



Safety Net Health Systems: An Essential Resource During the Economic Recession

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“Parkland Health & Hospital System has experienced a 19 percent increase in uncompensated care during the third quarter of 2009, compared to the beginning of the recession. In addition to serving residents of Dallas County who are in need, Parkland's role as a safety net extends to its specialized services not readily available elsewhere in North Texas, such as Level I trauma, burn and Level III neonatal care, while also training the next generation of doctors.”

RON J. ANDERSON, MD
PRESIDENT, CEO
PARKLAND HEALTH AND HOSPITAL SYSTEM

Since the beginning of the recession, public hospital systems that care for a disproportionate share of low-income patients have provided 17 percent more uncompensated care. These health systems have also treated 11 and 15 percent more uninsured and Medicaid patients, respectively. At a time when states are facing large budget shortfalls, continued federal assistance is critical.

Americans have lost millions of jobs since the beginning of the recession and the national unemployment rate has reached 9.5 percent—up from 5 percent at the start of the recession.¹ For most Americans, the loss of a job also means the loss of employer-sponsored health insurance coverage—according to the Kaiser Commission on Medicaid and the Uninsured, for every 1 percent rise in national unemployment rate there is an increase of 1.1 million newly uninsured individuals and 1 million additional enrollees for Medicaid and SCHIP.²

As the current economic crisis continues to threaten the financial viability and health security of families throughout the country, Americans have turned to safety net health systems in increasing number.

Providing a Greater Amount of Uncompensated Care

Members of the National Association of Public Hospitals and Health Systems (NAPH) have reported a 17 percent increase in uncompensated care costs, on an average member basis, during the third quarter of 2009, when compared to the beginning of the recession. The increase in uncompensated care costs average more than \$4.6 million per member, with

some members incurring more than \$30 million in additional costs.

- During the fourth quarter of 2009, NAPH members continue to incur additional uncompensated care costs—14 percent more, when compared to the beginning of the recession. Although not as high as the third quarter's increase, the additional burden continues to challenge our nation's public hospitals.
- Safety net health systems in Arizona, Colorado, Florida, Minnesota, Texas, and Virginia all report higher than average increases in uncompensated care costs. Specifically, those in Arizona, Colorado, Minnesota, and Virginia each report more than 30 percent increase in uncompensated care costs.

Treating More Patients Overall— Especially the Uninsured

Throughout the country, at a time when hospitals are seeing fewer patients seeking services,³ NAPH members have experienced an increase in overall patient care volumes during the third and fourth quarters of 2009 compared to the beginning of the recession.

- These safety net health systems report an 11 percent increase during the third quarter of 2009, on an average member basis, in the number of uninsured patients receiving care at their health systems. The average NAPH member reports an increase of at least 1,800 additional uninsured patients in their health systems. During the fourth quarter of 2009, NAPH members saw a 10 percent increase in uninsured patients, when compared to the beginning of the recession.

- NAPH members also report that uninsured patients are coming to the emergency rooms in greater numbers—up 15 percent (or almost 1,400 additional visits per member) during the third quarter of 2009. While the increase for the fourth quarter of 2009—10 percent increase—was not as high, it nevertheless represents an increase in the amount of uninsured care provided in an emergency setting at public hospitals. Safety net health systems in Colorado, Florida, Indiana, and Texas report higher than average increases in emergency room visits by uninsured patients.

- These uninsured patients are also accessing non-emergency outpatient hospital services, including primary care, in greater numbers—up 9 percent (or more than 3,400 visits), on an average member basis, during both the third and fourth quarters of 2009. Similar to emergency room visits, the increase in outpatient services is dramatically higher in key states—safety net health systems in Alabama, Colorado, Indiana, Minnesota, Ohio, Texas, and Virginia all report higher than average increases in non-emergency outpatient visits by uninsured patients.

- These increases in utilization by uninsured patients continue to stretch

the health systems' limited resources—more than half of all patients seeking care at these health systems are uninsured or covered by Medicaid.

Treating More Medicaid Patients

NAPH members provide critically important services that reduce barriers to access for all low-income patients. As newly unemployed Americans navigate the health care system without their employer-sponsored health insurance, safety net health systems provide an important service by enrolling many of these individuals in public coverage programs, such as Medicaid. Safety net health systems' ability to continue to provide services to vulnerable patients depends, in part, on continued support from the Federal government. This is true especially now since states are facing unprecedented budget shortfalls. Without continued assistance in the form of enhanced matched rate for Medicaid expenditures, many states will have no choice but to cut services for vulnerable populations.

- Since the beginning of the recession, NAPH members have cared for a growing number of Medicaid patients—up 15 percent (or more than 2,000 patients) during the third quarter of 2009, on an average member basis. During the fourth quarter of 2009, the increase was only slightly lower at 14 percent.

- These new Medicaid patients also contributed to a 28 percent increase (or more than 1,300 visits) in emergency department visits, on an average member basis, at safety net health systems during the third quarter of 2009. The increase in care provided to Medicaid patients in an emergency setting during the fourth quarter of 2009 remains high at 27 percent.

NAPH members include the largest metropolitan safety net health systems in the country. These health systems—America's public and teaching hospitals and their outpatient clinics—fill an ever-increasing gap in access to care by providing a significant level of uncompensated care to low-income, uninsured, and vulnerable populations. In fact, NAPH members represent just 2 percent of hospitals nationwide, yet they provide 21 percent of all hospital-based uncompensated care. In addition to providing essential community services like top-level trauma care, burn care and neonatal intensive care, these health systems help newly uninsured patients and those newly eligible for public coverage programs navigate the health system to get the care they need.

- Non-emergency outpatient services for Medicaid patients have also increased by 22 percent (or more than 4,500 visits), on an average member basis, during the third quarter of 2009, compared to the beginning of the recession. The increase during the fourth quarter was 17 percent.
- Safety net health systems in the Alabama, Colorado, Florida, Indiana, New York, and Ohio all report higher than average utilizations by Medicaid patients.

Safety Net Health Systems: A Valuable Partner in Health Reform Implementation

Safety net health systems are working hard to meet the needs of uninsured, underinsured, and Medicaid patients during the economic recession and they will continue to do so in spite of challenging state budgetary crises that constrain already limited resources. As the Administration considers health reform implementation, it is important to recognize the essential role of safety net health systems—both in the transition to expanded health coverage and beyond. The experience and expertise of safety net health systems in caring for vulnerable populations during both good and bad economic times is instrumental in moving toward a reformed health care system.

Endnotes

1. Bureau of Labor Statistics, *The Employment Situation: June 2010*, available at <http://www.bls.gov/news.release/empstn.nr0.htm>.
2. The Kaiser Commission on Medicaid and the Uninsured, *Medicaid, SCHIP, and Economic Downturn: Policy Challenges and Policy Responses*, April 2008.
3. American Hospital Association, *The Economic Crisis: Ongoing Monitoring of Impact on Hospitals*, November 2009.