

Kentucky Medicaid Oversight and Advisory Committee

August 19, 2019



Kentucky
Hospital
Association

MOAC Request

Discuss:

- **Any positives and negatives that have been seen with their hospitals, both urban and rural concerning their ability to treat Medicaid patients**
- **Any issues they have in receiving payment all in a general update on hospitals and Medicaid**
- **What is happening with improving quality of health care services**
- **Potentially focus on high need patients and how we are trying to improve their care while also considering the amount being spent, and overall outcome**



AGENDA

- **HB320**
- **MCO Issues List**
- **Quality Initiatives**
- **KY Statewide Opioid Stewardship**
- **Questions**



HB 320

Hospital Medicaid Access Preservation Program

**Hospitals are very grateful for the
support of the Cabinet and the MCOs**



Need for This Program

- On average, **28% of hospital patients are covered by Medicaid**
 - The percent is much higher – 40+% - in many rural hospitals
- Medicaid payments to hospitals are inadequate and cover, on average, only **75% of the actual cost** to treat Medicaid patients
- Hospitals need adequate payment to continue providing quality care to their communities.
 - *Without adequate payment, hospitals cannot invest in a trained workforce, update essential equipment, and improve their facilities and services to meet many changes in health care*
- **Medicaid losses are not sustainable**, particularly in light of massive cuts in other programs that have been subsidizing Medicaid losses
- ***HB 320 will establish new program to backfill these losses at no cost to the state***



Importance of Adequate Medicaid Rates

- **Hospitals Cut Under ACA**

- **Medicare Rate Updates Below Inflation**

- Impact: - \$4.3 Billion to KY (2010- 2027)

- » - \$714 Million to KY (2010 – 2018); -17% from baseline revenue in 2018

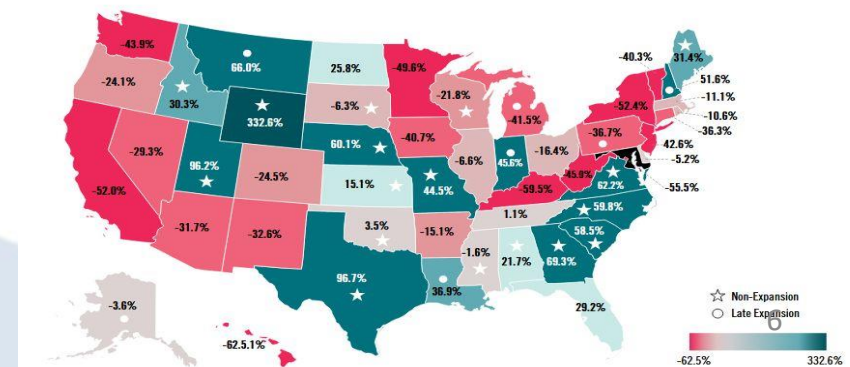
- **Federal Medicare DSH Cuts**

- **Uncompensated Care = Charity + Bad Debt + Medicaid Losses**
 - **Medicaid losses are no longer considered in the distribution of Medicare disproportionate share payments**
 - Kentucky hospital losses have moved from “charity” to Medicaid as a result of Medicaid expansion
 - Impact:

- KY Loss - \$77M by 2020**

- Massive redistribution of DSH from expansion to non-expansion states*

FIGURE 2 DSH UCC ESTIMATE: ESTIMATED DAYS PROXY VS. A FULL TRANSITION TO S-10 DATA



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Importance of Adequate Medicaid Rates

- Federal Medicaid DSH Cuts**

- Federal DSH cuts start in SYF 2020
- **By 2021, KY DSH will be cut by 75%**

\$159M – 2018 Baseline allotment without Cuts

\$ 42M – 2021 Federal Allotment after cuts

\$ 117M – Federal DSH Loss

SFY	US Cut
2018	\$ 0
2019	\$ 0
2020	\$ 4 B
2021	\$ 8 B
2022	\$ 8 B
2023	\$ 8 B
2024	\$ 8 B
2025	\$ 8 B

- Total Spending (with State Match)**

Pool	2018 Baseline Without Cut	2021 With 75% Cut
Acute (44%)	\$ 100 Million	\$ 26 Million
Psychiatric (19%)	\$ 43 Million	\$ 11 Million
University (37%)	\$ 84 Million	\$ 22 Million
Total	\$ 227 Million	\$ 60 Million

KY likely to have larger share of cuts due to Medicaid expansion and lower rate of “uninsured” despite payment shortfalls



Timeline and Cuts

2019 (Oct 2018) - **\$51 million**

- Medicare DSH: - \$ 51 million

2020 (Oct 2019): - **\$161 Million**

- Medicare DSH: - **\$ 77 million**
- Medicaid DSH: - \$ **84 million (state+federal)?**

2021 (Oct 2020): - **\$244 Million**

- Medicare DSH: - **\$ 77 million**
- Medicaid DSH: - **\$167 million (state+federal)?**



HB 320 -Program Overview

- New Supplemental payment program modeled after programs in Michigan and Virginia approved by federal government
- **Endorsed by KHA's members – ALL HOSPITALS**
- Will not impact existing supplemental payments
- Creates new program for other hospitals to backfill a portion of funding losses
 - 6% will be paid under fee-for-service Medicaid
 - 94% under managed care
 - Federal government has rules that allow supplemental payments to flow through MCOs
- **No cost to the State**
 - **Should raise a net of \$98 million after hospitals pay the tax assessment**



MCO Issues Log Update

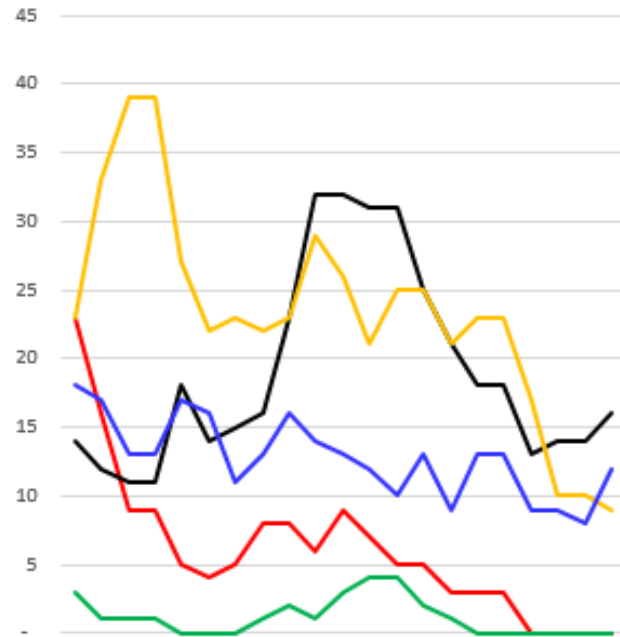


Overall Have Seen Improvement

Number of Issues Outstanding

(Lower is Better)

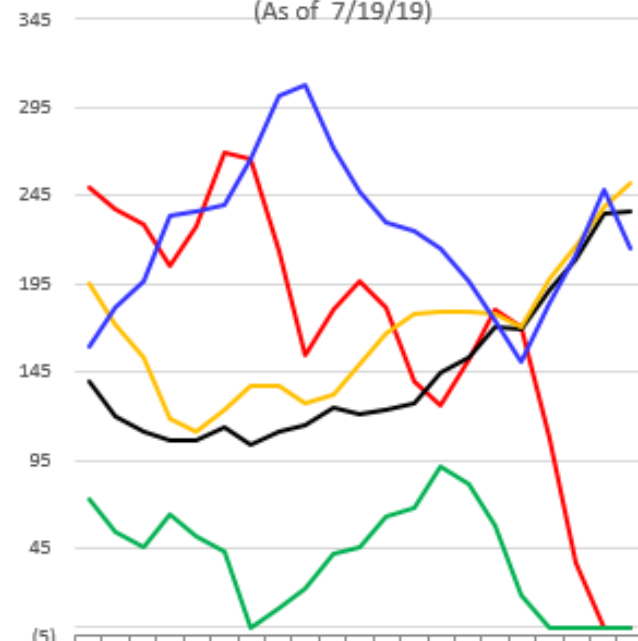
(From November 2017 thru 7/19/19)



3 -mo. Avg of Days Outstanding for Open Issues

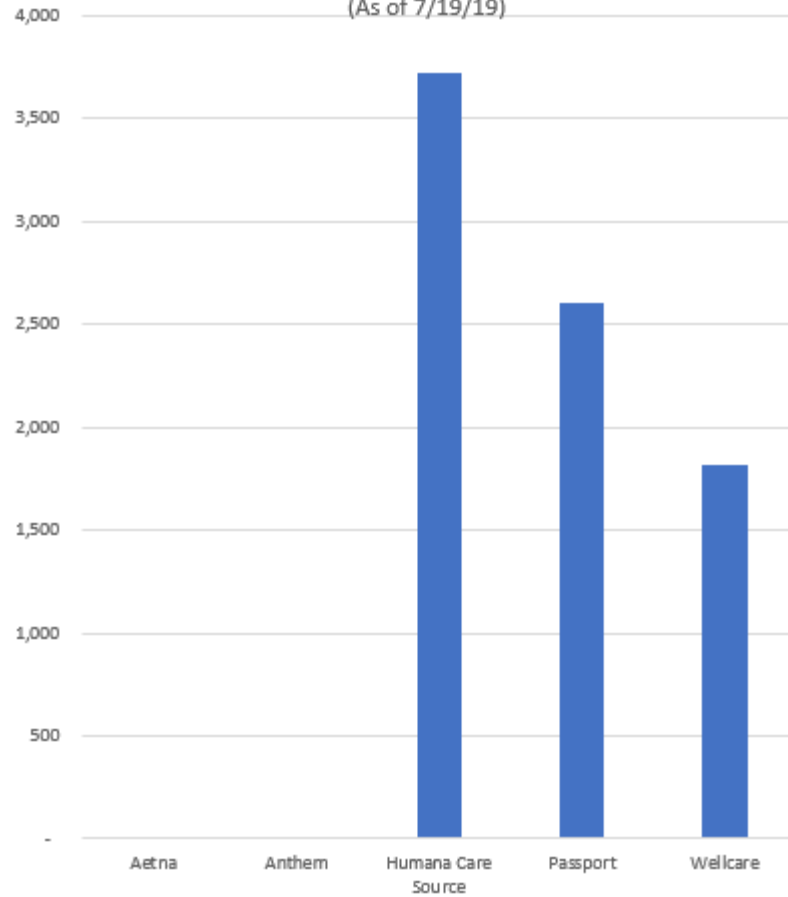
(Lower is Better)

(As of 7/19/19)

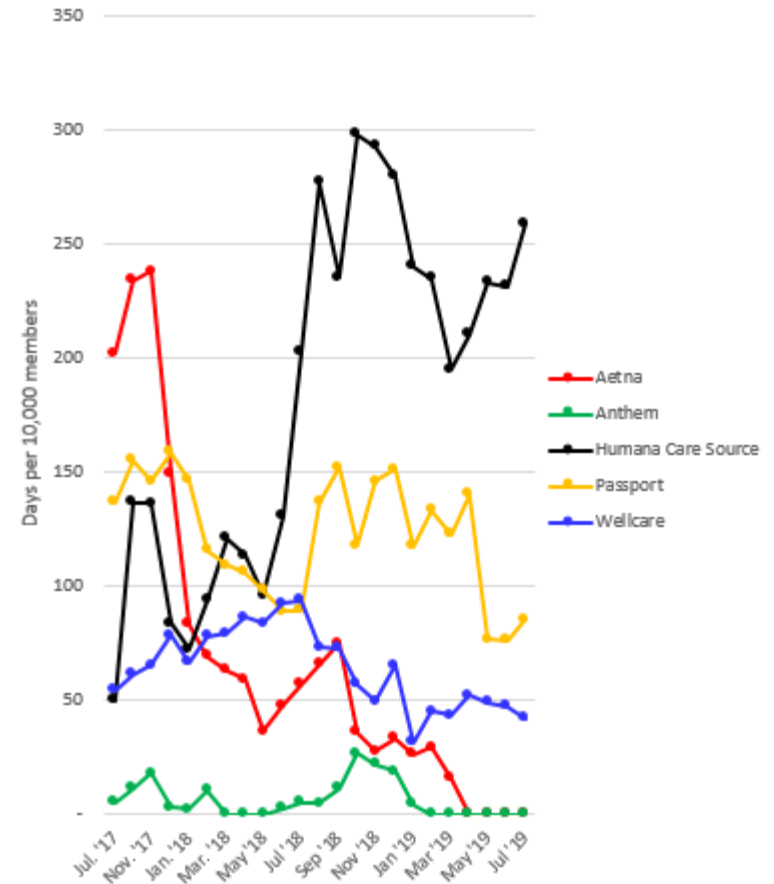


Cumulative Days of Issues Outstanding

Cumulative Days of Issues Outstanding
(Lower is Better)
(As of 7/19/19)



Trend in Rate of Issue Days per 10,000 Members
(Lower is Better)
(As of 7/19/19)



Ongoing Issues/Concerns

- Coding Guidelines
 - Sepsis
- Pre-Authorizations
 - Family of Codes
 - MCO training issues
 - Authorization for live/active births
- Payment Reviews
 - Two MCOs using Equian on outlier claims
- Medicaid as Secondary Payor



Kentucky Hospital Association Quality Activities 2019

Patient Safety & Quality



K-HIIN

- National Hospital Engagement Network project, part of CMS' Partnership for Patients to reduce errors & patient harm
- Part of AHA's HRET's HEN (1,600 hospitals)
- 92 K-HIIN hospitals
- Funding & resources from CMS
- Goal: Reduce readmissions (12%) & HAIs (20%)
- 11 quality improvement areas
- Education, coaching, technical assistance & tools



Kentucky hospitals are making great strides in patient safety and quality with:

3,399 Harms Prevented
(October 2016 - June 2018)

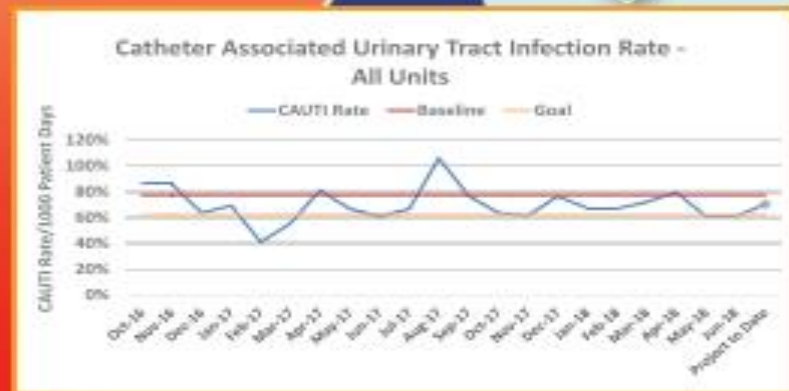
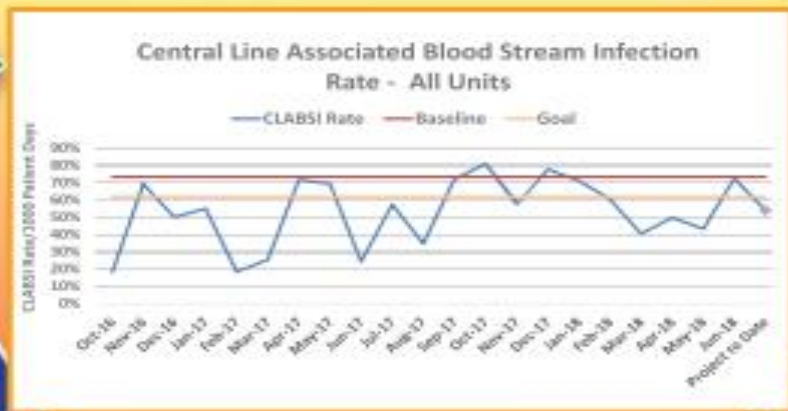
\$24,123,605.00
(Cost Savings)

28% Reduction

17% Reduction

376 Lives Saved

10% Reduction



28% Reduction in CLABSI ICU Only

15% Reduction in VAC

14% Reduction in CAUTI ICU Only

12% Reduction in HAPU Stage 3+

Working With Our Hospitals

- ▶ Adverse Drug Events (ADE)
 - Opioids
- ▶ Antimicrobial Stewardship
- ▶ CAUTI
- ▶ CLABSI
- ▶ C Difficile
- ▶ Falls
- ▶ MRSA
- ▶ Pressure Ulcers
- ▶ Readmissions (12% goal)
- ▶ Sepsis
- ▶ Surgical Site Infections
- ▶ VAE
- ▶ VTE
- ▶ Worker Safety

92 KY Hospitals
Participating

Racing to our 20%
Improvement Goal

KY Statewide Opioid Stewardship



The Opioid Crisis

States with most prescription opioids per person, 2006-2012

STATE	TOTAL PILLS	ANNUAL PILLS/PERSON
West Virginia	853,486,419	67
Kentucky	1,901,662,933	63
South Carolina	1,832,404,451	58
Tennessee	2,519,779,625	58
Nevada	1,002,583,755	55
Oklahoma	1,403,265,597	54
Alabama	1,703,752,770	52
Oregon	1,336,351,877	51
Indiana	2,123,674,419	47
Delaware	276,177,276	45

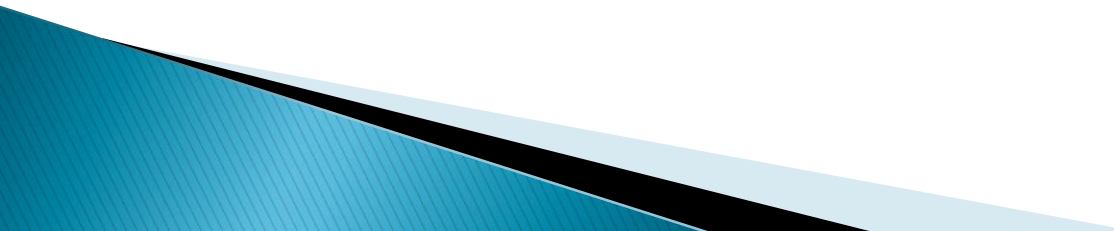


Vision

- ▶ KHA and its member hospitals are partnering with the Cabinet for Health and Family Services as part of the KY Opioid Response Effort (KORE) to launch the KY Statewide Opioid Stewardship Program
- ▶ The initiative will focus on:
 - Reducing Opioid Overprescribing
 - Improving Safe Opioid Use
 - Provide the Hospitals a Mechanism to Demonstrate Actions and Commitments to their Patients and Communities
 - Provide a Voluntary Certification Opportunity for KY Hospitals

Opioid Stewardship

The Joint Commission:

1. Leadership commitment and culture
 2. Designing and implementing organizational policies
 3. Increasing clinical knowledge, expertise, and practice among prescribers and other clinicians
 4. Enhancing patient and family caregiver education and engagement
 5. Tracking, monitoring, and reporting data
 6. Establishing accountability
 7. Supporting community collaboration
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Questions?

Thank You and may
God bless America!

