Chapter Five

CONCLUSIONS

This study addresses two interrelated questions:

- To what extent do the hospitals in Miami-Dade County share the burden of uncompensated care?
- Is the funding of uncompensated care associated with the hospital at which patients are treated?

Our analysis of hospital financial data focused on the levels of uncompensated care—that is, the sum of charity care and bad debt—that Miami-Dade hospitals provide. Charity care is care provided to persons who have no financial means or insurance to pay for it, that is, the hospital does not expect to be compensated. Bad debt, in contrast, involves some expectation of payment that ultimately is not realized. Bad debt comprises the hospital bills of self-pay patients who are found to be not eligible for state or federal programs such as Medicaid, the unpaid co-payments of persons with health insurance, and other revenue shortfalls. Like earlier researchers, we analyzed the combination of charity care and bad debt, but we separated them for cross-hospital comparisons.

The level of uncompensated care reported by hospitals in Miami-Dade County is similar to that experienced by hospitals nationally. All hospitals in Miami-Dade County provided some level of uncompensated care in 1999, although two investor-owned hospitals reported that they did not provide any charity care.

Depending upon how the 0.5 percent sales surtax approved in Florida in 1991 is allocated to offset the costs of charity care, the level

of uncompensated care at JMH ranges from being the highest proportion of operating expenses to being similar to that of other hospitals that provide significant amounts of such care. Thus, the results of our hospital financial analysis rest, in part, on the intent of the half-penny sales tax. If, as is often argued, the funds are to be used to maintain trauma and specialized services at JMH, the level of uncompensated care provided there clearly dwarfs that of other hospitals. If, however, the funds are used to provide care for the county's indigent population, the level of charity care provided at JMH is similar to that of other hospitals in the county. Regardless, the surtax revenues received by JMH represent a major source of income, covering nearly one-fifth of the hospital's total operating expenses.

If the county expects not-for-profit hospitals to provide a certain level of public goods to the community, making these expectations explicit, as other states have done, would provide clear guidelines under which these hospitals' performance could be measured. Without such guidelines, it is difficult to determine what hospitals have "given" to their community in "exchange" for their tax-exempt status.

Our analysis of the extent to which the financing of indigent care affected geographic access examined patients' travel patterns. This was done to determine whether there were differences across insurance status (commercially insured, Medicaid-insured, and uninsured) in the proportion of patients who were hospitalized close to their homes. Using patient discharge data, we found that patients in the southern and western areas of the county who did not have health insurance traveled farther from their homes to get care than those who were commercially insured. Moreover, this difference existed for both emergency and urgent/elective admissions and for both adult and pediatric patients.

We did not interview patients for this study; our conclusions are derived from publicly available data. Thus, we do not know exactly why individual patients were hospitalized in particular hospitals. Patients may select a particular hospital because of proximity to home, quality of care, admitting privileges of their doctor, insurance-plan constraints, restrictions based on ability to pay, and personal preferences (concerning quality, amenities, etc.), especially for urgent and

elective admissions. However, these differences should average out over large numbers of patients. We considered the possibility that differences in travel patterns could reflect differences in the type of specialty care needed; that is, if some hospitals specialized in treating particular conditions and the prevalence of such conditions differed by payer status, this might influence hospital use. To take these considerations into account, we analyzed overall adult patients, adult cardiac patients, and pediatric patients separately. We found that the travel patterns persisted across these patient types.

By law, no hospital can turn away a patient requiring emergency care; nevertheless, the uninsured are more likely to go to JMH even if they have emergency conditions. This suggests that the centralized-system approach taken by the Public Health Trust with JMH as its hub results in most uninsured and Medicaid patients going to that hospital.

The persistent need for some patients to travel outside their areas of residence for emergency care suggests that the local hospitals are not meeting the needs of the uninsured in their areas. The pressure on uninsured patients to go beyond their local hospitals may exacerbate conditions that are already highly stressful. For many families, travel out of the area of residence is difficult, and the problem is compounded in Miami-Dade County, where public transportation is not well distributed. We may conclude from these findings that a need exists for more resources to provide uncompensated care beyond the main metropolitan (northeastern) area of the county.

Finally, it is important to note that more than half of the hospitals in Miami-Dade County are for-profit, and as noted above, two report that they provide no charity care. When the proportion of not-for-profit hospitals in an area decreases, the burden of uncompensated care, especially charity care, is borne by fewer hospitals. Not only can this lead to financial stress for these hospitals, it further reduces the number of hospitals at which uninsured patients may receive care.

Our analysis suggests the following issues and policy options that might be considered by Miami-Dade County by policymakers, stakeholders, and community members.

Reduce the number of uninsured persons in the county.

- Increase the enrollment of persons into Medicaid and other state and federal programs. Much effort is currently being devoted to increasing enrollment for children, as evidenced by the relatively small numbers of uninsured children who are hospitalized.
- Expand Medicaid and other public programs to include more adults. Our analysis clearly shows that many uninsured adults are being hospitalized, and their lack of health insurance affects their geographic access to care. Undoubtedly, some of the patients receiving uncompensated care are eligible under the current Medicaid program or under allowed expansions. Some level of compensation is preferable to no compensation.

Revisit the financing of health care for the indigent.

- Reconsider the intent of the half-penny sales tax and, in light of this analysis and any other pertinent facts, either endorse its current allocation or seek ways to alter it. The $142 million in surtax is insufficient to cover the cost of uncompensated care provided by the county's 24 acute-care hospitals.
- Explore ways to increase the distribution of care and funds for care for the uninsured throughout the county. Policymakers should consider having the county provide or subsidize health insurance that would enable patients to obtain care wherever they choose, with the assurance that reimbursement will follow.

Consider the role of community benefits in the county and their impact on the provision of indigent care.

- Clarify the community's sentiment about specifying levels of community benefits that nonprofit agencies must provide. Does the county want to rely on the quid pro quo of tax exemption and provision of charity care to maintain the safety net? Miami-Dade County should consider detailing explicitly the level of community benefits it expects from nonprofit entities. How much charity care could be provided by a community benefits program?

Monitor the dynamics of hospital-care provision in the county and publicize any changes.

- During the period in which these analyses were conducted, the Public Health Trust and the Jackson Health System purchased Deering Hospital, located in the South Dade region. This purchase will bring this hospital into the county system. Assuming that patients are well informed of this change, Deering should provide some relief for uninsured patients who currently travel long distances to JMH. It may also provide relief to Homestead Hospital, also located in South Dade, which provides a high level of uncompensated care. When data become available, analysis of travel patterns in South Dade will show whether the introduction of another public hospital brings the expected relief to Homestead Hospital and to uninsured patients.