



Review of Recommendations for March Report: Upper Payment Limit Compliance

—
Medicaid and CHIP Payment and Access Commission

Robert Nelb

Overview

- Recap discussion from December meeting
- Review changes to recommendation language
- Draft recommendations

December Recap

- Staff reviewed a draft chapter summarizing MACPAC's analyses of hospital upper payment limit (UPL) payments
 - In 17 states, the actual amount of UPL payments made in state fiscal year 2016 appear to have exceeded the limit calculated on state UPL demonstrations by \$2.2 billion in the aggregate
 - The limits calculated on state UPL demonstrations are not routinely used in the review of claimed expenditures

Changes to Recommendations

- Expanded discussion of the range of process controls that could be implemented to ensure that spending is below the UPL
 - Certifying UPL demonstration data is one of many process controls that could be put in place
 - Additional controls can be implemented before and after states submit UPL demonstration data
- Reviewed the tone of the chapter to balance concerns about MACPAC's findings with caution about the accuracy of underlying data

Draft Recommendation 1

- The Secretary of the U.S. Department of Health and Human Services should establish process controls to ensure that annual hospital upper payment limit demonstration data are accurate and complete and that the limits calculated with these data are used in the review of claimed expenditures

Recommendation 1: Rationale

- The UPL is intended to provide an upper limit on Medicaid payments to providers
- Existing information is not reliable
- The Centers for Medicare & Medicaid Services (CMS) could implement a range of process controls to better enforce UPL compliance

Recommendation 1: Impact

- Federal government
 - If CMS determines that overpayments were made, it could recoup federal funds
 - CBO does not assume federal budget savings for proposals that enforce existing policy
- States
 - May affect state administrative effort
- Providers
 - If CMS determines that overpayments were made, it could result in reduced funding for some providers
- Enrollees
 - Effects depend on how providers respond

Draft Recommendation 2

- To help inform development of payment methods that promote efficiency and economy, the Secretary of the U.S. Department of Health and Human Services should make hospital upper payment limit demonstration data and methods publicly available in a standard format that enables analysis

Recommendation 2: Rationale

- UPL payments were the largest type of hospital supplemental payment reported in fiscal year 2017, but we do not have data on how the \$13.1 billion in hospital UPL payments was spent
- CMS already publicly reports hospital-specific data on DSH payments
- This recommendation builds on MACPAC's prior recommendations
 - UPL demonstrations are an existing data source that can be reported without creating a new system
 - Data can support analyses of changes in payment policy

Recommendation 2: Impact

- Federal government
 - No change in federal spending expected
 - Increased federal administrative effort
- States
 - Limited effect because states already provide this information to CMS
- Providers and enrollees
 - No direct effect



Review of Recommendations for March Report: Upper Payment Limit Compliance

—
Medicaid and CHIP Payment and Access Commission

Robert Nelb