



# **Prospective Data Review 2005 Hospital Care Assurance Program Final Summary Report**

NOTE: For HCAP 2005, twenty-five hospitals were reviewed. This report may be found on the ODJFS website at <http://jfs.ohio.gov/ohp/bhpp/hcap/index.stm>.

**Ohio Department of Job & Family Services  
Bureau of Health Plan Policy  
30 East Broad Street, 27th Floor  
Columbus, Ohio 43215-3414  
(614) 466-6420**

# **Hospital Care Assurance Program Data Reviews-** **2005 Program Year**

## **Introduction**

The 2005 Hospital Care Assurance Program (HCAP) will distribute \$547,745,191 million to hospitals to help offset the costs of providing care to indigent Ohioans. HCAP is the mechanism the State of Ohio uses to fulfill its federal obligation to provide disproportionate share funding to Ohio general/acute care hospitals which provide indigent care (Medicaid consumers, people with incomes below poverty, and people without health insurance). As part of the program, all general/acute care hospitals in the state are required to provide basic, medically necessary hospital-level services without charge to patients whose income is at or below the federal poverty level and to patients enrolled in the Disability Assistance program (DA). Funding for HCAP is derived from an assessment on Ohio hospitals and federal matching funds.

Each year hospitals report the amount of uncompensated care they provided in the previous year on the Ohio Medicaid Cost Report. This data is used by the Ohio Department of Job and Family Services (ODJFS) as a proxy to measure indigent care services provided by each hospital and to determine how to distribute the limited HCAP funding. Since federal law limits the amount the federal government will match under the HCAP program, a model compares the uncompensated care and Medicaid services provided by each hospital to all other hospitals in Ohio to determine what portion of the total funding available will be distributed to each hospital.

In an effort to improve the quality of the data used for HCAP, ODJFS performs data reviews for a sample of hospitals. There are three primary objectives for the reviews:

1. To ensure that uncompensated care data reported by hospitals is accurate and reported in accordance with HCAP guidelines as stipulated in Ohio Administrative and Revised Codes.
2. To ensure the processes used by the hospital to implement HCAP are in accordance with HCAP guidelines as stipulated in Ohio Administrative and Revised Codes.
3. To prepare and present educational assistance for all of the hospitals in the state based on information gathered during the HCAP data reviews.

### **External Auditor Reviews**

As required by OAC 5101:3-2-23(A)(5), effective for Medicaid Cost Reports filed for cost reporting periods ending in State Fiscal Year 2003 and each hospital cost reporting year thereafter, each hospital is required to have an independent party, external to the hospital, verify the uncompensated care data reported on Schedule F of the ODJFS 2930 Medicaid Cost Report. Prior to the implementation of the external auditor review requirement, Hospital Care Assurance Program (HCAP) uncompensated care Schedule F data was reviewed internally by ODJFS staff who selected a sample of 20 to 40 hospitals for review.

## HCAP 2005 Data Review Process

For Program Year 2005, twenty-five hospitals were selected by ODJFS staff based on increases in uncompensated care for the HCAP 2005 data review. The department expanded the 2005 data review from the 2004 review, which reviewed only the external reviewer reports, to include; reviews of hospital internal HCAP policies, HCAP eligibility, billing procedures in regard to HCAP and HCAP notice requirements. The external auditor reviews were based on the ODJFS 2930 Schedule F “Independent Third Party Validation of Schedule F Data” instructions.

### Review Findings

Overall, the external auditor review reports in the HCAP 2005 review appeared to adhere to the cost report instructions. However, two external review reports completed by the same firm had quality issues. While findings were listed at the end of the reports, the reports lacked clarity and it was difficult for the ODJFS reviewer to determine if all 10 steps of the review process were completed. In another instance, an external reviewer issued findings without an accompanying corrective action.

Two external auditor review reports stated the use of estimation techniques to determine non-allowable charges. However, the external reviewer failed to recommend a correction action for one and recommended estimation techniques for the other. The use of estimation techniques is not allowed. OAC 5101:3-2-07.17 requires that each hospital shall collect and report to the department information on the number and categorical identity of persons served under the provisions of the rule.

All external auditor review reports in the twenty-five hospital sample reported findings. This is a significant improvement over the 2004 review when five out of eleven external independent data reviews reported no findings.

Some of the more frequent exceptions that external reviewers listed in their findings are as follows:

- Nine hospitals were found to have incorrectly included Medicaid eligible accounts as either DA eligible or categorized as <100% of the FPL with no insurance and HCAP eligible.  
OAC 5101:3-2-07.17 specifies that Medicaid recipients are not eligible for the HCAP program.
- Seven hospitals incorrectly included non-hospital level charges as HCAP eligible. OAC rules 5101:3-2-07.17 and 5101:3-2-23 Schedule F, Section I “General Instructions” specify that the HCAP program includes only “basic, medically necessary hospital-level services”.
- Six hospitals incorrectly classified accounts which were >100% of the FPL as <100% of the FPL.  
In order for a patient to be eligible for HCAP, that person’s individual or family income needs to be at or below the appropriate FPL for the family size as noted in OAC 5101:3-2-07.17(B).

- Four hospitals were found to have included accounts with service dates in the incorrect cost reporting period.  
OAC 5101:3-2-23 Schedule F, Section I “General Instructions” specifies that hospitals may only include accounts for patients on Disability Assistance and, patient accounts with family incomes below the appropriate federal poverty guidelines whose discharge/visits fall within the hospital’s fiscal year. Patients with family incomes above federal poverty guidelines, who were either unable or unwilling to pay some portion of the bill and which were written off during your hospital’s fiscal year, are to be included for that hospital’s cost reporting period.
- Four hospitals incorrectly classified accounts as either with or without insurance. This categorization of accounts issue is addressed in 5101:3-2-23 Schedule F, Section I “General Instructions”. The classification of accounts as with or without insurance is instrumental in the establishment of a hospital’s DSH limit or Federal OBRA cap calculation and is stated in OAC 5101:3-2-07.5(D).
- Four hospitals were found to have incorrectly included accounts as HCAP eligible even though the reported income for these accounts exceeded the appropriate FPL for the family size.  
A patient’s individual or family income needs to be at or below the appropriate federal poverty guideline (FPL) for the family size as noted in OAC 5101:3-2-07.17(B).

## Policy Reviews

Overall, hospital internal HCAP policies were found to be adequate. All hospitals reviewed were found to have written HCAP policies.

- However, we found that five hospitals had policies which were inadequate with regard to income and eligibility determinations.  
OAC 5101:3-2-07.17(B)(2)(a)(b) requires that income is calculated by “Multiplying by four the person’s or family’s income, as applicable, for the three months preceding the date hospital services were provided” and “Using the person’s or family’s income, as applicable, for the twelve months preceding the date hospital services were provided.”
- Three hospitals were found to request income verification for either three months or twelve months, but not both three and twelve months.
- Two hospitals were found to have policies requesting tax returns.  
Tax returns, in general, are not in concert with the date of service and consequently, in most circumstances, tax returns should not be used to determine HCAP eligibility. However, as in the case of business expenses for the self-employed, they can be of use as a resource for determining reasonable business expenses.
- One hospital’s internal HCAP policy and HCAP application did not address Medicaid and DA eligibility. This could be contributing to accounts which are Medicaid eligible being included as HCAP accounts. The external reviewer for this hospital found that Medicaid pending accounts had been included on the hospital’s HCAP logs.  
OAC 5101: 3-2-07.17 specifies that Medicaid eligible individuals are not eligible for HCAP.

## **Notification and Billing Review**

Our review found no issues regarding HCAP notification and billing procedures as required by 5101:3-2-07.17(C)(2)(3). All twenty-five hospitals in the review sample were found to be in compliance with billing procedure requirements.

## **Signage Review**

Signage for HCAP was found, for most hospitals, to be acceptable. This was the first year that photos of signs were requested to verify their existence, clarity and location as required by OAC 5101:3-2-07.17(D).

- However, our review found that five hospitals failed to meet OAC rule guidelines of posting signs not only in English, but also “other languages that are common to the population serviced” as required by 5101:3-2-07.17(D)(4).
- Four hospitals were found to have signs that were inadequate to be read from a “distance of twenty feet or the expected vantage point of the patrons” as required by 5101:3-2-07.17(D)(4). Please note that hospitals must insure that the signs are readable from a distance of 20 feet. One hospital submitted a photo which showed a clock’s face to be clearly readable from the 20 foot vantage point but the HCAP sign below the clock was not legible.

## **Conclusions**

Overall, most of the 25 hospitals included in the review appear to have adequate internal policies, signage, billing and eligibility practices regarding HCAP. However, as noted above, five hospitals were found to have inadequate policies regarding income, one hospital did not address Medicaid and DA eligibility part of the determination process, five hospitals failed to meet the requirement of posting signs not only in English but also in “other languages that are common to the population serviced” and four hospitals were found to have signs which were not readable from a distance of twenty feet or the expected vantage point of the patrons. These internal policy, signage, and eligibility practice issues were addressed in the department’s individual review summary letters to respective hospitals. We expect that these hospitals will address these issues in their respective corrective action plans.

The number of exceptions noted by the external reviewers regarding the incorrect categorization of accounts indicates hospital compliance issues in the actual implementation of HCAP. Of special concern is the incorrect categorization of accounts as either with or without insurance, the incorrect categorization of accounts as under 100% of the FPL when the accounts are over 100% of the FPL, the inclusion of accounts with non hospital level services, the use of estimation techniques, the inclusion of accounts from the wrong cost reporting period, the inclusion of Medicaid eligible accounts and the inclusion of accounts over the appropriate FPL.

The prospective data reviews and the external review reports continue to be to be an important tool for ODJFS to not only verify the accuracy of HCAP data, but to also raise hospitals’ awareness of how to correctly implement the program, and also provides assurances that the

ODJFS determination of OBRA payment caps complies with federal disproportionate share hospital payment regulations.

*Note: This report provides a summary of issues found in the data reviews and is intended to be used as an educational reference only. Please refer to Chapter 5101:3-2 of the Ohio Administrative Code and Chapter 5112 of the Ohio Revised Code for complete HCAP regulations.*