Health Safety Net Annual Report

Fiscal Year 2015

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Introduction

The Executive Office of Health and Human Services (EOHHS) hereby submits this report to the Massachusetts Legislature in compliance with Chapter 46 of the Acts of 2015, Line Item 4000-0300, which calls for EOHHS to report on the utilization of the Health Safety Net Trust Fund, including:

- The number of persons whose medical expenses were billed to the Health Safety Net Trust Fund in fiscal year 2015,
- The total dollar amount billed to the Health Safety Net Trust Fund in fiscal year 2015,
- The demographics of the population using the Health Safety Net Trust Fund,
- The types of services paid for out of the Health Safety Net Trust Fund in fiscal year 2015, and

This report reflects Health Safety Net (HSN) utilization during HSN fiscal year 2015 (HSN15), which ran from October 2014 through September 2015.

HSN Overview

- The Health Safety Net (HSN), created by Chapter 58 of the Acts of 2006, makes payments to hospitals and community health centers for health care services provided to low-income Massachusetts residents who are uninsured or underinsured.
- Massachusetts residents who are uninsured or underinsured and have incomes up to 200% of the Federal Poverty Level (FPL) are eligible for full HSN primary or full HSN secondary. If residents have incomes above 200% and up to 400% of the FPL, they are eligible for partial HSN or partial HSN secondary, which includes a sliding scale deductible based on income. Low income residents who are enrolled in MassHealth, ConnectorCare, or other insurance may be eligible for HSN secondary for certain services not covered by their primary insurance. In HSN15, Commonwealth Care members were also eligible for HSN Secondary for dental services until this program ended on January 31, 2015.
- The HSN pays acute hospitals and community health centers based on claims, which are adjudicated to verify that the patient is eligible and the services are covered. HSN payment rates for most services are based on Medicare payment principles.
- HSN15 funding included the following sources: An assessment on acute hospitals' private sector charges ($165 million); a surcharge on payments made to hospitals and ambulatory surgical centers by HMOs, insurers, third party administrators, and individuals ($165 million); an annual appropriation from the Commonwealth's General Fund ($30 million); and offset funding for uncompensated care from the Medical Assistance Trust Fund ($70 million).

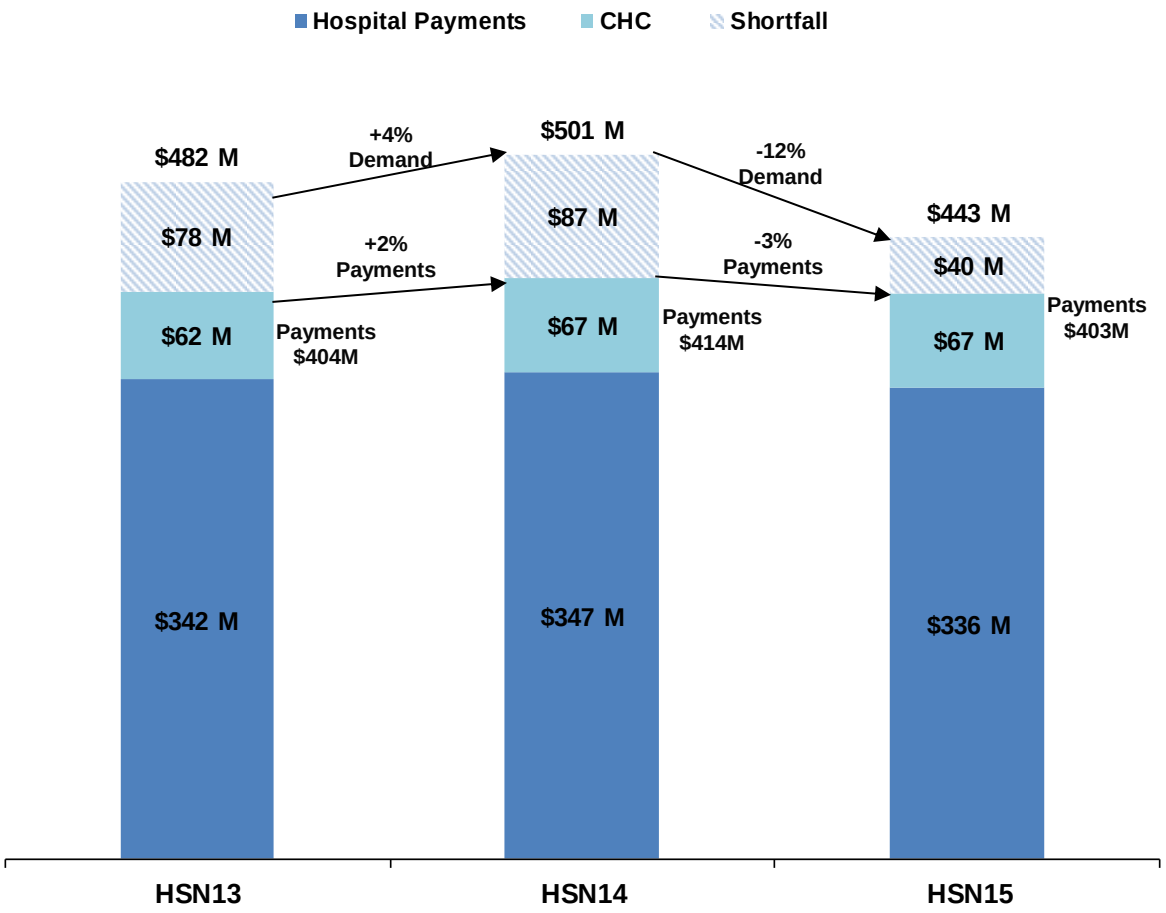
Notes on Data

- As required by Chapter 68 of the Acts of 2011, HSN medical claims processing transitioned from the Health Safety Net Office's claims adjudication system to MassHealth's Medicaid Management Information System (MMIS) in July of 2012.
- In order to prepare for the transition, the Health Safety Net Office stopped accepting medical claims as of May 1, 2012. The first payments based on claims submitted to MMIS were made in January 2013. During this transition period, providers received interim payments based on their historical claim volume.
- After the transition, interim payments were recovered and providers were paid for claims from the transition period, many of which would have been paid during HSN12 under normal circumstances.
- HSN reports prior to HSN13 have reported data based on the month in which claims were paid. However, applying this methodology to data from the transition period would misrepresent claim volume and demand. Therefore, unless otherwise specified, data in this report is reported by date of service.
- Data from prior periods may differ from data previously reported due to this change in methodology, and data for the periods included in this report is subject to change as additional claims are processed.

Impact of ACA Implementation

- Implementation of the Affordable Care Act began to affect HSN utilization in HSN14, as many HSN members became eligible for other programs.
- Due to systems issues beginning in January 2014 and continuing into calendar year 2015 related to implementation of the Affordable Care Act (ACA), the Commonwealth was unable to accurately determine many applicants' eligibility.
- Many applicants who may have otherwise been determined eligible for the HSN were given temporary MassHealth coverage until the systems issues were resolved. As a result, HSN utilization may have been artificially low in HSN14 and HSN15.
- Over the course of calendar year 2015, MassHealth and the Connector worked to resolve these issues and place members into appropriate, non-temporary coverage. Some of these individuals were determined eligible for the HSN or other programs that receive HSN secondary eligibility.
- The HSN has begun to see its users, and subsequently volume and payments, increase in the latter part of HSN15 as more individuals are being determined eligible for the HSN.

HSN Total Demand and Payment Trends

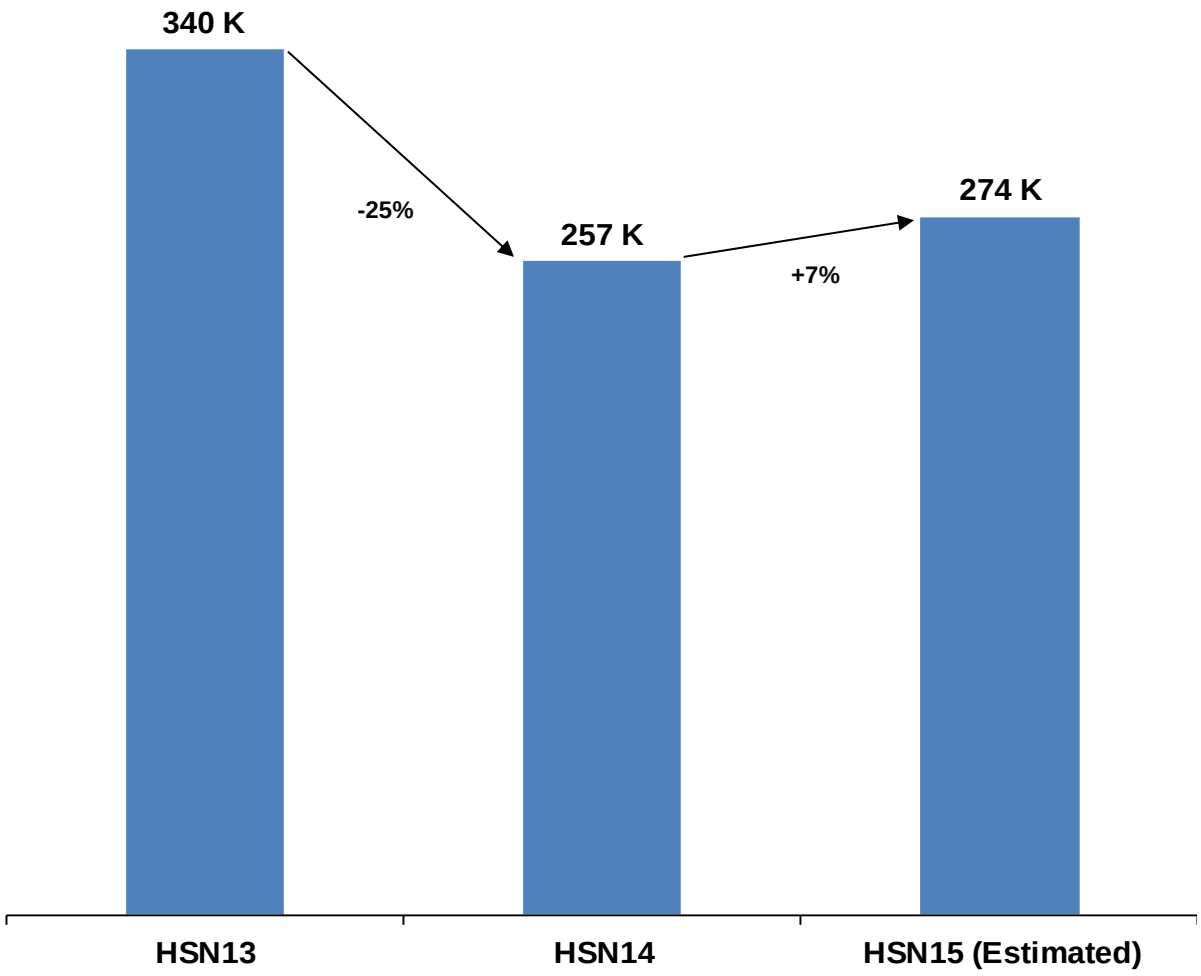


Demand represents the amount that providers would have been paid in the absence of a funding shortfall. Because in Health Safety Net fiscal year 2015 (HSN15) demand exceeded HSN15 funding, hospital providers experienced a $40 million shortfall during HSN15.

Due to claims processing adjustments that affected HSN13, HSN demand decreased by 13% between HSN12 (not shown here) and HSN13. The moderate increase in demand between HSN13 and HSN14 is likely the result HSN13 demand being lower than it would have been under normal circumstances, rather than an increase in demand for HSN services in HSN14.

Notes: The Health Safety Net fiscal year runs from October 1 through September 30 of the following year. Hospital and community health center payments are reported in the month in which payment was made. The shortfall amount is based on spending assumptions in place during the fiscal year and may differ from year-end shortfall estimates reported elsewhere. Data reflect payment and projected demand levels as of the end of each fiscal year and exclude adjustments made after the end of the fiscal year. Numbers are rounded to the nearest million and may not sum due to rounding; percent changes are calculated prior to rounding.
Source: Health Safety Net Payment Calculation.

HSN Total User Trends



The Health Safety Net (HSN) Office estimates it will have paid claims for medical services that will be provided to 274,000 individuals in HSN15.

A portion of claims for HSN15 dates of service have not yet been submitted. These claims may represent unique users that are not yet accounted for in the existing claims data. The total number of HSN15 users is estimated based on current claims data and historical claims experience.

The overall decrease in HSN users from HSN13 to HSN14 is likely due to HSN-eligible individuals being transitioned into expanded MassHealth coverage under the ACA, and in some cases placed into temporary MassHealth coverage due to systems issues.

The overall increase in HSN users from HSN14 to HSN15 is likely due to individuals in temporary coverage being determined into their appropriate coverage types.

Notes: The Health Safety Net fiscal year runs from October 1 through September 30 of the following year. Users who receive a service in more than one setting (hospital, community health center) or from more than one payment type (low income patient, emergency bad debt) are counted only once. Users are reported on claims for which payments were made to hospital and community health center providers based on date of service. HSN13 and HSN14 user counts differ from data previously reported as user counts change as new claims are processed. Numbers are rounded to the nearest thousand; percent changes are calculated prior to rounding.
Source: Health Safety Net Data Warehouse as of 10/26/2015.

Top Ten Inpatient Major Diagnostic Categories

Inpatient Major Diagnostic Categories (MDC) for HSN15	Percent Inpatient Discharges	Percent Inpatient Payments
Circulatory System Diseases	16%	17%
Digestive System Diseases	12%	12%
Respiratory System Diseases	12%	8%
Musculoskeletal System and Connective Tissue Diseases	8%	10%
Nervous System Diseases	7%	7%
Mental Illness	6%	5%
Infectious and Parasitic Diseases	6%	6%
Kidney and Urinary Tract Diseases	5%	4%
Endocrine, Nutritional, and Metabolic Diseases	5%	6%
Hepatobiliary System and Pancreas Diseases	5%	6%
Total for Top Ten	**82%**	**80%**

In Health Safety Net fiscal year 2015 (HSN15), the top ten diagnostic categories accounted for 82% of inpatient discharges and 80% of inpatient payments.

Circulatory, digestive, respiratory, and musculoskeletal system diseases and were the top four diagnostic categories among inpatient claims.

These four diagnostic categories comprised 48% of inpatient discharges and 47% of inpatient payments.

Notes: I The Health Safety Net fiscal year runs from October 1 through September 30 of the following year. Inpatient claims are grouped into major diagnostic categories (MDCs) using version 32 of the MS-DRG grouper, depending on the date of service on the claim. Hospital inpatient volume is inpatient discharges reported in the month in which the service was provided. Hospital inpatient volume excludes pharmacy claims. Hospital inpatient payments are reported in the month in which the service was provided. Hospital inpatient payments exclude pharmacy payments. Numbers are rounded to the nearest percent.
Source: Health Safety Net Data Warehouse as of 10/26/2015.

Top Ten Outpatient Clinical Classification (CCS) Diagnosis Categories

Outpatient CCS Diagnosis Categories for HSN15	Percent Outpatient Visits	Percent Outpatient Payments
Symptoms, signs, and ill-defined conditions and factors influencing health status	16%	17%
Musculoskeletal system and connective tissue diseases	12%	11%
Endocrine, nutritional, and metabolic diseases and immunity disorders	8%	8%
Nervous system and sense organs diseases	8%	9%
Circulatory system diseases	8%	7%
Genitourinary system diseases	8%	8%
Neoplasms	6%	8%
Respiratory system diseases	6%	5%
Mental Illness	6%	4%
Digestive system diseases	5%	5%
Total for Top Ten	**83%**	**82%**

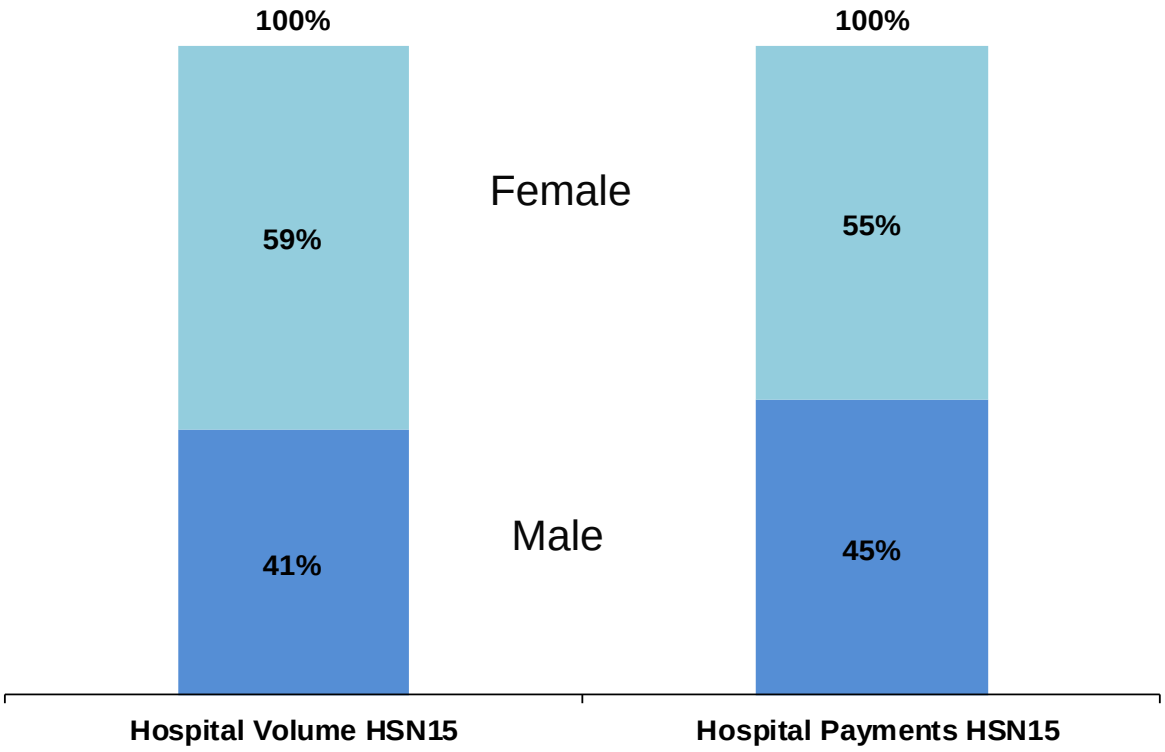
In Health Safety Net fiscal year 2015 (HSN15), the top ten clinical classification (CCS) diagnosis categories accounted for 83% of outpatient visits and 82% of outpatient payments.

Symptoms, signs, and ill-defined conditions and factors influencing health status; musculoskeletal system; and endocrine, nutritional, and metabolic diseases were the top three CCS diagnosis categories among outpatient claims.

These three CCS diagnosis categories comprised 36% of outpatient visits and 36% of outpatient payments.

Notes: The Health Safety Net fiscal year runs from October 1 through September 30 of the following year. Outpatient 837I claims are grouped using the Clinical Classification Software (CCS) from the Agency for Healthcare Research and Quality (AHRQ). Hospital outpatient claims are claims reported in the month in which the service was provided. Hospital outpatient claims exclude pharmacy claims. Hospital outpatient payments are reported in the month in which the service was provided. Hospital outpatient payments exclude pharmacy payments. Numbers are rounded to the nearest percent.
Source: Health Safety Net Data Warehouse as of 10/26/2015.

Hospital Utilization and Payments by Gender



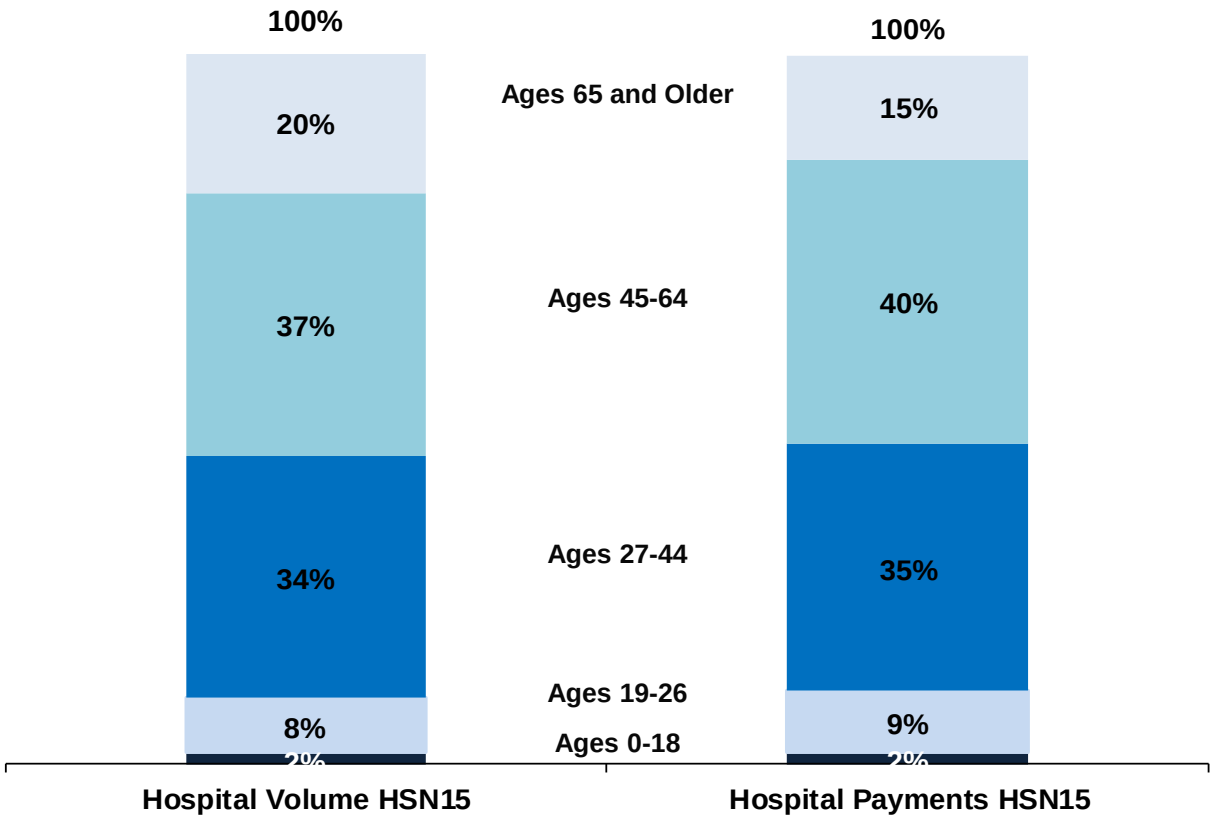
In Health Safety Net fiscal year 2015 (HSN15), women accounted for 59% of volume and 55% of payments while men accounted for 41% of volume and 45% of payments.

For comparison purposes, men accounted for 42% of volume and 48% of payments in HSN14.

Though men used fewer services than women and payments for men's services were lesser than payments made for women's services, men received more expensive services than women as services provided to men made up a greater percentage of payments than of volume.

Notes: The Health Safety Net fiscal year runs from October 1 through September 30 of the following year. Hospital volume is the sum of inpatient discharges and outpatient visits reported in the month in which the service was provided. Hospital volume excludes pharmacy claims. Hospital payments are reported in the month in which the service was provided. Hospital payments exclude pharmacy payments. Numbers are rounded to the nearest percent and may not sum to 100% due to rounding.
Source: Health Safety Net Data Warehouse as of 10/20/2015.

Hospital Utilization and Payments by Age



In Health Safety Net fiscal year 2015 (HSN15), the non-elderly adult population (ages 19 to 64) accounted for 79% of hospital volume and 84% of hospital payments.

Because the Health Safety Net (HSN) is a secondary payer for low-income Medicare patients, adults ages 65 and older accounted for 20% of hospital volume yet only 15% of hospital payments.

Notes: The Health Safety Net fiscal year runs from October 1 through September 30 of the following year. Hospital volume is the sum of inpatient discharges and outpatient visits reported in the month in which the service was provided. Hospital volume excludes pharmacy claims. Hospital payments are reported in the month in which the service was provided. Hospital payments exclude pharmacy payments. Numbers are rounded to the nearest percent and may not sum to 100% due to rounding.
Source: Health Safety Net Data Warehouse as of 10/20/2015.

Hospital Responsiveness to Enrolling Patients in MassHealth

Chapter 165 of the Acts of 2014 requests an analysis on hospitals' responsiveness to enrolling eligible individuals into the MassHealth program upon the date of service rather than charging those individuals to the Health Safety Net Trust Fund.

Due to systems issues at the beginning of 2014 related to ACA implementation, the Commonwealth was unable to accurately determine applicants' eligibility in many cases. These systems issues impacted eligibility determinations for MassHealth, Health Connector programs, and the Health Safety Net. In order to provide coverage at this time, the Commonwealth temporarily extended Commonwealth Care and the Medical Security Plan (MSP) for enrolled members, and enrolled new applicants who did not have other coverage into temporary MassHealth coverage.

As a result of these systems issues, the Commonwealth was unable to determine eligibility using its normal eligibility processes in many cases. Many applicants who may have otherwise been determined eligible for the HSN were determined into a temporary coverage type. During HSN14, over 300,000 individuals were enrolled in temporary MassHealth coverage, which indicated that hospitals were taking active steps to enroll patients in appropriate subsidized coverage. Beginning in calendar year 2015, MassHealth and the Connector began to redetermine patients' eligibility to ensure they were placed in the correct coverage type. All individuals who were in temporary coverage, Commonwealth Care, and MSP were required to submit new applications. Many applicants have submitted applications and been determined into another coverage type, further indicating that hospitals are working to enroll patients in appropriate coverage.

Like the previous eligibility determination system, the new system first assesses whether an applicant is eligible for MassHealth. If the applicant is not eligible for MassHealth, eligibility for ConnectorCare or other Qualified Health Plans is evaluated, followed by HSN eligibility. Therefore, an applicant cannot be determined eligible for the HSN without first having their eligibility for MassHealth and Connector programs considered.

Under the ACA, providers and other organizations have the opportunity to have staff members trained as Certified Application Counselors that can assist patients with applying for and enrolling in health insurance through the new application system. Hospitals have demonstrated a high level of interest in the program, suggesting that they are taking active steps to enroll patients into insurance coverage. There are currently 1610 CACs registered statewide, 562 of whom are from acute hospital organizations. All of the 61 hospitals that bill claims to the HSN are participating in the CAC program.