

Eleanor Slater Hospital: Billing Issue and Status Update

Staff Presentation to the
House Finance Committee
June 4, 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

served as through April 2020

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

Hospital and Community Rehabilitative Services

Eleanor Slater Hospital System
Cranston & Zambarano Campuses

Overview

- Background
- Federal Compliance and Billing Issues
- Recent History of Operational Changes
 - AMS/Other Contracts
 - Accreditation
 - Reorganization Plans
- Other Issues

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	31	93	221	761.8
FY 2020	49	35	46	92	222	752.8

	FY 2018	FY 2019	FY 2020 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

Overview

- Background
- **Federal Compliance and Billing Issues**
- Recent History of Operational Changes
 - AMS/Other Contracts
 - Accreditation
 - Reorganization Plans
- Other Issues

Federal Compliance and Billing Issues

- March 4 letter from OMB identified potential \$20.6 million problem related to federal funds and “IMD mix”
 - More than 50% psych patients=no Medicaid
 - March 11 hearing
- Third quarter reports from BHDDH(4/30) and OMB (5/19) identified additional \$15 million problem related to federal funds for forensic patients
 - May 20 hearing

Federal Compliance and Billing Issues

- Timeline – from committee testimony
 - Summer 2019 - new BHDDH financial management oversight structure
 - Identified billing issues at ESH
 - Fall 2019 - BHDDH notified EOHHS that there was a potential issue with IMD mix
 - Stopped billing feds in September
 - Other potential big issues also identified
 - Is billing Medicaid ok for forensic unit patients?
 - Are other billing practices in federal compliance?
 - November 2019 – hired outside counsel

Federal Compliance and Billing Issues

- IMD Mix testimony
 - March 11 Hearing
 - State was out of compliance from Aug to Feb 11th
 - There is continuous review of these classifications
 - Hospital staff evaluating patient needs
 - Determine which patients are medical & psychiatric
 - Who can be discharged
 - May 20 Hearing
 - Hospital staff continuing to do internal review
 - 3rd quarter report maintains \$20 million loss estimate but billing had not resumed

Federal Compliance and Billing Issues

- Forensic Population Testimony
 - March hearing
 - No clarity on billing Medicaid for forensic patients
 - CMS prefers states reach out for such clarity
 - No initial conclusion
 - May hearing
 - CMS guidance was that RI could not bill for forensic patients
 - 3rd quarter report assumes \$15.0 million in additional cost above IMD mix issue

Federal Compliance and Billing Issues

- Billing Practices – March Testimony
 - Staff restructuring also led to review of ESH billing practices
 - ESH stopped billing Medicaid while verifying that billing practices were in compliance
 - Manatt, Phelps & Phillips hired in November 2019
 - Administration noted it was “not comfortable” with documentation & Medicaid billings
 - State did not have the expertise to figure this out
 - \$20 million estimate assumed full resolution and resumption of billing

Federal Compliance and Billing Issues

- Billing Practices – May Testimony
 - ESH staff doing review of all 200 patients
 - Thorough medical assessment of each patient
 - Chief medical officer, social workers & nursing staff
 - Will examine the processes for billing & coding
 - Make sure that ESH is engaged in appropriate billing
- Specific potential problems with current billing not discussed
 - Appears to go beyond identified IMD and forensic issues

Federal Compliance and Billing Issues

- Billing Practices – May Testimony
 - Plan to hire firm for external review
 - Make sure legally billing for services
 - After the external review ESH will have correct procedures in place & updated processes for billing
- Timeline for resolution not addressed

Federal Compliance and Billing Issues

- Budget implications
 - Governor's revised budget includes \$119.6 million
 - \$61.1 million from Medicaid
 - BHDDH billed \$16.4 million from Medicaid
 - Through May
 - General revenue impact could be over \$45 million
 - Third quarter report acknowledges only \$35 million issue

Federal Compliance and Billing Issues

- FY 2021 Implications
 - Cannot bill feds for ~ 100 psychiatric patients
 - Current cost of ~\$600k per patient
 - Full state funding adds over \$30 million annual cost
 - Remaining 100 patients
 - Unresolved billing issues mean uncertainty for remaining ~ \$30 million in federal funds
 - Medicare and commercial insurers
 - Includes Medicare Part D pharmacy
 - Are there issues with these collections?

Federal Compliance and Billing Issues

Revenues (collections through May)	FY 2019	FY 2020	Change
Medicaid	\$46.6	\$16.4	\$(30.2)
Pharmacy Part D (Medicare)	2.3	1.2	(1.1)
3 rd party billings	2.0	0.6	(1.4)
Total	\$50.9	\$18.2	\$(32.7)

\$ in millions

Federal Compliance and Billing Issues

Hospital Budget by Fund Source	Enacted	Gov. Rev.	Gov. 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

Overview

- Background
- Federal Compliance and Billing Issues
- Recent History of Operational Changes
 - AMS/Other Contracts
 - Accreditation
 - Reorganization Plans
- Other Issues

Eleanor Slater Hospital

Recent History

- New BHDDH director – January 2015
 - Applied Management Services (AMS) hired in April 2015
 - Paid \$185,000 for FY 2015
 - 1-year contract effective September 2015
 - \$2.3 million
 - Contract extended another year
 - Paid monthly rate of \$0.2 million
 - Paid \$1.7 million for FY 2016 & \$1.7 million for FY 2017
 - Paid \$0.3 million for FY 2018

Eleanor Slater Hospital

Recent History

- Applied Management Services (AMS)
 - Management and consultation services
 - Review hospital structure
- 4 separate tasks in the contract
 - Executive Management – 10 activities
 - Analytics/Metrics – 5 activities
 - Finance/Budget – 4 activities
 - Special Projects/Enhancement Activities

Eleanor Slater Hospital

Recent History

Finance/Budget Task

- (1) Forecast budget expenditures & recommend strategies to improve cost efficiencies & provide tech. assistant to implement
- (2) Assist with developing productivity reports & staffing patterns. Identify savings opportunities and tools to track the savings
- (3) Identifying efforts to work with EOHHS to develop long term care alternatives
- (4) Contracted CFO will evaluate internal fiscal systems that reflect industry standards**

Eleanor Slater Hospital

Recent History

Contractor	Purpose	Total
AMS (prior to FY 2020)	Review hospital structure	\$3.2 million
Alvarez & Marsal		\$95,000
Manatt, Philips & Phelps	Legal Services	\$300,000
FTI Consulting (through Manatt)	Review of cost reports	
Ernst & Young (noted in Q3 no contract yet)	Fiscal Billing Audit	\$150,000
PCG Consulting	Cost Allocation Plan	\$300,000
???	External Medical Review	???

Eleanor Slater Hospital

Recent History

- Contract with Alvarez & Marsal
 - Not covered in prior testimony
 - 10-day hospital assessment October 15 – October 25, 2019
 - Scope of work included a patient census
 - Primary diagnosis of either psychiatric/medical
 - Length of stay/Medicaid eligibility
 - Could ESH transition into an inpatient psychiatric hospital
 - No formal report made available
 - \$95,000

Eleanor Slater Hospital

Recent History

- AMS completed a review of medical records in February 2016
 - An action plan identifying 15 opportunities for improvement was provided
 - Review noted that opportunities are in the process of being addressed by BHDDH
 - No record of any such changes
- Also recommended a new hospital organizational structure
 - Included new positions

Eleanor Slater Hospital

Recent History

- November 2015
 - AMS provided interim management services
 - While doing a national executive search
 - New organizational structure with clear lines of authority

Current staff	Prior Positions
Chief Executive Officer (hired 2/2017)	Administrator
Chief Financial Officer (hired 7/2017)	N/A
Chief Medical Officer (hired 1/2016; 9/2018)	N/A
Chief Nursing Officer (hired 9/2017)	N/A
Quality Assurance Officer (hired 1/2018)	N/A

Overview

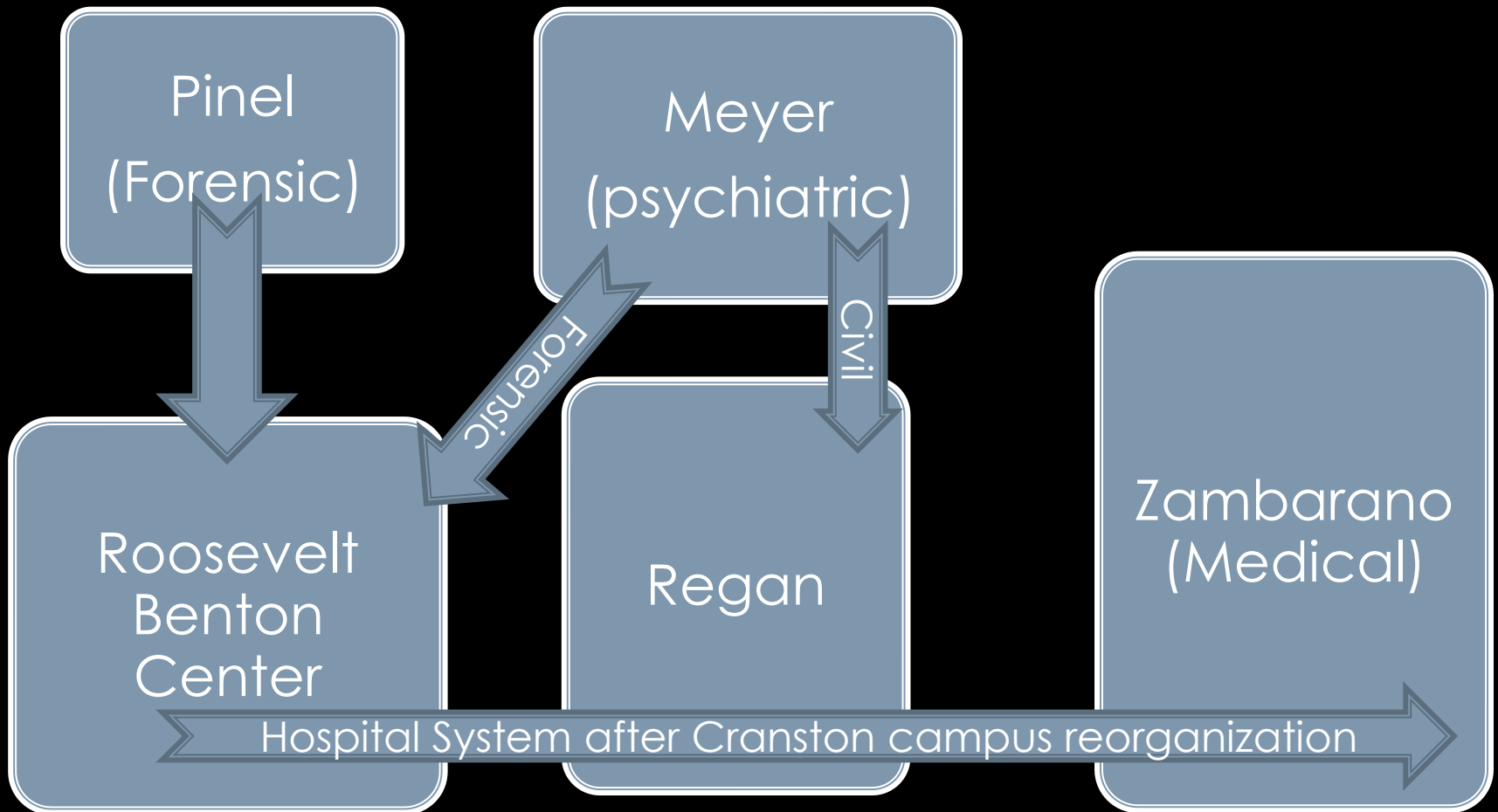
- Background
- Federal Compliance and Billing Issues
- Recent History of Operational Changes
 - AMS/Other Contracts
 - Accreditation
 - Reorganization Plans
- Other issues

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 plan

Reorganization Plans



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

Reorganization Plans

- Section 4 of Article 4 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

Reorganization Plans

Floor	Purpose	Original Plan	New	Spent
1 st	Main entry/kitchen	\$6.4	\$3.5	\$-
2 nd	Medical /staff space	3.1	3.1	-
3 rd *	Psychiatric Unit	5.3	5.2	-
4 th /5 th	Psychiatric Unit	10.6	10.4	-
6 th *	Medical Unit	3.0	5.0	-
Other Major Items		6.0	21.2	-
Design & Contingency		7.6	5.6	2.3
Total		\$42.0	\$53.9	\$2.3

\$ in millions - 3rd floor was 27 and 6th floor was 26 in original plan

Reorganization Plans

- Timeline assumes emptying Regan building in September 2020
 - Medical & psychiatric patients to Meyer
 - Move 13 patients who are on ventilators to Landmark
 - BHDDH has not signed a contract
 - State Properties Committee approved
 - Plan is contingent upon moving these patients
 - Capital plan assumes \$1.5 million to lease space
 - December 2021 reopen

Reorganization Plans

	Pre-FY 2020	FY 2020	FY 2021	FY 2022	Total
RICAP	\$7.9	\$3.0	\$12.0	\$5.0	\$27.9
COPS Issued	1.8	8.2	12.0	-	22.0
Subtotal	\$9.6	\$ 11.2	\$24.0	\$5.0	\$49.9
New COPS	-	-	12.0	-	12.0
Total	\$9.6	\$11.2	\$36.0	\$5.0	\$61.9

\$ in millions

- Annual debt service is \$1.0 million on new issuance
 - Assuming 2.75% & 15 yr. term

Reorganization Plans

- Multiple versions of this project over past decade
- Different combinations of new and reused space

5-Year Plan	Total Cost
FY 2021 – FY 2025	\$61.9
FY 2020 – FY 2024	\$49.9
FY 2019 – FY 2023	\$23.8
FY 2018 – FY 2022	\$5.7
FY 2017 – FY 2021	\$1.0
FY 2016 – FY 2020	\$3.2
FY 2015 – FY 2019	\$22.9
FY 2014 – FY 2018	\$38.4
FY 2013 – FY 2017	\$36.1
FY 2012 - FY 2016	\$28.2

\$ in millions

Overview

- Background
- Federal Compliance and Billing Issues
- Recent History of Operational Changes
 - AMS/Other Contracts
 - Accreditation
 - Reorganization Plans
- Other Issues

Other Issues

- Actions to date
 - EOHHS has submitted a Medicaid state plan amendment formalizing ESH billing (cost based payment) methodology
 - Regulation promulgated for long term care facilities related to IMD definition
 - How and when to count patients by category
 - Hospitals/nursing homes & other facilities

Other Issues

- Other issues:
 - How does this impact the new capital plan?
 - Operational costs considerations
 - When will internal & external reviews be finished ?
 - Final estimate of lost federal funds for FY 2020?
 - Future of federal funds available for FY 2021 ?

Eleanor Slater Hospital: Billing Issue and Status Update

Staff Presentation to the
House Finance Committee
June 4, 2020
