

Eleanor Slater Hospital: Billing Issue and Status Update

Staff Presentation to the
House Finance Committee
September 29, 2020

BHDDH: Programs & Services

| Division | Populations | Services | # Served | Funding |
|-----------------------------------------------|-------------------------------------------------------|----------------------------------------------|-----------------|---------------------------------------------------|
| Developmental Disabilities | Adults with intellectual and/or dev. disability | Residential, day & employment | 4,554 | Medicaid |
| Hospital Rehabilitation Services (ESH) | Medical, forensic & psychiatric patients | Hospital level of care | 213 | State/ Medicaid & 3rd party |
| Behavioral Healthcare Services | Adults w/ mental health and/or substance abuse issues | Residential, inpatient & outpatient services | 40,000 | BHDDH – fed. funds EOHHS – Medicaid |

Governor's Recommendation

| Source | Enacted | FY 2020 | FY 2021 | Chg to Enacted |
|--------------|----------------|----------------|----------------|----------------|
| Gen. Rev. | \$196.4 | \$195.3 | \$207.8 | \$11.4 |
| Fed Funds | 260.4 | 264.7 | 270.7 | 10.3 |
| Rest Rec | 6.1 | 7.5 | 8.1 | 2.0 |
| Other | 0.3 | 0.3 | 0.4 | 0.1 |
| Total | \$463.2 | \$467.8 | \$487.1 | \$23.9 |
| FTE | 1,189.4 | 1,189.4 | 985.4 | (204.0) |

\$ in millions

Governor's Recommendation

| Program | Enacted | FY 2020 | FY 2021 | Chg. to enacted |
|------------------------------------|----------------|----------------|----------------|-----------------|
| Develop. Disabilities | \$296.9 | \$292.2 | \$305.2 | \$8.3 |
| Hospital & Comm. Rehab. | 121.9 | 119.6 | 130.1 | 8.1 |
| Behavioral Healthcare Services | 37.3 | 48.1 | 41.4 | 4.1 |
| Hosp. & Comm. Support | 2.3 | 2.8 | 3.6 | 1.3 |
| Central Mgmt. | 4.8 | 5.1 | 6.8 | 2.0 |
| Total | \$463.2 | \$467.8 | \$487.1 | \$23.9 |

\$ in millions

ESH Overview

- Background
- Prior Reorganization Plans
- Federal Compliance and Billing Issues
- FY 2020 Budget to Actual
- Redesign Issues to Consider

Background

- ESH is 475 bed facility licensed as an acute care hospital by Dept. of Health
 - 2 Locations, multiple buildings
 - June 2020 census of 210
 - Operates as a Long Term Acute Care Hospital (LTACH)
 - Focus on patients who stay more than 25 days
 - Transferred from intensive or critical care units
 - Services usually include rehabilitation/respiratory therapy/head trauma & pain management

Background

| Building | Patient Type | Admission Criteria |
|--------------------------|------------------------|---------------------------|
| Regan | Medical & Psychiatric | Hospital level of care |
| Adolph Meyer | Psychiatric | Court ordered & Voluntary |
| Benton | Psychiatric - Forensic | Court ordered |
| Pinel (<i>closed</i>) | | |
| Zambarano (Burrillville) | Medical | Hospital level of care |

Background

- Applications for admission reviewed by Admission Assessment Team
 - Physician, nurse, social worker, physical therapist and psychologist
 - Must qualify for hospital level of care
 - Psychiatric and medical patients
- Application asks which location
 - ESH medical unit
 - Fatima Long-Term Behavioral Health Unit
 - Admission approved by BHDDH

Background

- Court ordered to Forensic Unit 3 ways
 - Not guilty by reason of insanity
 - Commit for observation & examination as provided in RIGL 40.1-5.3-4
 - Incompetent to stand trial
 - Psychiatric evaluation by ESH psychiatrist
 - Need hospital level of care (RIGL 40.1-5.3-3)
 - Transferred from ACI (RIGL 40.1-5.3-6)
 - To receive specialized services
 - Not available in correctional setting
 - Evaluated by DOC psychiatrist and determined to need hospital level of care

Background

- Civil Admission
 - Committed by the court after a civil court certification
 - RIGL 40.1-5-8
 - Voluntary admission
 - RIGL 40.1-5-6

Background

- Discharges – when no longer qualify for hospital level of services
 - Determined by the acute care treatment team
 - Move to less restrictive setting
 - May include a nursing or group home, assisted living/ residential facility or home with family
 - Current average length of stay is 3 ½ years
 - Wide range from decades to months

Background – FY 2020 Census

| 1 st day of | Meyer | Regan | Benton | Zamb. | Total | Staff |
|------------------------|-------|-------|--------|-------|-------|-------|
| July | 44 | 41 | 49 | 94 | 228 | 780.1 |
| Aug | 43 | 41 | 48 | 91 | 223 | 770.8 |
| Sept | 45 | 40 | 48 | 89 | 222 | 765.0 |
| Oct | 45 | 37 | 46 | 92 | 220 | 759.4 |
| Nov | 46 | 40 | 48 | 92 | 226 | 757.0 |
| Dec | 49 | 36 | 52 | 92 | 229 | 751.5 |
| Jan | 49 | 36 | 50 | 92 | 227 | 746.0 |
| Feb | 49 | 38 | 47 | 92 | 226 | 750.3 |
| March | 45 | 39 | 47 | 93 | 224 | 734.1 |
| April | 56 | 23 | 42 | 92 | 213 | 733.1 |
| May | 58 | 23 | 41 | 90 | 212 | 734.5 |
| June | 58 | 24 | 37 | 91 | 210 | 751.6 |

Background – Census/Cost

| Avg | Meyer | Regan | Benton/ Pinel | Zamb. | Total | Staff* |
|---------|-------|-------|------------------|-------|-------|--------|
| FY 2018 | 69 | 40 | 19 | 95 | 223 | 760.8 |
| FY 2019 | 44 | 48 | 36 | 93 | 221 | 761.8 |
| FY 2020 | 49 | 35 | 46 | 92 | 222 | 752.8 |

| | FY 2018 | FY 2019 | FY 2020 Gov. Rev |
|-------------|---------------|---------------|---------------------|
| Total Cost | \$120,418,583 | \$120,896,168 | \$119,618,217 |
| Patients | 223 | 221 | 222 |
| Per patient | \$539,994 | \$547,041 | \$538,821 |

*total staff includes those on leave

Eleanor Slater Hospital

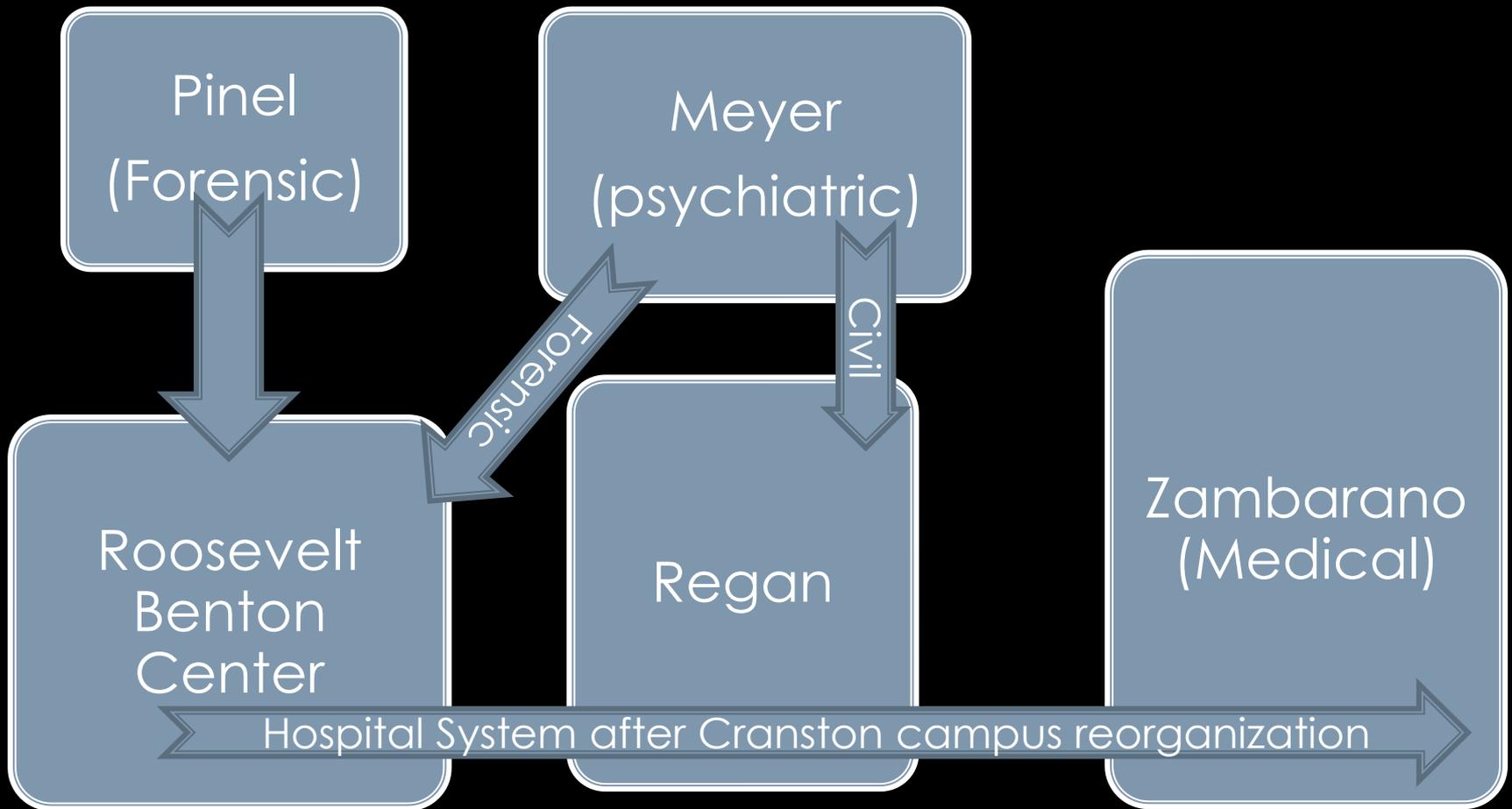
Recent History

- Accreditation
 - Received an initial denial which was reinstated in November 2017
 - Repairs needed to meet Jt. Commission on Accreditation of Healthcare Organizations (JCAHO) requirements
 - Included in the reorganization plan
 - Accreditation until 9/2020
 - Based on reorg plan

Prior Reorganization Plans

- 2018 Assembly authorized borrowing \$22.0 million for renovations to Regan
 - Part of \$49.9 million reorganization plan to bring Eleanor Slater Hospital into compliance with federal requirements
 - Proposed May 2018
 - Renovate 3 units for psychiatric patients
 - Upgrade 1 medical unit
 - New IT & data systems
 - New elevators, roof, flooring, masonry, furniture

Prior Reorganization Plans



Prior Reorganization Plans

- Governor's FY 2021 budget authorizes state to borrow another \$12.0 million for Regan building -
 - Would bring total to \$61.9 million
 - Regan component originally \$42 million of the total
 - ~ 30% increase over approved plan
 - Provide services to approximately 110 patients
 - Result of formal projections developed in the summer of 2019
 - Unclear if these will change again
- **Plan withdrawn in July – uncertain future**

Eleanor Slater Hospital Issues Timeline

FY 2020

July –
October

BHDDH has a new management structure & notifies EOHHS that it has issue with IMD mix. BHDDH hired Alvarez & Marsal for hospital review

November

EOHHS signed contract with Manatt: \$300,000 expires 10/29/2020

February
13

Hearing on additional debt for Hospital Reorg plan

March 4

OMB send letter notifying of “potential” issues at ESH

Eleanor Slater Hospital Timeline

FY 2020

| | |
|----------|---------------------------------------------------------------------------------------------------------------------------------------|
| March 11 | House Finance Committee hearing |
| March 24 | EOHHS issues a public hearing notice for a State Plan Amendment (SPA) for CMS to formalize how the state can bill for patients at ESH |
| April 8 | EOHHS adds definition of an IMD to its rules & regulations to address one of the IMD mix compliance issue |

Federal Compliance and Billing Issues

- Budget implications
 - Governor's FY 2020 revised budget totaled \$119.6 million
 - \$61.1 million from Medicaid
 - BHDDH billed only a fraction of that through May

Suggests general revenue impact could be over \$45 million

Federal Compliance and Billing Issues

| Hospital Budget by Fund Source | Enacted | Gov. 20 Rev. | Gov. 21 Rec. | Change to Rev. |
|--------------------------------|----------------|----------------|----------------|----------------|
| General Revenues | \$54.7 | \$53.6 | \$59.6 | \$6.0 |
| Federal Funds | 62.8 | 61.1 | 65.2 | 4.1 |
| Restricted Rec. | 4.4 | 4.9 | 5.0 | - |
| RICAP | - | 0.0 | 0.3 | 0.3 |
| Total | \$121.9 | \$119.6 | \$130.1 | \$10.5 |

\$ in millions

Eleanor Slater Hospital Timeline

FY 2020

April/
May

BHDDH submits 3rd quarter report with \$35.0 million deficit. OMB includes it in its 3rd quarter report

May 20

Third Quarter HFC Budget Status hearing reviews \$35.0 million deficit issue

June 4

Follow-up hearing reveals additional billing issues

Eleanor Slater Hospital

- Final budget adopted in June assumed state would get \$12.2 million from federal Medicaid for the last 3 months of FY 2020
 - Approval of the state plan amendment
- Also included \$14.6 million to clean up an outstanding Medicaid receivable from an issue with UHIP
 - BHDDH would not be able to get Medicaid for prior year expenses because of the current billing and compliance issues

Eleanor Slater Hospital Timeline

FY 2020

| | |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| June | FY 2020 final budget provided \$64.7 million from general revenues <u>above</u> the Governor recommendation. Fixes the billing and compliance issues & prior year write off for UHIP |
| August | Expenses are \$15.6 million less than the final budget mostly from federal funds Questions remain on how items are accounted for |

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| Budget Sources | FY 2020 Final | FY 2020 Actual | Chg. to Final |
|----------------------------------|------------------|-------------------|------------------|
| General Revenues - current | \$102.5 | \$103.4 | \$0.8 |
| Gen. Rev. prior year write off | 14.6 | 12.8 | (1.9) |
| Medicaid – prior year | - | 1.9 | 1.9 |
| Medicaid – SPA for Q4 | 12.2 | 5.8 | (6.4) |
| Medicaid - Other | 7.5 | (0.3) | (7.8) |
| Medicare & 3 rd party | 1.5 | 0.0 | (1.5) |
| COVID Relief Fed Funds | 1.1 | 0.3 | (0.8) |
| Total | \$139.4 | \$123.8 | \$(15.6) |

\$ in millions; includes centralized services

Eleanor Slater Hospital

| Q4 SPA Estimate for Medicaid Funds | FY 2020 Final | FY 2020 Actual | Chg. to Final |
|------------------------------------|---------------|----------------|-----------------|
| # of patients | 150 | 120 | (30) |
| Days | 91 | 87 | (4) |
| Assumed Daily Rate | \$1,512 | \$932 | \$(580) |
| Total Cost | \$20.6 | \$9.7 | \$(10.9) |
| Total Federal Share | \$12.2 | \$5.8 | \$(6.4) |

\$ Totals in millions

Redesign Plan

- Newest ESH Redesign Proposal assumes new facility configuration
 - Maintains facilities in Cranston & Burrillville
 - New Zambarano building
 - Downsized patient capacity
 - Different levels of care
- Shows several year process and lowered expectation of federal funds
 - Incorporates costs for placements outside of ESH

Issues to Consider

- What does redesign assume about SPA approval ?
 - What are allowable expenses?
 - Any other pending federal funds issues that impact budget considerations?
- How will staffing reflect new levels of care and need?
 - Future of lab, laundry, food service?
- What alternatives were considered?

Issues to Consider

- What is the placement capacity in the community for discharged patients?
 - Are investments needed to expand that?
- Are any law changes needed to facilitate the plan?
- How will new facility be financed?
 - Other capital cost revisions?

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