



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

### *Who is included in the Mcare Hospital Experience Rating 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 Rating Program.

### *What are the purposes of Mcare Hospital Experience Rating?*

One purpose of Mcare Hospital Experience Rating is to have hospitals with poorer loss experience compared to their peers pay more and those with better experience pay less. This is a matter of fairness. Another is for hospitals to have appropriate financial incentive to encourage effective risk management practices and to promote quality care.

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

The Mcare Hospital Experience Rating adjustment is calculated towards year end before the assessment year to which it applies. This is so the most current Mcare assessment payment information is included and to allow the actual experience modification adjustment to be distributed to the hospitals in a timely manner.

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

The Mcare Act provides direction on how hospital experience rating is to be implemented. It provides that the experience rating adjustment may not exceed a 20% increase or decrease. 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. The evaluation period is the past five most recent paid claims years.

### *Why is there Mcare Hospital Experience Rating?*

Hospitals pay different annual premiums based on losses paid by their self-insurance programs or medical malpractice insurance companies. During the negotiation of the language for the Mcare Act, it became apparent that there was no corresponding adjustment for loss experience at the Mcare layer. Thus, the Mcare Act required that hospitals pay a different Mcare assessment based on their losses paid by Mcare.