/programs-surveys/acs/tech_docs/accuracy/ACS_Accuracy_of_Data_2017.pdf>.

Source: U.S. Census Bureau, Current Population Survey, 2014 to 2018 Annual Social and Economic Supplements and 2008 to 2017 American Community Survey, 1-Year Estimates.

Figure 3.

Percentage With One or Multiple Coverage Types: 2017

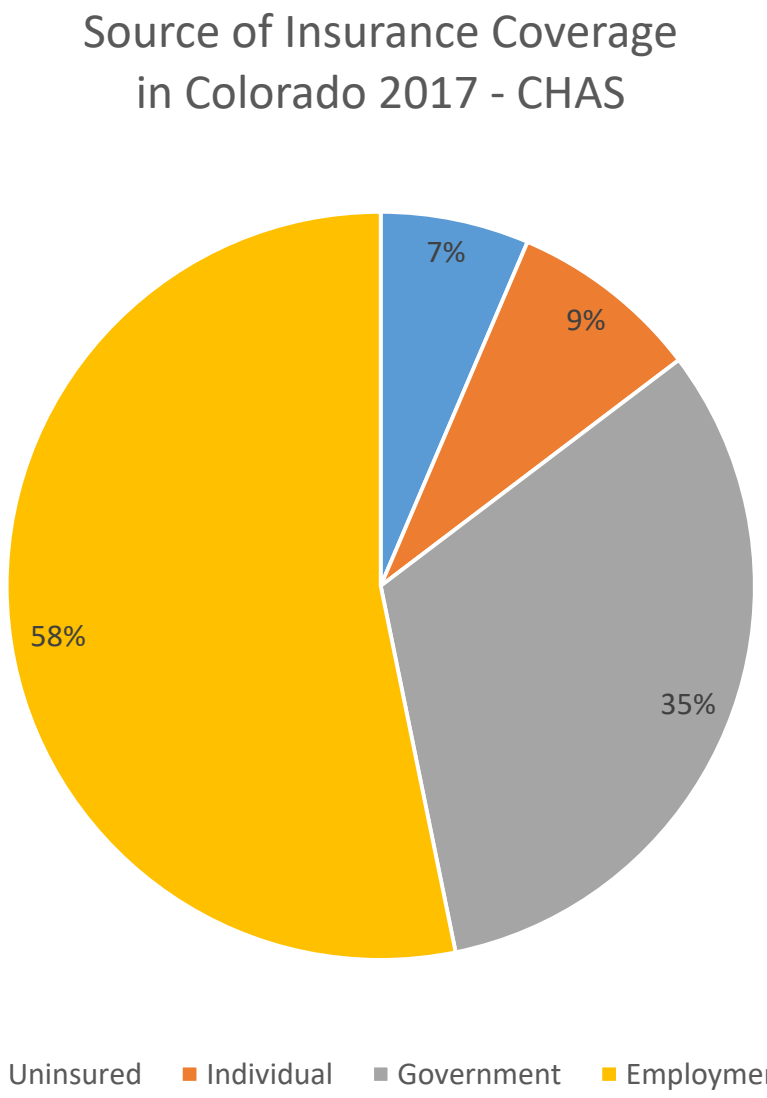
(Population as of March of the following year)



* Military health care includes TRICARE and CHAMPVA (Civilian Health and Medical Program of the Department of Veterans Affairs), as well as care provided by the Department of Veterans Affairs and the military.

Note: For information on confidentiality protection, sampling error, nonsampling error, and definitions in the Current Population Survey, see <www2.census.gov/programs-surveys/cps/techdocs/cpsmar18.pdf>.

Source: U.S. Census Bureau, Current Population Survey, 2018 Annual Social and Economic Supplement.



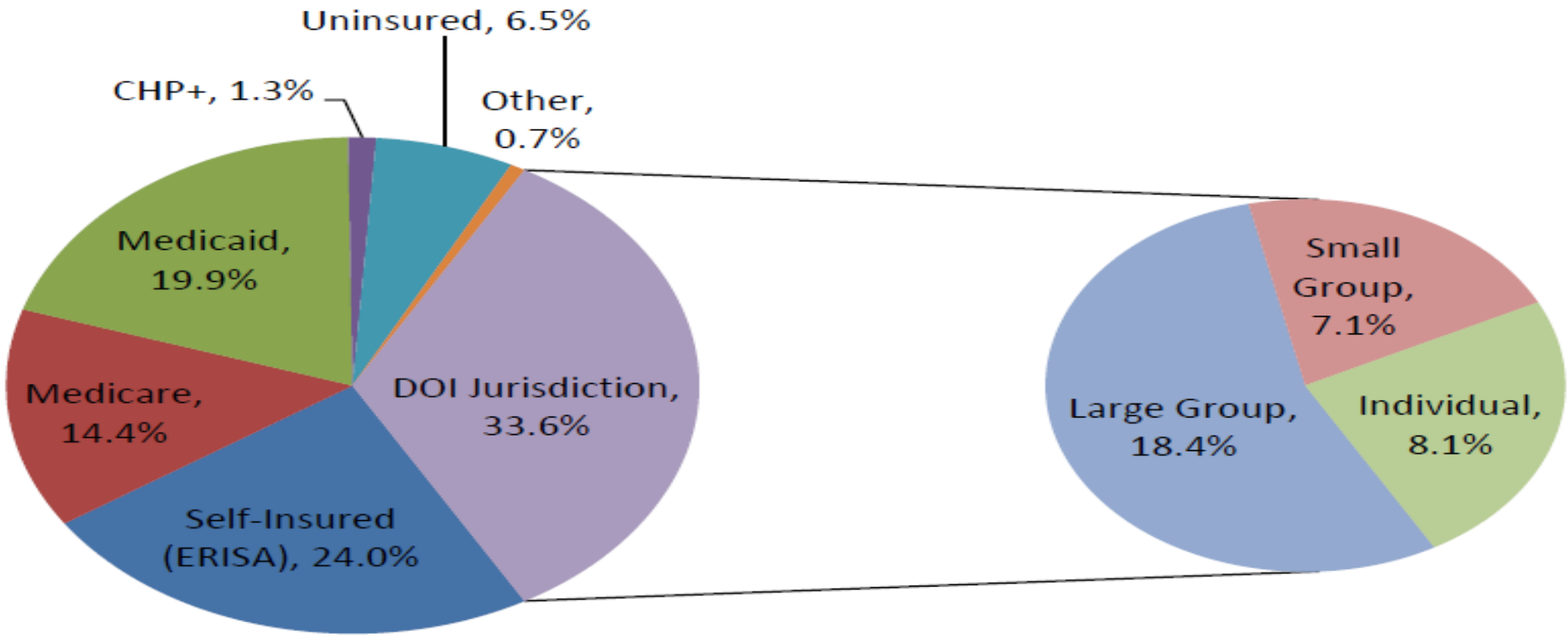
2017 Health Insurance Cost Report. www.Colorado.gov

Colorado Health Insurance Covered Lives in 2017[1] CPS/CHCS Table 1	
Colorado population	5,538,000
Insured	5,047,000
Uninsured	491,000
Jurisdiction of the Division of Insurance	1,025,526
Individual	229,302
Small Group	256,722
Large Group	539,502
Not Regulated by the Division of Insurance	5,474,706
Medicare	754,000
Medicaid	918,000
Military / VA	275,000
Self-Insured (Employer-based)	3,527,706

[1] Enrollment numbers in the above table may include multiple policies per person. Individuals may also be covered by both Medicare and Medicaid, or start the year with coverage from one plan and end the year with a different plan.

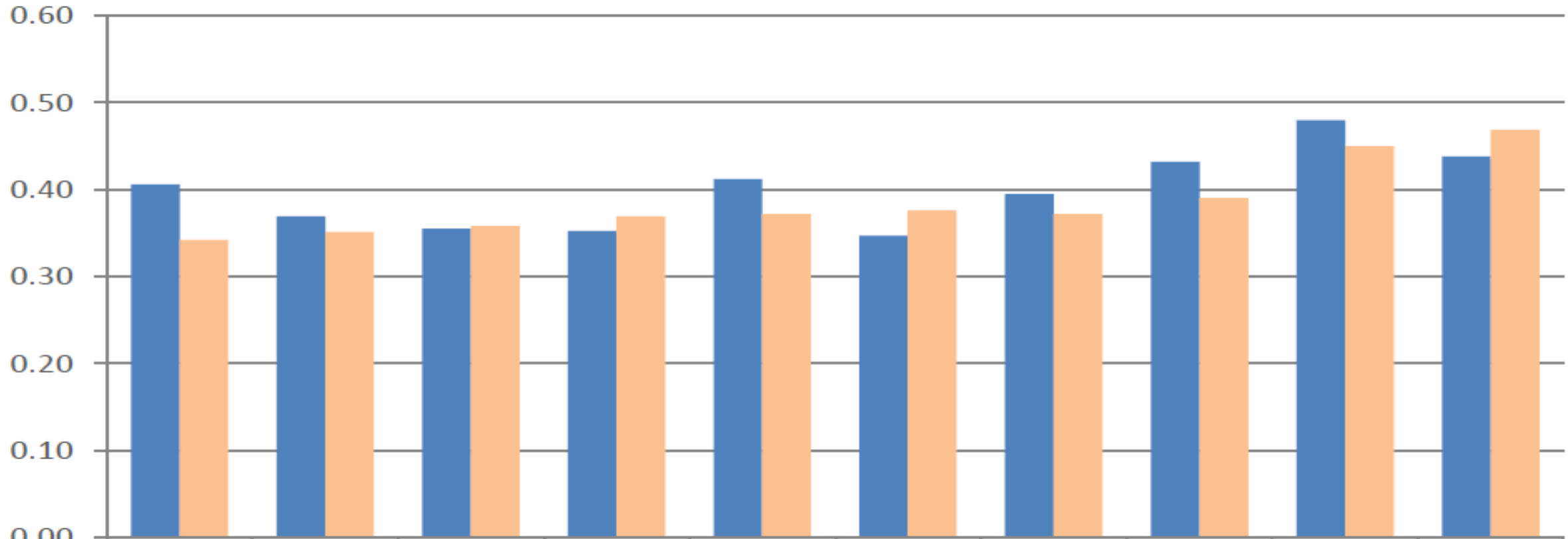
2017 Health Insurance Cost Report. www.Colorado.gov

Breakdown of Sources for Insurance Coverage ofColoradoans - CHAS & CIISR Figure 3



2017 Health Insurance Cost Report. www.Colorado.gov

Percentage of private-sector establishments that offer health insurance that self-insure at least one plan: Colorado and United States - MEPS Figure 4



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
CO%	0.41	0.37	0.36	0.35	0.41	0.35	0.40	0.43	0.48	0.44
US%	0.34	0.35	0.36	0.37	0.37	0.38	0.37	0.39	0.45	0.47

2017 Health Insurance Cost Report. www.Colorado.gov

Average Premiums, Copayments, Deductibles and Contributions of Premium by available provider options - MEPS Table 4					
Single Coverage	Annual Average Total Premium	Average Copayment	Average Deductible	Annual Average Employee Contribution	Annual Average Employer Contribution
Exclusive-Provider Plans	$5,980	$28	$1,951	$1,425	$4,555
Mixed-Provider Plans	$6,561			$1,361	$5,200
Any-Provider Plans	$6,868			$1,381	$5,487
Family Coverage	Annual Average Total Premium	Average Copayment	Average Deductible	Annual Average Employee Contribution	Annual Average Employer Contribution
Exclusive-Provider Plans	$18,146	$28	$3,721	$6,429	$11,717
Mixed-Provider Plans	$19,476			$5,020	$14,456
Any-Provider Plans	Unavailable			Unavailable	Unavailable

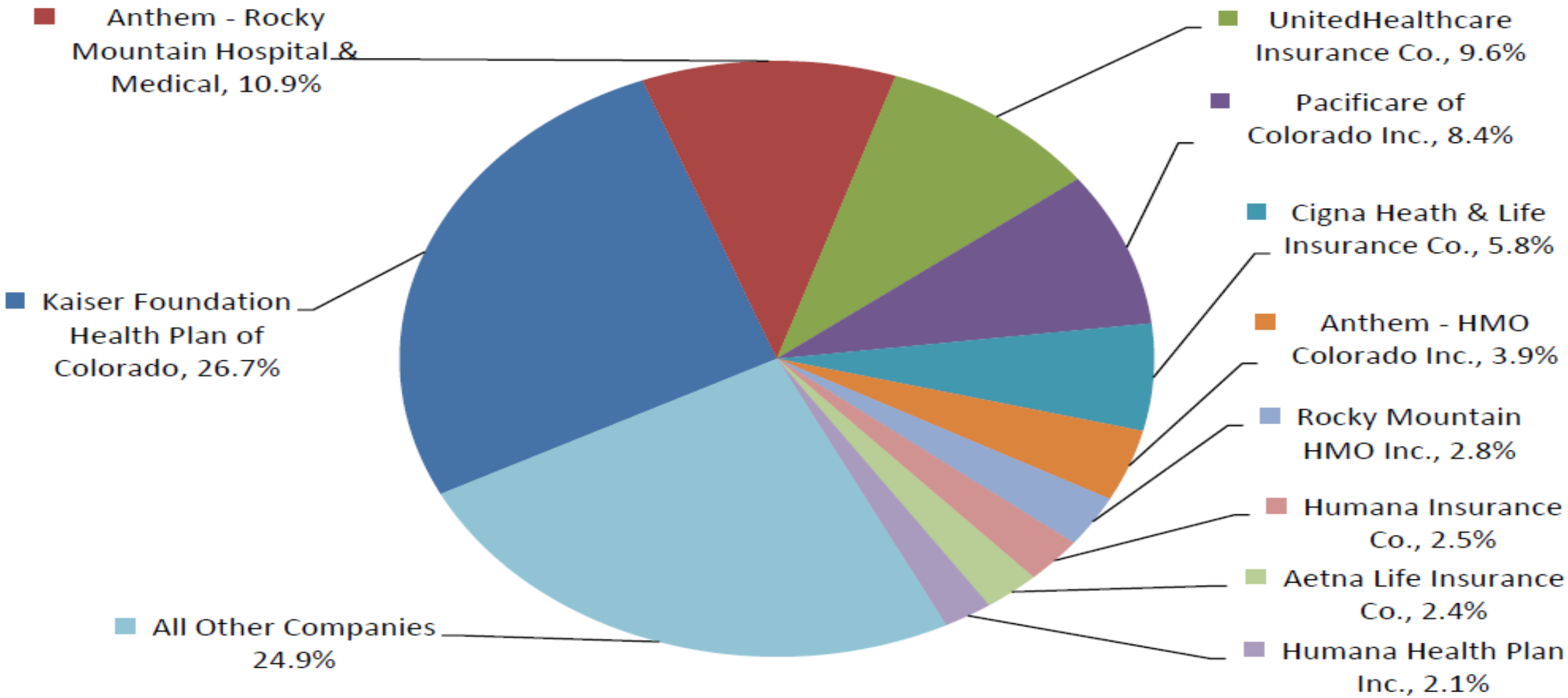
2017 Health Insurance Cost Report. www.Colorado.gov

Increasing Deductibles

Average Deductibles - MEPS Table 5	2013	2014	2015	2016	2017
Single Coverage	$1,382	$1,453	$1,680	$1,888	$1,951
Family Coverage	$2,754	$3,095	$3,062	$3,481	$3,721

2017 Health Insurance Cost Report. www.Colorado.gov

Market Share for Top 10 Companies in Colorado Based on Written Premiums 2017 - CIISR Figure 9



2017 Health Insurance Cost Report. www.Colorado.gov

Understanding Payers 101

Health Maintenance Organization (HMO)

4 Different Models

1. Staff Model
2. Group Model
3. Network Model
4. Independent Practice Association (IPA)

- ✓ No out-of-network benefit, except emergency services
- ✓ PCP coordinates all care outside of an emergency

Health Maintenance Organizations (HMOs)

Pros

- Lower monthly premium
- Lower deductibles
- Lower co-insurance/co-payments

Cons

- PCP coordinates all care
- Narrow network of providers
- No out-of-network benefits

Preferred Provider Organization (PPO)

- ✓ Insured flexibility
- ✓ PCP not required
- ✓ Insured can see any healthcare practitioner – inside or outside of network
  - ❖ In-network providers = lower out-of-pocket expenses
  - ❖ Out-of-network providers = higher out-of-pocket expenses

Individual Plans

- Available to individuals who are self-employed or do not have access to employer or government-sponsored insurance
- Coverage is less comprehensive
- Premiums and deductibles tend to be higher than employer-sponsored plans

Effective January, 1, 2014:

- Affordable Care Act prohibits health insurance carriers underwriting based upon health status.
- Colorado essential health benefits required for every health insurance policy issued.

Colorado Essential Health Benefits

- Ambulance patient services
- **Emergency services**
- Hospitalization
- Maternity and newborn care
- Mental health and substance use disorder services
- Prescription drugs
- Rehabilitative and habilitative services and devices
- Laboratory services
- Preventative and wellness services and management of chronic diseases
- Pediatrice services, including oral and vision care

Small Group Market Plans

Business groups of 2 to 50 employees*

Require employers to have mandated benefits: (Colorado also requires…)

- ❑ ACA Essential Health Benefits
- ❑ Clinical Trials
- ❑ Congenital anomaly
- ❑ DME
- ❑ Diabetes care management
- ❑ Oral anticancer medications
- ❑ Mastectomy coverage
- ❑ Off label RX drugs for cancer

Health insurers are required to do the following:

1. Guarantee renewal of policy
2. Premium can only be based on smoking status, industrial classification, age, family size and geographic region.

**In 2016, Colorado opened the Small Business Health Option Program exchange for employers up to 100 FTEs.*

Large Group Market Plans

- ✓ Only available to employers with 50 or more employees
  - Colorado requires 101+ FTEs
- ✓ Requires Essential Health Benefits
- ✓ Flexible benefit design & less regulated due to negotiating power

Self-Insured Plans

- ✓ Referred to as “self funded” health insurance plans
- ✓ Common with many large employers
- ✓ Administered by a Third Party Administrator

1. Regulated by Employees’ Retirement Income Security Act (ERISA)
2. Employers by stop-loss insurance to limit risk

- ➢ Not subject to state laws & regulations
- ➢ Prompt payment laws do not apply
- ➢ Network adequacy provisions do not apply

ERISA

Dora

Department of Regulatory Agencies

Division of Insurance

Health First COLORADO™

Colorado's Medicaid Program

CMS

CENTERS for MEDICARE & MEDICAID SERVICES

- Federally, administered health insurance program
- Available for individuals over the age of 65 or individuals with specific disabilities, such as ESRD
- Paid for by payroll taxes from working individuals for Part A coverage
- Member premium charge for certain coverages, such as Part B, C or D

Colorado statutes do not apply to Medicare traditional policies or Part C programs (Medicare HMOs)

Health First COLORADO™

Colorado's Medicaid Program

- Free, state-sponsored health insurance program
- Administered by the Department of Health Care Policy and Financing
- Available for low-income families with children and certain individuals with disabilites

Colorado's income limits for Medicaid qualifications are:

- 142% of FPL for children 0 – 18 years
- 195% of FPL for pregnant women
- 138% of FPL for nonelderly adults

Department of Regulatory Agencies

Division of Insurance

- Regulates health insurance coverages for over 1M Coloradans
  - Individual
  - Small Group
  - Large Group
- Oversites network adequacy
- Provides legislative support and yearly reporting
- Manages and investigates consumer and healthcare provider complaints

Consumer Services Opened Complaints
Year-over-Year Comparison

	Annuity	Title	Liability	Other	Life	Home	Health	Auto	All
16-17	21	40	55	126	130	679	1313	1643	4007
17-18	20	27	54	129	143	503	950	1298	3124
% Change	-4.8%	-32.5%	-1.8%	2.4%	10.0%	-25.9%	-27.6%	-21.0%	-22.0%

2018 Annual Report on Complaints Against Insurers. Colorado Department of Regulatory Agencies

ERISA

Employee Retirement Income Security Act of 1974 (ERISA)

1. COBRA
2. HIPAA

A federal law that sets minimum standards to provide protection for individuals in employee-sponsored health plans and retirement accounts.

Establishes 4 minimum requirements for plans:

1. Provide plan participants with plan information regarding features and funding
2. Provides fiduciary responsibilities for those who manage and control plan assets
3. Requires plan to establish a grievance process for participants
4. Gives the participants the ability to sue for benefits and breach of fiduciary duty.

Data Collection

How will Revenue Cycle Management (RCM) be impacted?

Reporting Requirements

- A selected to report must do so in the form and manner and at the time specified by the Secretary
- If a selected and do not report, then may be subject to a 10 percent payment reduction, unless the hardship exemption
- Opportunity to request a review of the application of the penalty

Public Availability

- Information collected available through the CMS Website

General

- Requires notice-and-comment rulemaking
- May use a cost survey
- Collect (1) cost; (2) revenue; (3) utilization; and (4) other information determined appropriate by the Secretary
- Include information: (1) needed to evaluate the extent to which costs are related to payment rates; (2) on the utilization of capital equipment and ambulance capacity; and (3) on different types of ground ambulance services furnished in different geographic locations and low population density areas
- May revise the system over time

Representative Sample

- Select a representative sample of providers and suppliers from whom to collect data
- Determined based on the type of providers and suppliers and the geographic locations
- May not be request same provider or supplier to submit data in two consecutive years

Where the Law Ended Up: Cost Collection


Revenue

Medicare Revenue

- Medicare Fee for Service only
- Medicare allowed revenue is defined as the amount allowed by Medicare, not what Medicare pays. This will include the beneficiary share regardless if collected by the ambulance operation.
- Do not include Medicare Advantage (Part C) reimbursement
- Do not include Medicare beneficiary membership fees

Medicare Revenue (Example)

	# Transport	Revenue $	# Transport	Revenue $	# Transport	Revenue $	# Miles	Revenue $
A0426	45	$ 13,500	8	$ 2,400	5	$ 1,550	450	$ 3,600
A0427	300	$ 120,000	55	$ 22,000	10	$ 3,100	6000	$ 48,000
A0428	125	$ 25,000	26	$ 5,200	3	$ 630	1250	$ 10,000
A0429	125	$ 31,250	30	$ 7,500	11	$ 2,860	1450	$ 11,600
A0433	55	$ 24,750	5	$ 2,000	1	$ 410	550	$ 4,400
A0434	15	$ 7,500	1	$ 500	0	$ -	225	$ 1,800
	665	$ 222,000	125	$ 39,600	30	$ 8,550	9925	$ 79,400

Medicare Average Payment Concept

Average Payment/Transport			
Service Level	Total Volume	Total Revenue	Revenue/Volume
A0426	58	$21,050	$362.93
A0427	365	$193,100	$529.04
A0428	154	$40,830	$265.13
A0429	166	$53,210	$320.54
A0433	61	$31,560	$517.38
A0434	16	$9,800	$612.50

Subscription Programs

1. Place membership programs into two categories:
   - Medicare
   - All other
2. Report only Medicare Net Revenue

Net Revenue = Medicare Patient Membership Revenue – Medicare co-pays not billed.

Example

Subscription Revenues by Customer				
	No. of Customers	Revenue	Write Off	Net Revenue
Medicare	3,325	$ 249,375	$ 154,765	$ 94,610
Third Party Payers	1,650	$ 165,000	$ 76,548	$ 88,452
Self Pay	500	$ 75,000	$ 84,321	$ (9,321)
Total	5,475	$ 489,375	$ 315,634	$ 173,741

Medicaid

Revenue calculation includes:

- Medicaid fee-for-service
- Medicaid managed care
- SCHIP fee-for-service

$$Total\ Billed\ Charges - Total\ Write\ Offs = Medicaid\ Revenue$$

Medicaid Revenue

Payer Type	Tx Volume	Billed	C/A	Net	Payment	Write Off	Balance
Medicaid FFS	1,000	$ 900,000	$ 648,000	$ 252,000	$ 239,400	$ 2,520	$ 10,080
Medicaid HMO	1,500	$ 1,350,000	$ 972,000	$ 378,000	$ 370,440	$ 5,557	$ 2,003
Total	**2,500**	**$ 2,250,000**	**$ 1,620,000**	**$ 630,000**	**$ 609,840**	**$ 8,077**	**$ 12,083**

$621,923

Other Plans

Includes:

1. Commercial Health Plans (this should not include MC/MD plans)
2. Contracts or other arrangements with facilities
3. Veterans Administration
4. Tricare
5. Other government-sponsored plans (excluding Medicare/caid)

$$Total\ Billed\ Charges - Total\ Write\ Offs = Other\ Plan\ Revenue$$

Other Plans Revenue

Payer Type	Payer	Tx Volume	Billed	C/A	Net	Payment	W/O	Balance
Commercial	BC/BS	325	$ 300,625	$ 60,125	$ 240,500	$ 182,780	$ 3,656	$ 54,064
	Cigna	40	$ 37,000	$ -	$ 37,000	$ 25,900	$ 259	$ 10,841
	Aetna	15	$ 13,875	$ -	$ 13,875	$ 10,823	$ 108	$ 2,944
	Tricare	23	$ 21,275	$ 12,340	$ 8,936	$ 8,489	$ 85	$ 362
	V/A	6	$ 5,550	$ 3,219	$ 2,331	$ 1,399	$ 14	$ 918
Facility Contracts		128	$ 57,600	$ -	$ 57,600	$ 51,264	$ 513	$ 5,823
Total		**537**	**$ 435,925**	**$ 75,684**	**$ 360,242**	**$ 280,654**	**$ 4,634**	**$ 74,953**

$355,608

Public Funding

- State or Local Tax subsidy or income
- Grant dollars
  - SAFER grants
  - Worker Training
  - HITECH
- Donations
- Revenue received from governmental authorities that are not tied to patient specific services, but provided for entire ambulance operations.

Public Funding

Do NOT include revenues that are not dedicated specifically for the provision of ground ambulance services.

Uncompensated Care (UCC)

Separate into four categories:

1. Dual eligible
2. Bad debt
3. Charity Care
4. Subsidies by state & local jurisdictions for UCC

Dual Eligibles

1. Optional reporting but useful to better evaluate ambulance service delivery risks and future reimbursement strategies.
2. Uncollectable revenues related to beneficiary share not covered by Medicaid.
3. Ambulance suppliers and providers must demonstrate efforts to collect these amounts to report.

Bad Debt

- Ambulance transports invoiced but ultimately not collected despite efforts to do so.
- Needs to be payer category & service-level specific
- If an ambulance supplier or provider writes off bad debt in a general ledger and continues collection, Medicare will not recognize this as bad debt.

Medicare recognizes Medicare bad debt when collection efforts cease and there is no reasonable expectation of recovery.

Charity Care

Allowable Revenue

- Any amount related to a discount given based upon the ambulance supplier or providers charity care policy or financial assistance policy (FAP)
- Co-insurance, co-payments and deductibles can also be considered charity care and the patient has met the ambulance supplier or providers charity care policy or FAP policy.

Charity Care

Non Allowable Revenue

- Patient discounts outside charity policy or FAP policy
- Prompt pay discounts
- Employee discounts

Subsidies for UCC

- Certified Public Expenditures (CPE)
- Intergovernmental Transfers (IGT)
- Local tax subsidies
  - Millage tax
  - Utility tax
  - Any other fee assessed by local gov’t or ambulance supplier/provider
- Provider Assessments

Other Sources

- Dispatch services
- Billing services
- Rental income
- Community Education
- Income from interest and investments
- Fundraising
- Donations

Contact Information

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