

## My Turn

### Holy Cross change in Medicare model will cost patients more

Clecie Hunter

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Holy Cross' change in Medicare model may save the Taos facility from bankruptcy but may bankrupt Taos community members in the process. A recent article, "Holy Cross changes Medicare model" outlined how the designation from an Acute Care Hospital (ACH) to a Critical Access Hospital (CAH) means more money to Holy Cross with no loss of services, but glossed over how the changing payment methodology would impact individuals seeking services at Holy Cross versus acute care hospitals in Espanola, Santa Fe or Albuquerque.

Acute Care Hospitals (ACH) agree to accept predetermined rates from Medicare as payment in full. Then patients are required to pay 20 percent of that Medicare payment either through their secondary insurance or out-of-pocket.

Medicare patients need only to review their bills to find that the amounts that hospitals bill for their services compared to the actual Medicare payments differ greatly. For instance, an acute care hospital in Albuquerque recently billed Medicare \$220,000 for a surgical operation; Medicare approved \$27,500, paid \$22,000 with a patient copay of \$5,500.

Payments are calculated differently with CAHs.

Patients are still responsible for the 20 percent deductible but the hospital approved charge is not subject to the ceilings imposed by Medicare on ACHs.

Instead payments are based on 101 percent of a CAH's costs for services. In the above example, a CAH may justify the \$220,000 surgical cost and get a Medicare reimbursement of \$176,000, leaving the patient with a whopping \$44,000 copayment.

Becker's Hospital CFO published an article, "Medicare patients pay far more for outpatient care at Critical care hospitals: 7 things to know." The top three were based on the *Wall Street Journal's* analysis of 2013 Medicare billing records and copayments for CAHs versus ACHs.

Copay for colonoscopies at CAHs averaged \$840.22, more than 3 times the average copay of \$270.53 at ACHs. Hernia surgery copays averaged \$1,926.60 at CAHs compared to \$562.52 at ACHs. Likewise for bunion surgery copays were \$2,272.56 at CAHs and \$780.79 at ACHs.

An October 2014 publication by Daniel R. Levinson, Inspector General for the U.S. Department of Health and Human Services found that, "Medicare beneficiaries paid nearly half of the costs for outpatient services at Critical Access Hospitals, paying nearly 2 to 6 times the amount of coinsurance they would have paid for the same service at acute-care hospitals."

The vast difference a CAH designation makes in patients' liability is why The Centers for Medicare and Medicaid Services "encourages CAHs to engage in consumer-friendly

communication about their changes to help patients understand the potential financial liability for services at the CAH.”

Now anyone electing to receive services from Holy Cross should request full disclosure from the hospital’s billing department regarding the patient financial liability portion required as a result of the new CAH status and compare that to an ACH in Espanola or Santa Fe. It also would be prudent for patients with secondary insurance to ensure their insurance will cover all of the higher copayment costs that will now be imposed due to the change in Holy Cross’ designation.

Most likely, the difference would pay for a lot of gas to neighboring acute care hospitals.

*Hunter is a resident of El Prado.*

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