



Solutions to the Clinical Labor Shortage

DECEMBER 5, 2023

BDO USA, P.C., a Virginia professional corporation, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



Welcome



BRAD BOYD
Principal

brad.boyd@bdo.com

With You Today



DAVID FRANCIS
Managing Director
dfrancis@bdo.com



JULIE MCGUIRE
Managing Director
jmcguire@bdo.com



CHAD KRCIL
Managing Director
ckrcil@bdo.com

Learning Objectives



Understand current challenges and implications with the ongoing clinical labor shortage



Identify short- and long-term strategies to ease resource and labor challenges



Describe timely regulatory & compliance updates affecting the healthcare industry.



QUESTION #1

Which Best Describes the Organization You Work For?

SELECT ONE

- | | |
|----------|---|
| A | Hospital / Health System / Academic Medical Center |
| B | Physician Group |
| C | Outpatient / ASC |
| D | Long term / post-acute, home health |
| E | Ambulatory/outpatient practices (including behavioral/mental health, orthopedics) |
| F | Law Firm |
| G | Investor (PE, VC, Investment Bank) |
| H | Other |



Healthcare
Trends & Topics
WEBCAST SERIES

Understanding Current Challenges and Implications with the Ongoing Clinical Labor Shortage



Research Overview

The **BDO 2023 CLINICIAN EXPERIENCE SURVEY** polled 153 Clinicians, Clinical Directors and Executive leaders in healthcare to understand their perspective on their organizations' challenges and planned future investments.

The survey was conducted by HIMSS Market Insights in June and July 2023.

Methodology

- ▶ This research was conducted online amongst leaders (directors and above) in healthcare in the United States.
- ▶ Respondents were screened for having a role as Clinicians, Clinical Directors, or executive leaders.
- ▶ A total of 153 qualified respondents participated in this research.
- ▶ This was a blind data collection effort.

Key Findings



The biggest challenges to **clinician morale** over the past year have been **clinician turnover and understaffing** and **compassion fatigue/burnout**



Organizations plan to **fill clinician staffing** gaps over the next year by **increasing automation of patient communication**, offering **more telemedicine** options, and **increasing full-time headcount**



The greatest **patient engagement** challenges over the past year include encouraging patient compliance, **increasing complications from comorbidities and deferral of care**, and challenges with patient scheduling



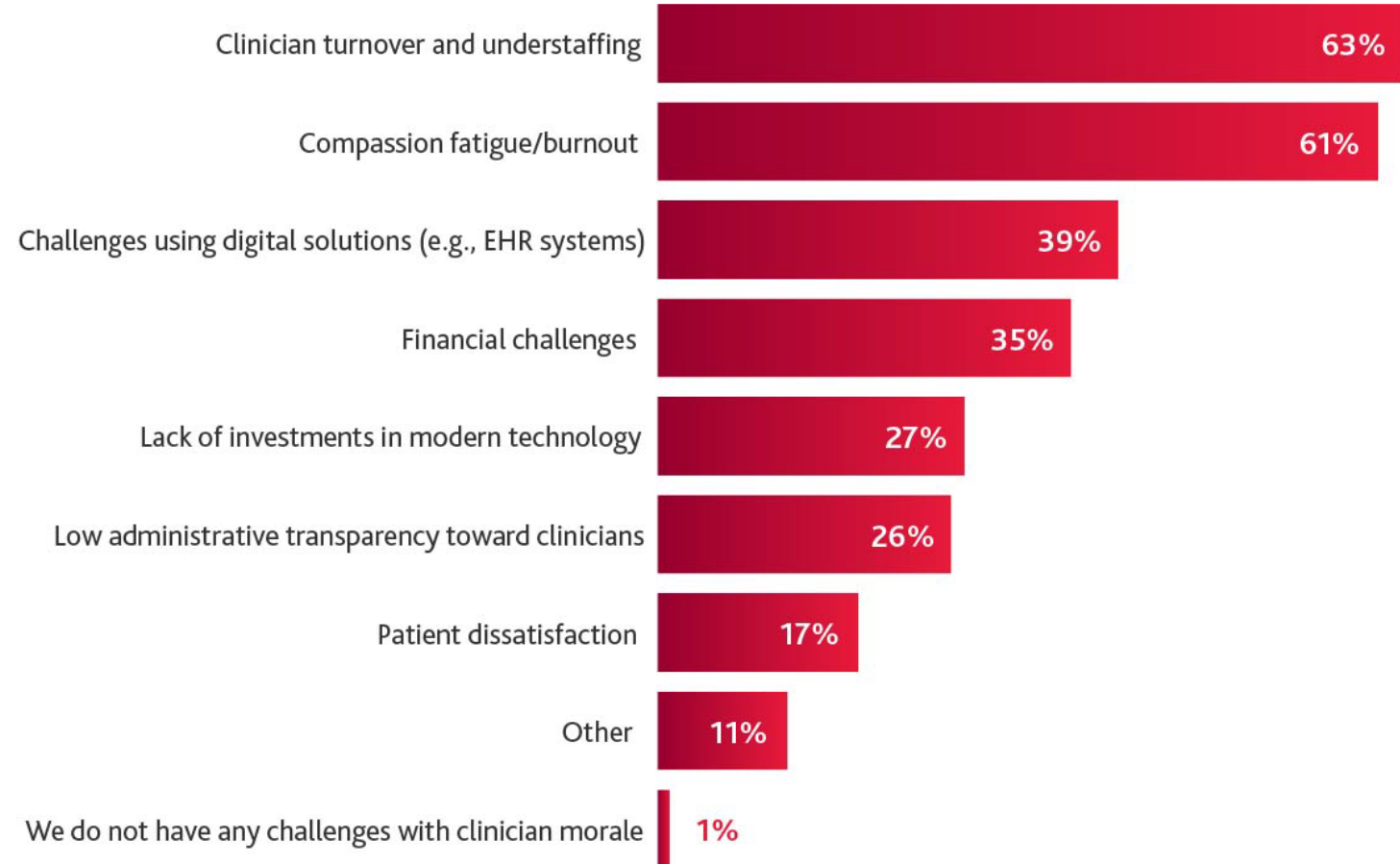
Organizations expect to see the most technological value in **improving the integration of technologies** to allow for true interoperability and **automating communications** between patients, providers, and clinicians

Source: BDO's 2023 Clinician Experience Survey

Burnout and Morale Issues

Top Drivers of Clinician Burnout and Morale Issues

What have been your organization's top three clinician morale challenges in the past 12 months?

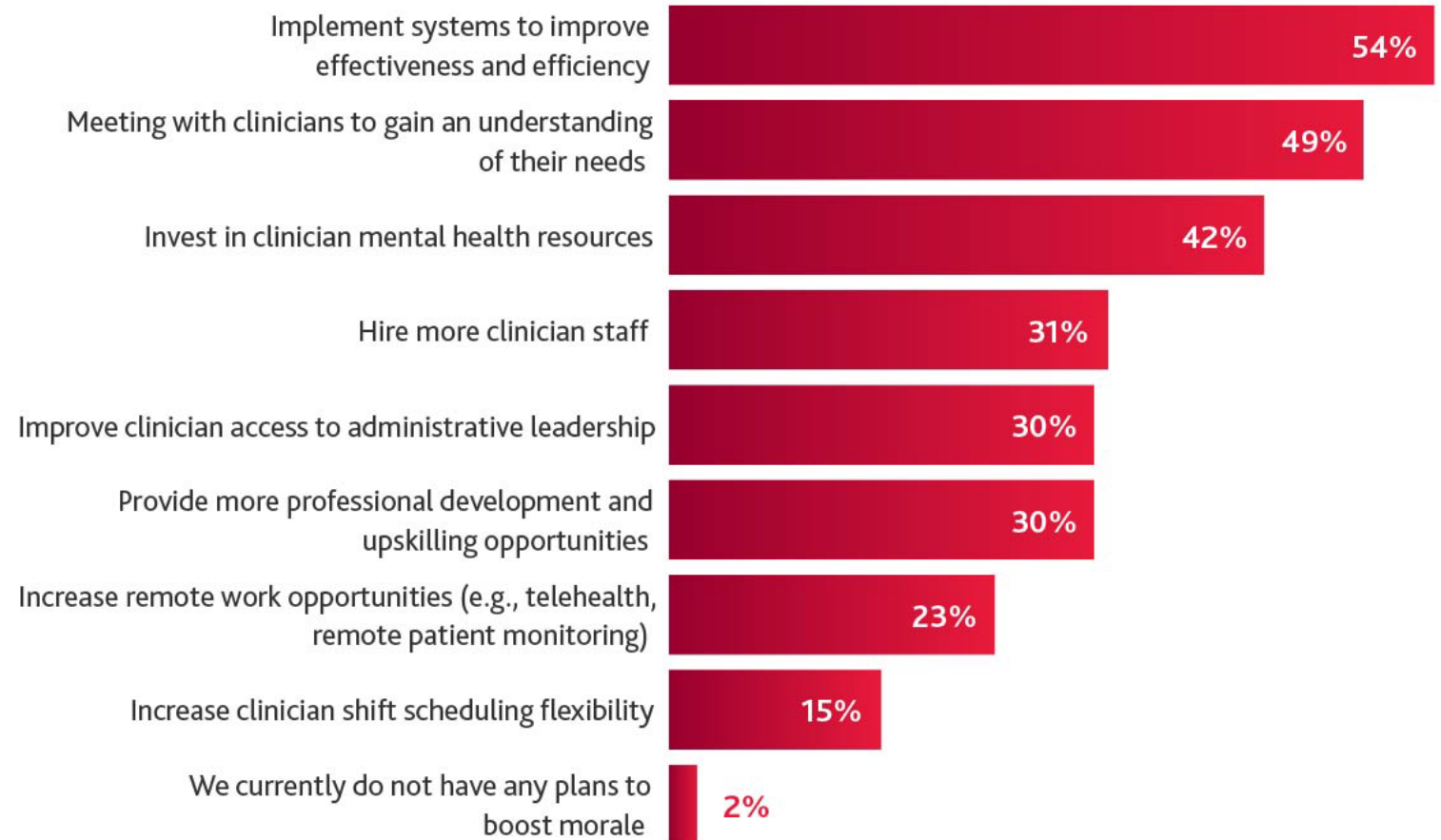


Source: BDO's 2023 Clinician Experience Survey

Boosting Clinician Morale

54% of clinical leaders plan to implement systems to improve effectiveness and efficiency in the next 12 months.

What are your organization's top three priority plans to boost clinician morale in the next 12 months?



Source: BDO's 2023 Clinician Experience Survey

Boosting Clinician Morale and Avoiding Technology Adoption Burnout

- ▶ Consider how clinician input can improve the planning and implementation process
- ▶ Identify options for increasing access to diverse wellness and mental health resources
- ▶ Determine how automation and artificial intelligence (AI) can help take certain tasks off clinicians' plates
- ▶ Create an integration strategy and change management plan to help prevent newly adopted technology from worsening clinician burnout

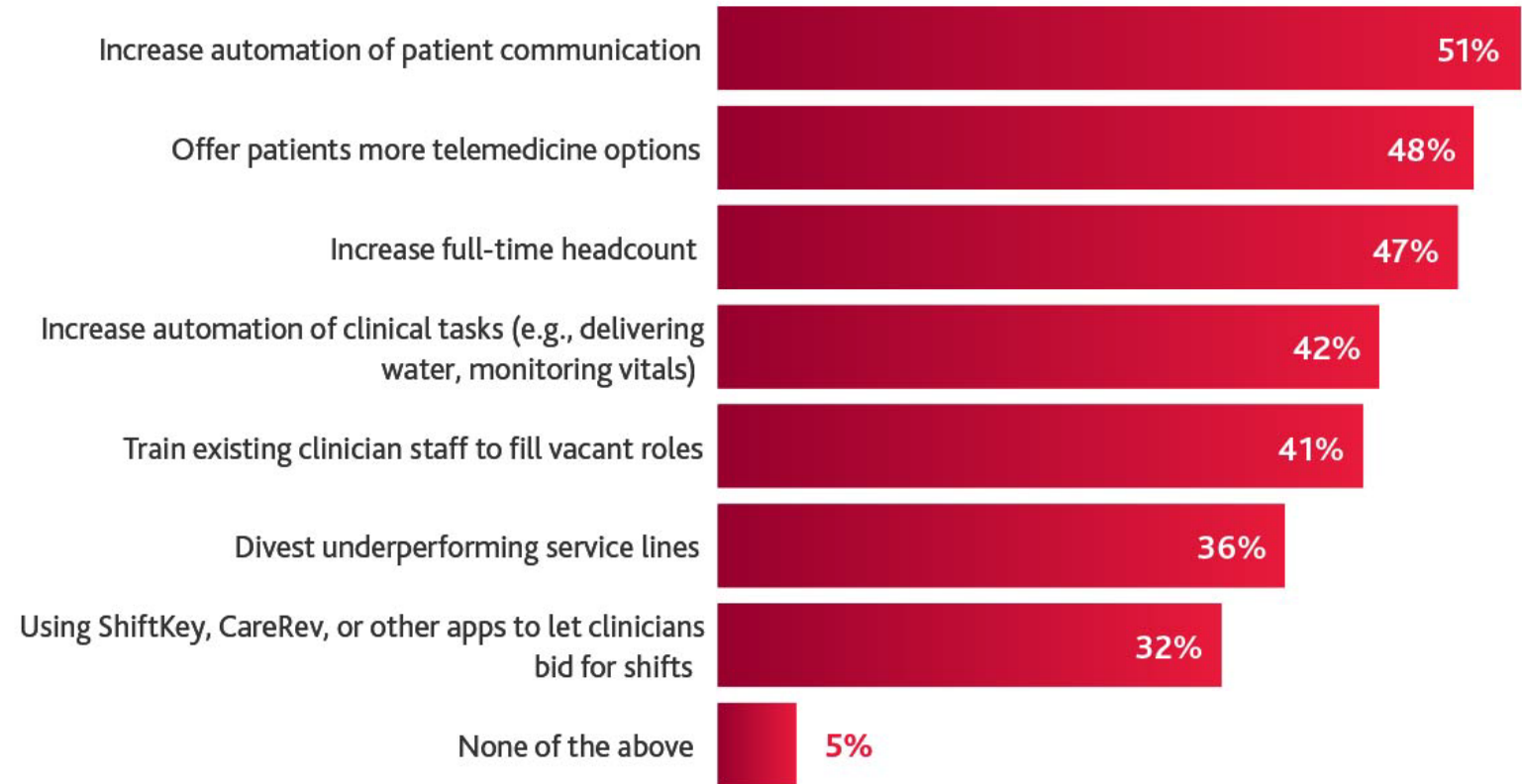


Closing the Staffing Gaps

Closing the Staffing Gaps

Over half (**51%**) of clinician leaders plan to fill clinical staffing gaps with increased automation of patient communications in the next 12 months.

How does your organization plan to fill clinician staffing gaps in the next 12 months?



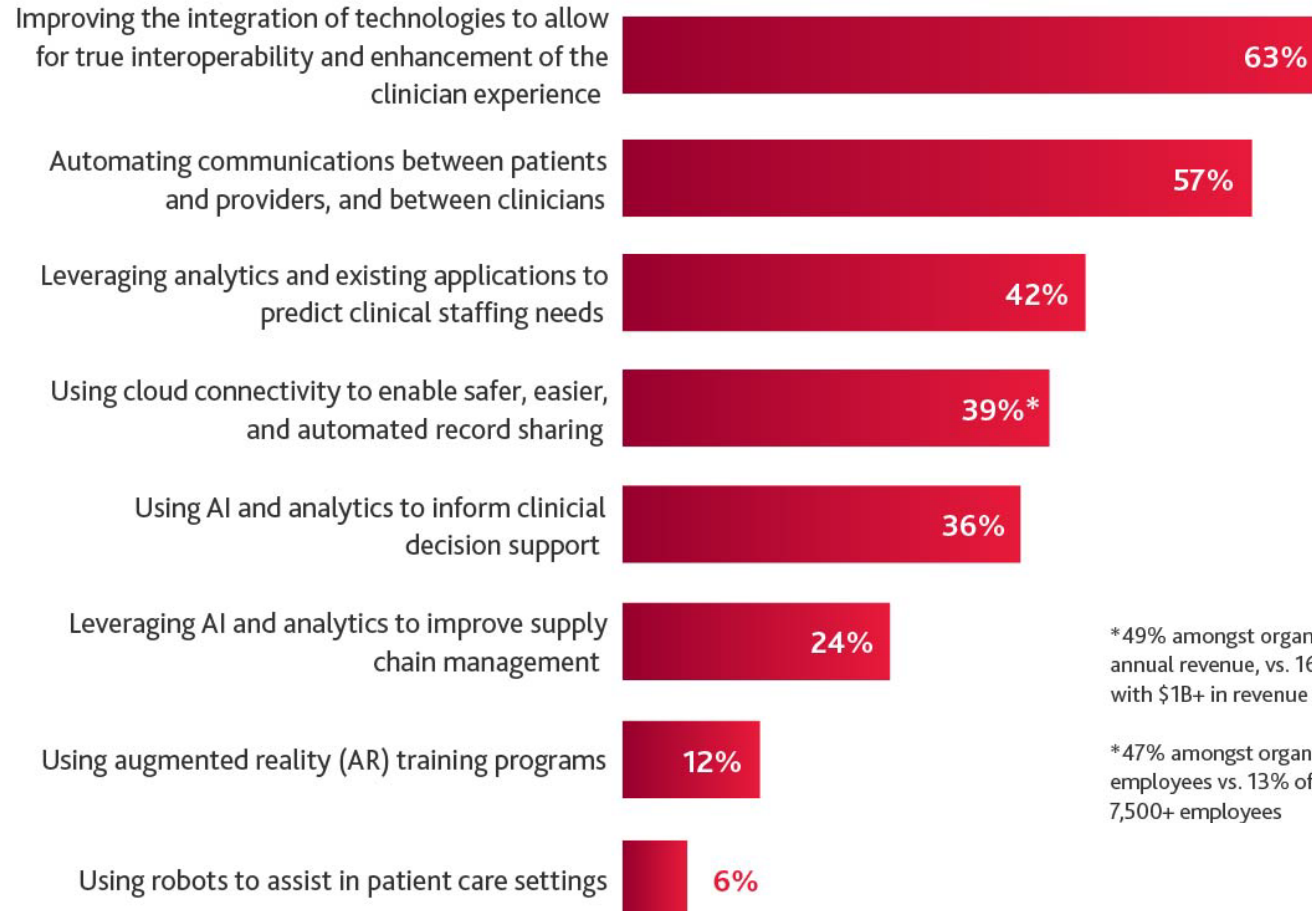
Source: BDO's 2023 Clinician Experience Survey

Closing the Staffing Gaps with Technology

Exploring AI

- ▶ **42%** of clinical leaders are already investing in AI/ML or have plans to invest in it.
- ▶ Access to high-quality data for AI/ML models is crucial.
- ▶ Organizations must consider their level of data maturity and how they'll handle privacy, AI hallucinations, and other potential hurdles.

Which three new technologies do you expect to be the most valuable to you in the next 2 years?



*49% amongst organizations with <\$1B in annual revenue, vs. 16% of organizations with \$1B+ in revenue

*47% amongst organizations with <7,500 employees vs. 13% of organizations with 7,500+ employees

Source: BDO's 2023 Clinician Experience Survey

Closing the Staffing Gaps

- ▶ Consider how chatbots can help with patient communications and scheduling
- ▶ Use automation to enable clinical staff to operate at the top of their licenses
- ▶ Determine whether divesting in some service lines will improve staffing, without hurting your patient population
- ▶ Use technology to increase patient engagement without increasing the clinician workload





QUESTION #2

Have You Experienced Staffing Shortages Due to Labor Pool Dilution and Reduced Number of Qualified Candidates?

SELECT ONE

A

Yes, we have been significantly impacted.

B

Yes, but the impact has been moderate.

C

No, we have not experienced any staffing shortages.

D

N/A, Not applicable, I am not affiliated with a medical group, health system, or hospital.

Improving Patient Engagement

Top-ranked Patient Engagement Challenge

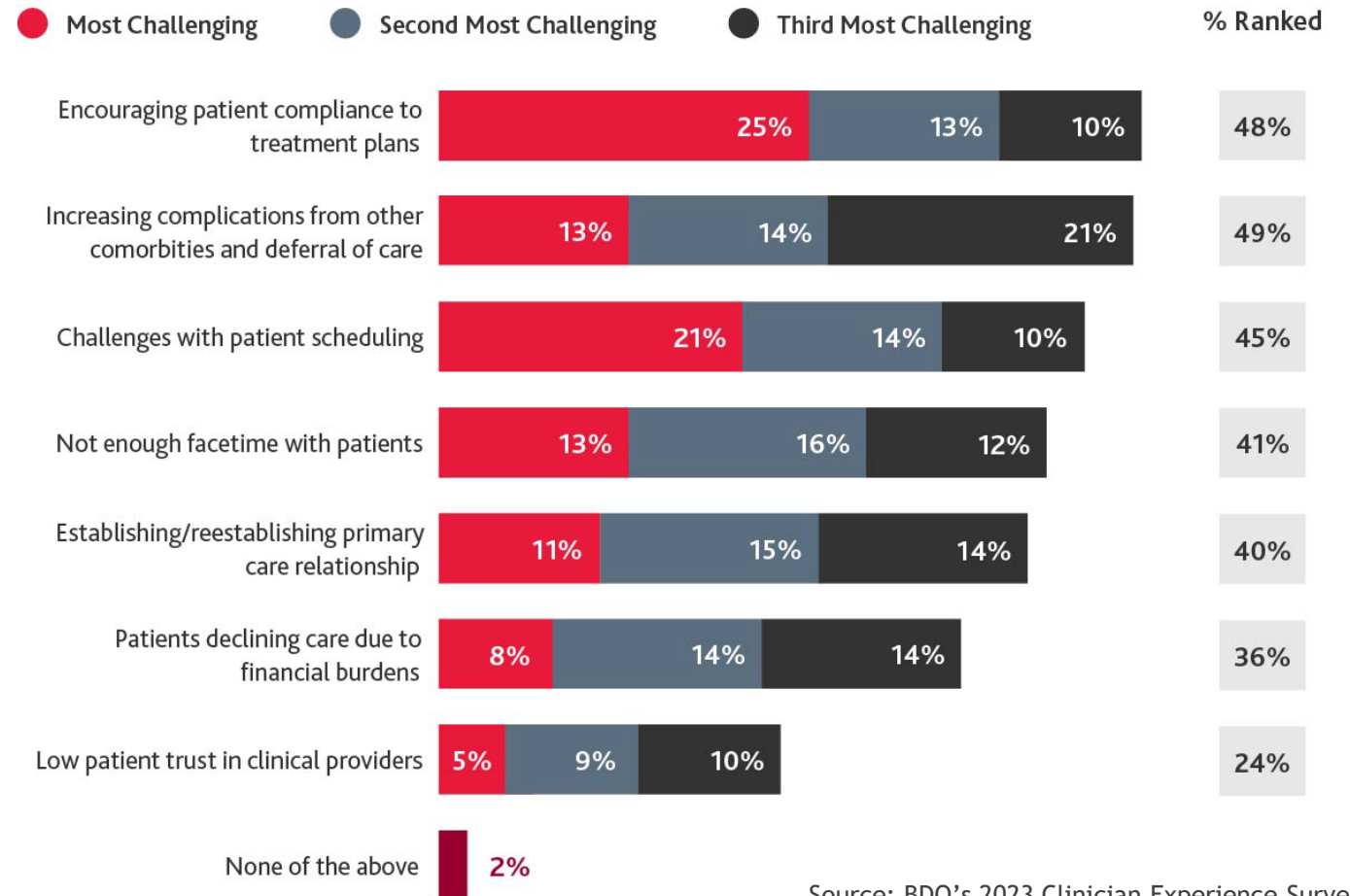
The top-ranked patient engagement challenge is increasing complications from other comorbidities and deferral of care.

Reestablishing the Primary Care Relationship

- ▶ Only **69%** of Americans have a primary care physician, according to BDO's 2022 Patient Experience Survey.
- ▶ Reestablishing primary care relationships is crucial to improving health outcomes across patient populations.
- ▶ Technology solutions can make primary care more accessible and convenient for a greater number of patients.

Note: respondents were asked to rank their top three in order

Of the following, which have been your three greatest patient engagement challenges in the past 12 months?



Source: BDO's 2023 Clinician Experience Survey

Improving Patient Engagement

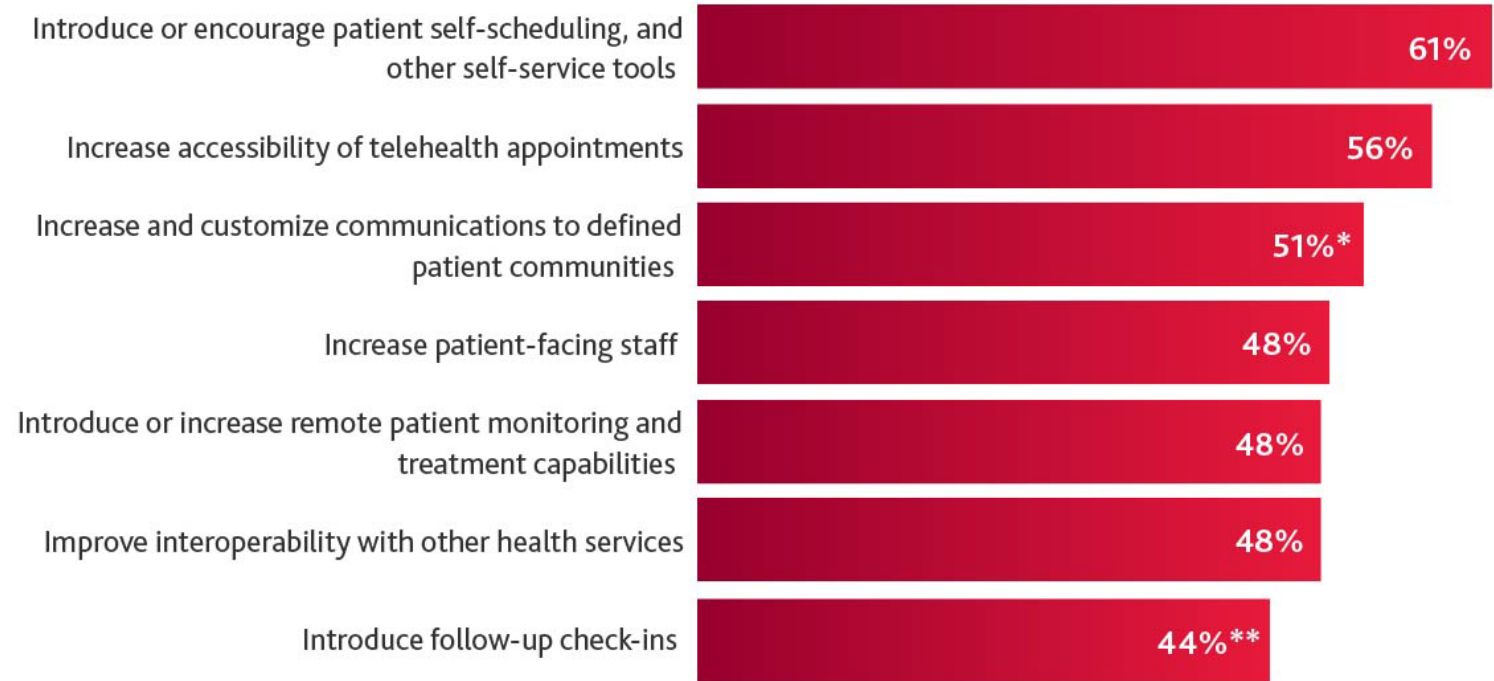
61% of clinical leaders plan to encourage patient self-scheduling, and other self-service tools to increase patient engagement in the next 12 months.

*57% among those in Clinical Director or Executive Leadership job functions, vs. 35% of those in Clinician functions

** 56% among organizations with private ownership vs. 33% of organizations with non-profit or public ownership

How does your organization plan to increase patient engagement in the next 12 months?

Respondents selected an average of **four** areas to increase patient engagement



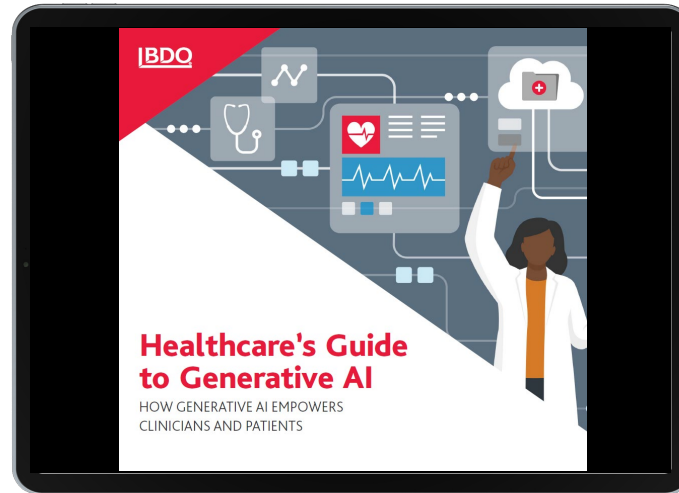
Source: BDO's 2023 Clinician Experience Survey

Improving Patient Engagement

- ▶ Encourage patients to establish or re-establish primary care relationships
- ▶ Reduce patient friction through online self-scheduling tools
- ▶ Use telehealth and patient portals to streamline patient communications



Is Your Organization Facing Clinician Burnout and Morale Challenges?



Take a look at our latest insights: bdo.com/healthcare

Healthcare's Regulatory Update

Highlights of Healthcare Payment Changes for FYE 2024

Market basket increase of 3.1% or \$2 billion



Uncompensated Care (UCCP) and Disproportionate Share (DSH) decreased by \$950 million during Medicaid Re-determinaton



Medicaid 1115 Section days allowability will reduce Medicare UCCP\DSH payments and impact 340B eligibility



340B Remedy final rule released with lump sum payments and corresponding reduction in OPSS payments



Identification of Safety Net hospitals a chief concern for CMS



Transmittal 18 increases reporting burdens for hospitals and Audit scrutiny for Medicare bad debts and UCCP



MS-DRG coding adjustments halted for 2024 without fully recouped in the market basket update



Health Equity CMS framework expands into reporting and Reimbursement Methodologies



Rural Emergency Hospitals (REH) allowed to train physicians and receive Medicare GME reimbursement



IPPS 2024 Regulation Updates

Market Basket Update of 3.1% Which Equates to About \$2.2 Billion

- ▶ Operating payments of increase by \$3 Billion
- ▶ Capital payment increase of 475,000,000
- ▶ Uncompensated Care (UCCP)/Supplemental payments decreasing by \$950 million
- ▶ New technology add on payment decrease of \$364 million



QUESTION #3

What Area of the IPPS Regulation Updates Is Top of Mind?

SELECT ONE

A

Changes to Payment Rates under IPPS

B

Changes to Payment Rates under LTCH PPS

C

Safety-Net Hospital Request for Information

D

Rural Emergency Hospitals (REHs) and Graduate Medical Education (GME)

E

Hospital Inpatient Quality Reporting (IQR) Program

F

Medicare Promoting Interoperability Program

G

Other / NA

IPPS 2024 REGULATION UPDATES

National Adjusted Rates

(67.6% Labor Share/32.4% Nonlabor Share If Wage Index Is Greater Than 1)

Hospital Submitted Quality Data and is a Meaningful EHR User Update = 3.1%		Hospital Submitted Quality Data and is NOT a Meaningful EHR User Update = 0.625%		Hospital Did NOT Submit Quality Data and is a Meaningful EHR User Update = 2.275%		Hospital Did NOT Submit Quality Data and is NOT a Meaningful EHR User Update = (0.2%)	
Labor-related	Nonlabor-related	Labor-related	Nonlabor-related	Labor-related	Nonlabor-related	Labor-related	Nonlabor-related
\$4,392.49	\$2,105.28	\$4,287.05	\$2,054.74	\$4,357.34	\$2,088.44	\$4,251.90	\$2,037.89

(62% Labor Share/38% Nonlabor Share If Wage Index Is Less Than or Equal To 1)

Hospital Submitted Quality Data and is a Meaningful EHR User Update = 3.1%		Hospital Submitted Quality Data and is NOT a Meaningful EHR User Update = 0.625%		Hospital Did NOT Submit Quality Data and is a Meaningful EHR User Update = 2.275%		Hospital Did NOT Submit Quality Data and is NOT a Meaningful EHR User Update = (0.2%)	
Labor-related	Nonlabor-related	Labor-related	Nonlabor-related	Labor-related	Nonlabor-related	Labor-related	Nonlabor-related
\$4,028.62	\$2,469.15	\$3,931.91	\$2,409.88	\$3,996.38	\$2,499.39	\$3,899.67	\$2,390.12

Capital Standard Federal Payment Rate

National	FY 2023 Rate	FY 2024 Rate
	\$483.76	\$503.83

MS-DRG Documentation and Coding Adjustment

- ▶ The methodology for MS-DRG adoption in FY 2008 created an \$11 billion overpayment due to documentation and coding that did not reflect real changes in case mix
- ▶ The American Taxpayer Relief Act of 2012 (ATRA) required an adjustment to FY 2014-2017 to recoup this amount
- ▶ The Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) instituted a 0.5% positive adjustment to Medicare payments for FY 2018-2023 to standardize the payments
- ▶ The 0.5% adjustment is no longer reflected in the market basket update for FY 2024
- ▶ Past adjustments have only repaid 2.9588 of the total 3.9% reduction
- ▶ CMS contends in the final 2024 rule that based on Section 414 of the MACRA and Section 15005 of the 21st Century Cures Act the levels of positive adjustments were to occur for FYs 2018-2023 and that FY 2023 is the final prescribed adjustment



Empirically Justified DSH and Uncompensated Care Payments (UCCP)

- ▶ Section 3133 of the Affordable Care Act Modified Medicare DSH payment Methodology beginning in FY 2014-Empirical DSH 25% (Volume) UCCP 75% (Charity Care)
- ▶ FY 2024 Empirical DSH before reduction = \$13.3 billion
- ▶ Factor 1: FY 2024 Empirical DSH = \$3.3billion after 75% reduction(25%) and UCCP = \$10.015Billion(75%)
- ▶ Factor 2: Percent of Uninsured = 8.3% compared to 9.2 in 2023
- ▶ Estimated decrease in UCCP and DSH payments = \$950 million



Recent DSH Day Developments

Section 1115 days that can be included in the Medicaid fraction of the DSH payment calculation- Days for these patients can be included under the following conditions

- ▶ Health insurance covers inpatient hospital services
- ▶ Assistance covering 100% of the patient's premium
- ▶ The premium must be utilized to by health insurance covering inpatient hospital services
- ▶ Patient cannot be entitled to Medicare PT A
- ▶ Days of patients paid from demonstration uncompensated care pools must be excluded

Exhausted PT A Non-Covered Days

- ▶ Supreme Court Decision in June of 2023
- ▶ Empire Health Foundation
- ▶ Days are entitled to Pt A Benefits therefore they should be included in Medicare Fraction and excluded from the Medicaid fraction
- ▶ Issue is still being litigated regarding entitled to SSI benefits

Part C Days

- ▶ Azar v. Allina Health Services - June of 2019
- ▶ Azar case ordered CMS to vacate policy of including Part C days in Medicare fraction
- ▶ CMS issued a finalized policy on June 7, 2023
- ▶ Policy states Part C days should be included in Medicare fraction for discharges prior to October 2013 with an effective date of August 8, 2023
- ▶ Revised NPRs will be issued
- ▶ Challenges based on this revised policy can be submitted through appeals of these NPRs

IPPS 2024 REGULATION UPDATES

340B Drug Discount Program Developments

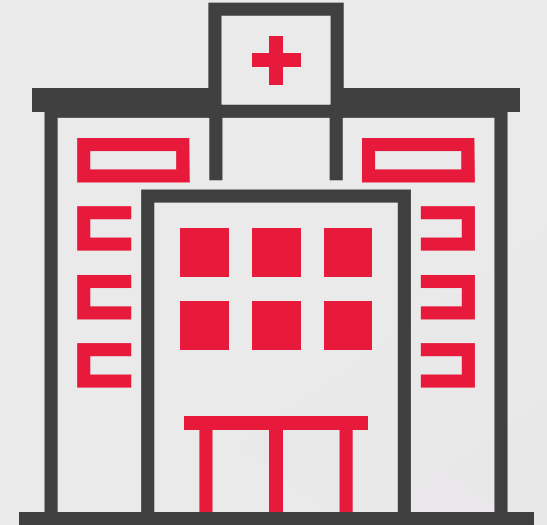
- ▶ 340B Drug discount program provides an avenue for qualified hospitals to purchase drugs at a discounted rate of ASP+6% up to FYE 2018
- ▶ FYE 2018, CMS changed the price to ASP-22.5% sparking a several years long legal battle between hospitals and CMS
- ▶ Due to the United States District Court for the District of Columbia and the United States Supreme Court's outcomes in the American Hospital Association vs. Becerra, CMS released a proposed rule on July 7, 2023, which outlines how the hospital's will be made whole due to the reversal of the ASP-22.5% payment policy for drugs purchased through the 340B program from January 2018-September 27, 2022
- ▶ Hospitals had until September 5, 2023, to provide comments on the proposed rule with the final rule slated to be released before the end of September 2023

- ▶ CMS finalized the 340B remedy on November 2, 2023, to provide a lump sum payment for claims from January 1, 2018, through September 27, 2022, that would be owed to them under the reinstated ASP+6% methodology
- ▶ The impact of this change would be reduced by the amount of claims that had been reprocessed for claims between January 1, 2022-September 27, 2022
- ▶ Results of this repayment would be budget neutral by implementing a -0.5 percent adjustment to the annual outpatient prospective payment (OPPS) updates for non-drug OPPS services
- ▶ The reduction would start January 1, 2025, and remain in effect until the entire amount of the additional 340B payments had been recovered. It is estimated that this will take 16 years. The amount that is estimated to be repaid is \$10.5 billion. Around \$1.5 billion has been reprocessed leaving an estimated \$9 billion in payments to still be paid to hospitals

IPPS 2024 REGULATION UPDATES

Safety Net Hospitals

- ▶ CMS utilized the proposed 2024 IPPS rules to invite comments regarding the identification of safety net hospitals
- ▶ The Medicare Payment Advisory Commission (MedPAC) has identified two methodologies to assist in identifying these hospitals
 - MedPAC has developed a methodology which would take the current DSH and UCC payments and distribute them based on the Safety Net Index (SNI) for hospitals
 - The SNI would assess how a hospital performs as a safety net hospital
 - MedPAC recommends adding \$2 billion dollars to this pool of funds
 - The other measure being considered is an area-level index
 - Index would look at socioeconomic factors related to health equity disparities in the local community a hospital serves
 - The final rule states that CMS is committed to reviewing submitted comments to drive future areas of considerations, policies and regulations



Transmittal 18

- ▶ December 29, 2022, Transmittal 18 was released
- ▶ Transmittal is effective for all cost reports beginning after October 1, 2022
- ▶ The first cost reporting period effected by these changes is FYE: 9/30/2023
- ▶ The transmittal implemented additional Exhibits or changes to existing Exhibits for reporting of the following data
 - Medicare bad debts
 - Medicaid Eligible days for DSH
 - Charity Care charges by patient
 - Total bad debts by patients
- ▶ Requirements introduced or revised reporting of elements for these areas which will increase the complexity of reporting for reimbursement on the Medicare cost report
- ▶ Increases work involved and will bring increased compliance scrutiny and MAC audit risk



IPPS 2024 REGULATION UPDATES

Environmental, Social and Governance (ESG)

- ▶ CMS Framework for health Equity Plan 2022-2032
- ▶ Goal is to advance health equity, expand coverage and improve health outcomes
- ▶ Five main priorities
 - Expand the collection, reporting and analysis of standardized health equity data
 - Assess causes of disparities within CMS programs and address inequities in policies and operations to close gaps
 - Build capacity of health care organizations and the workforce to reduce health and health care disparities
 - Advance language access, health literacy and the provision of culturally tailored services
 - Increase all forms of accessibility to health care services and coverage
- ▶ Health Equity measures will be utilized in reimbursement by earning up to 10 bonus points towards the Hospital Value based Score
- ▶ 15 measures will be utilized, shown on next slide





Facility Commitment to Health Equity Measure

1. Equity is a Strategic Priority
2. Data Collection
3. Data Analysis
4. Quality Improvement
5. Leadership Engagement

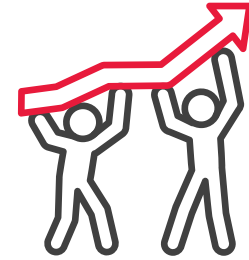
Beginning with FY 26 program year



Screening for Social Drivers of Health Measure

1. Food Insecurity
2. Housing Instability
3. Transportation Needs
4. Utility Difficulties
5. Interpersonal Safety

Voluntary in FY26 program year and mandatory in FY 27 program year



Screen Positive Rate for Social Drivers of Health

1. Food Insecurity
2. Housing Instability
3. Transportation Needs
4. Utility Difficulties
5. Interpersonal Safety

Voluntary in FY26 program year and mandatory in FY 27 program year



QUESTION #4

Which ESG Category Is Top Priority for Your Organization?

SELECT ONE

A

Facility Commitment to Health Equity Measure

B

Screening for Social Drivers of Health Measure

C

Screen Positive Rate for Social Drivers for Health

D

None of these / NA

Learn More

Download the full paper
from the [BDO website](#)



BDO

**CMS Releases
Final FY 2024
Medicare Inpatient
Prospective Payment
System (IPPS) Regulations**


OCTOBER 2023



Healthcare
Trends & Topics
WEBCAST SERIES

Q&A





About BDO USA

At BDO, our purpose is helping people thrive, every day. Together, we are focused on delivering exceptional and sustainable outcomes – for our people, our clients and our communities. Across the U.S., and in over 160 countries through our global organization, BDO professionals provide assurance, tax and advisory services for a diverse range of clients.

BDO is the brand name for the BDO network and for each of the BDO Member Firms. BDO USA, P.C, a Virginia professional corporation, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

www.bdo.com

Material discussed is meant to provide general information and should not be acted on without professional advice tailored to your needs.

© 2023 BDO USA, P.C. All rights reserved.

