

HEALTH CARE ON THE LAST FRONTIER



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# The impact of Medicaid in hospitals and in their communities

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# Medicaid matters



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Medicaid covers a large percentage of hospital services. From data reported by one Alaska hospital in 2018, Medicaid patients represented:

- 21% of general acute hospital stays
- 34% of Emergency Department visits
- 60% of visits to the Emergency Department for behavioral health



# Background: EMTALA

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- EMTALA: Emergency Medical Treatment and Labor Act – a federal law that requires anyone coming to an emergency department to be stabilized and treated, regardless of insurance status or ability to pay.
- What this means: if someone can reasonably believe they have an emergency, they can seek treatment through a hospital emergency department.
- The hospital is legally obligated to stabilize and treat them *regardless of ability to pay*.





# EMTALA: why it matters

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- As a society, we have decided that people have the right to treatment.
- We just haven't decided how to pay for it.
- We don't have "EMTALA" for food, or shelter, or heating, but we have accepted that health care is different.
- EMTALA is our safety net.
- "Hospitals" pay for it?

*In reality, we all pay for it.*

# Uncompensated care: big picture



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- Health care does not come without a cost.
- Definition of uncompensated care: *an overall measure of hospital care provided for which no payment was received from the patient or insurer. It is the sum of a hospital's bad debt and the financial assistance it provides.*
- Since 2000, hospitals of all types have provided more than \$620 billion in uncompensated care in this country.

# Uncompensated care: Alaska



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- In the first full year of Medicaid expansion, hospital uncompensated care dropped from \$95 million to \$50 million.
- This understates the impact because tribal hospital data is not included.
- Total amount of hospital care provided to Medicaid expansion population in FY 17: \$173 million
- A significant percentage of that care would either be avoided or turn into uncompensated care if Medicaid expansion were to be repealed.

## Hospital uncompensated care: October 2018

	Uncompensated Care	% Change
<b>2011</b>	\$85,592,723	NA
<b>2012</b>	\$90,813,377	6.1%
<b>2013</b>	\$95,402,055	5.1%
<b>2014</b>	\$91,058,081	-4.6%
<b>2015*</b>	\$95,261,077	4.6%
<b>2016</b>	\$50,464,033	-47.0%

*Source: ASHNHA October 2018. S-10 worksheet line 30 (cost of non-Medicare bad debt + charity care to uninsured patients), includes cost report data submitted through facility FY2016.*



# Who pays for uncompensated care?



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When uncompensated care increases:

- Hospitals still must cover the cost of that care.
- Other payers (Medicare/Medicaid), already don't cover the cost of care.
- To make up the difference (and keep the doors open):
  1. Costs are shifted to commercial insurance *(which raises insurance premiums)*
  2. Community services are cut back *(E.g. services to homeless, education and research programs, subsidized medical services like pediatric specialties, etc.)*
  3. Hospital services are cut back.

# Uncompensated care: key questions



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If current visits covered by Medicaid turn into uncompensated care:

- What is the impact on the patients who will lose access to services?
- What is the impact on the community of untreated medical and behavioral health conditions?
- What is the impact on the community of a reduction in hospital services?
- What are the impacts on individual health insurance premiums?
- What are the impacts on state and local government costs?



# Uncompensated care: answering the questions

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- What is the impact on the patients who will lose access to services?

*Potential for worsening physical and behavioral health conditions: “multiple new studies demonstrate a positive association between expansion and health outcomes”*

- What is the impact on the community of untreated medical and behavioral health conditions?

*Potential increase in crime: “We find that Medicaid expansions led to an economically meaningful reduction in the rates of robbery, aggravated assault and larceny theft.”*

Sources:

<https://www.kff.org/medicaid/issue-brief/the-effects-of-medicaid-expansion-under-the-aca-updated-findings-from-a-literature-review-march-2018/>

<https://www.sciencedirect.com/science/article/abs/pii/S0047272717301445>

# Uncompensated care: answering the questions

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- What is the impact on the community of a reduction in hospital services?

*Patients forego treatment or must travel outside the community for care.*

- What are the impacts on individual health insurance premiums?

*According to Alaska Legislative Research Services, "... the result of reversing expansion would be increases in commercial health insurance premiums of 3 to 17 percent."*

- What are the impacts on state and local government costs?

*According to the report cited below, "... the full-year increase on aggregate spending over current projections would be \$32.1 million to \$181.0 million."*

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Thank you  
Questions?

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