



National Association of Public Hospitals and Health Systems

IN UNCERTAIN TIMES, *safety net hospitals* MAINTAIN COMMITMENT TO SERVE

RESULTS OF THE 2010 NAPH HOSPITAL CHARACTERISTICS SURVEY

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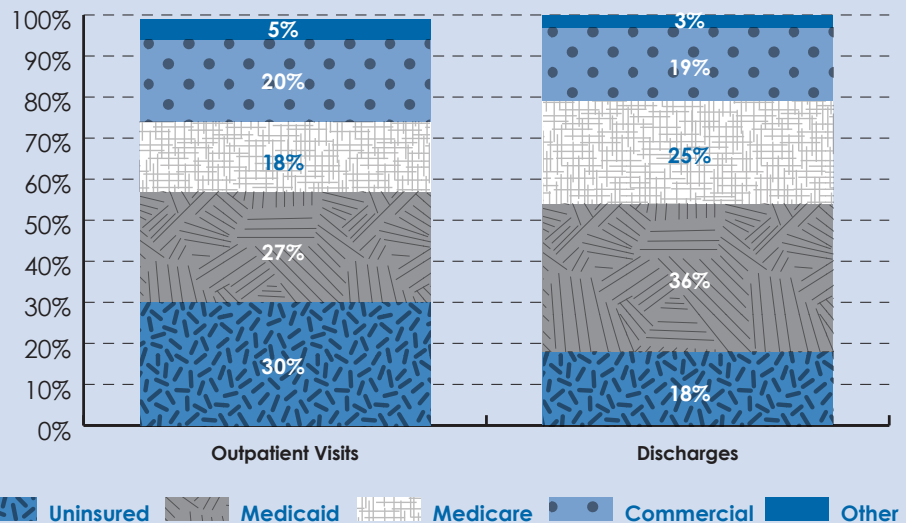
Despite economic challenges and political uncertainty regarding the national health care system, safety net hospitals continue to fulfill critical roles in their communities. Their commitment to serve is demonstrated by results from the 2010 National Association of Public Hospitals and Health Systems (NAPH) Hospital Characteristics Survey, which were compiled by NAPH's research affiliate, the National Public Health and Hospital Institute.

As Figure 1 illustrates, more than half of all discharges and outpatient visits were either for uninsured or Medicaid patients in 2010. Patients with commercial insurance accounted for only 20 percent of outpatient volume and 19 percent of inpatient volume at NAPH member hospitals.

Because their patients are often uninsured or underinsured, safety net hospitals provide a disproportionate share of America's uncompensated care—care provided for which no payment is received. NAPH members delivered 20 percent of the uncompensated care provided by U.S. hospitals in 2010, even though they represented only 2 percent of the nation's total number of acute care hospitals.

Figure 2 shows that Medicaid remained the most important source of financing for NAPH members, representing 35 percent of total net revenues in 2010.

FIGURE 1 Outpatient Visits and Discharges at NAPH Members by Payer Source, 2010



SOURCE NAPH Hospital Characteristics Survey, 2010.

NOTE Chart percentages may not add up to 100 percent due to rounding.

The costs of unreimbursed care, which include the costs of uncompensated care and any additional unreimbursed services such as language assistance and social work, also present a significant burden to safety net hospitals. However, critical support from local, state, and federal governments helps ensure these hospitals are able to fulfill their roles as essential health care providers within their communities.

For example, Figure 3 indicates that Medicaid disproportionate share hospital (DSH) payments alone financed 24 percent of the unreimbursed care provided by NAPH members in 2010. Without DSH and other supplemental payments, NAPH members would have lost \$3.3 billion caring for Medicaid patients in 2010. Additional federal, state, and local payments financed 30 percent of unreimbursed care.

NAPH members operate with lower margins than the rest of the hospital industry (see Figure 4). And Medicaid DSH and supplemental payments clearly play an essential role in helping safety net hospitals maintain financial viability. The average margin for NAPH hospitals in 2010 was 2.3 percent, compared to 7.2 percent for all hospitals nationwide. Without Medicaid DSH, overall NAPH member margins would have dropped to -6.1 percent. Without other supplemental Medicaid payments, this figure would have dropped further to -10.6 percent.

As illustrated by these figures, and others included in the 2010 NAPH hospital characteristics report, NAPH members are continuing to meet the needs of their communities despite economic and political challenges. They are committed to reforming their delivery systems and stand ready to work with policymakers and health care leaders to develop innovative, sustainable solutions for industry needs. ■

