S-10 EXCELLENCE:

A Guide to Maximize UCC Reimbursement for IPPS Hospitals Report

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Executive Summary

Delivering quality healthcare in rural and urban America has never been easy. Hospitals serve larger geographic areas as the sole source of care and often must work with a higher percentage of public and self-pay patients. As a result, uncompensated care weighs more heavily on the bottom lines of these systems. And, making matters more challenging, as of 2021, CMS now relies more heavily than ever on the complex S-10 form for DSH reimbursement.

In response, some hospitals use software or consultant-based methods to address the problem. And while each approach has some merit, both can present serious problems. Therefore, the best solution for both rural and urban hospitals is a focused and combined strategy.

Rural and Urban Acute Care

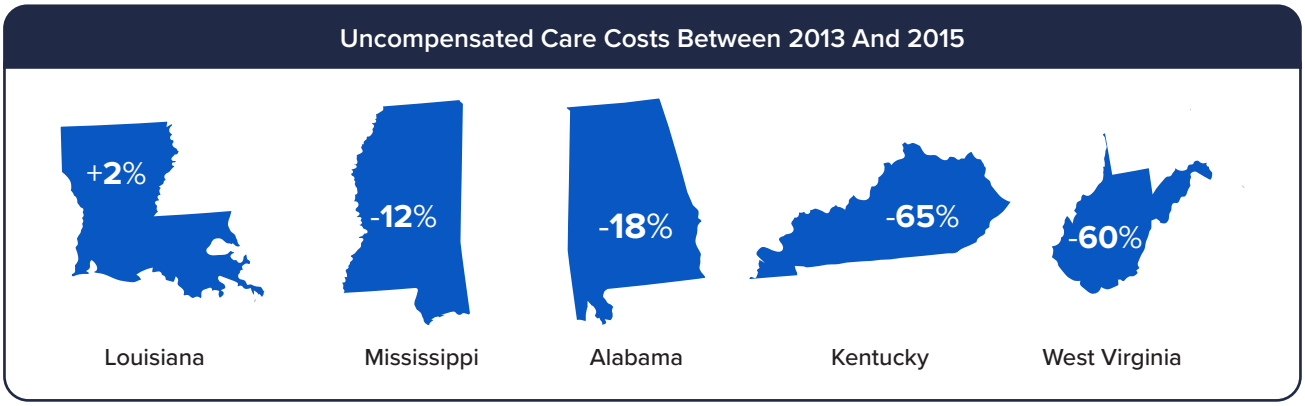
Traditional Financial Challenges

As a financial leader for a rural or urban health organization, you've probably heard it for years: CMS's rules for disproportionate share hospitals are changing. At the same time, you've had other priorities to address, including the COVID-19 pandemic and the staffing difficulties it has produced.

Still, even before the pandemic, hospitals in economically challenged areas faced an uphill battle. Lower patient volume (in some cases) and fewer private payers have created a condition where each patient walking through the door, although economically vital, is less likely to have the coverage necessary for their cost of care. The state of uncertainty is enough to make healthcare leaders worry that they don't wholly control their organization's destiny.

It's no wonder that hospitals in high Medicaid areas had a 30% greater likelihood of closure in states that opted out of the ACA Medicaid expansion.[1] In addition, the American Hospital Association's survey data shows that 59% of the decline in the number of hospitals between 2015 and 2019 were rural hospitals, with 47% of them having 25 or fewer beds.[2]

Overall uncompensated care costs between 2013 and 2015 may have dropped for hospitals in Medicaid expansion states like West Virginia (-60%) and Kentucky (-65%) but have dropped significantly less in states that did not accept the expansion, like Mississippi (-12%) and Alabama (-18%). In Louisiana, costs even rose by 2% over the same period.[3]



Uncompensated Care

Today's Challenge

In the past, organizations may have attempted to recoup as much uncompensated care costs as possible through CMS-assigned formulas. This practice made their yearly Medicare DSH payments more predictable. However, today, the S-10 report is the main source of data CMS uses to calculate Medicare DSH reimbursement.

That means your organization's approach to the S-10 form has real bottom-line implications, and, unfortunately, the S-10 listings are more complicated than they look. There are over 30 fields to be filled in and plenty of data to be attached. And when a hospital's yearly CMS audit occurs, this data becomes front and center.

As you can guess, the more complex the data required, the greater the chance of accounting errors, especially when hospital financial systems don't readily supply the data needed. Below are some of the most common S-10 mistakes made by hospitals:

Mismatch between the data collected and a hospital's financial assistance policy. Hospitals are realizing (some of them too late) that the records they're submitting on their listings do not align with their own published policy.

Incomplete data. The S-10 listing asks for several columns of data, and when it's not complete, it takes more time. Otherwise, charity and bad debt amounts may not be allowed.

Duplicate records. Some hospitals mistakenly count the same records as charity care and bad debt.

Inaccurate insurance status. Hospitals have also reported uninsured patients as insured, leading to audit adjustments

Professional fee claims. Professional fees are being mistakenly claimed on S-10 listings.

Deductible reporting. Organizations are failing to separate deductible amounts, further calling the accuracy of their S-10 listings into question.

Implications of Faulty S-10 Reporting

Unfortunately, the mistakes mentioned above have consequences now and in the future. And with hospitals already short-staffed due to the COVID-19 pandemic, they are left with fewer workers to address them. Some of these critical implications include:

A challenging audit experience. Each CMS auditor varies on how stringent they are, and some are less familiar with hospital accounting than others. Hospitals cannot know which one they'll be assigned. Worst case, in response to S-10 errors, they may request large data volumes that are not readily retrievable from your accounting system. The auditors are also busy and may not give you the time needed to pull accurate reports if they're not done correctly on the front end.

Lost revenue. For FY 2022, CMS has an established a payment pool for uncompensated care, which has trended around the $8 billion mark for the past several years. If your hospital does not submit proper and complete listings to CMS detailing your charity and bad debts, you could miss out on your share of this funding.

Difficulty in future years. Given that each year's CMS audit relies on previous years' data, multiple audit adjustments in one year can make future audits increasingly difficult.

One bright spot among these challenges is that according to the AHA's 2022 survey, there are 5,139 hospitals across the U.S. all facing the same issues. The question is, what approach will you choose to solve the problem?

Tackling the S-10 Challenge

While attaining solvency is an unprecedented challenge for today's hospitals, several solutions are available to aid their efforts.

Software-only Solutions

Multiple vendors have created software tools designed to enable hospital personnel to enter or import data from their accounting systems and receive a completed report on the back end. The calculation power contained within these tools allows them to provide some automation of the S-10 reporting process. However, they lack the experience and situational knowledge of human experts.

Software-only solutions for S-10 reporting can fail hospitals in the following ways:

Incompatibility. Although software vendors may advertise the smooth import of data from your current accounting system, they rarely have a solution tested with a large volume of actual patient data.

Lack of support. Software vendors are experts at software, not necessarily hospital accounting, let alone S-10 reporting. Therefore, they're often at a disadvantage to understand your hospital's needs. In addition, they may not have the personnel to assist your staff quickly in an urgent situation, nor may they realize what's at stake for your organization.

Lack of training. With a software-only solution, you and your staff are responsible for learning and using the product. Often the most brilliant IT professionals aren't communication experts, and they can assume your staff has critical knowledge that they don't have.

Ultimately, hospitals can find that software-only solutions are merely calculation tools their staff must learn and use correctly. Otherwise, they risk the costly time and effort of manually fixing what was supposed to be an automated process.

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Labor Intensive Services

The traditional approach of hiring consultants to take care of S-10 manually also has some merit. As mentioned, human experts presumably have the knowledge and ability to pull all the necessary data together and input it in the proper form for CMS. In addition, they've often worked with hospitals for years, helping them maximize revenue in various ways.

Still, the traditional labor-intensive approach also has the following drawbacks:

Costly labor hours. Even the most skilled and efficient consultants take time to gather information. Manually sorting and organizing your hospital's data can take hours. And whether you choose to pay an outside source to collect it and perform calculations or attempt to do it in-house, the price of that time adds up.

Misuse of experts and staff. The data required by the S-10 listings is comprehensive and not necessarily in the format that your current accounting system reports it. Often, multiple sources of data must be combined and sorted. As a result, some aspects of the process involve tedious routine work prone to human error. As a leader, you may not want the hours of your experts, internal or external, used on such repetitive, manual tasks.

Ultimately, a labor-intensive approach has the exact opposite weakness of the software-only solution. Although it delivers the expertise needed, it falls short on efficiency and proper time use.

So overall, for hospital leaders looking to recoup as much of their uncompensated care costs as possible, choosing either the software-only or labor-intensive route won't deliver the best possible results and may create even more frustration and cost than anticipated.

The Comprehensive S-10 Solution

Most of us would agree that the best solution to piloting a plane is a skilled pilot working with a well-maintained aircraft. And similarly, when one is undergoing surgery, one wants the most qualified physician using the best-possible procedure.

A similar synergy holds for your hospital's S-10 reporting. There's no need for your organization to settle for unguided technology or inappropriately used personnel. Instead, you can partner with financial experts that leverage proprietary software to ensure your success.

The comprehensive S-10 approach offers several distinct advantages:

Experienced consultants. By partnering with a consultant over merely installing software, you benefit from experts who have been monitoring the uncompensated care landscape since before the Affordable Care Act expansion. As a result, they understand what needs to be done and how best to position your organization come audit time.

Automated excellence. Putting the right software in the hands of experts is like combining the best surgeon with the best instrument. You won't have to worry about whether your staff will learn and leverage your software investment. Instead, you'll put the best tools in the hands of the best people.

Full accountability. With a combined S-10 solution, there's no finger-pointing. The same vendor who supplies the automation tools is the one accountable for delivering your data accurately and in the proper form to maximize your uncompensated care reimbursement.

To get your organization's fair share of CMS's $8 billion UCC pool, the time to start is now.

Hospitals in the industry today have a unique challenge. They must provide the best possible care with the least amount of resources. And they often act as the only source of care for their communities, much of which goes uncompensated.

With S-10 reporting now impacting the majority of your organization's uncompensated care reimbursement, its importance is front and center. Not only to ensure the health of your hospital but also the health of your community.

With $8 billion in uncompensated care DSH funds available, the time to act is now. HORNE Healthcare has the experts and automated accounting tools at your disposal to make sure that your hospital gets the reimbursement it deserves and needs. Contact them today to learn how they can put their Comprehensive S-10 Solution to work for your hospital as soon as possible.

Sources

1. Lindroth, Richard C., Et. Al, “Understanding the Relationship Between Medicaid Expansions and Hospital Closures, Healthaffairs.org, 3/9/2022

2. “Fast Facts - U.S. Rural Hospitals”, American Hospital Association, AHA Annual Survey Database, www.aha.org

3. Schubel, Jessica and Broaddus, Matt, “Uncompensated Care Costs Fell in Nearly Every State as ACA’s Major Coverage Provisions Took Effect”, Center of Budget and Policy Priorities, www,cbpp.org

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