In the FFY 2018 Inpatient Prospective Payment System (IPPS) proposed rule, CMS proposes to begin the phase-in of Worksheet S-10 data to determine the amount of uncompensated care (UCC) provided by hospitals beginning in FFY 2018.

I am concerned S-10 data remains inappropriate for the purposes of distributing UCC payments.

- S-10 data lacks accuracy, consistency and completeness, and should not be used.
- S-10 data is not audited and is vulnerable to inaccuracy.
- S-10 database may not include all eligible hospitals.

Moving away from the current formula to S-10 data will create a substantial redistribution of Medicare Disproportionate Share Hospital (DSH) funding across the country and shift these important resources from Illinois.

This redistribution will create instability and, in particular, harm institutions nationwide that already function on razor-thin margins. Moreover, CMS is not using data from Worksheet S-10 appropriately because uncompensated care costs, as used in the Medicare Disproportionate Share payment formula, should also include the unreimbursed costs attributable to services provided to Medicaid, Children’s Health Insurance Program and other Indigent program patients.

Last year, CMS committed to engaging stakeholders to refine definitions and allow sufficient time for reporting under the new definitions before the move to S-10. The final FFY 2017 IPPS rule stipulated that transition to S-10 would begin no later than FFY 2021. Proposing to begin using it next year allows little, if any, preparation time for hospitals.

Prior to the initial S-10 implementation year, I suggest CMS engage stakeholders to review and refine definitions where necessary and allow sufficient time for hospitals to incorporate any changes that may be required of their accounting systems.

Finally, CMS needs to make public the S-10 audit guidelines that it will issue to its contractors to ensure that hospitals will understand the documentation required of them and also that those contractors will accurately calculate a specific hospital’s uncompensated care.

Therefore, I believe the S-10 uncompensated care data is not appropriate for use at this time, and I urge CMS to delay implementation of the S-10 worksheet for at least one more year or later, depending upon when the above concerns can be resolved.

©2020 Illinois Health and Hospital Association