



Formerly known as Triangle Orthopaedic Associates, P.A.

**From:**

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**To:**

North Carolina Division of Health Services Regulation  
Healthcare Planning  
2704 Mail Service Center  
Raleigh, North Carolina 27699-2704

**Subject:**

**Support and Comments**

**Ortho Carolina Petition for Adjustment in 2018 SMPF**

**RE: Charity Care Calculation for North Carolina ASC Demonstration Project**

As one of the Demonstration Project Single Specialty ASCs, Triangle Orthopaedics Surgery Center, LLC (TOSC) submits this letter in support of the proposal by Ortho Carolina to adjust the method to calculate indigent care by participating ASCs. By and large, these cases are more complex surgeries, involving multiple implants that are, in many cases, not accounted for in reimbursement nor are they billable to Medicare, further challenging the ability to accurately portray the level of indigent care provided to our patients.

Another challenge over the past several years with increases to high deductible commercial insurance plans leaves families that cannot afford to pay these out of the indigent calculation, however, increases the percentage of bad debt to ASCs which is also not accounted for in the calculation.

According to the American Hospital Association's published annual report, Uncompensated Care is defined as:

**"Uncompensated care** is an overall measure of hospital care provided for which no payment was received from the patient **or insurer**. It is the sum of a hospital's bad debt and the financial assistance it provides. Financial assistance includes care for which hospitals never expected to be reimbursed and care provided at a reduced cost for those in need. A hospital incurs bad debt when it cannot obtain reimbursement for care provided; this happens when patients are unable to pay their bills, but do not apply for financial assistance, or are unwilling to pay their bills. Uncompensated care excludes other unfunded costs of care, such as underpayment from Medicaid and Medicare."\*

Using the Medicare reimbursement, considered by AHA underpayment, as the standard of reimbursement in the calculation further decreases the ASC's ability meet and accurately demonstrate



Formerly known as Triangle Orthopaedic Associates, P.A. the commitment to serving our uninsured and indigent population. Also, ASC reimbursement is currently 56-60% of the HOPD rates in providing identical services.

It is also worth noting that the AHA includes bad debt in their calculation of uncompensated care:

“The AHA combines the hospital’s bad debt and financial assistance costs to arrive at the hospital’s total costs of unreimbursed care provided to patients. In terms of accounting, **bad debt** consists of services for which hospitals anticipated but did not receive payment. **Financial assistance**, in contrast, consists of services for which hospitals neither received, nor expected to receive, payment because they had determined the patient’s inability to pay. In practice, however, hospitals often have difficulty in distinguishing bad debt from financial assistance.”\*

As one of the Demonstration Sites that did not meet the 7% threshold in Year 3, we have experienced the same challenges as Mallard Creek and fully support their proposal to re-visit and identify a way to more appropriately demonstrate physician commitment to their communities and the patients they serve. Some other suggestions for helping to more accurately calculate the services that we are providing patients are outlined below, as presented in April to SHCC Committee:

**-Medicaid, Self Pay, Charity/ total patients and consider adding Tricare, with surgical reimbursement in ASCs similar to Medicaid.**

**-Include Medicare HOPD reimbursement for surgical procedures not currently approved by Medicare in ASC in arriving at Line B (Average Medicare Allowable per Surgical Case)**

**-Include average cost of implants per case incurred by the facility for charity and Medicaid patients but not reimbursed in line B of the 7% worksheet to be calculated as follows:  
(Total cost of implants) / (Line A- # Surgical Patients Total)**

In closing, the physicians of EmmergeOrtho and TOSC are committed to investing their time and resources in striving to provide the highest quality safe and affordable orthopaedic care in our communities, with longstanding relationships with Project Access of both Wake and Durham Counties and Lincoln Community Center with a written commitment not limiting specialty care provided.

\*<http://www.aha.org/content/16/uncompensatedcarefactsheet.pdf>