

## Ohio RHC Legislative Impact

July 7, 2022



## **Ohio RHC Reimbursement**

WINTERGREEN

- Reimbursement Overview
- Reimbursement Impact to RHCs and Hospitals

# A special thanks to Lilypad for providing all the data necessary to conduct the analysis for the RHC Legislative Impact



## Overview

## **RHC Reimbursement Methodology**

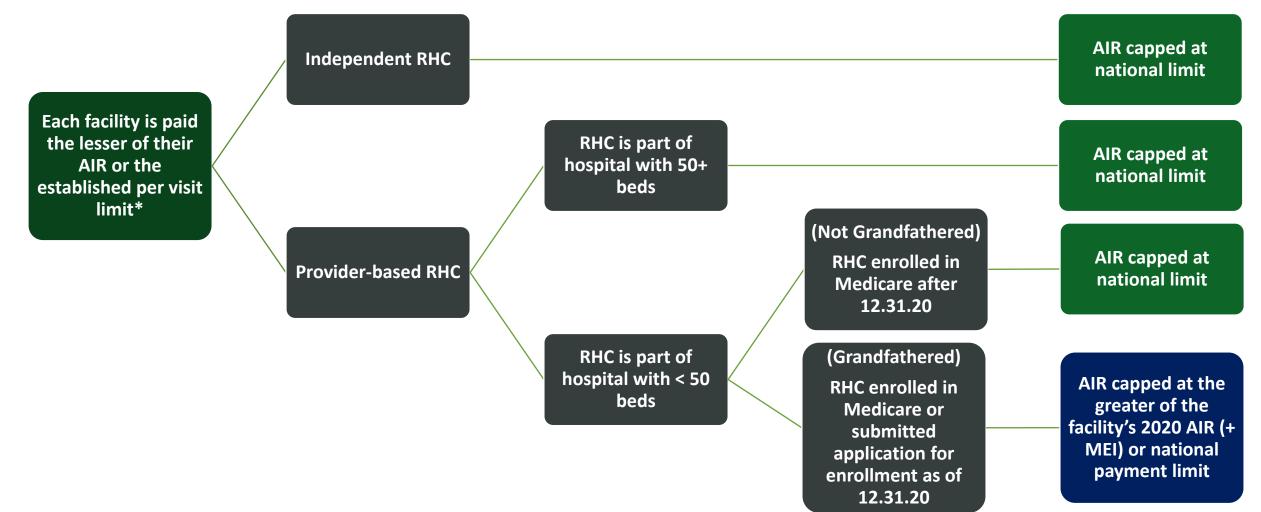


- On April 1, 2021, the RHC reimbursement methodology went through a material change due to the "Consolidated Appropriations Act, 2021 (CAA)" which changed the reimbursement methodology for Rural Health Clinics (RHC) starting on April 1, 2021
  - Starting on April 1, 2021, all new RHCs established after December 31, 2020, regardless of whether they are independent, owned and operated by a hospital with fewer than 50 beds, or owned and operated by a hospital with greater than 50 beds, shall be reimbursed based on reasonable cost with an upper payment limit (UPL) set at the following rates:
    - In 2021, after March 31, at \$100 per visit;
    - In 2022, at \$113 per visit;
    - In 2023, at \$126 per visit;
    - In 2024, at \$139 per visit;
    - In 2025, at \$152 per visit;
    - In 2026, at \$165 per visit;
    - In 2027, at \$178 per visit;
    - In 2028, at \$190 per visit;
    - In subsequent years, the rate will increase based on the Medicare Economic Index (MEI) for primary care services
  - RHCs owned and operated by a hospital with fewer than 50 beds and established on or before December 31, 2020, will use their 2020 rate to establish a clinic-specific grandfathered UPL that will then be increased each year based on the MEI

### **RHC Rate Establishment**







## RHC Legislative Impact



- From 2015 to 2020, Ohio saw a 100% increase in the number of RHCs
  - The following table presents the number of RHCs, based on payment methodology, and the number of cost reports filed

Payment	Clinic Turco	2	015	2	016	2	017	2	018	2	2019	2	020	Variance
Methodology	Clinic Type	Clinics	Cost Reports	Clinics										
Cost Based	PB-RHCs	18	19	28	23	29	25	30	27	35	36	44	40	144%
Upper	Hospital-Based 50+ Beds	0	0	0	0	0	0	0	0	0	0	0	0	0%
Payment Limit	Independent	12	13	17	20	20	10	20	9	18	9	16	7	33%
	Totals	30	32	45	43	49	35	50	36	53	45	60	47	100%

- Wintergreen used 2020 cost report data for the analysis
- The consolidation of RHCs for cost report purposes led to fewer cost reports than RHCs in a few of the years
- The years with more cost reports than RHCs was due to the termination of clinics within that given year
- For the purposes of this presentation, a PB-RHC is an RHC that was owned and operated by a hospital with fewer than 50 beds and used to qualify for un-capped cost-based reimbursement
  - The clinics included in the Upper Payment Limit (UPL) cohort were subject to an UPL prior to the CAA and are referred to as Non-PB-RHCs

## **RHC Visits per Practice**



Non-PB-RHCs PB-RHCs

- The Ohio RHCs saw a material difference in the number of visits at each RHC
  - The following table presents the actual visits per practice (factoring cost report consolidation) for the RHCs



## **Ohio Average Cost per Visit**



- Prior to the CAA of 2021, independent RHCs and RHCs owned by hospitals with 50 beds or greater were subject to a capped per visit rate while PB-RHCs were eligible for an un-capped cost-based rate
  - The following tables present the average cost per visit and the average adjusted cost per visit for the combined OH RHCs
    - PB-RHCs vs Non-PB-RHCs

Туре	Cost	Visits	Cost / Visit	Adjusted Visits	Ad	j Cost / Visit	Va	riance / Visit
PB-RHCs	\$ 63,957,991	317,986	\$ 201.13	319,098	\$	200.43	\$	(0.70)
Non-PB-RHCs	7,660,927	48,939	156.54	51,091		149.95		(6.59)
Total:	\$ 71,618,918	366,925	\$ 195.19	370,189	\$	193.47	\$	(1.72)

#### Hospital-Based RHCs vs Independent RHCs

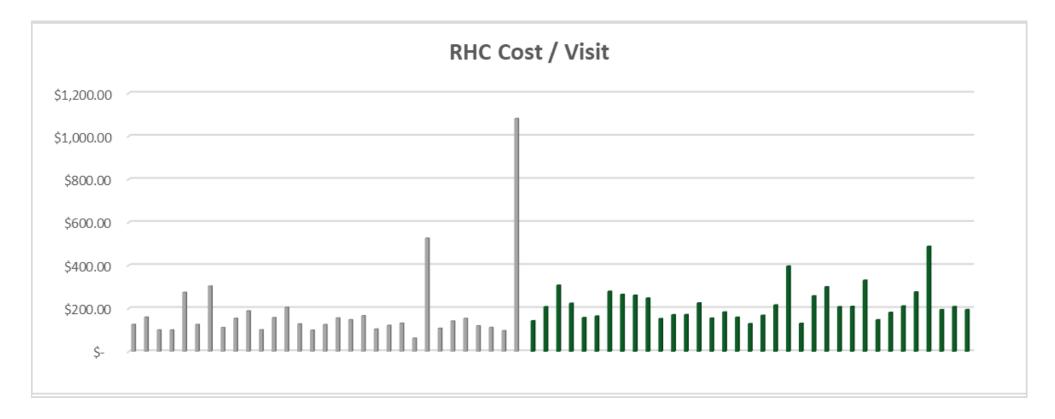
Туре	Cost	Visits	Cost / Visit	Adjusted Visits	A	dj Cost / Visit	Va	riance / Visit
Hospital RHCs	\$ 63,957,991	317,986	\$ 201.13	319,098	\$	200.43	\$	(0.70)
Ind. RHCs	7,660,927	48,939	156.54	51,091		149.95		(6.59)
Total:	\$ 71,618,918	366,925	\$ 195.19	370,189	\$	193.47	\$	(1.72)

 When consolidating all RHCs within Ohio, the failure to achieve the minimum productivity threshold is why the Adjusted Cost / Visit is less than the actual Cost / Visit

## **RHC Cost-Based Rates**



- Most Ohio RHCs experienced an average cost per visit that was less than \$250
  - The following table presents the cost per visit for each of the filed Medicare Cost Reports



## Average Reimbursement per Visit



- Prior to the CAA of 2021, independent RHCs and RHCs owned by hospitals with 50 beds or greater were subject to a capped per visit rate while PB-RHCs were eligible for an un-capped cost-based rate
  - The following tables present the average Medicare reimbursement per visit compared to the average cost per visit
    - PB-RHCs vs Non-PB-RHCs

Туре	M	edicare Reimb	Medicare Visits	Reimb / Visit	Cost / Visit	Re	evenue Impact
PB-RHCs	\$	11,996,350	58,600	\$ 204.72	\$ 205.25	\$	(31,057)
Non-PB-RHCs		616,588	7,156	86.16	160.95		(535,185)
Total:	\$	12,612,938	65,756	\$ 191.81	\$ 200.43	\$	(566,243)

Hospital-Based RHCs vs Independent RHCs

Туре	Me	edicare Reimb	Medicare Visits	Reimb / Visit	Cost / Visit	Re	venue Impact
Hospital RHCs	\$	11,996,350	58,600	\$ 204.72	\$ 205.25	\$	(31,057)
Ind. RHCs		616,588	7,156	86.16	160.95		(535,185)
Total:	\$	12,612,938	65,756	\$ 191.81	\$ 200.43	\$	(566,243)

 For PB-RHCs, revenue impact attributed to the failure to meet the minimum productivity threshold while the Non-PB-RHCs attributed to the UPL in 2020

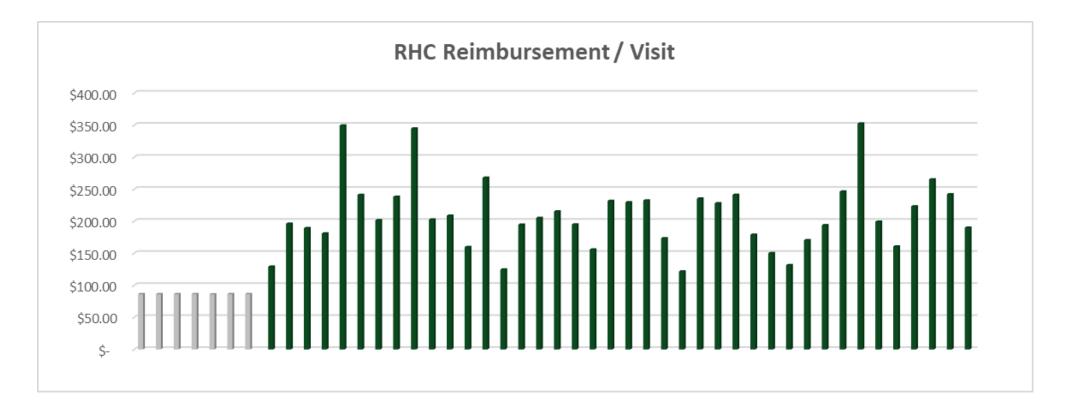
## **Reimbursement per Visit by Practice**

• Prior to the CAA of 2021, PB-RHCs and Non-PB-RHCs saw material differences in reimbursement rates

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Non-PB-RHCs PB-RHCs

• The following table presents the reimbursement / visit based on the filed Medicare Cost Reports



**Data Source**: December 2021 Medicare Cost Report release for hospital and RHC fiscal year 2020; and December 2021 CMS Provider of Services (POS) data file.

## **RHC Annual Cost Increase**

**WINTERGREEN** 

- With the implementation of the CAA of 2021, all RHCs are now subject to an UPL, regardless of whether those practices are grandfathered RHCs
  - The following tables present the average annual cost increase for PB-RHCs and non-PB-RHCs

Туре		2015		2016		2017		2018		2019		2020
Total Cost NV	\$	27,749,304	\$	32,649,862	\$	42,652,310	\$	49,959,590	\$	49,918,500	\$	63,957,991
Actual Visits		153,403		180,782		223,084		237,554		257,274		317,986
Total:	\$	180.89	\$	180.60	\$	191.19	\$	210.31	\$	194.03	\$	201.13
Annual Ir	Annual Increase:					5.86%		10.00%		(7.74%)		3.66%
	Annualized Increase:											

#### PB-RHCs

#### • Non-PB-RHCs

Туре		2015		2016		2017		2018		2019		2020
Total Cost NV	\$	10,449,059	\$	11,519,297	\$	13,867,267	\$	11,755,113	\$	11,413,214	\$	7,660,927
Actual Visits		95,001		99,680		109,421		87,368		93,838		48,939
Total:	\$	109.99	\$	115.56	\$	126.73	\$	134.55	\$	121.63	\$	156.54
Annual Ir	Annual Increase:					9.67%		6.17%		(9.60%)		28.71%
	Annualized Increase:											

## **Trended UPL**



#### Trended UPL Comparison

- The following table presents the adjusted cost-based rates (applying the annualized cost-based increases seen by each of the RHCs from FY15 – FY20) and compares to the new UPL established through the CAA of 2021 from 2021 through 2028
  - The MEI used was 2.1% from 2021 2028 and a variation in the MEI will impact actual net impact
  - Wintergreen capped the Non-PB-RHC cost increase at 6% per year and set the PB-RHC rate at 4%
  - The green-shaded rates reflects the average rate used for each cohort for 2021 through 2028

Location	Rate	2020	2021	2022	2023	2024	2025	2026	2027	2028
	Adj. Cost-Based Rate	\$ 204.72	\$ 212.90	\$ 221.42	\$ 230.28	\$ 239.49	\$ 249.07	\$ 259.03	\$ 269.39	\$ 280.17
PB-RHCs	UPL		209.01	213.40	217.89	222.46	227.13	231.90	236.77	241.74
	Variance		(3.89)	(8.02)	(12.39)	(17.03)	(21.94)	(27.13)	(32.62)	(38.42)
	Adj. Cost-Based Rate	\$ 143.56	\$ 152.17	\$ 161.30	\$ 170.98	\$ 181.24	\$ 192.12	\$ 203.64	\$ 215.86	\$ 228.81
Non-PB-RHCs	Capped RHC Rate	86.31	87.52	89.36	91.23	93.15	95.11	97.10	99.14	101.22
NOII-PD-RHCS	UPL		100.00	113.00	126.00	139.00	152.00	165.00	178.00	190.00
	Variance		12.48	23.64	34.77	45.85	56.89	67.90	78.86	88.78

## **Projected RHC Reimbursement Impact**



#### Projected RHC Reimbursement Impact

- The following table presents the net impact on reimbursements received by the OH RHCs under the prior RHC reimbursement methodology with reimbursements received after the implementation of the CAA of 2021
  - Due to the distribution, cost structure, and visits at each RHC, OH would receive \$139K less reimbursements from Medicare under the new methodology in 2021, with that amount is expected to decrease to (\$1.6M) by 2028
    - Even though some RHCs in OH are projected to receive higher reimbursements, those organizations that
      operate PB-RHCs will receive less reimbursements from Medicare under the new RHC reimbursement
      methodology in any year where their cost increase at a greater rate than the MEI

Turno	Medicare			2021				2022				2023			2024		
Туре	Visits	(	Old	New	v	/ariance	Old	 New	,	Variance	Old	New	Variance	Old	New	١	Variance
PB-RHCs	58,600	\$	212.91	\$ 209.02	\$	(227,951)	\$ 221.42	\$ 213.40	\$	(469,755)	\$ 230.28	\$ 217.89	\$ (726,182)	\$ 239.49	\$ 222.47	\$	(997,665)
Non-PB-RHCs	7,156	\$	87.52	\$ 100.00	\$	89,307	\$ 89.36	\$ 113.00	\$	169,183	\$ 91.23	\$ 126.00	\$ 248,782	\$ 93.15	\$ 139.00	\$	328,100
Combir	ned	\$				(138,644)	\$			(300,573)	\$		(477,399)	\$			(669,565)

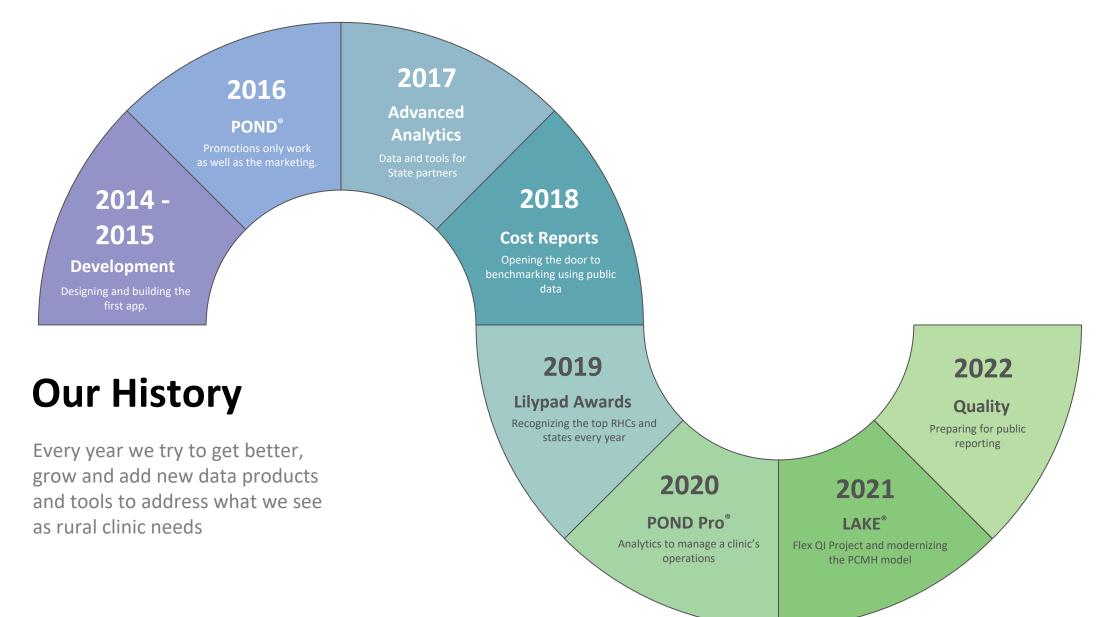
Le settion	Medicare		2025			2026			2027			2028	
Location	Visits	Old	New	Variance									
PB-RHCs	58,600	\$ 249.07	\$ 227.13	\$ (1,285,438)	\$ 259.03	\$ 231.90	\$ (1,589,703)	\$ 269.39	\$ 236.77	\$ (1,911,529)	\$ 280.17	\$ 241.75	\$ (2,251,594)
Non-PB-RHCs	7,156	\$ 95.11	\$ 152.00	\$ 407,130	\$ 97.10	\$ 165.00	\$ 485,866	\$ 99.14	\$ 178.00	\$ 564,301	\$ 101.22	\$ 190.00	\$ 635,274
Combii	ned	\$		(878,308)	\$		(1,103,838)	\$		(1,347,228)	\$		(1,616,319)

• The Old and New rates are averages; however, Wintergreen projected the impact across each practice to determine the cumulative variance between the PB-RHCs and Non-PB-RHCs

## POND®

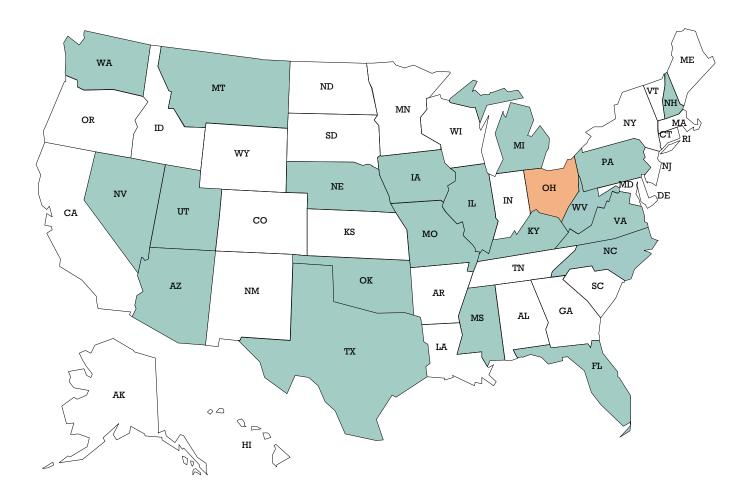
### Benchmarking system for rural primary care practices





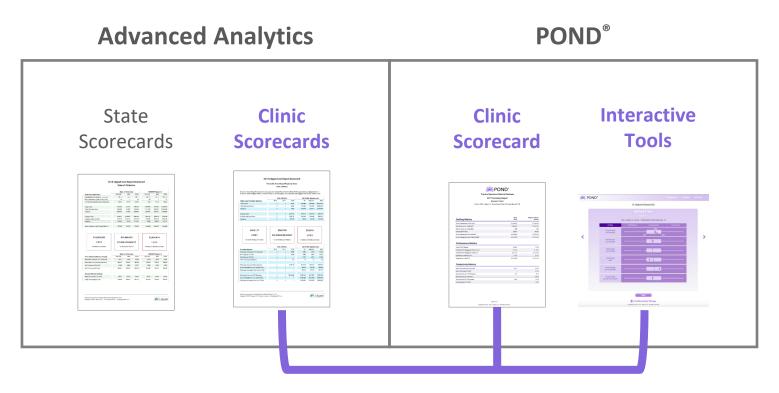


### **Our Current States**





### How Does It Work?



To gain access to these reports and tools the required data must be entered into the POND web application



### **POND Reports**



Lilypad's flagship report, the **POND Summary Report** includes RHC-specific financial, staffing, provider compensation, productivity and clinical metrics with customized peer group and national benchmarks.

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The **Cost Report Scorecard** includes multiyear trended volume, financial, cost and staffing ratios as well as state, regional and national benchmarks from all US RHCs based on current Medicare Cost Reports.



The **Site Audit** combines data from multiple public sources to provide summary statistics as well as a proprietary Medicare Cost Report integrity analysis and an evaluation of the out-of-pocket obligations for Medicare patients.



#### The Lilypad Award Ranking Report

displays your RHC's annual performance in five weighted rural-relevant performance metrics according to the industry's only comprehensive RHC ranking and ratings program.



### **POND<sup>®</sup> Technical Assistance**



### Report

Enter data into POND to generate a set of management and benchmark reports

### Validate your data



### Review

30-60 Zoom session with us to review your POND reports and discuss options

#### Go over your reports

## Plan

03

30-60 Zoom session to answer questions and help identify priorities

### **Discuss opportunities**



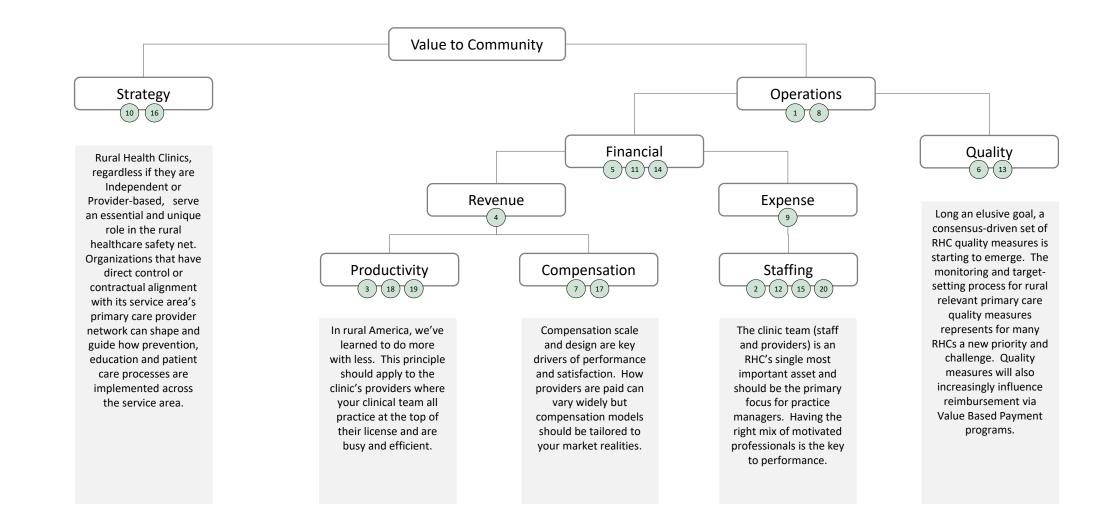
### **Gratuitous Praise**

"I could not be happier with the ease of use and functionality of POND. Data entry was straightforward and easy to follow. The support team has answered all questions that I have had and provided help any time that I have needed them in a timely manner."

Casey Stanley, CRHCP



### **RHC Performance Model**





### **20** Essential Questions for RHCs



#### Purpose

We distill the complexity of RHC operations into a small set of key factors that can be evaluated by practice managers, providers and executive leaders to help identify opportunities for performance improvement



### What's Next?

- 1. View the Online Tutorial
- 2. Enroll your RHC(s)
- 3. Enter data
- 4. Generate reports
- 5. Spread findings

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