

Hospital Care Assurance Program (HCAP) FFY 2005 Program Year Testimony and Comments

Since the 2005 HCAP Forum was held as a video conference and the written testimony was not available at all locations, the following are the written testimony and comments provided by the 12/17/04 HCAP video conference forum attendees so that all concerned parties may have an opportunity to view this information.

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[Summary of Comments & JFS Response](#)

Testimony from:

[Ohio Hospital Association](#)

[Ohio Children's Hospital Association](#)

[Community Partners for Affordable Accessible Health Care](#)

[Universal Health Care Action Network of Ohio](#)

ODJFS Response to Comments provided at the 2005 Hospital Care Assurance Program (HCAP) Forums

The following is the Ohio Department of Job and Family Services' (ODJFS) response to the comments presented at the Federal Fiscal Year (FFY) 2005 Hospital Care Assurance Program (HCAP) video conference forum originating in Columbus on December 17, 2004 with participation from Toledo, Cleveland, and Cincinnati on that same date. ODJFS is holding these forums prior to developing the HCAP 2005 policy so that the comments may be considered prior to proposing any rules in February.

The following is a summary of comments received from forum attendees and ODJFS' response to those comments.

Comment regarding HCAP participation being conditional based on participation in other programs

Comment: The fact that this program is titled the Hospital Care Assurance Program and that our organization would not support any diversion of this funding away from Ohio hospitals or any initiative to make these funds conditional upon hospital participation in other programs.

Response: This is an issue that has not been proposed or suggested by the department.

Comment regarding implementation of a 175% DSH Limit for Public Hospitals

Comment: The DSH Limit should be expanded to 175% for Public Hospitals.

Response: In continued conversations between ODJFS staff, public hospital staff along with industry trade organization staff, we maintain that we will implement policy based on input from the hospital industry as a whole and input collected from all interested parties. Since the 175% DSH limit impacts all hospitals, we would not want to circumvent this process. We look forward to working with the hospital industry on the policy for HCAP 2005, including discussions around the implementation of any enhanced DSH limit for public hospitals. This will be a challenging conversation due to increased statewide uncompensated care costs for hospitals that do not have other funding streams to support these increasing costs, along with federal DSH funding that will remain at the FFY 2004 level until FFY 2011.

Comments regarding the principle use of the HCAP funds

Comment: HCAP funds should be targeted toward the medically indigent and the most vulnerable patients. HCAP funds should be maximized for use for the provision of uncompensated care. HCAP funds should follow the patients.

Comment: The Program is not sufficiently funded to fully reimburse hospitals for the costs of providing uncompensated care to individuals above the poverty line. Instead, the program should distribute HCAP funds first to those hospitals serving a disproportionate share of Medicaid and low-income patients, including those under 100% of the poverty line who were formerly eligible for General Assistance.

Response: ODJFS agrees that the guiding principles of the state disproportionate share program are that the money should follow the indigent patients and that the dollars are to help compensate hospitals for uncompensated care costs incurred while providing care to the indigent.

Comments regarding the Disproportionate Share Limit Pool

Comment: The Disproportionate Share Limit Pool should be eliminated. It is the one pool in the HCAP formula in which HCAP funds do not follow the patient.

Comment: The original purpose of the HCAP assessment was to generate sufficient funds in order to draw down Ohio's maximum federal allocation, not to impose a tax on hospitals in order to cover the costs of indigent care. In addition, HCAP was not designed as a mechanism to redistribute hospital funds from one charitable or government hospital to another charitable or government hospital. Thus, the OHA continues to support an assessment return mechanism within the distribution that attempts to return up to 50% of a hospital's assessment.

Response: The Disproportionate Share Limit pool provides a distribution of HCAP funds for uncompensated care reported by hospitals that have not received their maximum allowable amount of HCAP funds through other distribution pools. Like all the other pools in the HCAP formula, the Disproportionate Share Limit pool never provides funding to a hospital in excess of their disproportionate share limit – the amount of uncompensated costs the hospital incurred while caring for indigent patients. This pool is consistent with Federal requirements for distributing disproportionate share funds and takes into consideration the state-wide impact of the HCAP program and access to hospital services.

Comments regarding the public input process for HCAP

Comment: Multiple comments were made applauding ODJFS for giving individuals and groups across the state the opportunity to give input into the HCAP formula before it has been drafted.

Comment: We are appreciative that substantial notice to the communities was provided for this year's forums and look forward to similar advance notice in the future.

Response: We will continue to provide substantial notice to communities regarding HCAP policy forums. ODJFS posts notification of these forums on our web site at <http://jfs.ohio.gov/ohp/bhpp/hcap/index.stm> and at local ODJFS offices.

In addition to the public input ODJFS collects through the forums, ODJFS also takes input throughout the year by meeting with interested parties, through telephone conversations and other correspondence, and through the formal rule making process (e.g., clearance and public hearings). These communications are designed and implemented to allow all interested parties the opportunity to have their comments heard and included in the program.

Comment regarding ODJFS enforcement of HCAP policy

Comment: ODJFS was asked to continue to monitor hospital compliance with HCAP rules on informing patients about the HCAP program. In the experience of the organization who commented, many hospitals around the state do not implement the rules fully. They are out of compliance in terms of signage and have been inconsistently notifying patients eligible for HCAP of its availability. We would request that ODJFS develop a program to monitor how HCAP is being communicated to patients across the state allowing for the proper enforcement from your office.

Response: ODJFS will continue to monitor hospital compliance through our HCAP data reviews. As in previous years, ODJFS will continue to communicate and work with hospitals throughout the year to help them understand and comply with HCAP requirements. In addition, we look for opportunities to improve enforcement such as the implementation of the Independent Third Party Validation program. This enforcement initiative was implemented in response to requests by hospitals and advocates for the indigent.

Comment: “As ODJFS is working to prepare this year’s HCAP formula and is looking to the future to maximize the HCAP Program, we are requesting that you establish an advisory committee to work with ODJFS to develop the HCAP formula beginning of course with this year’s formula. The committee should be comprised of (among other) representatives of Ohio Hospital Association (OHA), Health Policy Institute of Ohio and health care consumer and advocacy groups. CPAAHC would be more than willing to be part of such a committee.”

Response: Beginning with the 2001 HCAP program, ODJFS expanded its effort to gather public input on HCAP by holding the HCAP public forums. Based on positive responses received by ODJFS, this effort is being continued. The forums are being held earlier in the year to allow for the earlier deadline imposed by CMS for finalizing the policy and to provide interested parties the opportunity to have input early in the policy making process. If an advocacy group or hospital would like to make suggestions regarding the development of the program, or has questions regarding the development of the program, our phone number is 614-466-6420 and our fax number is 614-752-2349. We value the input of all stakeholders in the HCAP program.



December 17, 2004

TO: Ohio Department of Job and Family Services

FROM: John Callender, Senior Vice President
Ryan Biles, Manager of Health Policy

SUBJECT: 2005 Hospital Care Assurance Program

The Ohio Hospital Association (OHA) represents the nearly 185 hospitals that participate in the Hospital Care Assurance Program (HCAP). The membership of OHA is diverse in size, geography, and purpose. However, the OHA attempts to identify consensus around HCAP policy from its membership from year to year.

This year, as has been the case in recent history, OHA held a statewide membership meeting where HCAP policy for 2005 was discussed. The input garnered at this meeting and two subsequent OHA Finance Committee meetings will be taken into consideration when the OHA Board convenes in January to determine its recommendation to the Department for this year's model. As always, even though the OHA will make a recommendation, the Department will ultimately file rules to implement the assessment and distribution formulas.

However, there is at least one item that OHA can comment on with certainty at this time: the fact that this program is titled the Hospital Care Assurance Program and that our organization would not support any diversion of this funding away from Ohio hospitals or any initiative to make these funds conditional on hospital participation in other programs. HCAP funding is crucial to the survival of many of this state's hospitals, big and small, urban and rural. In 2004, the federal share (non-hospital dollars) of HCAP reimbursed Ohio hospitals for only 43% of the aggregate losses incurred by serving ever-growing uninsured and Medicaid populations. Therefore, it is obvious that in the current healthcare economic environment, hospitals need this funding in order to continue serving all Ohioans.

As to criticism received by the Department from interested parties not among Ohio's hospitals, the OHA would like to mention that without broad-based hospital support, these funds would not be coming to Ohio in any form. The OHA believes that those other interested parties should concentrate their efforts on seeking the expansion of other health care programs and not jeopardize the existence and stability of HCAP.

In conclusion, we appreciate this opportunity to comment on the HCAP program and look forward to continued cooperation and collaboration with the state on this program of critical importance to all Ohio's hospitals.

Hospital Care Assurance Program (HCAP)

2005 Public Forum

Ohio Department of Job and Family Services

December 17, 2004

Columbus, Ohio

**STATEMENT OF THE
OHIO CHILDREN'S HOSPITAL ASSOCIATION**

The Ohio Children's Hospital Association appreciates the opportunity to share the views of its members regarding the 2005 Hospital Care Assurance Program (HCAP). As major recipients of the funds distributed under this program, children's hospitals and the children they serve have an enormous stake in the program's viability, fairness, and effectiveness achieving its goals.

The purpose of the HCAP program is to recognize and reimburse hospitals, such as children's hospitals, which serve a disproportionate share of Medicaid and low-income patients with special needs. Such reimbursement takes into account the extraordinary operating costs associated with serving a disproportionately high number of Medicaid and indigent patients.

The program is not sufficiently funded to fully reimburse hospitals for the costs of providing uncompensated care for individuals above the poverty line. Instead, the program should distribute HCAP funds first to those hospitals serving a disproportionate share of Medicaid and low-income patients, including those under 100 % of the poverty line who were formerly eligible for General Assistance.

General Statement of Goals for HCAP

In the view of children's hospitals, the ultimate goals of the HCAP program should be to:

1. Capture all available federal Medicaid disproportionate share hospital dollars.
2. Fully reimburse disproportionate share hospitals for the costs of providing care to individuals who are covered by the Medicaid program (both fee-for-service and managed care) or are otherwise low-income, and then and only then attempt to reimburse hospitals for general uncompensated care costs.

3. Address the unique economic circumstances of true disproportionate share hospitals, as currently defined.

Hospitals serving a disproportionate share of Medicaid and low-income patients, accounting for up to 50% of each hospital's book of business, must establish a range of costly programs and services appropriate to and accommodating the special needs of the indigent. Even though many of these special services are put in place almost entirely for Medicaid and other indigent patients, only a portion of their cost can be reported directly on Medicaid cost reports.

Moreover, accommodating special needs entails a range of costs that are not only non-reportable but also difficult or impossible to quantify, such as the inefficiencies associated with high and widely variable appointment no-show rates.

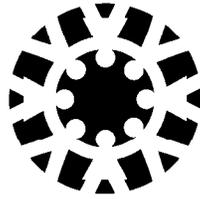
4. Not be a substitute for a well-funded Medicaid program or a well-funded program for the uninsured.
5. Distribute HCAP funds through a formula that is equitable, fair, stable, predictable, timely, and simple, with equity and fairness determined using a quantifiable measure, such as the degree to which the program equalizes the proportion of Medicaid losses and uncompensated care as a share of facility size (or costs).
6. Fund the state share of the HCAP program with a broad-based, statewide funding source rather than the current hospital assessments.

In an era of severe budget shortfalls, policymakers may be pressed to consider alternative uses and goals for the program, such as using it to finance broad-based health insurance coverage programs or to promote expansion of alternative health care service delivery models. Children's hospitals would strongly oppose such efforts in that they would in all likelihood reduce the resources that would be available to them to fulfill their missions.

Options for 2005

Children's hospitals are now involved in a review of the program with their colleagues in the hospital community. A range of proposals for distributing the burden of Medicaid losses, uncompensated care, and hospital assessments is being considered. As this review continues, we are committed to the principles and goals outlined above and are working to maximize the degree to which the hospital community's recommendations reflect them.

As ODJFS continues its own review in preparation for filing a rule later this winter, children's hospitals hope it will join them in placing appropriate emphasis on the priorities that give the program its ultimate meaning – namely, ensuring that Ohio's safety net hospitals can continue providing exceptional service to all Ohioans who need hospital care, regardless of ability to pay.



Ohio Children's Hospital Association

Progress is a healthy child

December 20, 2004

Ms. Barbara Coulter-Edwards, Deputy Director
Ohio Department of Job and Family Services
30 East Broad Street, 31st Floor
Columbus, OH 43215

RE: 2005 Hospital Care Assurance Program

Dear Ms. Edwards:

I appreciated very much the opportunity last week to submit a statement at the ODJFS Public Forum addressing the 2005 Hospital Care Assurance Program.

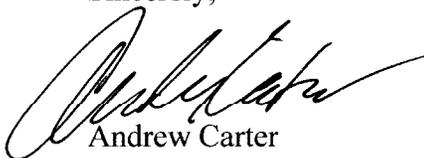
Since discussions are continuing within the hospital industry to evaluate options for improving the program's distribution policies, my comments last week remained general, urging ODJFS to capture all available federal dollars, make high-DSH hospitals such as children's hospitals a priority for the program, distribute funds according to a quantifiable measure of equity, and oppose efforts to divert DSH dollars to other purposes.

During the forum, one hospital advanced specific recommendations for changing the HCAP distribution to permit certain public hospitals to receive payments in excess of their OBRA caps, pursuant to an option available under federal law. **For the record, the Ohio Children's Hospital Association strongly opposes the public hospital OBRA cap option.** As it stands, children's hospitals already shoulder the heaviest burden of Medicaid losses and uncompensated care relative to their facility size of any peer group in the hospital industry. All other things remaining equal, pursuing the public hospital option would exacerbate the burden and signal a disturbing shift away from your efforts to balance competing objectives in this program.

I urge you to evaluate any changes in HCAP (including hospital assessment policies) according to the extent to which they mitigate in a fair way the extraordinary financial burden shouldered by all the state's key safety net hospitals. Requests for program changes that benefit only a single institution should be met skeptically, especially since no new federal funds are available.

Thank you for considering our views.

Sincerely,



Andrew Carter
President

cc: James Castle, Ohio Hospital Association

CPAAHC

COMMUNITY PARTNERS for AFFORDABLE, ACCESSIBLE HEALTH CARE
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**Statement by
The Community Partners for Affordable Accessible Health Care Coalition
HCAP Public Hearing
December 17, 2004
Presented by Tim Walters**

My name is Tim Walters. I am here today representing the Community Partners for Affordable Accessible Health Care (CPAAHC). We are a diverse group of over 30 community groups and human service organizations working on issues relating to the provision of and access to health care to vulnerable people particularly in Cuyahoga County.

We would like to begin by again applauding ODJFS for giving individuals and groups across the state the opportunity to give input into the HCAP formula through today's regional forum prior to the formula before it has been drafted. We are appreciative that substantial notice to the communities was provided for this year's forums. We hope that we can expect similar advance notice for the public hearing(s) after the formula is prepared (unlike in 2004).

When examining how the HCAP distribution formula should be prioritized, CPAAHC continues to be guided by the following principles:

1. HCAP funds should be targeted toward the medically indigent and the most vulnerable patients.
2. HCAP funds should be maximized for use for the provision of uncompensated care.
3. HCAP funds should follow the patients.

Community Partners for Affordable Accessible Health Care:
Citizens to Save Our MetroHealth, Council for Economic Opportunities of Greater Cleveland, El Barrio,
Environmental Health Watch, Friendly Inn Settlement, Harvard Community Services Center, Immigrant
Health Care Access Coalition, Jobs With Justice, League of Women Voters-Cuyahoga Regional Area,
Lexington Bell Community Center, May Dugan Multi-Service Center, Merrick House, Merrick House West,
Neighborhood Centers Association, Redeemer Crisis Center, St. Augustine's Hunger Center, St. Philip

Based on these principles, CPAAHC continues to believe that the Disproportionate Share Limit Pool should be eliminated. This pool allocates over \$74 million to all hospitals regardless of the amount of uncompensated care provided, to ensure that all hospitals receive a return of at least 50% of their HCAP assessment. It is rewarding hospitals (particularly large hospitals) that are providing minimal uncompensated care with HCAP funds. It is the one pool in the HCAP formula which HCAP funds clearly do not follow the patient. With the number of uninsured continuing to rise in Ohio, and the demands for HCAP funds increasing, the Disproportionate Share Limit Pool is not an allocation that can continued to be maintained. On the contrary, we believe that in its place there should be an additional allocation to Ohio's major safety net hospitals that are affording the heavies amount of uncompensated care.

Another issue that we would like to raise is the implementation of the HCAP requirements by hospitals across Ohio. In the last two years UHCAN Ohio has done surveys of hospitals in Cleveland and Columbus which found that hospitals were not posting HCAP required signage requirements at the requisite locations, and hospitals have been inconsistently notifying patients eligible for HCAP of its availability. Negotiations are currently going on to rectify these problems in Cleveland and Columbus area hospitals. Nevertheless, it is probable that if these problems are occurring in Columbus and Cleveland, that they are occurring in hospitals across the state. We would request that ODJFS develop a program to monitor how HCAP is being communicated to patients across the state allowing for the proper enforcement from your office.

Finally, as ODJFS is working to prepare this year's HCAP formula and is looking to the future to maximize the HCAP Program, we are requesting that you establish an advisory committee to work with ODJFS to develop the HCAP formula beginning of course with this year's formula. . That committee should be comprised of (among other)representatives of Ohio Hospital Association (OHA), Health Policy Institute of Ohio and health care consumer and advocacy groups. CPAAHC would be more than willing to be part of such a committee.

We again thank you for holding the regional hearing, and hope that you will implement our recommendations.

**Statement by
Universal Health Care Action Network of Ohio (UHCAN Ohio) to
The Ohio Department of Job and Family Services
HCAP Public Hearing, December 2004
Submitted by Cathy J. Levine, Esq., Executive Director, January 6, 2004**

UHCAN Ohio is a statewide, grassroots organization promoting access to health care for all Ohioans, especially the uninsured, under-insured, and other vulnerable populations. We are concerned with the HCAP formula, because the Hospital Care Assurance Program, or HCAP, is an important part of the tattered safety net for low-income Ohioans. Federal Disproportionate Share (DSH) funds, the majority source of HCAP, exist to compensate those hospitals that treat a disproportionate share of uninsured and Medicaid patients. We appreciate ODJFS' sensitivity, in devising the formula, to the high disproportionate share hospitals, which are serving the most vulnerable of our residents.

We would again to applaud ODJFS for giving individuals and groups across the state the opportunity to give input into the HCAP formula, through regional forums, before drafting this year's formula. We would request also that ODJFS provide the public with an opportunity for meaningful input after the rule is drafted and before it is finalized. We would also request that organizations and individuals that have identified themselves as interested parties should receive written notice when the rule is available for public comment; not all members of the public are in a position to check the website on a regular basis.

Last year, UHCAN Ohio testified that we would like for ODJFS to be more aggressive in monitoring hospital compliance with HCAP rules on informing patients about the HCAP program. In our experience, many hospitals around the state do not implement the rules fully. They are out of compliance in terms of signage, language requirements, notices on hospital bills, and taking other reasonable steps to inform patients who might not be able to read their signs. We requested that ODJFS develop ways to monitor HCAP outreach practices, to seek hospital compliance, and to share your findings with the public. We would be happy to assist in this effort.

ODFJS responded:

ODJFS will continue to monitor hospital compliance through our HCAP data reviews and will continue to communicate and work with hospitals throughout the year to help them understand and comply with HCAP requirements. In addition, the Independent Third Party Validation program, an initiative implemented in response to requests by hospitals and advocates for the indigent, is in effect for HCAP FFY 2004. Early review of this initiative from hospitals and CPAs are positive. (ODJFS Response to Comments provided at the 2004 Hospital Care Assurance Program (HCAP) Forums, on ODJFS/OHP website.

We do not believe that ODJFS' response adequately answered our comments. Although ODJFS acknowledges that they communicate and work with hospitals, they have not

drawn interested community advocates into this process. We have not been informed of the criteria or tools used to measure “hospital compliance”, especially in effective methods of notifying patients of their eligibility. We have certainly not been informed about the findings of ODJFS or their Independent Third Party Validation program.

UHCAN Ohio believes that hospitals and advocates for the uninsured should work together in improving their billing and collections policies and practices for uninsured patients, because of our common interests in addressing community health needs, in ensuring that our community hospitals remain viable community resources, and for working to protect and expand comprehensive public and private health coverage for uninsured and under-insured people.

We would also like to work with hospitals throughout the state on establishing written policies and procedures for uninsured patients over income for HCAP but unable to pay all or part of their bills. Given that the HCAP distribution formula considers non-HCAP uncompensated care and that hospitals point to uncompensated care as helping to fulfill their community benefits obligations, hospitals should have written, public policies and procedures, coupled with patient outreach, to ensure reasonable access to financial assistance for uninsured patients.

We once again invite the Ohio Hospital Association to join with us in this effort to improve policies and practices for outreach and enrollment in HCAP and other financial assistance. OHA zealously protects HCAP as designated funds to the hospitals and advocates for the uninsured have supported OHA’s claim to these funds. In return, however, OHA should work with advocates to ensure that potentially eligible patients are informed about HCAP and other financial assistance; that consistent policies and procedures exist; and that enrollment is made as patient-friendly as possible.

We again thank you for holding these regional hearings and for considering our recommendations.

Cathy J. Levine, JD
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