

NATIONAL ASSOCIATION OF URBAN HOSPITALS

Private Safety-Net Hospitals Caring for Needy Communities

December 4, 2003

Ms. Susan Burris
Director of Cost Reporting
Centers for Medicare & Medicaid Services (CMS)
C5-03-03
7500 Security Boulevard
Baltimore, MD 21244

Re: Comments Related to the S-10 Worksheet and Related Instructions

Dear Ms. Burris:

I am writing on behalf of the National Association of Urban Hospitals regarding recent changes to the S-10 worksheet and the Form CMS 2552-96 and the related instructions that hospitals are required to complete and submit to the Centers for Medicare and Medicaid Services (CMS). Specifically, I am writing to address the new items on the cost report that seek data regarding hospitals' uncompensated care.

Background

The effort to collect data on hospital uncompensated care has been under way now for several years. In general, the National Association of Urban Hospitals (NAUH) supports CMS's effort to learn more about the uncompensated care that hospitals provide. We believe that such information is extremely important and can be very useful in developing future government health care reimbursement policy. We have commented on past CMS plans to collect such information and are pleased to see that later versions of this undertaking reflect your consideration of many of our concerns and your efforts to address them. We have been pleased with many aspects of the changes you have made since the first version of the proposed changes appeared several years ago.

Two Remaining Concerns

NAUH has two remaining major concerns about the latest version of CMS's effort to obtain hospital data on uncompensated care. They are:

- A technical flaw in the new cost report.
- Continued concerns about the comparability of the data to be collected.

We address these two concerns below and then offer our recommendations.

A Technical Flaw in the New Cost Report

NAUH believes that line 14.01 on Form CMS-2552-96 has a technical flaw. The context of line 14.01 suggests that it should ask for a specific number, but instead, it seeks only a yes/no response. We believe this should be changed to ask for a specific figure.

In the new version, line 14.01 states “Do you receive direct financial support from that government entity for the purpose of providing uncompensated care?” This question calls for a yes or no response. Line 14.02 states, “What percent of the amount on line 14.01 is from government funding?” Line 14.02, as you can see, assumes that line 14.01 is a number. Consequently, we believe that line 14.01 should be reworded to ask about the amount of direct financial support that a hospital receives from other government entities for the purpose of providing uncompensated care and should call for a number as a response, not a yes or no answer.

Also, while we appreciate the steps taken to centralize all of the questions regarding uncompensated care on the new S-10 worksheet, we find that the latest directions, while clearer than the previous set, remain minimal and ambiguous. We believe this will lead to shortcomings in the quality of the data submitted to CMS by hospitals.

Continued Concerns About the Comparability of the Data to be Collected

NAUH continues to have major concerns about both the quality of the data that CMS is collecting through this effort and the manner in which it will or may be used in the future.

Our biggest concern is that while CMS has made a major effort to standardize the data that hospitals are being asked to provide, that data still has not truly been standardized. Hospitals account for both major data components – the uncompensated care they provide and revenue they receive that may be related to uncompensated care – in many different ways that vary from hospital to hospital and state to state. Differences also are great, we believe, among different types of hospitals – public hospitals versus non-profit hospitals versus for-profit hospitals. The result, we feel, is that the data you receive will be inconsistent from hospital to hospital – that is, it will not tell the same story in the same manner about each and every hospital – and will therefore lead not to the “apples-to-apples” comparison that would be so useful for the development of public policy but instead to an “apples-to-oranges” comparison that will be wholly without value.

An example is the matter of reporting revenue from state and local governments used to support the operation of hospitals, even if these funds are not directly tied to uncompensated care. NAUH raised this issue previously, and we are pleased that CMS addressed it before and has now included among the data to be reported non-patient-specific non-restricted grants. Nevertheless, we still believe that it may not be clear to public hospitals that they are being asked to report *all* of the funds they receive from their state and local governments.

Because the data will be so inconsistent and flawed, it will be without value in considering public policy. Using it will lead to flawed analysis that could, in turn, lead to flawed public policy. Sharing it with non-governmental policy advocates and analysts without the strongest possible warnings about its overriding inadequacies could lead those advocates and analysts to deeply flawed conclusions about the impact and value of current public policies and could lead to public discussion and debate on government health care policy that has, as its foundation, incredibly flawed data and analysis. This would be disastrous for all stakeholders in the U.S. health care system.

NAUH's Recommendations

NAUH recognizes CMS's commitment to this process and to gathering credible information on uncompensated care provided by hospitals nation-wide. This first effort will yield information, but it will not be credible information. Consequently, we urge you to view this information only for its educational value and for its ability to guide further refinements of the information-gathering process. Accordingly, we ask that you use it only to refine future, much-needed information-gathering efforts, that you not use it for any policy-making purposes of any kind, and that you not share it in any form through which it might be used by people interested in attempting to draw broad conclusions about public policy based on deeply flawed data. We also urge CMS to correct the problem identified above on line 14.01 of Form CMS-2552-96.

About the National Association of Urban Hospitals

The National Association of Urban Hospitals advocates for adequate recognition and financing of private, urban safety-net hospitals that serve America's needy urban communities. These private, urban, safety-net hospitals differ from other hospitals in a number of key ways: they serve communities whose residents are much older and poorer; they are far more reliant on Medicare and Medicaid for revenue; and they provide far more uncompensated care.

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Once again, NAUH appreciates the many efforts you have made in the past to learn more about our concerns and to respond responsibly to them. We are prepared to provide any assistance you seek to help CMS achieve its goal of gathering useful, credible data on uncompensated care provided by urban hospitals and other hospitals throughout the country.

Sincerely,

Ellen Kugler, Esq.
Executive Director