Appendix C. MEIP Hospital Calculation Sample

MEIP Hospital Incentive Payment Calculation Worksheet Version 1.1

Last updated: 11/06/2012

Step 1: Calculate growth rate

	Total Discharges (Source1: CMS-2552-10 Medicare Cost Report Worksheet S-3, Part I, col. 15, line 14) OR (Source2: CMS-2552-96 Medicare Cost Report Worksheet S-3, Part I, Col. 15, Line 12)		Previous Year		Difference		Previous Year		Percent Change		Years of Data		Average Growth Rate
Year 1 (Federal Fiscal (FF) Year prior to payment year))	18,015	-	18,131	=	(116)	÷	18,131	=	-0.006397882				
Year 2 (1st Previous FF Year)	18,131	-	17,297	=	834	÷	17,297	=	0.048216454				
Year 3 (2nd Previous FF Year)	17,297	-	16,773	=	524	÷	16,773	=	0.031240684				
Year 4 (3rd Previous FF Year)	16,773								0.073	÷	3	=	2.44%

Step 2: Calculate initial payments

	Total Discharges		Average Growth Rate		Adjusted Discharges	Allowed Discharges (max=21,850)		Discharges Rate		Discharge Cost		Base Amount		Transition Factor		Initial EHR Payment
Year 1	18,015	+	0	=	18,015	16,865	×	$200	=	$3,373,000	+	$2,000,000	×	1	=	$5,373,000
Year 2	18,015	+	2.44%	=	18,454	17,304	×	$200	=	$3,460,744	+	$2,000,000	×	0.75	=	$4,095,558
Year 3	18,454	+	2.44%	=	18,903	17,753	×	$200	=	$3,550,625	+	$2,000,000	×	0.50	=	$2,775,313
Year 4	18,903	+	2.44%	=	19,363	18,213	×	$200	=	$3,642,695	+	$2,000,000	×	0.25	=	$1,410,674
															Overall EHR Amount:	**$13,654,544.48**

Note: There is no dischange allowance for discharges less than 1,150 and more than 23,000 (23,000 - 1,150 = 21,850).

Step 3: Calculate Medicaid share

	Total Charges (Source1: CMS-2552-10 Medicare Cost Report Worksheet C, Part I, col. 8, line 200) OR (Source2: CMS-2552-96 Medicare Cost Report Worksheet C, Part I, Col. 8, Line 101)		Charity Care Charges* (Source1: HAR line 0762) OR (Source2: CMS-2552-10 Medicare Cost Report Worksheet S-10, col. 3, line 20) OR (Source3: CMS-2552-96 Medicare Cost Report Worksheet S-10, Line 30 minus HAR 0621)		Total Charges		% of Noncharity Charges		Total Inpatient Days (Source1: CMS-2552-10 Medicare Cost Report Worksheet S-3 part I, col. 8, line 1, 2 + lines 8-12) OR (Source2: CMS-2552-96 Medicare Cost Report Worksheet S-3, Part I, Col. 6, Line 1, 2 +lines 6-10)		Adjusted Inpatient Days		Medicaid Inpatient Days FFS** (Source1: CMS-2552-10 Medicare Cost Report Worksheet S-3 part I, col. 7, line 1 + lines 8-12) OR (Source2: CMS-2552-96 Medicare Cost Report Worksheet S-3, Part I, Col. 5, Line 1 + lines 6-10)		Medicaid Inpatient Days MC*** (Source1: CMS-2552-10 Medicare Cost Report Worksheet S-3 part I, col. 7, line 2) OR (Source2: CMS-2552-96 Medicare Cost Report Worksheet S-3, Part I, Col. 5, Line 2)		Adjusted Inpatient Days		Medicaid Share
Current Yr	$939,854,524.00	-	$44,821,846.00	÷	$939,854,524	=	0.95	×	97,530	=	92,879		8,889	+	20,309	÷	92,879	=	31.44%

Step 4: Calculate aggregate amount

	Overall EHR Amount		Medicaid Share		Aggregate EHR Amount
Current Yr	$13,654,544	×	31.44%	=	$4,292,534.96

Step 5: Apply MN hospital incentive payout schedule

	Aggregate EHR Amount		Payout Percentage		Annual Incentive Payment
Year 1	$4,292,535	×	50%	=	$2,146,267.48
Year 2	$4,292,535	×	40%	=	$1,717,013.98
Year 3	$4,292,535	×	10%	=	$429,253.50
					$4,292,534.96

MEIP Hospital Calculation Worksheet footnotes

* **Charity Care Charges** - If bad debt is present, remove it. The HAR line 0762 value should not include bad debt. The CMS-2552-10 Medicare Cost Report Worksheet S-10, col. 3, line 20 value should not include bad debt. To calculate net Charity Care using the CMS 2552-96 form, subtract the HAR Report 0621 Bad Debt amount from the CMS-2552-96 Medicare Cost Report Worksheet S-10, Line 30 amount (an Uncompensated amount and not exclusive to Charity Care).

**** Medicaid Inpatient Days FFS** - To calculate net value, SUBTRACT Managed Care (MC) patient days, Medicaid eligible days for which no payment was received and nursery days after discharge from CMS-2552-10 Medicare Cost Report Worksheet S-3 part I, col. 7, line 1 + lines 8-12 or CMS-2552-96 Medicare Cost Report Worksheet S-3, Part I, Col. 5, line 1 +lines 6-10.

***** Medicaid Inpatient Days MC** – To calculate net value, SUBTRACT Medicaid Fee-For-Service (FFS) secondary payer patient days, Medicaid eligible days for which no payment was received and nursery days after discharge from CMS-2552-10 Medicare Cost Report Worksheet S-3 part I, col. 7, line 2 or CMS-2552-96 Medicare Cost Report Worksheet S-3, Part I, Col. 5, Line 2.

Requirement: Hospitals are required to use their CMS approved cost report. If a CMS approved cost report is not used then supporting documentation will be required. Hospitals are to use their MN Hospital Annual Report (HAR) when necessary.