

DISPROPORTIONATE SHARE SERVICES

Case in Point: Optimizing HCAP Compliance and Reimbursement

Problem Definition

This not-for-profit, Ohio healthcare network includes seven member hospitals (totaling 2,000 beds) plus five affiliated facilities. In fiscal 2002, inpatient admissions exceeded 100,000, outpatient visits surpassed 800,000, and patient gross revenues approximated \$2 billion. Ohio Hospital Care Assurance Program (HCAP) assessments and distributions represented eight-figure line items for this system. Management wanted to better understand and manage its HCAP participation in order to optimize compliance with mandatory Ohio Administrative Code (OAC) and Ohio Department of Job and Family Services (ODJFS) HCAP requirements. It also wanted to ensure reimbursement at appropriate levels.

Actions Taken

The network contracted Human Arc's HCAP group in 2002 and 2003 to work with three of the seven member hospitals. Human Arc was tasked to:

- 1) Examine current processes to determine OAC and ODJFS compliance.
- 2) Perform actual, "retrospective" outreach and processing of bad debt and self-pay claims with fiscal 2001 and 2002 dates of service that were potentially HCAP-eligible.
- 3) Analyze all relevant Medicaid cost reports and related records for fiscal 2001 and 2002 to identify areas with HCAP compliance and reimbursement impact.

The analysis of in-house processes showed areas for improvement in the ways in which HCAP efforts were managed. Compliance audits indicated millions of dollars in inaccurately reported charges across these facilities. *Retrospective* qualification "outreach" efforts were initiated on outstanding bad debt and self pay claims to identify, convert and document them as qualified claims under the HCAP guidelines. Human Arc HCAP experts also recommended a number of process improvements that will improve *prospective* distributions. For example, cross-functional training of Admitting, Registration and other "front office" staff on HCAP eligibility measurably increased viable account assignments, helping to *shift mindsets from charity care to active reimbursement of costs*.

Results

Due to Human Arc's thorough compliance review, the network **identified compliance risks** related to its reported HCAP data. This contributed to enhanced data integrity across the system. Even with these adjustments, comprehensive Human Arc efforts brought the hospital system a very impressive **30%+ increase in 2002 net HCAP distribution**.

In addition, the client enjoys a number of new advantages. These include an **in-depth, working knowledge of HCAP**, a proven template for prospective **HCAP process improvements**, plus increased **data integrity** that can stand up to third-party scrutiny.

Upshot:

This healthcare enterprise has become much **more focused and knowledgeable in its HCAP process management**. It has **improved compliance integrity** relative to the Hospital Care Assurance Program, and, at the same time, **substantially increased reimbursement**.

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