House Rural Development Council

Report from Georgia Hospital Association

Chuck Adams, Executive Vice President
House Rural Development Council

• What resources does GHA provide rural hospitals?

• What practices can help improve financial stability?

• What can the state do to assist?
### Rural Hospital Economic Impact

<table>
<thead>
<tr>
<th>CY 2015</th>
<th>Georgia’s 63 Rural Hospitals</th>
<th>Average per Rural Hospital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-Time Hospital Jobs</td>
<td>15,000</td>
<td>240</td>
</tr>
<tr>
<td>Georgia Full-Time Jobs Created</td>
<td>36,000</td>
<td>570</td>
</tr>
<tr>
<td>Direct Expenditures</td>
<td>$1.4 billion</td>
<td>$21 million</td>
</tr>
<tr>
<td>Community Benefit</td>
<td>$123 million</td>
<td>$2.0 million</td>
</tr>
</tbody>
</table>
• Quality and Safety
  • GHA receives and administers more than $3 million dollars a year of Federal, State, and Private Partnership Funding to help educate and train our Rural Hospitals
    • SHIP Grant – 19 Hospitals - $171,000
    • Flex Grant – 30 Hospitals - $172,000
    • HIIN Grant – 55 Hospital - $880,000
    • LEAN Training – 8 Hospitals - $80,000
    • All of these programs are helping our hospitals reduce readmissions, reduce hospital acquired infections and increase HCAHPS scores....all of which have a positive financial result in reimbursement.
    • Emergency Preparedness – 55 Hospitals - $1,000,000
  • Average per Rural Hospital = $73,000/year
Education and Resources

• Education
  • GHA offers continuous 340b education and support
  • GHA offers education on obtaining certification as a Remote Treatment Stroke Center
  • GHA provides reports on Value Based Purchasing, Hospital Acquired Conditions and other CMS Quality Measures which help quantify the net impact of Medicare policy changes
  • GHA works with DPH to ensure all of our Rural Hospitals have access and participate in the Regional Healthcare Coalitions to help plan and prepare for disasters to assist them in a state of emergency

• Resources
  • Center for Rural Health – Operational focused education specifically for Rural Hospitals
  • Strategic planning assistance through the Georgia Discharge Data system, market share reports and Board presentations
  • Advocacy – Federal and State
• Rural Behavioral Health Environmental Scan
  - GHA received funding from the SORH to conduct this scan and presented its findings at the recent CRH annual meeting
  - GHA conducted a scan of all available behavioral health resources in rural markets (hospitals, CSB’s, FQHC’s, Regional DBHDD’s) designed to:
    • Provide an overview of behavioral health population characteristics and status of behavioral health care access in rural Georgia
    • Identify the key programs and organizations involved in these issues
    • Highlight gaps in information or resources
    • Present measures that can help assess the status of the issues and advance solutions to behavioral health access to care
Education and Resources

• Rural Behavioral Health Environmental Scan Findings
  • There is a large knowledge gap of services provided in every region
  • There is an undersupply of behavioral health providers in rural markets
  • Rural patients and view the rural ED as a safety net provider of behavioral services
  • Patients are willing to be seen in rural facilities if beds are available
  • Patients will continue to look at their rural hospital as the provider of emergency services, both mental and/or physical
  • The behavioral issues in rural markets are not due to an influx of volume, but rather a disruption of normal workflow and placement options
  • Proximity and availability appeared to be a driver of ED utilization
  • Inconsistency in collaboration with other providers
  • Inconsistent CSB proximities to rural hospitals
Education and Resources

• Rural Behavioral Health Scan Opportunities
  • Increased awareness and collaboration of providers
  • Psychiatrist practice start up funding
  • Use of a Telepsych “bunker approach”
  • Increase in In-patient Psych beds and Geri Psych programs - funding
Financial Stability

- Operational Efficiency
  - Revenue Cycle Management
  - Proper staffing ratios
  - 340b savings
- Service Line Enhancements
  - Swing Bed
  - Geri-psych
  - Out patient imaging
Financial Stability

• Affiliations
  • Collaboration
  • Partnership
  • Shared Services

• Workforce
  • FP, Mid level, Specialists
What Can the State Do?

- These factors **vary** by rural hospital and cumulatively affect stability:
  - Competition
  - Demographics
  - **Payer Mix**
  - Affiliations
  - Service Lines
  - County and/or City Support
  - Stand Alone vs System
  - Age of Physical Plant
  - Long Term Debt

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![Graph showing Georgia Rural Hospitals Outpatient Services Payer Mix - CY 2016](image)

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*High and Low = 1 standard deviation from mean*
What Can the State Do?

Market Population size isn’t solely an indicator of financial success.

**Georgia Rural Hospitals**
Annual Total Margins by Market Population

- Red dots represent 2014 Total Margin
- Blue dots represent 2015 Total Margin

_Rural Hospital Market Population**_

Rural hospitals in counties less than 35,000 (1990 census) with market populations less than 100,000

**Market population includes counties where 75% of the hospital’s patients reside**
What Can the State Do?

- There are three **needs** that are the same for all rural hospitals:
  1. Coverage for the Uninsured
  2. Sufficient Payment for Non-Emergent Use of the Emergency Room
  3. Regulatory Stability
## Coverage for the Uninsured

<table>
<thead>
<tr>
<th>Rural Hospitals</th>
<th>Medicaid</th>
<th>Uninsured</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Patient Visits/Admissions</td>
<td>284,000</td>
<td>206,000</td>
<td>490,000</td>
</tr>
<tr>
<td>Total Uncompensated Care (UCC)</td>
<td>$41 million</td>
<td>$82 million</td>
<td>$123 million</td>
</tr>
<tr>
<td>Average UCC per Hospital</td>
<td>$620 thousand</td>
<td>$1.2 million</td>
<td>$2 million</td>
</tr>
<tr>
<td>Average Loss/Patient</td>
<td>$143</td>
<td><strong>$400</strong></td>
<td>$250</td>
</tr>
<tr>
<td>Staff Equivalent for UCC*</td>
<td>12 FTEs</td>
<td>25 FTEs</td>
<td>37 FTEs</td>
</tr>
</tbody>
</table>

* Based on average salary and benefits of $50,000 (2015 average for GA rural hospitals)
Rural Hospitals have to negotiate with commercial payers and seek almost 1.5 times their cost for insured patients to cover their uncompensated care from the uninsured and Medicaid.
Coverage Gap with DSH Cuts

Future Maximum Medicaid DSH Cuts (escalating to 47% in FY 2026) - $23 million

Average Cut per Hospital: $360 thousand

Average Cut per Patient: $47

FTE Equivalent per Hospital: 7 FTEs
EMTALA requires hospitals to provide care to anyone needing emergency treatment, including a medical screening examination to determine whether an emergency exists.

- Medicaid pays hospitals $50 for non-emergent ER visits*

Compare to:
- Medicaid’s physician fee schedule for New Patient Office Visits range from $35 to $137 depending on visit complexity

* Does not include professional fees
Regulatory Stability

Protect CON to preserve the “profitable” service lines

2015 - Georgia Rural Hospitals
Cost Coverage by Payer Needed to BREAK EVEN

- % of Cost Paid by Medicare 100%
- % of Cost Paid by Medicaid* 90%
- % of Cost Paid by/or the Uninsured* 35%
- % of Cost Paid by Everyone Else to Cover Uncompensated Care 144%

Percent of Hospital Patients by Payer

Uncompensated Care

* considers OSHP and Medicaid supplemental payments
Rural defined as hospitals in counties with less than 35,000 (1990 census).
Questions