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Discussion of Uncompensated Care Cost

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2015 US Department of HHS Poverty Guidelines

Household	Amount	Percent of Poverty			
		150%	200%	250%	300%
1	\$ 11,770	\$ 17,655	\$ 23,540	\$ 29,425	\$ 35,310
2	\$ 15,930	\$ 23,895	\$ 31,860	\$ 39,825	\$ 47,790
3	\$ 20,090	\$ 30,135	\$ 40,180	\$ 50,225	\$ 60,270
4	\$ 24,250	\$ 36,375	\$ 48,500	\$ 60,625	\$ 72,750
5	\$ 28,410	\$ 42,615	\$ 56,820	\$ 71,025	\$ 85,230
6	\$ 32,570	\$ 48,855	\$ 65,140	\$ 81,425	\$ 97,710
7	\$ 36,730	\$ 55,095	\$ 73,460	\$ 91,825	\$ 110,190
8	\$ 40,890	\$ 61,335	\$ 81,780	\$ 102,225	\$ 122,670



What is Uncompensated Care?

- **Bad Debt** - payment is expected, but the provider cannot collect because the patient refuses to pay
- **Free Care** – based on free care guidelines, patient cannot afford to pay and as a result the hospital does not expect payment



Where Does Uncompensated Care Show up in Provider Financials?

FY Budget 2015 (10/1 – 9/30) All Hospital - Summary Income Statement

Revenues	2015B
Inpatient Care Revenue	1,254,691,561
Outpatient Care Revenue	2,426,250,237
Outpatient Care Revenue - Physician	980,063,298
Chronic/Snf Pt Care Revenue	53,904,292
Swing Beds Pt Care Revenue	20,336,088
Gross Patient Care Revenue	4,735,245,475
Disproportionate Share Payments	38,289,419
Bad Debt	(86,627,708)
Free Care	(58,652,440)
Deductions From Revenue (Payer Contractual)	(2,429,148,754)
Graduate Medical Education	29,954,640
Net Patient Care Revenue	2,229,060,632
Other Operating Revenue	127,360,793
Total Operating Revenue	2,356,421,425
Operating Expense	
Salaries Non Md	757,626,820
Fringe Benefits Non Md	252,903,899
Fringe Benefits Md	40,819,504
Physician Fees Salaries Contracts & Fringes	293,955,999
Health Care Provider Tax	126,285,782
Depreciation Amortization	111,574,747
Interest - Short Term	327,672
Interest - Long Term	24,660,629
Other Operating Expense	671,975,235
Total Operating Expense	2,280,130,288
Net Operating Income (Loss)	76,291,137
Non-Operating Revenue	30,523,392
Excess (Deficit) Of Revenue Over Expense	106,814,529

Green \$ Transaction – Amount Added to Gross Charges

No Cash Transaction – Amount Subtracted from Gross Charges

No Cash Transaction – Amount Subtracted from Gross Charges

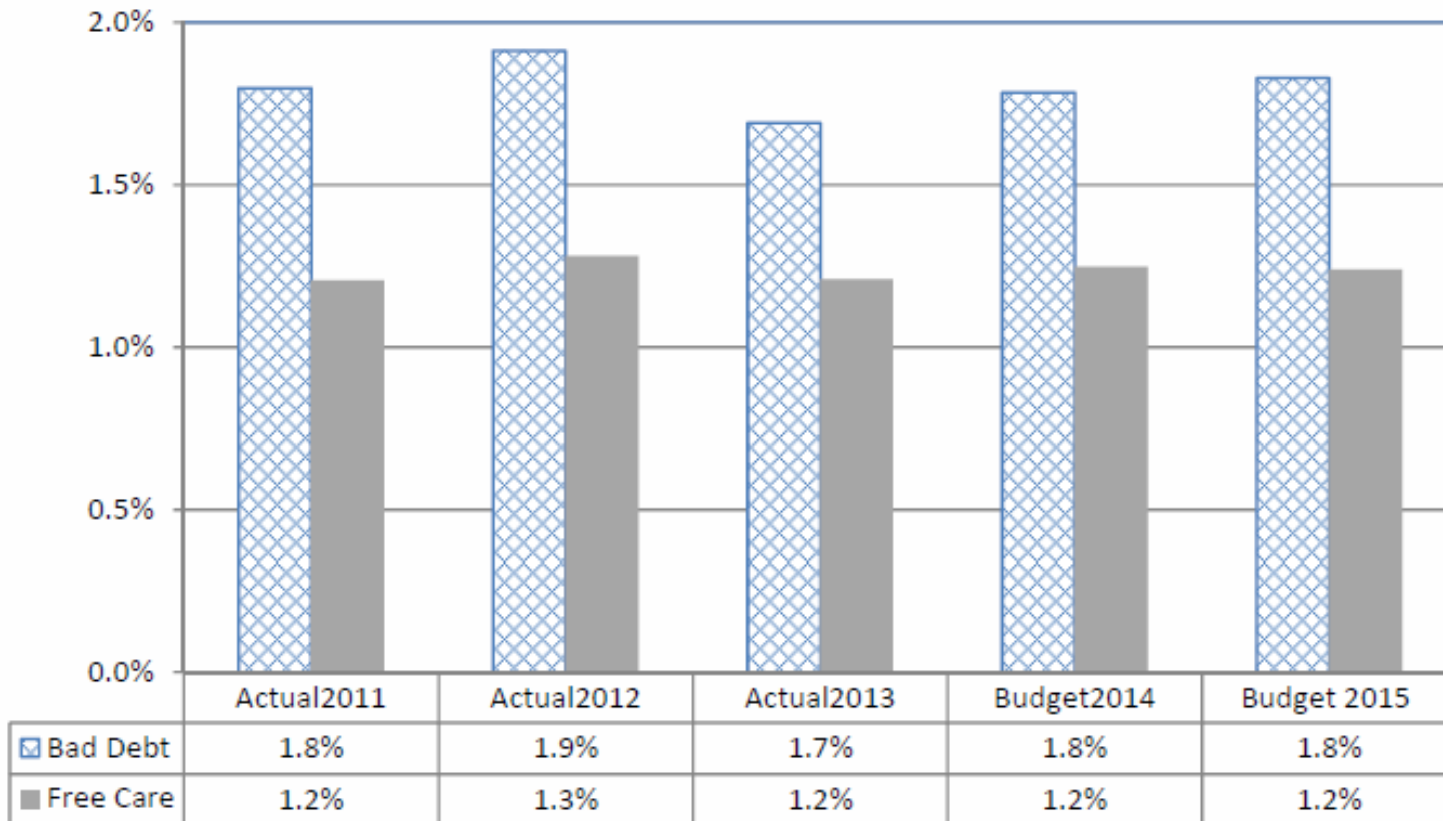
No Cash Transaction – Amount Subtracted from Gross Charges

Green \$ Transaction – Amount Added to Gross Charges



Hospital FY 2015 Uncompensated Care – Source GMCB

Bad Debt and Free Care % of Gross Revenues



Bad Debt – Revenue not received from a patient who was expected to pay.

Free Care – Revenue not collected from a patient who has met free care criteria (no payment expected for services)



Hospital Uncompensated Care – Source GMCB

Bad Debt and Free Care

Hospital	2012				2013				2014				2015			
	Bad Debt	% Gross	Free Care	% Gross	Bad Debt	% Gross	Free Care	% Gross	Bad Debt	% Gross	Free Care	% Gross	Bad Debt	% Gross	Free Care	% Gross
BMH	\$3,552,356	2.99%	\$2,823,804	2.38%	\$3,974,965	3.10%	\$2,713,913	2.12%	\$4,385,295	2.98%	\$3,049,876	1.81%	\$4,545,944	3.04%	\$2,819,482	1.88%
CVMC	\$5,883,259	2.20%	\$3,949,616	1.48%	\$4,825,516	1.74%	\$4,198,561	1.51%	\$6,706,848	1.97%	\$5,108,381	0.95%	\$6,572,279	2.04%	\$4,162,040	1.29%
Copley	\$2,351,831	2.65%	\$997,987	1.13%	\$2,130,224	2.36%	\$1,117,592	1.24%	\$2,972,890	2.90%	\$1,537,702	1.30%	\$3,136,362	2.90%	\$1,405,955	1.30%
UVMHC	\$29,833,648	1.40%	\$24,643,566	1.15%	\$26,550,107	1.15%	\$23,520,466	1.02%	\$27,570,055	1.12%	\$26,798,053	1.09%	\$30,107,607	1.24%	\$27,363,476	1.13%
Gifford	\$3,065,153	2.90%	\$766,481	0.72%	\$2,710,267	2.44%	\$515,241	0.46%	\$3,865,729	2.71%	\$1,208,040	0.65%	\$3,607,086	3.21%	\$1,243,823	1.11%
Grace	\$729,336	3.60%	\$357,862	1.77%	\$705,181	3.45%	\$299,449	1.47%	\$598,363	2.18%	\$457,294	1.82%	\$572,312	2.33%	\$480,015	1.96%
Mt. Ascutney	\$2,177,808	3.12%	\$744,400	1.07%	\$3,175,560	4.22%	\$794,724	1.06%	\$1,848,175	0.66%	\$729,343	1.78%	\$1,943,472	2.38%	\$766,950	0.94%
North Country	\$3,388,360	2.37%	\$1,578,808	1.10%	\$3,317,464	2.25%	\$1,648,970	1.12%	\$4,146,688	3.01%	\$1,622,197	0.75%	\$4,248,919	2.65%	\$1,310,379	0.82%
NVRH	\$2,466,847	2.30%	\$2,108,648	1.97%	\$2,698,300	2.34%	\$2,114,464	1.84%	\$2,848,900	2.16%	\$2,337,700	2.08%	\$2,777,200	2.20%	\$2,709,800	2.15%
Northwestern	\$3,664,454	2.28%	\$1,929,691	1.20%	\$4,396,874	2.61%	\$1,742,758	1.04%	\$4,897,611	2.89%	\$2,112,441	0.94%	\$5,762,816	3.20%	\$1,794,212	1.00%
Porter	\$4,827,216	4.07%	\$1,176,167	0.99%	\$3,895,584	3.13%	\$1,505,933	1.21%	\$4,588,575	1.99%	\$1,100,451	1.00%	\$2,740,946	1.91%	\$1,383,920	0.96%
Rutland	\$7,581,672	1.96%	\$6,034,860	1.56%	\$6,872,448	1.54%	\$7,390,443	1.66%	\$9,647,180	1.67%	\$5,972,064	1.57%	\$9,856,365	2.00%	\$7,391,288	1.50%
Southwestern	\$4,873,853	1.87%	\$2,207,601	0.85%	\$5,063,162	1.86%	\$1,888,221	0.69%	\$5,800,000	1.91%	\$2,900,000	0.72%	\$5,850,000	1.99%	\$2,360,000	0.80%
Springfield	\$3,681,032	3.79%	\$2,954,972	3.04%	\$3,870,704	3.99%	\$3,583,684	3.70%	\$3,795,117	3.82%	\$3,520,216	2.99%	\$4,906,400	4.28%	\$3,461,100	3.02%
Total	\$78,076,825	1.91%	\$52,274,463	1.28%	\$74,186,355	1.69%	\$53,034,419	1.21%	\$83,671,426	1.78%	\$58,453,757	1.25%	\$86,627,708	1.83%	\$58,652,440	1.24%



Vermont - Disproportionate Share Payments

DSH Budget FY 2015		Proposed ACA Reductions: →	DSH Alotment Reductions		
			Year	U.S.	Vermont Share
BMH	\$ 1,100,858		2016	\$1.2B	
CVMC	\$ 2,113,868		2017	\$1.8B	\$ 3,657,500
Copley	\$ 696,562		2018	\$5.0B	\$ 9,550,000
Gifford	\$ 842,693		2019	\$5.6B	\$ 9,550,000
Grace	\$ -		2020	\$4.0B	\$ 9,550,000
Mt. Ascutney	\$ 376,571		2021	\$4.0B	\$ 9,753,200
North Country	\$ 2,432,098		2022	\$4.0B	\$ 10,159,600
NVRH	\$ 1,696,000		2023	\$4.0B	\$ 10,159,600
Northwestern	\$ 1,274,456		2024		\$ 8,940,500
Porter	\$ 962,327				
Rutland	\$ 5,395,100				
Southwestern	\$ 2,884,892				
Springfield	\$ 2,435,500				
UVMHC	\$ 16,078,494				
Total	\$ 38,289,419				

- Aggregate DSH payments for Vermont are approximated \$37m – \$38m
- A \$10 million reduction is a 26% cut.
- Increased pressure on cost shift and State, Payer and Provider Budgets.
- CMS regulation governs hospital specific DSH payments



Health Care Billing and Insurance Related Activities



- Financial – Budgeting, Planning, Contracting, Risk Sharing, Population Health Modeling
- Administrative Clinical – Scheduling Registration, Patient History, HIPPA
- Patient Financial – Insurance Eligibility, Benefits Coverage, Pre-Authorization, Point of Care Collection, Medicaid Eligibility



- Clinical – Electronic Medical Record Documentation, Review of Electronic Alerts, Quality measures (P4P)
- Revenue Cycle - Charge Capture, CPT/DRG/ICD-9 Coding, Compliance, Medical Record Documentation Review



- Claims and Billing – Claims Development, Claims Submission, Adjudication, Claim Inquiry Pending
- Payment – Reimbursement Validation, Denials/Appeals, Receivables, Bad Debt, Free Care Assessment, Medicaid Eligibility



Summary of Activity

- Act 53 - All Hospitals Required to Publish Free Care Policies
- Act 191 – Review of Free Care Policies by BISHCA
- To ease financial burden, Providers:
 - Assist patients with Medicaid enrollment
 - Are providing free care with 100% forgiveness as well as sliding scale discounts

