Webinar: Reconciling Financial & Abstract Data

October 6, 2014

Agenda

▸ Introductions

▸ Purpose of Reconciliation Process

▸ New Template

▸ Timetable

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Background

- **All-Payer Model Requires Maryland to:**
  - Limit annual all-payer total hospital per capita revenue growth for Maryland residents to 3.58%.
  - Achieve a minimum of $330 million of Medicare savings over five years.

- <u>Accurate</u> and <u>timely</u> data is essential as the data will guide commissioners as they set rates and adjust policies to maintain compliance with the model agreement.

- **HSCRC Staff use hospital case mix and financial data to provide the Commission with monitoring updates each month.**
  - Trends in all-payer revenue for Maryland residents; and
  - Medicare fee-for-service revenue for Maryland beneficiaries.

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Why is Reconciliation Necessary?

▸ Large monthly variances between abstract and financial data submissions observed at some hospitals.

  ▸ Share of charges identified as Medicare

  ▸ Splits between Medicare fee-for-service and Medicare Advantage

  ▸ In-State/Out-of-State variances

▸ Monthly errors can distort State trends and adversely influence commission actions

▸ Hospitals and commission benefit from timely knowledge of trends

  ▸ Minimizes policy reversals

  ▸ Stabilizes funding

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Revised Reconciliation Template

▸ In response to hospital feedback, the reconciliation template has been revised.

- Includes columns for in-house beginning/ending adjustments
- More detailed instructions on completing template
- Formulas built into excel sheet to automatically calculate % differences
- Reconciliation targets of 1% for quarter and 2% for month waived if dollar difference is $5,000 or less
- New template in effect beginning with October Submission

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Revised Template

Quarterly Reconciliation Form for Time Period _____

Please Reconcile so that Financial/Abstract differences for <u>each category</u> are no more than <u>1%</u> for the Quarter .*

Hospital Name: _____

Category	B	C	D	E	F	G	H	I	J	K	L	M	N
									In-House Adjustments to Abstract Data			Unexplained Variance from **Revised** Financial	
		Original Quarter (1)				Revised Quarter (2)							
	Financial	Abstract	$ Difference	% Difference	Financial	Abstract	$ Difference	$ Difference	Begin (3)	End (4)	Net (5)	$ Difference(6)	% Difference
Total Charges													
Maryland Charges	100,000	80,000	-20,000	-20.0%	99,000	98,000	-1,000	-1.0%	500	500	-	-1,000	-1%
Non-Maryland Charges	50,000	56,000	6,000	12.0%	53,500	54,000	500	0.9%	100	950	850	1,350	3%
Medicare Charges													
Medicare FFS Charges	50,000	45,000	-5,000	-10.0%	50,000	49,800	-200	-0.4%	500	300	(200)	-400	-1%
Medicare HMO Charges	20,000	15,000	-5,000	-25.0%	20,000	19,000	-1,000	-5.0%	0	0	-	-1,000	-5%
Non-Medicare Charges	80,000	76,000	-4,000	-5.0%	82,500	83,200	700	0.8%	100	600	500	1,200	1%
Maryland Medicare FFS Charges	45,000	40,000	-5,000	-11.1%	45,000	44,800	-200	-0.4%	500	295	(205)	-405	-1%
Non-Maryland Medicare FFS Charges	5,000	5,000	0	0.0%	5,000	5,000	0	0.0%	0	5	5	5	0%

Detailed Explanation as to why Variance reported in Column (M) exceeds 1%:

*Submission Schedule

Completed Reconciliation Form submitted to HSCRC by _____   Email Reconciliation Form to: HSCRC.reconciliation@Maryland.gov

Revisions to abstract data must be submitted to HSCRC by: _____

Revisions to financial data must be submitted to HSCRC by: _____

(1) Data reported in the "Original" Quarter is based on the most recent data HSCRC has available (Financial and Case Mix) at the time this report is produced.

(2) Report revised figures for quarter. Revised figures should include corrections and revisions that have or will be submitted to HSCRC.

(3) Report charges recorded in abstract for quarter but included on financials in prior quarter.

(4) Report charges recorded in abstract in following quarter but included in financials this quarter.

(5) Net (column L) = End (column K) - Begin (column J)

(6) $ Difference = Revised Abstract (column G) + Net In-House Adjustments (column L) - Revised Financial (column F)

Variance exceeds 1%. Detailed explanation required.

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Improving Initial Data Submissions

▶ Compare the financial data to the abstract data for the month and investigate significant variances.

▶ Compare the charges by category (all-payer, Medicare, in-State, etc.) for the current month to the same month in the prior year and investigate variances.

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Timetable

Days Following End of Month	Monthly Reconciliation
15	Abstract data submitted to HSCRC (no change from current schedule)
30	Financial data submitted (no change from current schedule)
36	"Reconciliation" Report Comparing <u>Charges</u> from Abstract and Financial Data for the most recent month distributed by HSCRC Staff.
50	Hospitals complete reconciliation to within 2% and submit form documenting revisions.
57	Hospitals submit revised financial and abstract data reflecting results of reconciliation.

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Timetable

Days Following End of Quarter	Quarterly Reconciliation
36	"Reconciliation" Report Comparing <u>Charges</u> from Abstract and Financial Data for the most recent quarter distributed by HSCRC Staff.
57	Hospitals complete reconciliation for most recent quarter to within 1% and submit form documenting revisions.
57	Hospitals submit revised financial and abstract data reflecting results of reconciliation.

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Timetable Notes

‣ **<u>Monthly</u>** reconciliation reports required for month #1 and #2 of quarter.

‣ **<u>Quarterly</u>** reconciliation reports will be required for month #3 (typically the preliminary quarterly data submission).

‣ St. Paul will be sending a monthly report of case mix data by the same categories for IP and OP. The reports will be included with hospital's error reports to aid hospitals in completing the reconciliation reports.

‣ St. Paul is also providing patient-level data in EXCEL (with limited variables) to assist hospitals with reviewing and reconciling their data.

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Administrative Details

▸ Email completed reconciliation template to: hscrc.reconciliation@Maryland.gov

▸ Completed form should include detailed written explanation if variance exceeds 2% for month and 1% for quarter.

▸ Hospitals failing to submit reconciliation reports are subject to fines.

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