

## Charity Care Methodology

### **Inpatient Methodology**

VHI linked the charity care records identified by each facility with the corresponding record within the VHI inpatient discharge database. Matching was performed using deterministic linkage methods. Records were classified as a link if there was a match between a combination of at least four of five unique identifiers. These linked records were then used to calculate the estimated total charity dollars at Medicare reimbursement for inpatient charity care services provided.

#### Steps to calculate the estimated **Total Charity Dollars at Medicare Reimbursement:**

1. VHI obtained the 2024 Federal Fiscal Year (FFY) operating and capital rates per Diagnosis-Related Group (DRG) as posted by Centers for Medicare & Medicaid Services (CMS).
2. VHI increased the operating and capital rates by the Washington-Arlington-Alexandria Core-Based Statistical Area (CBSA) wage index (CBSA 47894).
3. VHI added the adjusted operating and capital rates together to determine a proxy DRG rate for all inpatient discharges. Note this rate does not include any claims that would qualify as meeting outlier or transfer payment criteria. In addition, this proxy amount does not take into account additional payments a facility might have received such as Disproportionate Share Hospital (DSH), Indirect Medical Education (IME), Graduate Medical Education (GME) and/or any quality-based payment program payments or penalties.
4. VHI multiplied the proxy DRG rate by each CMS DRG weight (CMS MS-DRG Tables), as posted by CMS in the 2024 inpatient final rule table to determine the estimated Medicare reimbursement for each DRG.

Once all cost conversion calculations were complete, the data was grouped by service lines. Service lines are broad categories of care based on 3M's All Patient Refined Diagnosis Related Group (APR-DRGs). To obtain a full list of all APR-DRGs which are categorized into the different service lines, please contact [charity@vhi.org](mailto:charity@vhi.org).

**Percent of Services Reported as Charity Care:** Total number of linked records written off to inpatient charity care during the 2024 fiscal year (regardless of the date of service) divided by the total number of inpatient discharges from VHI's inpatient discharge database between January 1 and December 31, 2024. Percent of services reported as charity care by service category is the total number of linked records written off to inpatient charity care for the

assigned service category divided by the total number of inpatient discharges within the assigned service category.

### **Outpatient Methodology**

Once all outpatient Current Procedural Terminology (CPT) code level data was collected, each service was assigned to an overall service category that corresponds with a charity care condition. Only CPT codes submitted by facilities that had an average reimbursement rate published by CMS could be assigned a potential Medicare reimbursement amount. Any CPT codes submitted by facilities that did not match the CMS fee schedule were categorized as "Other (OP)" in the valuation of both overall and charity patient care at Medicare rates.

Steps to calculate the estimated **Total Charity Dollars at Medicare Reimbursement:**

1. VHI obtained the Final Outpatient Prospective Payment System (OPPS) and CY 2024 Payment Rates as posted by CMS.
2. VHI increased the operating and capital rates by the Washington-Arlington-Alexandria CBSA wage index (CBSA 47894).
3. VHI multiplied the Final CY 2024 OPPS Payment Rate by the wage index to determine the estimated Medicare reimbursement for each CPT code.

The resulting payment rates by CPT code were applied to each service listed on the spreadsheets completed by the outpatient providers. This resulted in the total value of Certificate of Public Need (COPN) authorized outpatient services provided and the value of services written off to charity, by provider. Note that not all outpatient providers have a COPN with an active charity care condition.

**Percent of Services Reported as Charity Care:** Total number of records written off to outpatient charity care during the 2024 fiscal year (regardless of the date of service) divided by the total number of services performed as provided by facilities. Percent of services reported as charity care by service category is the total number of records written off to outpatient charity care for the assigned service category divided by the total number of services performed within the assigned service category. Note that percent of services reported as charity care is calculated using facility-reported data regardless of whether a CPT code has an associated CMS reimbursement amount, because not all CPT codes are reimbursable under the CMS fee schedule.

## **Reporting Structure**

Due to being located on the same physical campus as their associated hospital, the charity care for the following facilities has been reported under their respective hospitals and is not separately identified in this report: Bon Secours - Southside Cancer Center, Carilion Cancer Center of Western VA, Carilion Clinic Medical Office Building, Crystal Springs Imaging Center, Diagnostic Center of Chesapeake, Heathcote Health Center, Johnston Memorial Comprehensive Cancer Center, Mary Washington Hospital Radiation Oncology, Massey Cancer Center, PANTOPS, Reston Medical Imaging Center, Riverside Cancer Care Center, Riverside Middle Peninsula Cancer Center, Sentara Healthcare & Virginia Oncology Associates - Hampton, and Sentara Healthcare & Virginia Oncology Associates - Obici.

Due to the licensing structure of certain hospitals, outpatient services are reported by individual campuses, while inpatient services are combined across those campuses. The affected hospitals and campuses include:

- Carilion Medical Center (IP): Carilion Roanoke Memorial Hospital (OP), Carilion Roanoke Community Hospital (OP)
- CJW Medical Center (IP): Chippenham Hospital (OP), Johnston-Willis Hospital (OP)
- Centra Health (IP): Virginia Baptist Hospital (OP), Lynchburg General Hospital (OP)
- Henrico Doctors' Hospital (IP): Henrico Doctors' Hospital - Forest (OP), Henrico Doctors' Hospital - Parham Doctors' Hospital (OP), Henrico Doctors' Hospital - Retreat (OP)
- Wellmont Lonesome Pine Mt. View Hospital (IP): Wellmont Lonesome Pine Hospital (OP), Norton Community Hospital (OP)

Due to reporting no COPN reviewable services performed in the 2024 fiscal year, the following facilities are not included in the dashboard: Advanced Vision Surgery Center LLC, Bayview Medical Center, Inc, Center for Visual Surgical Excellence, LLC, and Colonial Heights Surgery Center.

### **Per Virginia's Division of Certificate of Public Need (DCOPN):**

Due to operating under a Certificate of Public Need with a system-wide charity care condition or a specific charity care condition tied to an affiliated hospital, the charity care for the following facilities has been reported under their respective hospitals and is not separately identified in this report: Bon Secours Cancer Institute at Harbour View, Inova Advanced Imaging Center – Fair Oaks, Inova Fairfax MRI Center, Inova Imaging Center – Mark Center, Maryview Medical Center at Norfolk, Riverside Hampton Surgery Center, Riverside Peninsula Surgery Center,

Riverside Diagnostic Center - Hampton, Riverside Diagnostic Center - Williamsburg, Riverside Diagnostic & Breast Imaging Center - Oyster Point, Riverside Doctors Surgery Center, Valley Health Cancer Center, and RVS Radiation Oncology – Williamsburg.

Due to operating under a Certificate of Public Need that does not have an active charity care condition, the following facilities are not required to report their charity care information to VHI: Blue Ridge Surgery Center, Cataract and Refractive Surgery Center, Culpeper Surgery Center, Fairfax Surgical Center, Kempsville Center for Behavioral Health, Lake Taylor Transitional Care Hospital, Leigh Orthopedic Surgery Center, LLC, and Riverside Diagnostic Center – Smithfield.

*All charity care data was self-reported by inpatient hospitals and outpatient providers. VHI has no independent source to verify or validate the data that is submitted.*