



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

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"Since the recession began, the Virginia Commonwealth University (VCU) Health System has seen steady increases in uninsured patients and uncompensated care. Between the first and second quarters of 2009, demand by uninsured patients for inpatient hospital services increased by almost 30 percent."

**SHELDON M. RETCHIN, M.D., M.S.P.H., CEO,
VCU HEALTH SYSTEM, AND VCU VICE
PRESIDENT, HEALTH SCIENCES**

"Truman Medical Centers (TMC) is committed to meeting the growing needs of vulnerable patients in its community. Most notably, TMC has seen an increase in Medicaid patient demand for emergency, ambulatory, and inpatient services. Uninsured patient needs have also expanded—up 8 percent during the second quarter of 2009 compared to the previous quarter. TMC has also seen an increase in uncompensated care costs—up by more than 10 percent over the same period."

**JOHN W. BLUFORD, III, PRESIDENT AND
CHIEF EXECUTIVE OFFICER, TRUMAN
MEDICAL CENTERS**

Since the beginning of the economic recession, safety net health systems have treated more patients overall, including 23 percent more uninsured patients. These health systems have also provided 10 percent more uncompensated care to low-income populations.

Americans have lost millions of jobs since the beginning of the recession and the national unemployment rate has skyrocketed to 10 percent.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 10 percent increase in uncompensated care costs, on an average member basis, during the second quarter of 2009, when compared to the beginning of the recession. The increase in uncompensated care costs average more than \$2.3 million per member, with some members incurring more than \$16 million in additional costs.

- Safety net health systems in California, Colorado, District of Columbia, Florida, Louisiana, Kentucky, New Mexico, Virginia, and Washington all report higher than average increases in uncompensated care costs. Specifically, those in District of Columbia, Virginia, and Washington each report 30 percent or higher 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 second quarter of 2009 compared to the beginning of the recession.

- These safety net health systems report a 23 percent increase, 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 2,600 additional uninsured patients in their health systems.
- In addition, over 80 percent of the increase in patients receiving care at these health systems is due to

additional uninsured or Medicaid patients.

- NAPH members also report that uninsured patients are coming to the emergency rooms in greater numbers—up 18 percent (or more than 1,200 additional visits per member) over this time period. Safety net health systems in California, Colorado, District of Columbia, Massachusetts, and Ohio 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 15 percent (or more than 2,500 visits), on an average member basis, over the same time period. Similar to emergency room visits, the increase in outpatient services is dramatically higher in key states—safety net health systems in Alabama, California, District of Columbia, Illinois, Missouri, Ohio, 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, especially those with Medicaid coverage. 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.

- Since the beginning of the recession, NAPH members have cared for a growing number of Medicaid patients.
- These new Medicaid patients also contributed to a 10 percent increase (or more than 2,000 visits) in non-emergency outpatient visits, on an average member basis, at safety net health systems.
- Safety net health systems in the Alabama, District of Columbia, Illinois, Iowa, and Ohio all report higher than average utilizations by Medicaid patients.

Safety Net Health Systems: A Valuable Partner in Health Reform

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 Congress considers health reform, 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 towards a reformed health care system.

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.

Endnotes

1. Bureau of Labor Statistics, *The Employment Situation: December 2009*, available at <http://www.bls.gov/news.release/empst.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.