



CAH BOOM

Information Alert

JANUARY 2010

VOLUME 1, NUMBER 3

- Reimbursement Strategies
- Appropriate Allocations
- Revenue Capture
- Specialized Analysis

Thoughts for the month...

Happy New Year – we look forward to a great year passing along key CAH strategies and tips to help you use your CAH status effectively!

Reminder... If you are considering a B-1 statistical allocation change, it is time to prepare your requests. Requests for statistical basis changes or simplified method are due to your Fiscal Intermediary 90 days prior to the end of your fiscal year – so those of you that are June year-ends, these requests are due at the end of March.

Current Regulation Topic

HIT Incentives for Critical Access Hospitals in the American Recovery and Reinvestment Act of 2009 (ARRA)

The ARRA of 2009 provides \$19 billion in Medicare and Medicaid reimbursement for hospitals and healthcare providers. The ARRA provides reimbursement and incentive payments for health information technology (HIT).

The HIT reimbursement comes with requirements. There must be meaningful use of certified electronic health record (EHR) technology, certified technology, information exchange, and reporting of quality measures. Meaningful use continues to be defined, see http://www.cms.hhs.gov/Recovery/11_HealthIT.asp.

CAHs that are meaningful EHR users by 2011 are eligible for four years of enhanced Medicare payments. Immediate full depreciation of the certified EHR as well as undepreciated costs from previous years are eligible.

EHR INCENTIVE PAYMENT FORMULA

$$\text{Cost of EHR} \times (\text{Medicare Portion} + 20\% *) = \text{Incentive}$$

(Part A IP Days + HMO IP Days)

$$\frac{\text{(Part A IP Days + HMO IP Days)}}{\text{(Total IP Days)} \times \frac{\text{(Total Charges - Charity)}}{\text{Total Charges}}}$$

* Not to exceed 100%.

There are no incentive payments if meaningful EHR is adopted in 2015 or later. Penalties will begin in 2015 for those facilities that do not have meaningful EHR.



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Strategy of the Month

Cost Allocation Studies

Periodically, a review of your statistical basis is a key strategy in ensuring that you are using your options effectively. Medicare does not require you to use the standard statistics, but you are required to request any changes.

- Simplified Method – this method requires approval from your Fiscal Intermediary. Simplified is exactly that, a streamlined approach to the statistics used in your cost report. This election is a three year commitment and your request must be submitted 90 days prior to the end of your fiscal year. Requests must include support to justify the change.
- Simplified Method uses square footage, salaries, patient days and gross patient revenue as the primary statistical basis.
- If you have a SNF on your cost report, typically Simplified does not offer a reimbursement benefit. This is due to the use of patient days as a key statistic, with SNF using the highest number of patient days. The SNF draws costs off of your cost report.
- For those of you without SNF, Simplified offers an opportunity for additional reimbursement.