

INDIGENT AND CHARITY CARE PROVIDED BY HOSPITALS

Joint Commission on Health Care

November 3, 2010

Presenter: Stephen W. Bowman

Revised 11/17/10

HJR 27 – INDIGENT HEALTH CARE PROVIDED BY HOSPITALS (PURKEY - 2010)

- Determine the volume of indigent health care provided by hospitals in the Commonwealth;
- Determine the financial cost of indigent health care to hospitals in the Commonwealth; and
- Identify and analyze incentives that may be offered to hospitals and other health care providers to encourage the provision of health care to indigent individuals.



2

STUDY SUMMARY

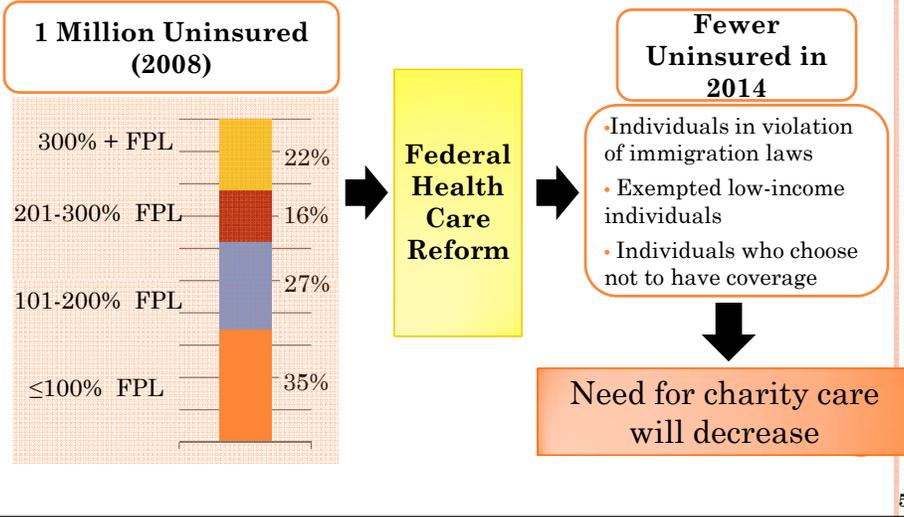
- In 2008, Virginia hospitals provided \$400 million in charity care
- Non-profit hospitals provide more charity care than for-profit hospitals as a percentage of revenues
- Federal health care reform is expected to decrease the need for charity care in 2014
- It is too soon to determine how federal changes will impact hospital charity care offerings
- VDH may need to reevaluate previously approved COPN charity care conditions, as less charity care will be needed in 2014

3

FEDERAL HEALTH CARE REFORM IMPACT : LOWER-INCOME INDIVIDUALS AND UNINSURED

Impact of Federal Health Care Reform

NUMBER OF UNINSURED AND CHARITY CARE NEEDED WILL DECREASE



Impact of Federal Health Care Reform

HEALTH INSURANCE REFORM IMPLEMENTATION TIMELINE



Impact of Federal Health Care Reform

TEMPORARY HIGH-RISK POOLS

Begins in 2010

(AKA: PRE-EXISTING CONDITION INSURANCE PLANS)

- Eligibility Requirements:
 - Uninsured for six months
 - Pre-existing condition
 - U.S. citizen or legal immigrant
 - State resident
- Bans:
 - Pre-existing condition exclusions
 - Coverage waiting periods after enrollment
- Size of enrollment pool may be managed
- No premium assistance

Individuals are enrolled in VA's High-Risk Pool administered by HHS (\$113 million federal fund allocated for VA)

Virginia Monthly Premiums

| Age | 0-34 | 35-44 | 45-54 | 55+ |
|-----|-------|-------|-------|-------|
| | \$289 | \$347 | \$443 | \$616 |

Source: Coverage of Uninsurable Pre-existing Conditions: State and Federal High-Risk Pools, NCSL website, http://www.ncsl.org/?tabid=14329#2010_Pools and PCIP website <https://www.pcip.gov/StatePlans.html>.

7

Impact of Federal Health Care Reform

OTHER AVENUES LEADING TO GREATER INSURANCE COVERAGE

- Provide small employers with tax credits to purchase health insurance **Begins in 2010**
 - No more than 25 employees
 - Average annual wages of less than \$50,000
- For individual and group policies **Begins in 2010**
 - Dependant coverage for children under age 26
 - Prohibit pre-existing condition exclusions for children
- Insurance coverage mandate **Begins in 2014**

8

Source: Summary of Health Reform Law, Kaiser Family Foundation website www.kff.org/healthreform/upload/8061.pdf.

Impact of Federal Health Care Reform

EXCHANGES OFFER LOWER-INCOME INDIVIDUALS ASSISTANCE TO MAKE INSURANCE AFFORDABLE

Avenues Making Insurance More Affordable

- Premiums
 - Set premiums from 2 - 9.5% of income for those under 400% FPL through subsidies
- Medical Expenses
 - Limit out of pocket expenses to 1/3 - 2/3 of HSA limit for those up to 400% FPL
- Cost-sharing
 - Increase policy's value by setting policies' actuarial value from 70% to 94% for under 400% FPL through subsidies

See Appendix A (Slides 39) for details

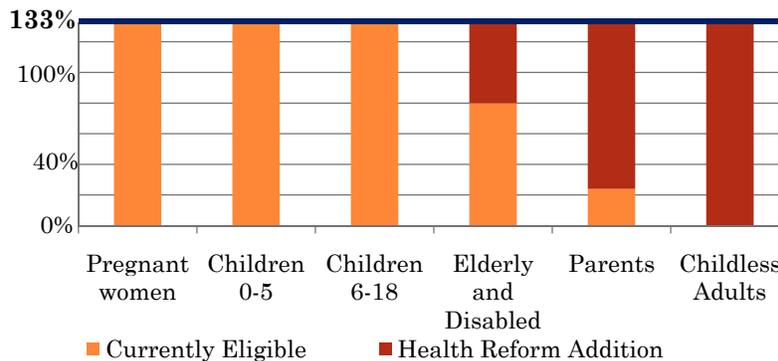
9

Source: Summary of Health Reform Law, Kaiser Family Foundation website www.kff.org/healthreform/upload/8061.pdf.

Begins in 2014

Impact of Federal Health Care Reform

270,000 – 425,000 NEW MEDICAID ENROLLEES WHEN ELIGIBILITY RAISED TO 133% FPL



Medicaid averages 863,672 monthly enrollees (2010)

10

Note: Virginia currently provides coverage up to 200% FPL for pregnant women and children
 Source: DMAS presentation to Senate Finance Committee June 21, 2010

Begins in 2014



INDIGENT AND CHARITY CARE PROVIDED BY HOSPITALS

HOSPITALS' INDIGENT AND CHARITY CARE

Indigent Care - care for
which no payment is
received for individuals at
100% FPL or lower

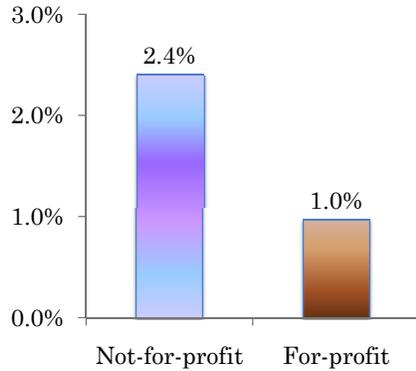
Charity Care - free or discounted
care for individuals meeting a
hospital's charity care income
qualification

*(includes indigent care and can include care
provided to underinsured)*

- Charity care policies are set by each hospital
- Policies posted in hospital's public areas and website (HB 2458 – 2009)

VIRGINIA'S HOSPITALS PROVIDED \$856M IN CHARGES TOWARD INDIGENT CARE (2008)

Indigent Care as % of Total Gross Patient Revenue
(2.0% for hospitals as a group)



% of Total Indigent Care Provided by Hospital Type (Charges)

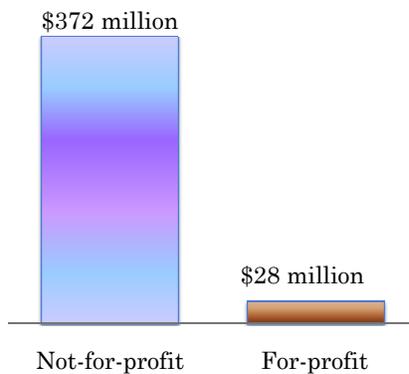


13

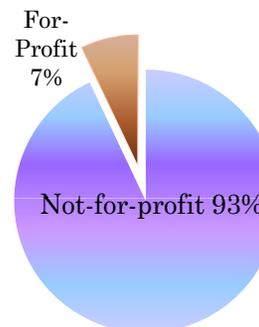
* Source: JCHC staff analysis of VHI data collected from hospitals. Excludes Pioneer Community Hospital of Patrick County information and includes reimbursements from the Indigent Care Trust Fund.

VIRGINIA'S HOSPITALS PROVIDED \$400M IN COSTS TOWARD CHARITY CARE (2008)

Charity Care Provided by Hospital Type (Actual Costs)



% of Total Charity Care Costs by Hospital Type

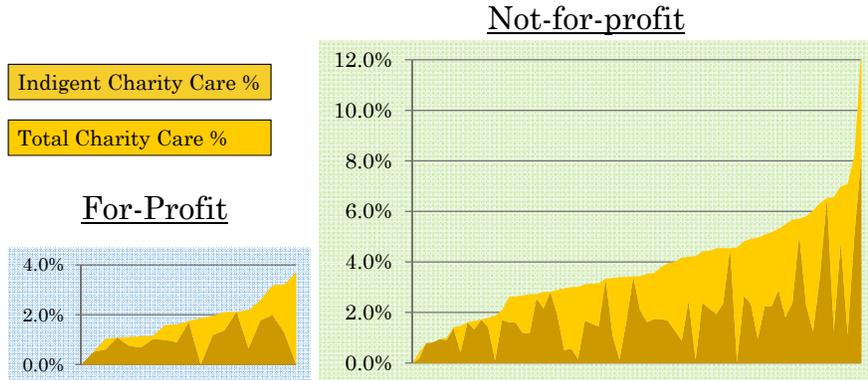


14

* Source: Cornerstones of Their Communities: The Impact of Virginia Hospitals, VHHA, December 2009.

CHARITY CARE VARIES BY HOSPITAL FROM 0% - 12.5% OF GROSS PATIENT REVENUES

Charity Care Charges as a percentage of Gross Patient Revenues by Hospital (2008)



Note: There is no set amount of charity or indigent care that not-for-profit or for-profit hospitals are required to provide

15

Source: JCHC staff analysis of 2008 VHI data submitted by hospitals

VIRGINIA HOSPITALS PROVIDE SEVERAL TYPES OF BENEFITS TO COMMUNITIES

IRS-Defined Community Benefit (2008)

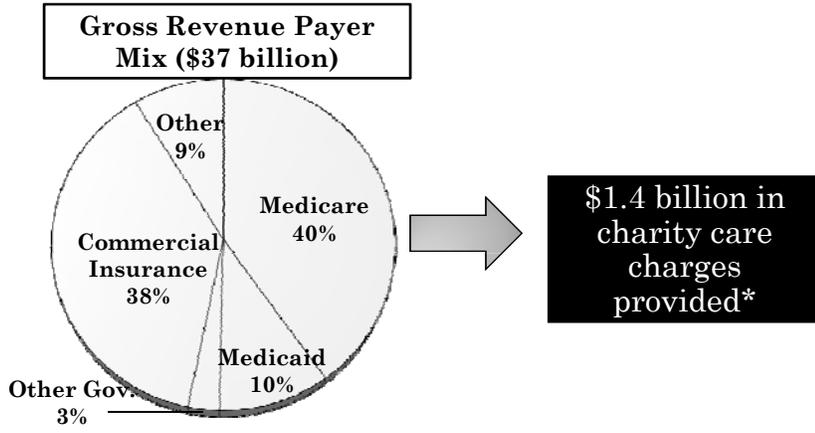
| | |
|---|----------------------|
| Charity Care | \$400 million |
| Medicaid Shortfall | \$188 million |
| Other Means-Tested Government Programs <i>(e.g. unreimbursed cost associated with the State Children's Health Insurance Program)</i> | \$ 26 million |
| Subsidized Health Services <i>(billed clinical services provided at a loss such as some trauma centers, neonatal units, behavioral health services, obstetrics services and burn centers)</i> | \$ 42 million |
| Community Programs and Services <i>(e.g. community health improvement services, health professions education, and research)</i> | \$246 million |
| Total | \$902 million |

* Source: Cornerstones of Their Communities: The Impact of Virginia Hospitals, VHHA, December 2009.

16

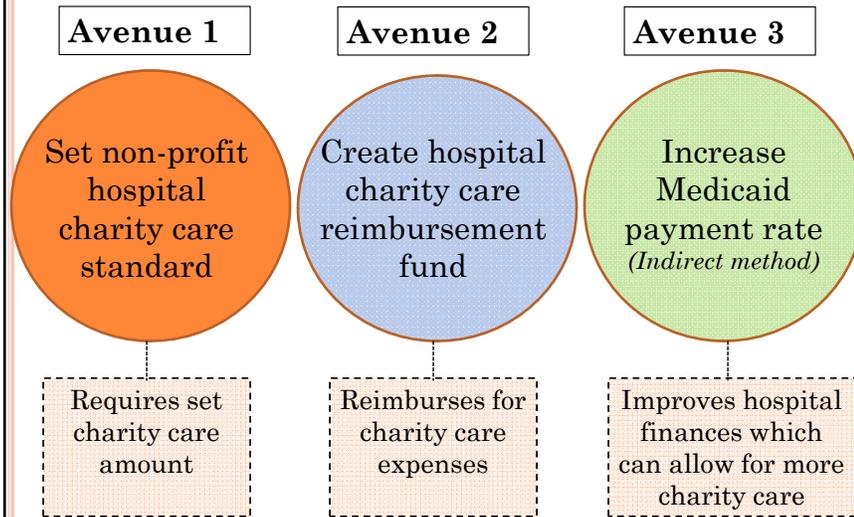
HOSPITALS CHOOSE HOW MUCH CHARITY CARE TO OFFER AND GOOD PAYER MIXES ALLOW HOSPITALS TO SUBSIDIZE CHARITY CARE

Virginia Hospitals 2008



Source: JCHC staff analysis with 2008 VHI data submitted by hospitals
 * Excludes any COPN conditioned charity care requirements

STATE AVENUES TO ENCOURAGE HOSPITAL CHARITY CARE



Avenue 1: Set Hospital Charity Care Standard

FEW STATES HAVE SET SPECIFIC CHARITY CARE STANDARDS FOR HOSPITALS TO RECEIVE TAX-EXEMPT STATUS

- Virginia follows federal tax treatment for not-for-profit hospitals
- Some states set specific charity care and community benefit standards for non-profit hospitals to receive tax-exemption
 - Pennsylvania, Utah and Texas
- Concerns regarding specific charity care standards
 - Does not incorporate hospitals' benefits to community
 - Hospitals may forego offering preventive services that are not counted as charity care
 - Some hospitals may not be able to afford the required amount of charity care
 - Value of charity care offering may outweigh tax-exemption

19

Sources: *Putting the Community Back in Community Benefit: Proposed State Tax Exemption Standards for Nonprofit Hospitals*, Michele Goodman, Indiana Law Journal Volume 84, 713 and Health Law Symposium: Federal and State Tax Exemption Policy, Medical Debt, and Healthcare for the Poor, John D. Columbo, 51 St. Louis L.J. 433.

Avenue 1: Set Hospital Charity Care Standard

NEW FEDERAL REQUIREMENTS TARGET NOT-FOR-PROFIT HOSPITALS FULFILLING THEIR CHARITABLE MISSIONS

- Revised IRS Form 990 standardizes how hospitals report charity care which have taken effect for tax year 2009
- U. S. Treasury Department reviews hospitals' tax-exempt status every three years
- Examples of new not-for-profit hospital requirements:
 - Establish a written financial assistance policy, including criteria for eligibility for financial assistance and basis for calculating amounts charged to patients
 - Limit the amounts charged to patients eligible for financial assistance similar to lowest amounts charged to insured patients
 - Refrain from engaging in extraordinary billing and collection actions until reasonable efforts have been made to determine whether a patient is eligible for financial assistance

20

Source: Patient Protection and Affordable Care Act, Section 9007 and Simpson, Thatcher and Bartlett LLP: Changes to 2008 IRS Form 990 and Instructions .

Avenue 1: Set Hospital Charity Care Standard

IMPACT OF FEDERAL CHANGES SHOULD BE UNDERSTOOD BEFORE MAKING CHANGES IN REGULATING HOSPITAL CHARITY CARE REQUIREMENTS

- Federal Impacts on Charity Care
 - Decrease in uninsured through health care reform
 - Standardizing non-profits hospitals charity care reporting
 - Review non-profit hospital status every three years

Premature topic review: Many federal level changes will impact the need for and the provision of charity care. It would be premature to establish new charity care policies before 2016.

21

Avenue 2: Reimburse for Charity Care Expenses

STATE PROGRAMS TO REIMBURSE CHARITY CARE HAVE BEEN SUSPENDED OR REPEALED

- State and Local Hospitalization Program
 - A venture between State and local governments to provide reimbursement for care provided by hospitals to indigent patients who are not eligible for Medicaid.
 - FY09 funding \$12.9 million.
 - Funds were capped and hospitals were not reimbursed for all eligible claims
 - Suspended in 2010
- Indigent Health Care Trust Fund (IHCTF)
 - Hospitals providing a certain amount of charity care received a payment to partially cover the cost of care.
 - Hospitals below charity care median contributed to the fund
 - FY09 funding \$7.5M (*state and hospital contribution*)
 - Funds capped and typically fell short of fully funding the amount of indigent care provided
 - Repealed in 2009

22

Avenue 2: Reimburse for Charity Care Expenses

VIRGINIA LAW PREVENTS AN UNINSURANCE FEE

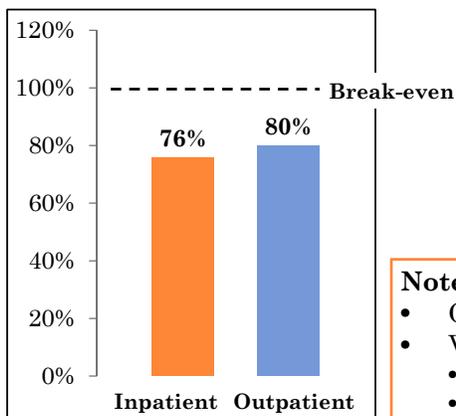
- Delegate Purkey (patron) discussed creating a charity care fund to reimburse hospitals for costs incurred during the Senate Rules Committee hearing for HJR 27
 - Uninsured individuals would be required to pay uninsured fee
- In 2014, Patient Protection and Affordable Care Act imposes mandate that most individuals be insured
 - If an required individual is not insured then a fee is assessed
- HB 10 (2010) states that no Virginia resident is liable for any fee for not obtaining health insurance coverage

23

Avenue 3: Increase Medicaid Payment Rate

VIRGINIA HOSPITALS HAD \$188 MILLION MEDICAID SHORTFALL IN 2008

Medicaid Reimbursement Rates (2008)



Increasing Medicaid reimbursement rate could provide hospitals increased finances to provide additional charity care

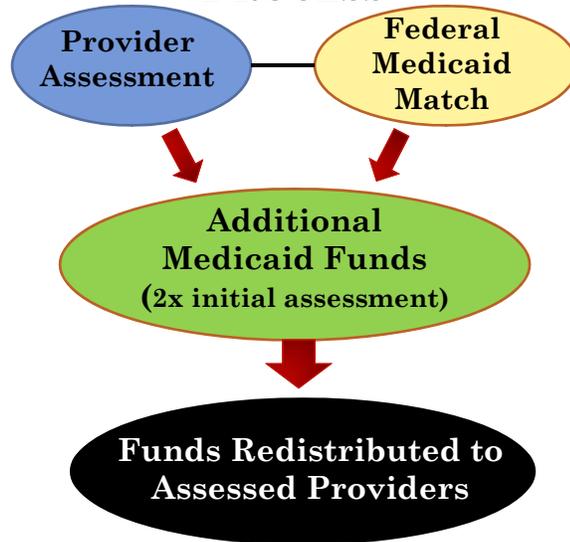
- Note:** State Medicaid funding (FY10)
- General Funds – \$2.7 billion
 - VA Health Care Fund – \$300 million
 - Tobacco taxes
 - Master Settlement Agreement

* Sources: Cornerstones of Their Communities: The Impact of Virginia Hospitals, VHHA, December 2009 and 2010 Virginia Acts of Assembly: Chapter 874.

24

Avenue 3: Increase Medicaid Payment Rate

PROVIDER ASSESSMENT PROCESS



Provider group can receive funding significantly higher than assessment

25

Avenue 3: Increase Medicaid Payment Rate

PROVIDER ASSESSMENTS CAN BE USED TO INCREASE MEDICAID RATES

- Provider assessment fees can be used to drawdown additional Medicaid funds
 - Provider fee assessed can be doubled through Virginia's federal 50/50 Medicaid match
- Overall funding to the provider group can be increased in excess of the assessment
 - Provider group reimbursed through increased Medicaid rates
- Increasing Medicaid reimbursement rates promotes:
 - Better payer mix to subsidize additional charity care
 - Reductions in cost-shifting to private payers

26

See Appendix B1 (Slides 40-41) for Additional Provider Assessment Rules

Avenue 3: Increase Medicaid Payment Rate

29 STATES HAVE HOSPITAL PROVIDER ASSESSMENTS

- 15 states created or increased hospital provider assessments in 2009 and 2010
 - Estimates from new state hospital assessments range \$11 million – \$352 million per year
- Examples of hospital assessments
 - 1.5% of annual net revenues (FL)
 - 1.83% of net patient operating revenue (KS)
 - 2.5% of inpatient and outpatient services (WV)
 - 2.5% of gross revenue (KY)
 - 3.14% licensing fee (RI)
 - \$238 per occupied bed (IL)

27

Source: Health Care Provider and Industry Taxes and Fees, NCSL, <http://www.ncsl.org/default.aspx?tabid=14359>

Avenue 3: Increase Medicaid Payment Rate

EXAMPLE: COLORADO PASSED A SIGNIFICANT HEALTH REFORM THAT INCLUDED A PROVIDER ASSESSMENT (2009)

Colorado Health Care Affordability Act

- Sustainable source of funding for hospital care for Medicaid and uninsured
- Secure new source of funding for health care reforms
- Improve the quality of health care services
- Reduce cost-shifting to private payers

Supported by Colorado Hospital Association

28

See Appendix B2 (Slides 42-44) for Colorado Provider Assessment detail

Source: Colorado Provider Fee Oversight and Advisory Board, *Colorado Health Care Affordability Act* presentation, June 23, 2009.

Avenue 3: Increase Medicaid Payment Rate

HISTORY OF PROVIDER ASSESSMENTS IN VIRGINIA

- In 1992, Governor Wilder introduced provider assessment for non-profit hospitals
 - Did not leave committee
- ICF/MR Provider Assessment Passed in 2010
 - Not implemented as Affordable Care Act forbids increasing local government contribution for Medicaid
- Provider concerns
 - Philosophical – Medicaid should be approached as core service and funded with state general fund dollars
 - Short term financial – State might use provider assessment to supplant state Medicaid funding
 - Long-term
 - Political – Any promises for fund uses might not be kept by another administration
 - Financial - Will hospitals be better off in the long-term?

Avenue 3: Virginia Simulation (2008 data)

Assessment: 2.5% of Hospital Net Inpatient Revenues
Reimbursement: Medicaid Inpatient Operating Rate

| | % of New Funds to Hospitals | | |
|--|-----------------------------|--------|--------|
| | 100% | 89% | 75% |
| Hospital Assessment | \$198M | \$198M | \$198M |
| Federal Match | \$198M | \$178M | \$158M |
| New Medicaid Funding | \$396M | \$356M | \$317M |
| Additional Hospital Revenue in Excess of Assessment | \$198M | \$158M | \$119M |
| Additional State Funds | \$0 | \$20M* | \$40M* |
| % Medicaid pays of Inpatient Operating Expenses | 99% | 95% | 91% |

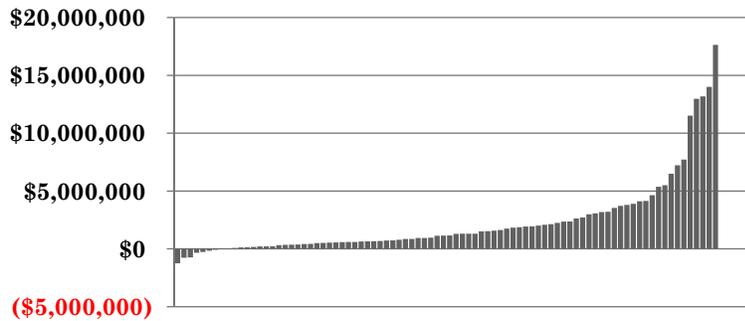
* The 89% and 75% simulations of new funds to hospitals assume that the additional State funding is not used towards the Medicaid program and thus does not receive the federal Medicaid 50/50 match.

Individual hospital results for these three simulations are available behind this presentation

Avenue 3: Virginia Simulation (2008 data)

91% (78 OF 86) OF HOSPITALS WOULD BE FINANCIALLY BETTER OFF WHEN 100% OF NEW FUNDS ARE USED TO REIMBURSE HOSPITALS

Net of Assessment and Increased Medicaid Payments by Hospital



See Appendix B3 (Slides 45-46) for additional Virginia Hospital Simulation detail

Source: JCHC staff analysis with VHI and DMAS data.

31

Avenue 3: Virginia Simulation (2008 data)

PROVIDER ASSESSMENT IMPACT ON INDIVIDUAL HOSPITALS

| | | % of New Funds to Hospitals | | |
|---------------------------|--------------|-----------------------------|---------|---------|
| | | 100% | 89% | 75% |
| Hospitals with Net Gains | Count | 78 | 75 | 68 |
| | Average Gain | \$2.6M | \$2.2M | \$1.9M |
| | Range: High | \$17.6M | \$15.0M | \$12.3M |
| | Range: Low | \$41K | \$14K | \$50K |
| Hospitals with Net Losses | Count | 8 | 11 | 18 |
| | Average Loss | \$451K | \$411K | \$429K |
| | Range: High | \$1.2M | \$1.4M | \$1.6M |
| | Range: Low | \$29K | \$17K | \$4K |

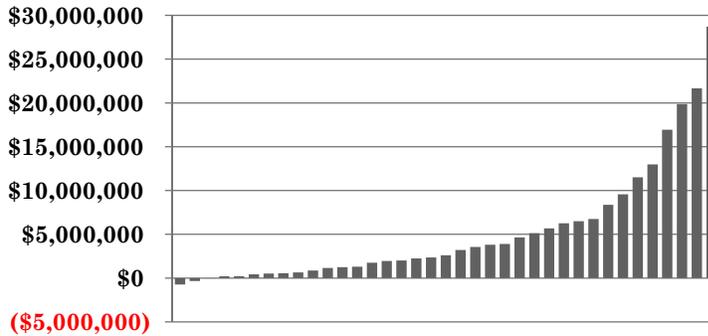
Source: JCHC staff analysis with VHI and DMAS data.

32

Avenue 3: Virginia Simulation (2008 data)

92% (34 OF 37) OF HOSPITAL SYSTEMS WOULD BE FINANCIALLY BETTER OFF WHEN 100% OF NEW FUNDS ARE USED TO REIMBURSE HOSPITALS

Net of Assessment and Increased Medicaid Payments by Hospital System



See Appendix B3 (Slides 47-48) for Virginia Hospital System Simulation detail

Source: JCHC staff analysis with VHI and DMAS data.

33

Avenue 3: Virginia Simulation (2008 data)

PROVIDER ASSESSMENT IMPACT ON 37 INDIVIDUAL HOSPITALS AND HOSPITAL SYSTEMS

| | | % of New Funds to Hospitals | | |
|---------------------------------------|--------------|-----------------------------|---------|--------|
| | | 100% | 89% | 75% |
| Hospitals and Systems with Net Gains | Count | 34 | 33 | 32 |
| | Average Gain | \$5.8M | \$4.8M | \$3.8M |
| | Range: High | \$28.7M | \$23.3M | \$18M |
| | Range: Low | \$206K | \$181K | \$68K |
| Hospitals and Systems with Net Losses | Count | 3 | 4 | 5 |
| | Average Loss | \$366K | \$355K | \$517K |
| | Range: High | \$733K | 1.0M | \$1.3M |
| | Range: Low | \$28K | \$17K | \$42K |

Source: JCHC staff analysis with VHI and DMAS data.

34

Secondary Federal Reform Impact: Virginia COPN Program

FEDERAL HEALTH REFORM MAY IMPACT VIRGINIA'S CERTIFICATE OF PUBLIC NEED PROGRAM

- In 2010, 205 charity care conditions were included on approved COPN certificates
 - Most conditions were based on a % of gross revenue
 - Based on regional averages at the time of COPN approval
 - No regulations define how the charity care requirements should be determined
- With a decreasing need for charity care, there may be a justification for lowering existing COPN charity care conditions

In 2012, VDH could report to JCHC regarding the impact of federal health reform on existing COPN charity care conditions and recommendations to address any program, regulatory or statutory changes that may be needed.

Source: Annual Report on the Status on the Virginia's Medical Care Facilities Certificate of Public Need Program, 2009 and discussion with VDH COPN staff.

35

OPTIONS

- **Option 1:** Take no action
- **Option 2:** By letter of the Chairman, request that the Virginia Department of Health report to JCHC by August 30, 2012 regarding the impact of federal health reform on existing COPN charity care conditions and recommendations to address any program, regulatory or statutory changes that may be needed.

36

PUBLIC COMMENTS

- Written public comments may be submitted to JCHC by close of business on November 22, 2010. Comments may be submitted via:
 - E-mail: sreid@jchc.virginia.gov
 - Facsimile: 804-786-5538
 - Mail to: Joint Commission on Health Care
P.O. Box 1322
Richmond, Virginia 23218
- Comments will be summarized and reported at the next JCHC meeting.

37

Appendices

INSURANCE EXCHANGES

A: FINANCIAL ASSISTANCE

PROVIDER ASSESSMENT

B1: RULES

B2: COLORADO EXAMPLE

B3: VIRGINIA SIMULATION

Appendix A: Affordable Insurance Through Exchanges

EXCHANGES OFFER LOWER-INCOME INDIVIDUALS ASSISTANCE TO MAKE INSURANCE AFFORDABLE*

| Premiums | Out of Pocket | Cost Sharing | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|----------------|--------------|---------|----|----------|--------|----------|--------|----------|--------|----------|----------|----------|------|--|--------|----------------|----------|-----|----------|-----|----------|-----|---|--------|-------|----------|-----|----------|-----|----------|-----|----------|-----|
| <p>Credits making insurance more affordable: **</p> <table border="1"> <thead> <tr> <th>Income</th> <th>Credit</th> </tr> </thead> <tbody> <tr> <td>0 -133%</td> <td>2%</td> </tr> <tr> <td>133-150%</td> <td>3 - 4%</td> </tr> <tr> <td>150-200%</td> <td>4 - 6%</td> </tr> <tr> <td>200-250%</td> <td>6 - 8%</td> </tr> <tr> <td>250-300%</td> <td>8 - 9.5%</td> </tr> <tr> <td>300-400%</td> <td>9.5%</td> </tr> </tbody> </table> | Income | Credit | 0 -133% | 2% | 133-150% | 3 - 4% | 150-200% | 4 - 6% | 200-250% | 6 - 8% | 250-300% | 8 - 9.5% | 300-400% | 9.5% | <p>Limits out of pocket expenses:</p> <table border="1"> <thead> <tr> <th>Income</th> <th>% of HSA Limit</th> </tr> </thead> <tbody> <tr> <td>100-200%</td> <td>1/3</td> </tr> <tr> <td>200-300%</td> <td>1/2</td> </tr> <tr> <td>300-400%</td> <td>2/3</td> </tr> </tbody> </table> | Income | % of HSA Limit | 100-200% | 1/3 | 200-300% | 1/2 | 300-400% | 2/3 | <p>Subsidies increasing policy actuarial value:</p> <table border="1"> <thead> <tr> <th>Income</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>100-150%</td> <td>94%</td> </tr> <tr> <td>150-200%</td> <td>87%</td> </tr> <tr> <td>200-250%</td> <td>73%</td> </tr> <tr> <td>250-400%</td> <td>70%</td> </tr> </tbody> </table> | Income | Value | 100-150% | 94% | 150-200% | 87% | 200-250% | 73% | 250-400% | 70% |
| Income | Credit | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 0 -133% | 2% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 133-150% | 3 - 4% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 150-200% | 4 - 6% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 200-250% | 6 - 8% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 250-300% | 8 - 9.5% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 300-400% | 9.5% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Income | % of HSA Limit | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 100-200% | 1/3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 200-300% | 1/2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 300-400% | 2/3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Income | Value | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 100-150% | 94% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 150-200% | 87% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 200-250% | 73% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 250-400% | 70% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

*All income % reference Federal Poverty Level (FPL)

** Percentages are rounded

Source: Summary of Health Reform Law, Kaiser Family Foundation website www.kff.org/healthreform/upload/8061.pdf

39

Appendix B1: Provider Assessment Rules

ASSESSMENTS TO DRAWDOWN MEDICAID FUNDS MUST MEET CERTAIN STANDARDS

- Provider assessment requirements
 - 1) Imposed on a permissible class of health care services
 - Such as inpatient or outpatient hospital services
 - 2) Broad-based fee imposed on all providers within a class
 - 3) Imposed uniformly in a jurisdiction such that all providers within a class are assessed at the same rate.
 - 4) Avoid hold harmless arrangements where amount reimbursed is correlated to assessment amount
- Centers for Medicare and Medicaid Services (CMS) may grant waiver of broad-based and uniform requirements
- Assessments may not exceed 5.5% of net-patient revenue for service class

Source: 2009 Annual Report, Colorado Hospital Provider Fee Oversight and Advisory Board.

40

Appendix B1: Provider Assessment Rules

ASSESSMENT PROCESS CAN BE STRUCTURED IN MANY WAYS

- Increased Medicaid reimbursements may be made through:
 - Supplemental DSH payments
 - Supplemental Medicaid payments
 - Medicaid rates
 - Combinations of the above methods
 - Other methodologies approved by CMS

- Some providers will be reimbursed more than assessed and some will be reimbursed less

- Provider assessment method and Medicaid reimbursements can be designed to support a range of policy goals

41

Source: 2009 Annual Report, Colorado Hospital Provider Fee Oversight and Advisory Board.

Appendix B2: Colorado Provider Assessment

COLORADO HEALTH CARE AFFORDABILITY ACT

- Imposes hospital provider assessment that generates additional federal Medicaid matching funds

- Provides selection criteria regarding exemption or reduction in provider assessment

- Improves Medicaid hospital reimbursement rates
 - Reimbursed 100% of costs

- Additional reforms financed by assessment:
 - Expand Medicaid coverage for children and adults without dependent children
 - Continuous eligibility for children
 - Buy-in program for disabled adults and children
 - Implement performance based incentive payments

42

Source: House Bill 09-1293 The Colorado Healthcare Affordability Act (2009).

KEY ACT PROVISIONS FOR COLORADO HOSPITALS

- Provider Fee Oversight and Advisory Board
 - 13 members (6 hospital member-designated positions)
- Protect integrity of current hospital Medicaid payments
 - “Provider fee is to supplement, not supplant, General Fund appropriations to support hospital reimbursements” unless other Medicaid provider payments are reduced
- Cease collection of assessment if federal government no longer provides matching funds
- Short time between assessment to reimbursement
 - Mandated within 2 business days and often instantaneous

43

Source: House Bill 09-1293 The Colorado Healthcare Affordability Act (2009).

KEY ASSUMPTIONS FOR COLORADO PROVIDER ASSESSMENT AND REDISTRIBUTION

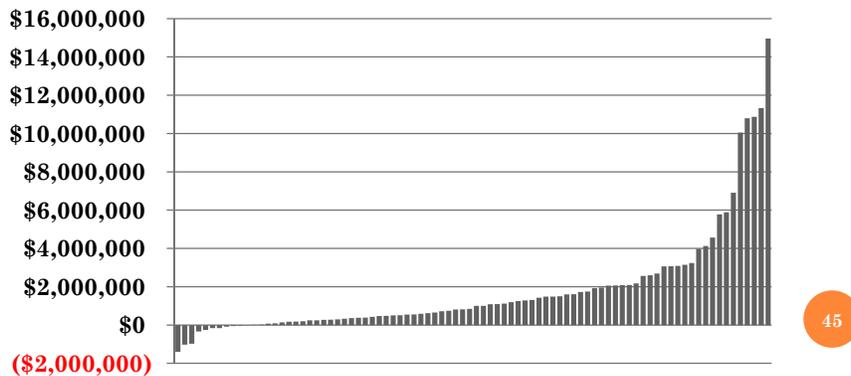
- Exclude long-term care facilities, rehabilitation and free-standing psychiatric hospitals
- Design assessment and how funds are redistributed so that:
 - Rural hospitals net gains as possible
 - High-volume Medicaid providers will net gains
 - Low-volume Medicaid providers will net losses
 - Minimize the number of losing hospitals and size of losses

44

Appendix B3 : Virginia Simulation (2008 data)

87% (75 OF 86) OF HOSPITALS WOULD BE FINANCIALLY BETTER OFF WHEN 89% OF NEW FUNDS ARE USED TO REIMBURSE HOSPITALS

Net of Assessment and Increased Medicaid Payments by Hospital

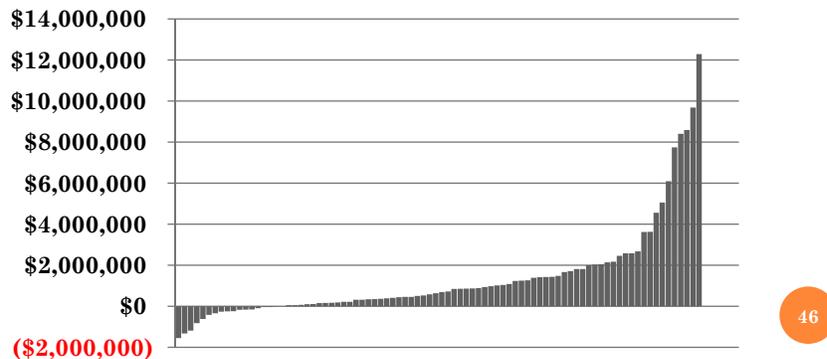


Source: JCHC staff analysis with VHI and DMAS data.

Appendix B3 : Virginia Simulation (2008 data)

79% (68 OF 86) OF HOSPITALS WOULD BE FINANCIALLY BETTER OFF WHEN 75% OF NEW FUNDS ARE USED TO REIMBURSE HOSPITALS

Net of Assessment and Increased Medicaid Payments by Hospital

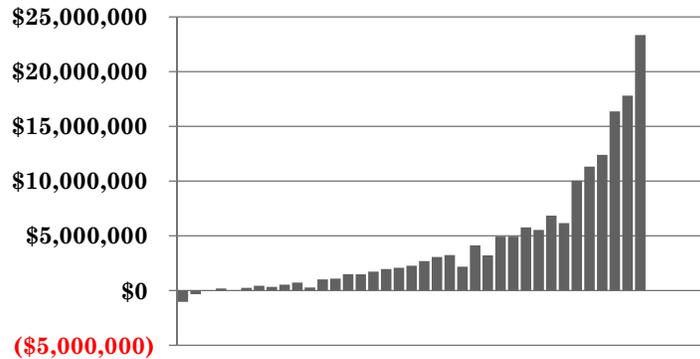


Source: JCHC staff analysis with VHI and DMAS data.

Appendix B3: Virginia Simulation (2008 data)

89% (33 OF 37) OF HOSPITAL SYSTEMS WOULD BE FINANCIALLY BETTER OFF WHEN 89% OF NEW FUNDS ARE USED TO REIMBURSE HOSPITALS

Net of Assessment and Increased Medicaid Payments by Hospital System



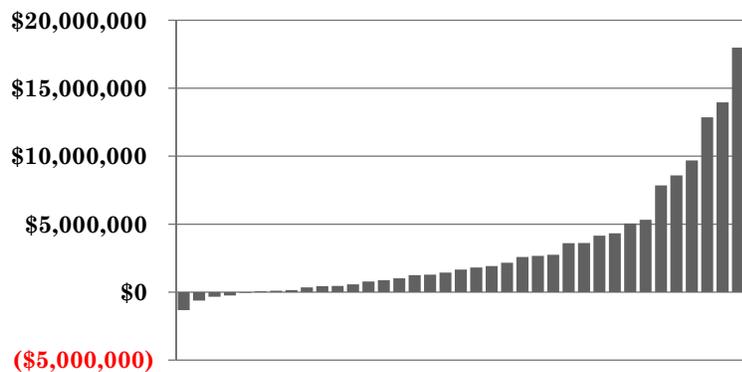
47

Source: JCHC staff analysis with VHI and DMAS data.

Appendix B3 : Virginia Simulation (2008 data)

86% (32 OF 37) OF HOSPITAL SYSTEMS WOULD BE FINANCIALLY BETTER OFF WHEN 75% OF NEW FUNDS ARE USED TO REIMBURSE HOSPITALS

Net of Assessment and Increased Medicaid Payments by Hospital System



48

Source: JCHC staff analysis with VHI and DMAS data.

Demonstration Scenario: Hospital Assessment Simulation

2.5% inpatient revenue assessment redistributed back to hospitals with the matching federal Medicaid funds through an increased Medicaid inpatient operating rate.

| Hospital | 2.5% Net Inpatient Revenue Assessment | 100% of New Funds Redistributed to Hospitals | Net Gain or Loss with 100% Redistributed |
|--|---|--|--|
| Augusta Health | \$2,015,268 | \$5,229,975 | \$3,214,707 |
| Bath County Community Hospital | \$96,517 | \$67,780 | (\$28,737) |
| Bon Secours DePaul Medical Center | \$1,180,320 | \$3,256,017 | \$2,075,697 |
| Bon Secours Mary Immaculate Hospital | \$1,551,626 | \$1,915,396 | \$363,770 |
| Bon Secours Maryview Medical Center | \$2,733,254 | \$5,918,453 | \$3,185,199 |
| Bon Secours Memorial Regional Medical Center | \$3,156,560 | \$5,790,631 | \$2,634,072 |
| Bon Secours Richmond Community Hospital | \$401,028 | \$8,117,329 | \$7,716,301 |
| Bon Secours St. Francis Medical Center | \$1,916,996 | \$3,451,475 | \$1,534,479 |
| Bon Secours St. Mary's Hospital | \$5,920,206 | \$10,069,095 | \$4,148,890 |
| Buchanan General Hospital | \$347,734 | \$986,878 | \$639,143 |
| Bedford Memorial Hospital | \$227,782 | \$1,367,347 | \$1,139,565 |
| Carilion Franklin Memorial Hospital | \$298,919 | \$1,442,318 | \$1,143,399 |
| Carilion Giles Memorial Hospital | \$183,142 | \$223,732 | \$40,590 |
| Carilion Medical Center | \$10,709,201 | \$23,892,109 | \$13,182,908 |
| Carilion New River Valley Medical Center | \$1,425,022 | \$3,359,228 | \$1,934,206 |
| Carilion Stonewall Jackson Hospital | \$240,231 | \$786,122 | \$545,890 |
| Carilion Tazewell Community Hospital | \$2,086,964 | \$3,968,185 | \$1,881,221 |
| Center for Restorative Care and Rehabilitation | \$163,140 | \$870 | (\$162,270) |
| Centra Health | \$6,102,583 | \$13,323,225 | \$7,220,642 |
| Southside Community Hospital | \$529,309 | \$1,829,930 | \$1,300,621 |
| Rappahannock General Hospital | \$312,778 | \$823,858 | \$511,080 |
| Chesapeake General Hospital | \$3,101,756 | \$14,610,172 | \$11,508,416 |
| Children's Hospital of The King's Daughters | \$3,478,189 | \$16,451,487 | \$12,973,298 |
| Culpeper Regional Hospital | \$757,872 | \$2,506,230 | \$1,748,358 |
| Southampton Memorial Hospital | \$426,524 | \$1,165,885 | \$739,361 |
| Southern Virginia Regional Medical Center | \$470,520 | \$538,806 | \$68,286 |
| Southside Regional Medical Center | \$166,339 | \$600,683 | \$434,344 |
| Community Memorial Healthcenter | \$896,535 | \$2,914,462 | \$2,017,928 |
| Danville Regional Medical Center | \$1,861,266 | \$5,664,598 | \$3,803,332 |
| Dickenson Community Hospital | \$47,028 | \$253,415 | \$206,386 |
| Fauquier Hospital | \$1,360,394 | \$1,785,319 | \$424,925 |
| Halifax Regional Hospital | \$836,607 | \$2,145,623 | \$1,309,016 |
| Alleghany Regional Hospital | \$506,279 | \$1,291,794 | \$785,515 |
| CJW Medical Center | \$8,571,127 | \$13,942,315 | \$5,371,188 |
| Henrico Doctors' Hospital | \$6,121,016 | \$6,621,316 | \$500,300 |
| John Randolph Medical Center | \$1,216,571 | \$2,736,697 | \$1,520,127 |
| Lewis-Gale Medical Center | \$3,362,241 | \$4,010,414 | \$648,173 |
| Montgomery Regional Hospital | \$1,015,976 | \$1,693,465 | \$677,489 |
| Pulaski Community Hospital | \$358,594 | \$957,083 | \$598,489 |
| Reston Hospital Center | \$2,796,075 | \$1,550,349 | (\$1,245,726) |
| Retreat Hospital | \$592,125 | \$1,308,822 | \$716,697 |
| Lake Taylor Transitional Care Hospital | \$464,459 | \$5,101,983 | \$4,637,525 |
| Inova Alexandria Hospital | \$3,794,483 | \$6,513,980 | \$2,719,497 |
| Inova Fair Oaks Hospital | \$2,872,551 | \$2,109,439 | (\$763,112) |
| Inova Fairfax Hospital | \$17,275,305 | \$31,272,330 | \$13,997,025 |
| Inova Loudoun Hospital | \$2,411,225 | \$3,077,818 | \$666,593 |
| Inova Mount Vernon Hospital | \$2,172,413 | \$2,496,467 | \$324,053 |
| Johnston Memorial Hospital | \$939,816 | \$2,252,127 | \$1,312,310 |
| Kindred Hospital Richmond | \$360,972 | \$25,394 | (\$335,578) |
| Clinch Valley Medical Center | \$697,827 | \$2,949,844 | \$2,252,017 |
| Martha Jefferson Hospital | \$2,132,669 | \$2,350,275 | \$217,606 |

Note: Provider assessments can be designed in numerous ways. This simulation model assumes that DMAS would adjust IME and DSH methodology so that IME and DSH would not increase by this supplemental payment.

Demonstration Scenario: Hospital Assessment Simulation

2.5% inpatient revenue assessment redistributed back to hospitals with the matching federal Medicaid funds through an increased Medicaid inpatient operating rate.

| Hospital | 2.5% Net Inpatient Revenue Assessment | 100% of New Funds Redistributed to Hospitals | Net Gain or Loss with 100% Redistributed |
|--|---|--|--|
| Children's Hospital | \$0 | \$2,140,474 | \$2,140,474 |
| VCU Health System | \$14,076,368 | \$17,068,302 | \$2,991,933 |
| Mary Washington Hospital | \$7,732,082 | \$8,889,103 | \$1,157,021 |
| Memorial Hospital of Martinsville & Henry County | \$1,260,126 | \$4,805,817 | \$3,545,691 |
| Norton Community Hospital | \$403,289 | \$2,235,214 | \$1,831,924 |
| Russell County Medical Center | \$214,565 | \$392,217 | \$177,651 |
| Smyth County Community Hospital | \$395,307 | \$2,760,168 | \$2,364,861 |
| Prince William Hospital | \$1,682,823 | \$2,237,682 | \$554,860 |
| Cumberland Hospital for Children and Adolescents | \$753,058 | \$7,254,343 | \$6,501,286 |
| Hampton Roads Specialty Hospital | \$173,994 | \$100,535 | (\$73,458) |
| Riverside Regional Medical Center | \$3,923,919 | \$9,435,778 | \$5,511,860 |
| Riverside Tappahannock Hospital | \$304,047 | \$648,930 | \$344,884 |
| Riverside Walter Reed Hospital | \$414,160 | \$789,969 | \$375,809 |
| Shore Memorial Hospital | \$577,538 | \$1,171,979 | \$594,441 |
| Rockingham Memorial Hospital | \$2,729,807 | \$4,679,070 | \$1,949,263 |
| Hospital for Extended Recovery | \$260,137 | (\$5,084) | (\$265,221) |
| Sentara Potomac Hospital | \$2,086,161 | \$5,163,247 | \$3,077,086 |
| Sentara Bayside Hospital | \$1,089,020 | \$2,662,087 | \$1,573,067 |
| Sentara Careplex Hospital | \$2,560,899 | \$6,272,804 | \$3,711,905 |
| Sentara Leigh Hospital | \$2,959,896 | \$3,901,267 | \$941,371 |
| Sentara Norfolk General Hospital | \$9,067,974 | \$26,698,149 | \$17,630,174 |
| Sentara Obici Hospital | \$1,773,866 | \$1,914,951 | \$141,085 |
| Sentara Virginia Beach General Hospital | \$3,672,511 | \$4,988,302 | \$1,315,791 |
| Sentara Williamsburg Regional Medical Center | \$1,416,801 | \$1,999,705 | \$582,904 |
| Twin County Regional Hospital | \$575,706 | \$1,440,678 | \$864,972 |
| University of Virginia Medical Center | \$13,278,733 | \$17,170,687 | \$3,891,954 |
| Page Memorial Hospital | \$97,583 | \$329,682 | \$232,099 |
| Shenandoah Memorial Hospital | \$299,015 | \$1,235,843 | \$936,828 |
| Warren Memorial Hospital | \$311,309 | \$1,284,654 | \$973,346 |
| Winchester Medical Center | \$6,311,417 | \$10,423,582 | \$4,112,164 |
| Virginia Hospital Center | \$3,703,286 | \$2,970,432 | (\$732,855) |
| Lee Regional Medical Center | \$283,154 | \$1,144,268 | \$861,114 |
| Mountain View Regional Medical Center | \$243,637 | \$366,987 | \$123,350 |
| Wellmont Lonesome Pine Hospital | \$324,413 | \$1,946,962 | \$1,622,549 |
| Wythe County Community Hospital | \$350,688 | \$2,703,924 | \$2,353,236 |

Source: JCHC analysis of 2008 Virginia Health Information and Department of Medical Assistance Services data.

Note: Provider assessments can be designed in numerous ways. This simulation model assumes that DMAS would adjust IME and DSH methodology so that IME and DSH would not increase by this supplemental payment.

Demonstration Scenario: Hospital Assessment Simulation

2.5% inpatient revenue assessment redistributed back to hospitals with the matching federal Medicaid funds through an increased Medicaid inpatient operating rate.

| Hospital | 2.5% Net Inpatient Revenue Assessment | 89% of New Funds Redistributed to Hospitals | Net Gain or Loss with 89% Redistributed |
|--|---|---|---|
| Augusta Health | \$2,015,268 | \$4,706,977 | \$2,691,709 |
| Bath County Community Hospital | \$96,517 | \$61,002 | (\$35,515) |
| Bon Secours DePaul Medical Center | \$1,180,320 | \$2,930,415 | \$1,750,095 |
| Bon Secours Mary Immaculate Hospital | \$1,551,626 | \$1,723,856 | \$172,230 |
| Bon Secours Maryview Medical Center | \$2,733,254 | \$5,326,608 | \$2,593,354 |
| Bon Secours Memorial Regional Medical Center | \$3,156,560 | \$5,211,568 | \$2,055,008 |
| Bon Secours Richmond Community Hospital | \$401,028 | \$7,305,596 | \$6,904,568 |
| Bon Secours St. Francis Medical Center | \$1,916,996 | \$3,106,327 | \$1,189,332 |
| Bon Secours St. Mary's Hospital | \$5,920,206 | \$9,062,186 | \$3,141,980 |
| Buchanan General Hospital | \$347,734 | \$888,190 | \$540,456 |
| Bedford Memorial Hospital | \$227,782 | \$1,230,612 | \$1,002,831 |
| Carilion Franklin Memorial Hospital | \$298,919 | \$1,298,086 | \$999,167 |
| Carilion Giles Memorial Hospital | \$183,142 | \$201,358 | \$18,217 |
| Carilion Medical Center | \$10,709,201 | \$21,502,898 | \$10,793,697 |
| Carilion New River Valley Medical Center | \$1,425,022 | \$3,023,305 | \$1,598,283 |
| Carilion Stonewall Jackson Hospital | \$240,231 | \$707,510 | \$467,278 |
| Carilion Tazewell Community Hospital | \$2,086,964 | \$3,571,367 | \$1,484,402 |
| Center for Restorative Care and Rehabilitation | \$163,140 | \$783 | (\$162,357) |
| Centra Health | \$6,102,583 | \$11,990,902 | \$5,888,319 |
| Southside Community Hospital | \$529,309 | \$1,646,937 | \$1,117,628 |
| Rappahannock General Hospital | \$312,778 | \$741,472 | \$428,694 |
| Chesapeake General Hospital | \$3,101,756 | \$13,149,155 | \$10,047,398 |
| Children's Hospital of The King's Daughters | \$3,478,189 | \$14,806,339 | \$11,328,150 |
| Culpeper Regional Hospital | \$757,872 | \$2,255,607 | \$1,497,735 |
| Southampton Memorial Hospital | \$426,524 | \$1,049,297 | \$622,773 |
| Southern Virginia Regional Medical Center | \$470,520 | \$484,925 | \$14,405 |
| Southside Regional Medical Center | \$166,339 | \$540,615 | \$374,276 |
| Community Memorial Healthcenter | \$896,535 | \$2,623,016 | \$1,726,481 |
| Danville Regional Medical Center | \$1,861,266 | \$5,098,138 | \$3,236,872 |
| Dickenson Community Hospital | \$47,028 | \$228,073 | \$181,045 |
| Fauquier Hospital | \$1,360,394 | \$1,606,787 | \$246,393 |
| Halifax Regional Hospital | \$836,607 | \$1,931,061 | \$1,094,454 |
| Alleghany Regional Hospital | \$506,279 | \$1,162,614 | \$656,335 |
| CJW Medical Center | \$8,571,127 | \$12,548,084 | \$3,976,956 |
| Henrico Doctors' Hospital | \$6,121,016 | \$5,959,184 | (\$161,832) |
| John Randolph Medical Center | \$1,216,571 | \$2,463,028 | \$1,246,457 |
| Lewis-Gale Medical Center | \$3,362,241 | \$3,609,373 | \$247,132 |
| Montgomery Regional Hospital | \$1,015,976 | \$1,524,119 | \$508,142 |
| Pulaski Community Hospital | \$358,594 | \$861,375 | \$502,781 |
| Reston Hospital Center | \$2,796,075 | \$1,395,314 | (\$1,400,761) |
| Retreat Hospital | \$592,125 | \$1,177,940 | \$585,815 |
| Lake Taylor Transitional Care Hospital | \$464,459 | \$4,591,785 | \$4,127,326 |
| Inova Alexandria Hospital | \$3,794,483 | \$5,862,582 | \$2,068,099 |
| Inova Fair Oaks Hospital | \$2,872,551 | \$1,898,495 | (\$974,056) |
| Inova Fairfax Hospital | \$17,275,305 | \$28,145,097 | \$10,869,792 |
| Inova Loudoun Hospital | \$2,411,225 | \$2,770,036 | \$358,811 |
| Inova Mount Vernon Hospital | \$2,172,413 | \$2,246,820 | \$74,407 |
| Johnston Memorial Hospital | \$939,816 | \$2,026,914 | \$1,087,098 |
| Kindred Hospital Richmond | \$360,972 | \$22,855 | (\$338,117) |
| Clinch Valley Medical Center | \$697,827 | \$2,654,860 | \$1,957,033 |
| Martha Jefferson Hospital | \$2,132,669 | \$2,115,247 | (\$17,422) |

Note: Provider assessments can be designed in numerous ways. This simulation model assumes that DMAS would adjust IME and DSH methodology so that IME and DSH would not increase by this supplemental payment.

Demonstration Scenario: Hospital Assessment Simulation

2.5% inpatient revenue assessment redistributed back to hospitals with the matching federal Medicaid funds through an increased Medicaid inpatient operating rate.

| Hospital | 2.5% Net Inpatient Revenue Assessment | 89% of New Funds Redistributed to Hospitals | Net Gain or Loss with 89% Redistributed |
|--|---------------------------------------|---|---|
| Children's Hospital | \$0 | \$1,926,426 | \$1,926,426 |
| VCU Health System | \$14,076,368 | \$15,361,471 | \$1,285,103 |
| Mary Washington Hospital | \$7,732,082 | \$8,000,193 | \$268,110 |
| Memorial Hospital of Martinsville & Henry County | \$1,260,126 | \$4,325,235 | \$3,065,109 |
| Norton Community Hospital | \$403,289 | \$2,011,692 | \$1,608,403 |
| Russell County Medical Center | \$214,565 | \$352,995 | \$138,430 |
| Smyth County Community Hospital | \$395,307 | \$2,484,151 | \$2,088,844 |
| Prince William Hospital | \$1,682,823 | \$2,013,914 | \$331,091 |
| Cumberland Hospital for Children and Adolescents | \$753,058 | \$6,528,909 | \$5,775,851 |
| Hampton Roads Specialty Hospital | \$173,994 | \$90,482 | (\$83,512) |
| Riverside Regional Medical Center | \$3,923,919 | \$8,492,200 | \$4,568,282 |
| Riverside Tappahannock Hospital | \$304,047 | \$584,037 | \$279,991 |
| Riverside Walter Reed Hospital | \$414,160 | \$710,972 | \$296,812 |
| Shore Memorial Hospital | \$577,538 | \$1,054,781 | \$477,243 |
| Rockingham Memorial Hospital | \$2,729,807 | \$4,211,163 | \$1,481,356 |
| Hospital for Extended Recovery | \$260,137 | (\$4,576) | (\$264,713) |
| Sentara Potomac Hospital | \$2,086,161 | \$4,646,922 | \$2,560,762 |
| Sentara Bayside Hospital | \$1,089,020 | \$2,395,879 | \$1,306,858 |
| Sentara Careplex Hospital | \$2,560,899 | \$5,645,523 | \$3,084,624 |
| Sentara Leigh Hospital | \$2,959,896 | \$3,511,140 | \$551,244 |
| Sentara Norfolk General Hospital | \$9,067,974 | \$24,028,334 | \$14,960,360 |
| Sentara Obici Hospital | \$1,773,866 | \$1,723,456 | (\$50,410) |
| Sentara Virginia Beach General Hospital | \$3,672,511 | \$4,489,471 | \$816,961 |
| Sentara Williamsburg Regional Medical Center | \$1,416,801 | \$1,799,734 | \$382,933 |
| Twin County Regional Hospital | \$575,706 | \$1,296,610 | \$720,904 |
| University of Virginia Medical Center | \$13,278,733 | \$15,453,618 | \$2,174,885 |
| Page Memorial Hospital | \$97,583 | \$296,713 | \$199,131 |
| Shenandoah Memorial Hospital | \$299,015 | \$1,112,258 | \$813,243 |
| Warren Memorial Hospital | \$311,309 | \$1,156,189 | \$844,880 |
| Winchester Medical Center | \$6,311,417 | \$9,381,224 | \$3,069,806 |
| Virginia Hospital Center | \$3,703,286 | \$2,673,388 | (\$1,029,898) |
| Lee Regional Medical Center | \$283,154 | \$1,029,841 | \$746,687 |
| Mountain View Regional Medical Center | \$243,637 | \$330,288 | \$86,652 |
| Wellmont Lonesome Pine Hospital | \$324,413 | \$1,752,266 | \$1,427,853 |
| Wythe County Community Hospital | \$350,688 | \$2,433,531 | \$2,082,844 |

Source: JCHC analysis of 2008 Virginia Health Information and Department of Medical Assistance Services data.

Note: Provider assessments can be designed in numerous ways. This simulation model assumes that DMAS would adjust IME and DSH methodology so that IME and DSH would not increase by this supplemental payment.

Demonstration Scenario: Hospital Assessment Simulation

2.5% inpatient revenue assessment redistributed back to hospitals with the matching federal Medicaid funds through an increased Medicaid inpatient operating rate.

| Hospital | 2.5% Net Inpatient Revenue Assessment | 75% of New Funds Redistributed to Hospitals | Net Gain or Loss with 75% Redistributed |
|--|---|---|---|
| Augusta Health | \$2,015,268 | \$4,183,980 | \$2,168,712 |
| Bath County Community Hospital | \$96,517 | \$54,224 | (\$42,293) |
| Bon Secours DePaul Medical Center | \$1,180,320 | \$2,604,814 | \$1,424,493 |
| Bon Secours Mary Immaculate Hospital | \$1,551,626 | \$1,532,317 | (\$19,309) |
| Bon Secours Maryview Medical Center | \$2,733,254 | \$4,734,763 | \$2,001,509 |
| Bon Secours Memorial Regional Medical Center | \$3,156,560 | \$4,632,505 | \$1,475,945 |
| Bon Secours Richmond Community Hospital | \$401,028 | \$6,493,863 | \$6,092,835 |
| Bon Secours St. Francis Medical Center | \$1,916,996 | \$2,761,180 | \$844,184 |
| Bon Secours St. Mary's Hospital | \$5,920,206 | \$8,055,276 | \$2,135,071 |
| Buchanan General Hospital | \$347,734 | \$789,502 | \$441,768 |
| Bedford Memorial Hospital | \$227,782 | \$1,093,877 | \$866,096 |
| Carilion Franklin Memorial Hospital | \$298,919 | \$1,153,855 | \$854,936 |
| Carilion Giles Memorial Hospital | \$183,142 | \$178,985 | (\$4,157) |
| Carilion Medical Center | \$10,709,201 | \$19,113,687 | \$8,404,486 |
| Carilion New River Valley Medical Center | \$1,425,022 | \$2,687,382 | \$1,262,360 |
| Carilion Stonewall Jackson Hospital | \$240,231 | \$628,897 | \$388,666 |
| Carilion Tazewell Community Hospital | \$2,086,964 | \$3,174,548 | \$1,087,584 |
| Center for Restorative Care and Rehabilitation | \$163,140 | \$696 | (\$162,444) |
| Centra Health | \$6,102,583 | \$10,658,580 | \$4,555,997 |
| Southside Community Hospital | \$529,309 | \$1,463,944 | \$934,635 |
| Rappahannock General Hospital | \$312,778 | \$659,087 | \$346,308 |
| Chesapeake General Hospital | \$3,101,756 | \$11,688,138 | \$8,586,381 |
| Children's Hospital of The King's Daughters | \$3,478,189 | \$13,161,190 | \$9,683,001 |
| Culpeper Regional Hospital | \$757,872 | \$2,004,984 | \$1,247,112 |
| Southampton Memorial Hospital | \$426,524 | \$932,708 | \$506,184 |
| Southern Virginia Regional Medical Center | \$470,520 | \$431,045 | (\$39,475) |
| Southside Regional Medical Center | \$166,339 | \$480,547 | \$314,207 |
| Community Memorial Healthcenter | \$896,535 | \$2,331,570 | \$1,435,035 |
| Danville Regional Medical Center | \$1,861,266 | \$4,531,679 | \$2,670,412 |
| Dickenson Community Hospital | \$47,028 | \$202,732 | \$155,703 |
| Fauquier Hospital | \$1,360,394 | \$1,428,255 | \$67,861 |
| Halifax Regional Hospital | \$836,607 | \$1,716,498 | \$879,891 |
| Alleghany Regional Hospital | \$506,279 | \$1,033,435 | \$527,156 |
| CJW Medical Center | \$8,571,127 | \$11,153,852 | \$2,582,725 |
| Henrico Doctors' Hospital | \$6,121,016 | \$5,297,053 | (\$823,963) |
| John Randolph Medical Center | \$1,216,571 | \$2,189,358 | \$972,787 |
| Lewis-Gale Medical Center | \$3,362,241 | \$3,208,331 | (\$153,909) |
| Montgomery Regional Hospital | \$1,015,976 | \$1,354,772 | \$338,796 |
| Pulaski Community Hospital | \$358,594 | \$765,667 | \$407,072 |
| Reston Hospital Center | \$2,796,075 | \$1,240,279 | (\$1,555,796) |
| Retreat Hospital | \$592,125 | \$1,047,058 | \$454,933 |
| Lake Taylor Transitional Care Hospital | \$464,459 | \$4,081,587 | \$3,617,128 |
| Inova Alexandria Hospital | \$3,794,483 | \$5,211,184 | \$1,416,701 |
| Inova Fair Oaks Hospital | \$2,872,551 | \$1,687,551 | (\$1,185,000) |
| Inova Fairfax Hospital | \$17,275,305 | \$25,017,864 | \$7,742,559 |
| Inova Loudoun Hospital | \$2,411,225 | \$2,462,254 | \$51,029 |
| Inova Mount Vernon Hospital | \$2,172,413 | \$1,997,173 | (\$175,240) |
| Johnston Memorial Hospital | \$939,816 | \$1,801,701 | \$861,885 |
| Kindred Hospital Richmond | \$360,972 | \$20,315 | (\$340,656) |
| Clinch Valley Medical Center | \$697,827 | \$2,359,875 | \$1,662,048 |
| Martha Jefferson Hospital | \$2,132,669 | \$1,880,220 | (\$252,449) |

Note: Provider assessments can be designed in numerous ways. This simulation model assumes that DMAS would adjust IME and DSH methodology so that IME and DSH would not increase by this supplemental payment.

Demonstration Scenario: Hospital Assessment Simulation

2.5% inpatient revenue assessment redistributed back to hospitals with the matching federal Medicaid funds through an increased Medicaid inpatient operating rate.

| Hospital | 2.5% Net Inpatient Revenue Assessment | 75% of New Funds Redistributed to Hospitals | Net Gain or Loss with 75% Redistributed |
|--|---------------------------------------|---|---|
| Children's Hospital | \$0 | \$1,712,379 | \$1,712,379 |
| VCU Health System | \$14,076,368 | \$13,654,641 | (\$421,727) |
| Mary Washington Hospital | \$7,732,082 | \$7,111,283 | (\$620,800) |
| Memorial Hospital of Martinsville & Henry County | \$1,260,126 | \$3,844,654 | \$2,584,527 |
| Norton Community Hospital | \$403,289 | \$1,788,171 | \$1,384,882 |
| Russell County Medical Center | \$214,565 | \$313,773 | \$99,208 |
| Smyth County Community Hospital | \$395,307 | \$2,208,134 | \$1,812,827 |
| Prince William Hospital | \$1,682,823 | \$1,790,146 | \$107,323 |
| Cumberland Hospital for Children and Adolescents | \$753,058 | \$5,803,475 | \$5,050,417 |
| Hampton Roads Specialty Hospital | \$173,994 | \$80,428 | (\$93,565) |
| Riverside Regional Medical Center | \$3,923,919 | \$7,548,623 | \$3,624,704 |
| Riverside Tappahannock Hospital | \$304,047 | \$519,144 | \$215,098 |
| Riverside Walter Reed Hospital | \$414,160 | \$631,975 | \$217,815 |
| Shore Memorial Hospital | \$577,538 | \$937,583 | \$360,045 |
| Rockingham Memorial Hospital | \$2,729,807 | \$3,743,256 | \$1,013,449 |
| Hospital for Extended Recovery | \$260,137 | (\$4,067) | (\$264,204) |
| Sentara Potomac Hospital | \$2,086,161 | \$4,130,597 | \$2,044,437 |
| Sentara Bayside Hospital | \$1,089,020 | \$2,129,670 | \$1,040,649 |
| Sentara Careplex Hospital | \$2,560,899 | \$5,018,243 | \$2,457,344 |
| Sentara Leigh Hospital | \$2,959,896 | \$3,121,013 | \$161,117 |
| Sentara Norfolk General Hospital | \$9,067,974 | \$21,358,519 | \$12,290,545 |
| Sentara Obici Hospital | \$1,773,866 | \$1,531,961 | (\$241,905) |
| Sentara Virginia Beach General Hospital | \$3,672,511 | \$3,990,641 | \$318,130 |
| Sentara Williamsburg Regional Medical Center | \$1,416,801 | \$1,599,764 | \$182,963 |
| Twin County Regional Hospital | \$575,706 | \$1,152,542 | \$576,836 |
| University of Virginia Medical Center | \$13,278,733 | \$13,736,549 | \$457,816 |
| Page Memorial Hospital | \$97,583 | \$263,745 | \$166,162 |
| Shenandoah Memorial Hospital | \$299,015 | \$988,674 | \$689,659 |
| Warren Memorial Hospital | \$311,309 | \$1,027,723 | \$716,415 |
| Winchester Medical Center | \$6,311,417 | \$8,338,865 | \$2,027,448 |
| Virginia Hospital Center | \$3,703,286 | \$2,376,345 | (\$1,326,941) |
| Lee Regional Medical Center | \$283,154 | \$915,414 | \$632,260 |
| Mountain View Regional Medical Center | \$243,637 | \$293,589 | \$49,953 |
| Wellmont Lonesome Pine Hospital | \$324,413 | \$1,557,570 | \$1,233,157 |
| Wythe County Community Hospital | \$350,688 | \$2,163,139 | \$1,812,451 |

Source: JCHC analysis of 2008 Virginia Health Information and Department of Medical Assistance Services data.

Note: Provider assessments can be designed in numerous ways. This simulation model assumes that DMAS would adjust IME and DSH methodology so that IME and DSH would not increase by this supplemental payment.