



## **Mcare Hospital Experience Modification Program Frequently Asked Questions (FAQs)**

### *Who is included in the Mcare Hospital Experience Modification Program?*

Under Act 13 of 2002 (the Mcare Act) all entities licensed as hospitals under the Public Welfare Code or the Health Care Facilities Act are included in the Mcare Hospital Experience Modification Program once they have operated for five years.

### *What are the purposes of the Mcare Hospital Experience Modification Program?*

As a matter of fairness, the Mcare Hospital Experience Modification Program results in hospitals with poorer loss experience compared to their peers paying more and those with better experience paying less. Another is for hospitals to have appropriate financial incentive to encourage effective risk management practices to promote quality care and patient safety.

### *When is the Mcare Hospital Experience Modification adjustment calculated?*

The Mcare Hospital Experience Modification adjustment for all hospitals is calculated prior to the assessment year to which it applies. This allows the actual experience modification adjustment to be distributed to the hospitals in a timely manner.

### *How does the Mcare Hospital Experience Modification Program work?*

The Mcare Act provides direction on how hospital experience rating is to be implemented. The adjustment is to be based on the frequency and severity of claims paid by Mcare on a hospital's behalf and compares those payments with other hospitals of similar class, size, risk and kind within the same defined geographic region. Each year Mcare reviews the evaluation period of the past five most recent paid claims years to determine the adjustment. The adjustments range from a 20% discount for hospitals which are claims free during the evaluation period up to a 20% upward adjustment if a hospital's claims experience is worse than its peers.

### *Why is there a Mcare Hospital Experience Modification Program?*

Hospitals pay different annual premiums based on losses paid by their self-insurance programs or medical malpractice insurance companies. The Hospital Experience Modification Program provides a similar adjustment that is focused solely on the loss experience at the Mcare layer.

For additional information on the Mcare Hospital Experience Modification Program, please see the Mcare Annual Reports available on the Mcare website landing page found at <https://www.insurance.pa.gov/SpecialFunds/Pages/MCARE.aspx>.

