

Health Care Access in Alabama

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Alabama's Hospitals

HEALTH MATTERS **to the State's Infrastructure**



Cornerstone of the Community: Often largest employer

- **Alabama Hospitals:**
- Directly employ nearly **90,000** people statewide
- Support an additional **96,000** jobs outside of the hospitals
- Have a **\$20 billion** annual economic impact



Cornerstone of the Community



Economic Driver

- **A vital part of the state's economy:**
- Hospitals are critical to the state's economic infrastructure.
- Just like education, utilities and roads, communities need health care.
- Vital in recruiting and keeping business



Challenges facing Alabama's Hospitals

- **Reimbursement reductions**
- Alabama hospitals are receiving millions less in Medicare payments every year compared to other states.
- **Uncompensated care**
- Alabama has one of the most restrictive Medicaid programs in the country.
- Many uninsured individuals depend on the emergency department for care. This ultimately drives up the cost of health care for everyone.
- According to the latest information, hospitals provided more than \$500 million in care for which they were not paid.

Impact of the Rural Hospital



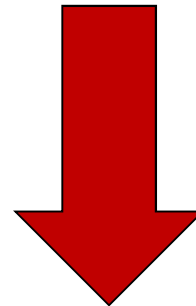
Struggles

Six of Alabama's rural hospitals have closed since 2011.

The median operating margin for rural hospitals is **negative 12.2%**.

88% of rural hospitals are operating in the red.

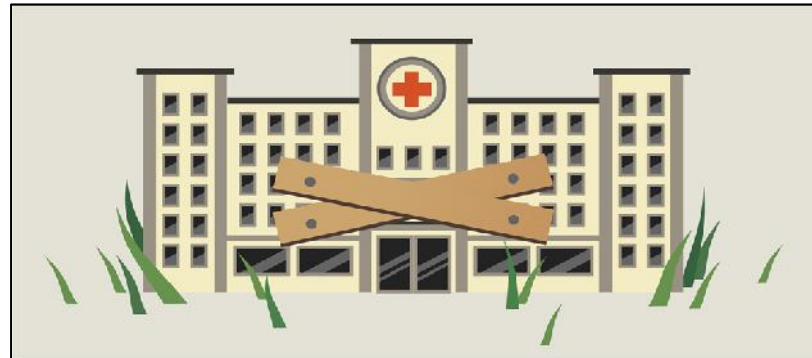
This leads to problems for ALL Alabama hospitals



- People in rural areas must travel to urban hospitals for care.
- Uncompensated care costs increase for all hospitals.
- Emergency Departments flooded with more patients and have increased wait times for care.

Alabama's Hospitals are struggling financially

- **12** hospitals have closed since 2011
- **75%** are operating in the red
- Median operating margin is **negative 6.5%**
- **52%** of all hospitals had negative total margins



Increasing Mental Health Needs

- Hospital emergency departments continue to see increasing numbers of patients with mental health and substance abuse issues, including opioid addiction.
 - Alabama ranks #1 in the nation in the number of opioid prescriptions written per capita.
 - All seven of Alabama's congressional districts are included in the nation's top 30 districts for opioid prescriptions written.
 - With limited state and community resources, hospital emergency departments are often packed with patients in psychiatric emergencies and nowhere to go.

Solutions Through Partnerships

- We need to work together to find ways to support hospitals and the care they provide.
- What can we do?
 - **Create an Alabama solution to expand Medicaid**



What is Medicaid?

- It is a type of **health insurance** for low-income children, pregnant women, the elderly, and the disabled.
- There are ZERO non-disabled, childless adults (18-64) enrolled in Alabama Medicaid.
- Alabama Medicaid has one of the most restrictive eligibility thresholds in the country.
 - Adults in a family of three earning more than \$312 a month cannot qualify.



What is Medicaid?



- Alabama Medicaid is a **bare-bones program** that only covers the minimum services required by the federal government.
- Alabama's Medicaid program has one of the lowest administrative costs in the country—less than 3%.
- Alabama has the **3rd lowest cost per enrollee** in the country.
- Alabama spends less on the disabled population than any other state in the nation.

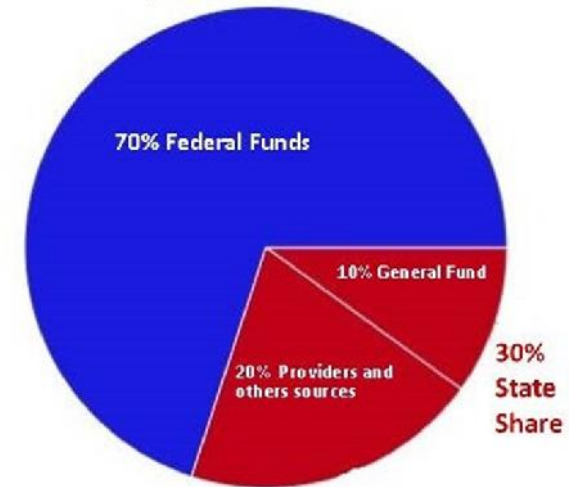
What is Medicaid ?

- **It's a vital part of Alabama's health care delivery system.**
- Hospitals provide care 24 hours a day, 7 days a week regardless of a patient's ability to pay.
- Without Medicaid, many providers (hospitals, doctors, pharmacists) could not survive, leaving every citizen in that area without access to health care.
- 60 to 70 percent of patients at the state's two children's hospitals are covered by Medicaid.

How is Medicaid funded?



- Alabama Medicaid is funded with approximately 30% state dollars and 70% federal matching funds.
- Of that 30%, **only 10% comes from the General Fund**. The remaining 20% comes from health care provider assessments and other funding sources.
- As an example, **hospital, nursing home, and pharmacy assessments provide in excess of \$730 million every year.**



How is Medicaid funded?

- The problem is not Medicaid growing out of control; the problem is the General Fund's lack of growth.
- Alabama's Medicaid budget has grown at a slower rate than the national rate of medical inflation.
- Because of inadequacies in the General Fund, Medicaid's budget has been dependent on **one-time funds that are no longer available.**

What Can Be Done To Support Our Health Care Infrastructure?

- Medicaid Expansion

Why Expand Medicaid?

- ✓ • Medicaid expansion offers Alabama the opportunity to provide basic health care insurance to more than **300,000** individuals, most of whom are working.
- ✓ • Expansion would bridge the gap between people who currently make too much money to qualify for Medicaid, but don't earn enough to afford insurance.
- ✓ • It's a smart investment; Alabama will never pay more than 10 cents on the dollar to cover the expanded population.
- ✓ • Medicaid expansion would enable more people to access the primary care they need, avoiding expensive Emergency Department care and increasing the cost for everyone.

Benefits of Medicaid Expansion for Hardworking Alabamians

Currently Uninsured Employed Adults	Potentially Eligible
Restaurants & other food services	25,060
Construction	23,350
Landscaping services	6,350
Household goods repair	5,410
Drug & chemical wholesalers	4,880
Building support services	4,750
Automotive repair	4,440
Auto & related manufacturing	3,660
Museums & historical sites	3,520
Film & video industries	3,450

Economic Benefits of Medicaid Expansion

- An **investment in the infrastructure** of our state and our community
- A **\$28 billion** boost for Alabama's economy
- Keeps Alabama's federal tax dollars at home
- Statewide, **30,000** jobs would be created
- Savings to the General Fund budget



Benefits of Medicaid Expansion:



State Budget Savings

- **State Savings**

- Access enhanced federal matching funds for current Medicaid beneficiaries that would now be eligible in the new expanded group (90% federal dollars as compared to 70%).
- Save General Fund dollars currently being spent on programs and services for the uninsured (programs where the state funds 100% of costs, but would only fund 10% of the cost in the future).
- Montana saved more than **\$36 million** in state funds after expansion.



It's Working!

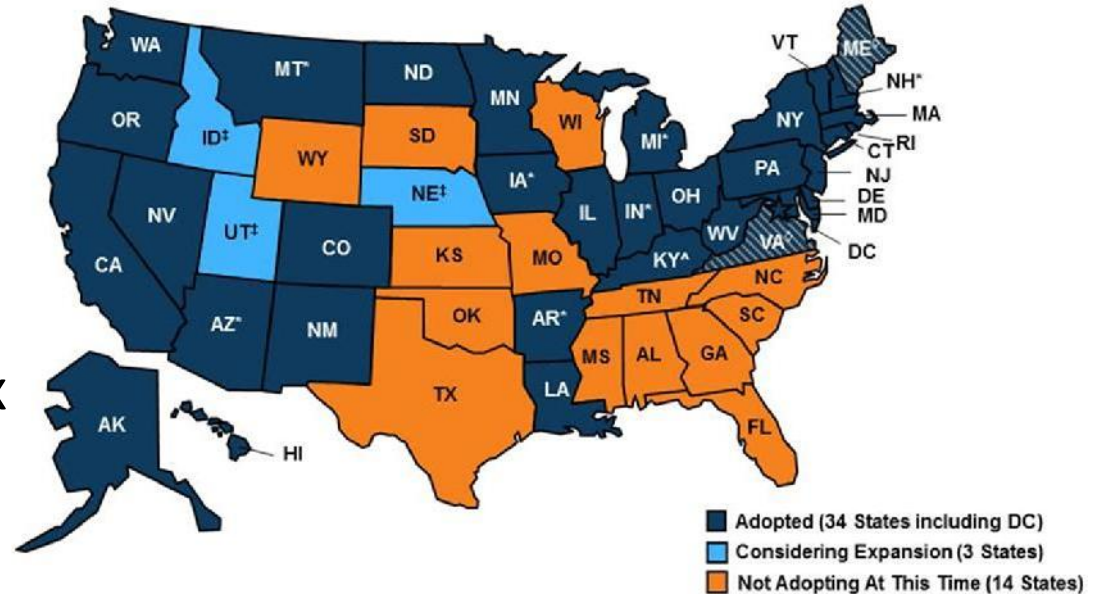
Quantifiable results already seen in expansion states



■ Montana

- 5,000 new jobs
- \$280 million in new personal income
- \$47 million in new tax revenue

Status of State Medicaid Expansion Decisions



■ Kentucky

- 12,000 new jobs
- Uncompensated care declined 55%
- \$300 million positive impact on the State General Fund

It's Working!

Quantifiable results already seen in expansion states



■ Arkansas

- No rural hospitals have closed since Medicaid expanded
- \$131 million in state budget savings

■ Louisiana

- 19,000 jobs created
- \$103.2 million increase in state tax receipts
- \$74.6 million increase in local tax receipts

Benefits of Medicaid Expansion

- **Stops hospitals from closing**
 - Hospitals in expansion states are **84% less likely** to close than hospitals in non-expansion states.
 - Non-expansion states had nearly double the percent of rural hospitals at risk of closure than expansion states.
- **Reduces uncompensated care**
 - Expansion states had a 47% decrease in uncompensated care.
 - Estimated savings across all hospitals in Medicaid expansion states totaled **\$6.2 billion**.

Benefits of Medicaid Expansion:

State Budget Savings

- Mental Health and Substance Abuse

State-funded mental health and substance abuse treatment for uninsured individuals can be reduced as many of the participants become eligible for Medicaid.

- In Ohio, nearly half of new enrollees received treatment for mental illness or substance abuse.
- Michigan saved \$190 million when services to people with mental illnesses were transitioned into Medicaid.
- Kentucky saved \$30 million in its state mental and behavioral health programs in the first 18 months of expansion.



Benefits of Medicaid Expansion:



Dept. of Corrections Savings

Decreased inpatient Cost of Prisoners

- Federal law prohibits Medicaid from paying for medical services provided in prison but allows Medicaid to pay for inmates' inpatient hospitalizations. With expansion, most prisoners will be eligible for Medicaid coverage for inpatient services.

Reduced Recidivism

- When incarcerated individuals receive substance abuse and mental health treatment, they are less likely to be re-incarcerated.
- Upon release from prison, people with health coverage are more likely to receive health care, gain and maintain employment and avoid re-incarceration.
- When Washington State expanded Medicaid, they had a **21-33%** lower re-arrest rate for groups receiving substance use disorder treatment.

Benefits of Medicaid Expansion



Better Health Outcomes

- **Reductions in Infant Mortality**
- Expansion states saw improved infant mortality rates.
 - Infant mortality declined 15.2% in expansion states.
 - By expanding coverage, women have access to primary and prenatal care, which leads to healthier pregnancies and healthier babies.



Why is this important in Alabama?

- Alabama has the nation's **highest** infant mortality rate (9.1 infant deaths per 1,000 live births).
- Alabama's low birth weight is the **3rd highest** in the country.

Benefits of Medicaid Expansion:



Better Health Outcomes

- **Better Cancer Care and Diagnosis**
- Kentucky study found a connection between Medicaid expansion and improved quality of breast cancer care, including an increase in diagnosis of early stage disease.
- Medicaid expansion was associated with 3.4% increase in all cancer diagnoses and a 6.4% increase in early-stage diagnoses in U.S. counties studied.
- Health insurance increases cancer detection, which leads to fewer cancer deaths and better outcomes for patients.

What's at Stake? The Downward



Spiral of Doing Nothing

- Can you imagine Alabama's economy without the support of a strong health care infrastructure statewide?
- It becomes impossible to recruit new industry to Alabama without access to health care.
- The 90,000 health care jobs will be threatened, forcing people to look for employment in different states.
- Direct job losses in hospitals create a ripple effect on the rest of the state's economy.
- Doctors will leave the state for better opportunities.



The reduction of the \$20 billion economic impact hospitals have in Alabama will affect the entire infrastructure of our state.

What you can do?

- **Partners Moving Forward**
 - ✓ We are asking you to partner with hospitals and help us find an Alabama solution to Medicaid expansion. We want to continue discussions with you on how we can work together to make this happen.
 - ✓ Talk to other community leaders, neighbors, friends and family about Medicaid expansion and why it is important to all Alabamians.
 - ✓ Stay engaged in the conversation and learn more about this issue.
 - ✓ Remain open to ideas and solutions for Medicaid expansion in Alabama, understanding that it is an investment in the future of health care.

- To stay informed, send us your email to receive updates and ideas on how you can help
 - info@alhealthmatters.com

- If we cannot find a way to invest in the infrastructure of Alabama and our hospital, then our communities must face the reality that some hospitals may not be here in the future.
 - **Alabama cannot afford to do nothing.**
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