



Illinois Hospital Association

January 29, 2008

TO: Chief Executive Officers

PLEASE ROUTE TO: Chief Financial Officers
Government Relations Personnel

Technical Bulletin #308: Notice of CMS Error in Medicare SSI Percentage Calculation

Last week, a conference call was conducted by the American Hospital Association (AHA) staff alerting state hospital association staff of a pending adjustment to hospitals' Medicare Disproportionate Share Hospital (DSH) payments. This adjustment results from an error made by the Centers for Medicare and Medicaid Services (CMS) when it reported individual hospitals' Medicare Supplemental Security Income (SSI) percentages. The error involves the exclusion of Medicare Advantage (or Medicare Plus Choice) patient days from the SSI percentage calculation. Consequently, hospitals will see their DSH percentages revised by the fiscal intermediaries (FI); in some cases, those percentages will increase, but there is also the likelihood that the DSH percentage could decrease. In other instances, for hospitals that are very close to the minimum qualification percentage threshold (i.e., 15%) this adjustment could result in a loss of DSH monies altogether.

Briefly, here is an explanation of the problem. To qualify for Medicare DSH payments, a hospital must have a DSH qualifying percentage of at least 15%. This percentage is made up of two other percentages added together: the hospital's inpatient Medicare SSI % and the hospital's inpatient Medicaid utilization percentage. For both of these percentages, the statistic used is the number of applicable patient days. The Medicaid portion of the formula is not impacted by this error. However, the Medicare SSI percentage (which is reported to hospitals by the FI), was calculated using only Medicare fee-for-service patient days; Medicare days associated with beneficiaries having Medicare Advantage or Medicare Plus Choice coverage were excluded from both the numerator (SSI days) and denominator (Total Medicare Days). To the extent that a lower percentage of Medicare SSI recipients enroll in Medicare managed care plans as compared to other Medicare recipients, the addition of these Medicare managed care patient day figures in the reported SSI percentages now used to set current payments will lower the overall percentage. In those instances, a hospital's total Medicare DSH payments will decrease, or in the worse case scenario, be eliminated altogether if that hospital no longer meets the 15% threshold. Losing Medicare DSH status would also affect a hospital's ability to qualify for Section

340 status. However, it is also possible that the inclusion of the omitted data could increase a particular hospital's DSH percentage or allow it to qualify for Medicare DSH. At this point, there isn't enough information to know the exact impact on each hospital.

CMS is working on fixing this problem, but according to the AHA, does not have the data available to fix it. The AHA is discussing the issue with CMS and has also suggested creating a state association advisory group to oversee developments. At this point, there isn't much that an individual hospital can do to resolve this. The most obvious suggestion would be for hospitals to present the FI with their own Medicare SSI calculations, but because of the complexity and privacy of individual SSI information, this would be difficult to do. You can also review your specific facility's Medicare DSH qualifying percentages to see how close you are to the threshold and substitute "what if" revised SSI percentages in the calculation. IHA will continue to monitor developments in this process to ensure that any fixes do not result in undue financial burdens for any hospital. Of course, the Association will keep you informed of any new information. In the meantime, this memo is meant to provide you with a "heads-up" on the situation. If you have any questions or comments, please feel free to contact [Tom Jendro](#): (630) 276-5516.

This is #308 in the Illinois Hospital Association's series of technical bulletins concerning Notice of CMS Error in Medicare SSI Percentage Calculation. Previous bulletins were:

#307	12/11/07	CEOs, CFOs, Government Relations Personnel, Post Acute Care Constituency	CMS Recovery Audit Contractor (RAC) Update
#306	11/27/07	CEOs, CFOs, Government Relations Personnel, Post Acute Care Constituency	Medicare Outpatient Surgery Payment System, Medicare Ambulatory Surgery Payment System, Medicare Professional Services Payments, CMS Medicare Professional Services Payments, CMS Final Rules for FY 2008, Hospital-specific estimated impact sheets.
#305	10/31/07	CEO's, CFO's, Government Relations Personnel	CMS Region V Meeting Discussions and Update on Medicare Contractor Activities
#304	10/24/07	CFO's, CEO's, Government Relations Personnel	Medicare Inpatient Acute Transfer Payment Model
#303a	10/30/07	CFOs, CEOs, Government Relations Personnel	Centers for Medicare and Medicaid Services (CMS) Medicare Final, Final Payment Rules for FY 2008: Hospital Specific Impact Sheets
#303	10/24/07	CFO's, CEO's, Government Relations Personnel	Centers for Medicare and Medicaid Services Corrections to the Medicare Inpatient Acute Payment Rates for FY 2008
#302	10/18/07	CFO's, CEO's, Government Relations Personnel	Review of CMS Hospital Wage Index Data for FY 2009, Review of CMS' Hospital Occupational Mix Data for FY 2009, Hospital-specific cost report data, Hospital-specific occupational mix survey data, December 7, 2007 Deadline
#301	10/1/07	CFOs, CEOs, Government Relations Personnel	Centers for Medicare and Medicaid Services (CMS) Proposed FY 2008 changes to the Medicare Outpatient Prospective Payment System; Hospital-Specific Impact Sheets.
#300	9/28/2007	CEO's, CFO's, Government Relations Personnel, Members Post Acute Care Constituency Group: Skilled Nursing Facilities	Centers for Medicare and Medicaid Services (CMS): Corrections to the Medicare Skilled Nursing Facility Payment Rates for FY 2008
#299	9/28/07	CEO's, CFO's, Government Relations Personnel, Members Post Acute Care Constituency Group	Centers for Medicare and Medicaid Services (CMS): Good News: Congressional legislation impacting Medicare Final Payment Rules for acute inpatient services for FY 2008, Corrections To the Hospital Wage Index for FY 2008
#298	9/19/07	CFO's Government Relations Personnel, Members, Behavioral Health Constituency Group	Centers for Medicare and Medicaid Services (CMS) October 1 st Implementation of MS-DRGs: Availability of GrouperVersion25.0, Implementation of the MS-DRGs in the IPF-PPS
#297A	9/14/07	CFOs, Government Relations Personnel, Dir. Home Health	Medicare Home Health Services Final Rules for FY2008, Agency Specific Impact Sheets
#297	9/14/07	CFOs, Government Relations Personnel, Dir. Home Health Programs, Dir. Hospice Programs	Home Health and Hospice Final Rules for 2008