

Illinois Safety Net Hospitals



Illinois safety net hospitals represent
19.1% of our state's hospitals and care
for our state's most **vulnerable** citizens.

ILLINOIS SAFETY NET HOSPITALS

Illinois' **40** safety net hospitals—representing **19.1%** of Illinois hospitals—are a major source of medical care for low-income, uninsured and vulnerable populations.

Illinois' safety nets include a mix of both public and private hospitals; and provide essential health services—including specialty services—to individuals who otherwise would lack access to healthcare.

Our state's safety nets reflect the communities they serve, and face a unique set of challenges influenced in large part by the economic conditions and other characteristics of their local communities. Illinois' safety net hospitals are:

- ▶ Dependent on government funding
- ▶ Facing significant operational challenges as a result of contracting with a majority of the Medicaid Managed Care Organizations in their service areas
- ▶ Financially challenged
- ▶ Major providers of behavioral healthcare—mental health and substance use disorder
- ▶ Transforming healthcare
- ▶ Economic engines
- ▶ Enriching their communities

Here's their story.

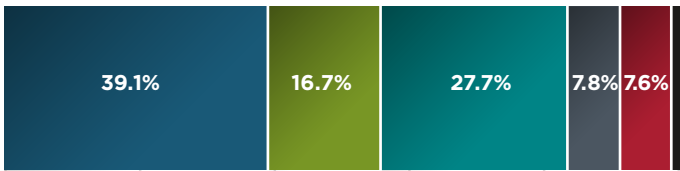
DEPENDENT ON GOVERNMENT FUNDING

Almost **40%** of safety net patients are covered by **Medicaid** compared to **17.9%** for all other hospitals.

Patients Served by Payer

(Inpatient and Outpatient)

Safety Net Hospitals



Other Hospitals



0% 20% 40% 60% 80% 100%
% of Patients

■ Medicaid ■ Medicare ■ Private Insurance ■ Self Pay ■ Charity ■ Other

Illinois' safety net hospitals treat more Medicaid, charity and self-pay patients

- ▶ Only **27.7%** of patients in safety net hospitals are covered by **commercial payers** compared to **44.4%** of patients in other hospitals
- ▶ Safety net hospitals treat more **self-pay** patients—**7.8%** vs. **3.6%**; and provide more **charity care**—**7.6%** of patients vs. **2.5%** for other hospitals

Note: Payer mix based on number of patients (inpatient and outpatient) served by payer.

Source: IDPH Annual Hospital Questionnaire, 2014

SIGNIFICANT OPERATIONAL CHALLENGES—MEDICAID MCOs

The typical safety net hospital contracts with **more than 2/3** of the Medicaid Managed Care Organizations (MCOs) in its area, resulting in significant operational implications:

1

LACK OF TIMELY PAYMENT

- ▶ The typical Illinois hospital has **\$1.3M** in unpaid Medicaid MCO bills
- ▶ **71.2%** of Illinois hospitals say that the amount of time it takes to get paid by a Medicaid MCO has gotten worse in the last year

2

ADMINISTRATIVE BURDEN

- ▶ **More than 1/3** of Illinois hospitals—**36.4%**— have had to add staff to deal with the administrative burdens associated with Medicaid MCO contracts



MEDICAID



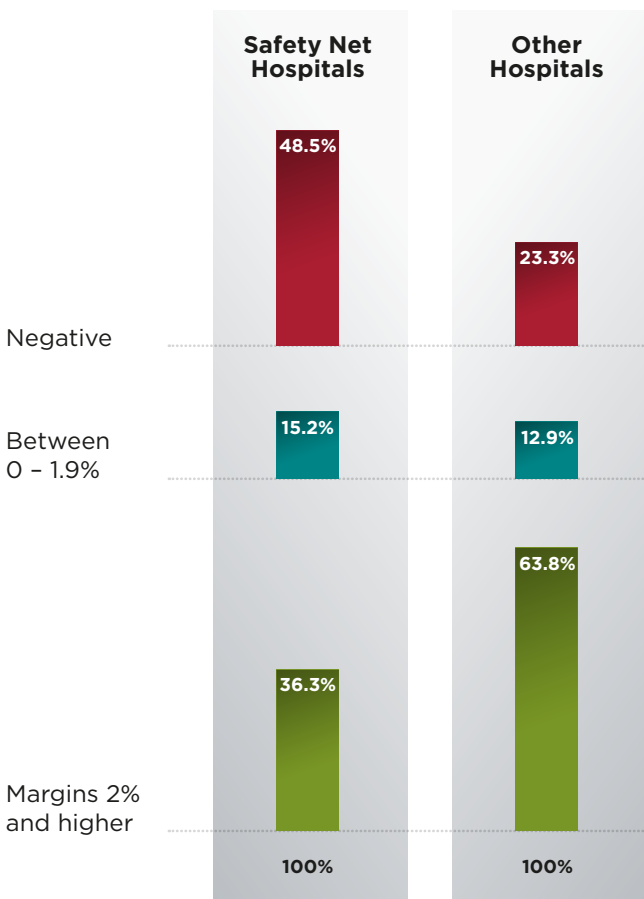
MCOs



SAFETY NET HOSPITAL

FINANCIALLY CHALLENGED

Almost 2/3—**63.7%**—operate on **negative** or **slim** margins.



MAJOR PROVIDERS OF BEHAVIORAL HEALTHCARE

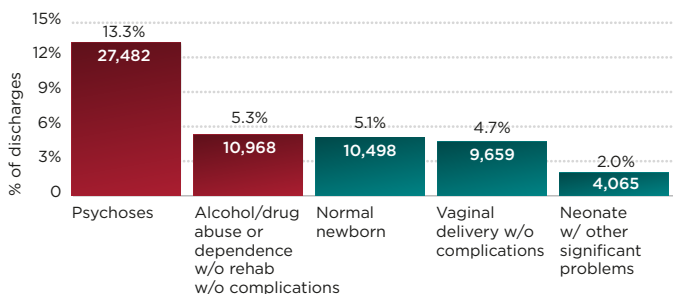
Illinois' safety net hospitals represent **19.1%** of all hospitals, but care for **39.9%** of all patients hospitalized for a **behavioral health** condition—**mental health** or **substance use disorder**.

- ▶ The top two reasons for admission to a safety net hospital are **behavioral-health related**
- ▶ In contrast, the top two reasons for admission in other hospitals are **related to pregnancy and birth**

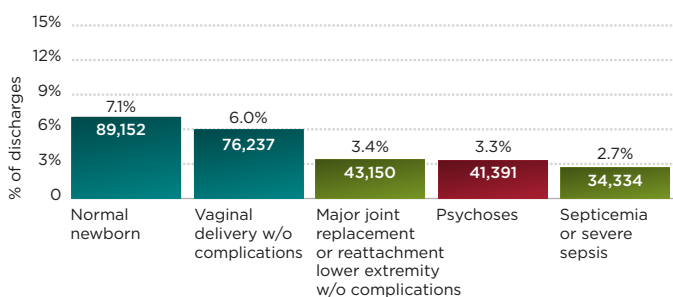
Top 5 Reasons for Inpatient Treatment

Excludes freestanding psychiatric hospitals

Safety Net Hospitals



Other Hospitals



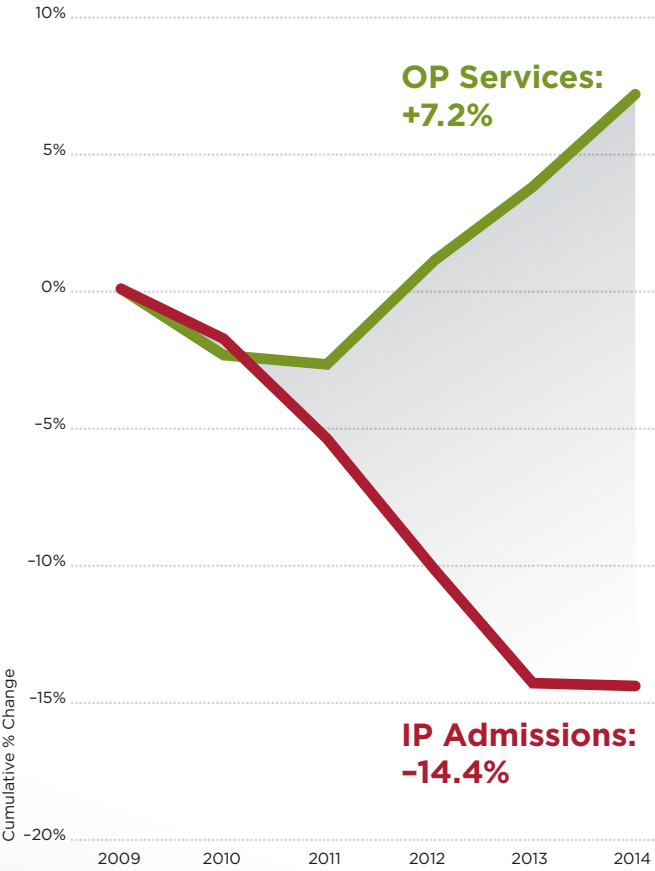
- ▶ In addition, the professionals required to care for these patients are in short supply—**82.5%** of safety nets are located in a **Mental Health Professional Shortage Area***

* A Mental Health Professional Shortage Area is a federally designated area with a shortage of psychiatrists (30,000 or more people per psychiatrist).

TRANSFORMING HEALTHCARE

Safety net hospitals are transforming to provide more services in cost-effective outpatient settings.

Shifting to Outpatient Services

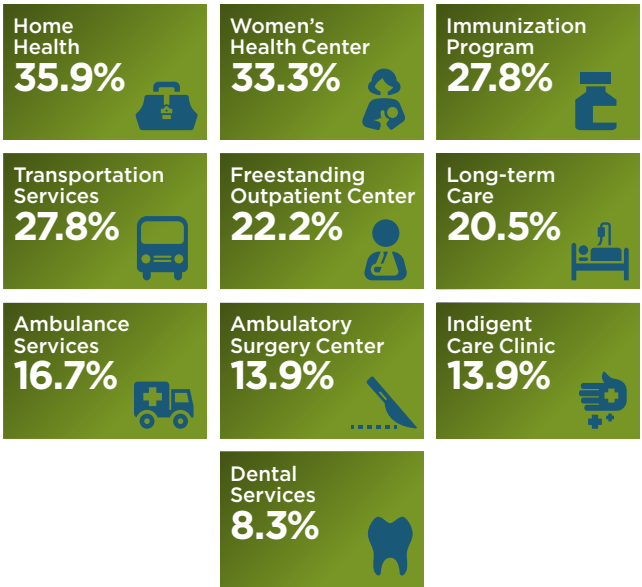


Note: Outpatient services include outpatient visits, ED visits and outpatient surgery

Source: IDPH Annual Hospital Questionnaire, 2009 - 2014

TRANSFORMING HEALTHCARE

Provide services outside their four walls*



A few examples...

Norwegian American Hospital on the near northwest side of Chicago opened an innovative primary care clinic in conjunction with the New Life Covenant Church in 2014 to increase access to medical homes.

Touchette Regional Hospital in downstate Centreville opened a Special Needs Dental Program in collaboration with the Southern Illinois University School of Dental Medicine and Southern Illinois Healthcare Foundation to provide affordable dental care for families with no place else to turn.

Sinai Health System on the west and southwest sides of Chicago demonstrated that for every \$1 invested in community health educators, up to \$14 in acute care services can be avoided.

* Represents percent of safety nets providing each service

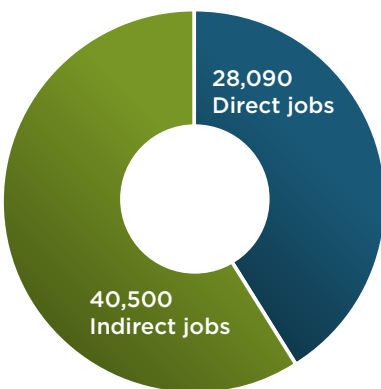
Source: AHA/Health Forum Annual Survey of Hospitals, 2014, IHA Profile Database, Medicare Cost Reports (2014 fiscal year ends)

ECONOMIC ENGINES

\$11.7B Economic Impact



68,590 Jobs Generated

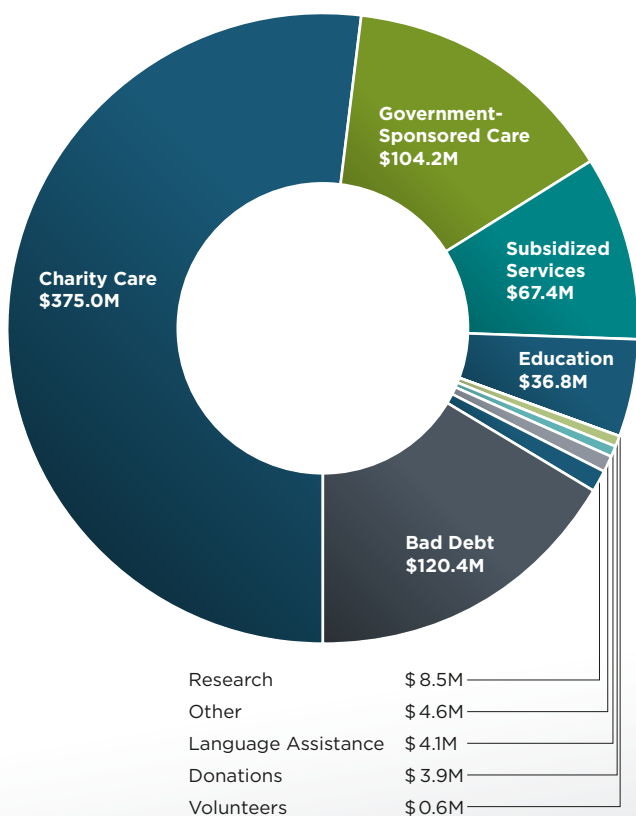


Notes: Total economic impact includes direct spending and the “ripple effect” of that spending within the local economy.

Indirect impacts are calculated by using a modeling system developed by the U.S. Bureau of Economic Analysis (BEA). BEA multipliers are applied to Medicare cost report data on jobs and spending to obtain the ‘ripple effect’ of jobs and spending throughout the economy.

ENRICHING THEIR COMMUNITIES

Provided **\$725.5M** in Community Benefits (2013/2014)



Sources: Community benefits reports filed with the IL Attorney General; IHA survey of investor-owned hospitals; and IDPH Annual Hospital Questionnaire (2014)

Note: Includes John H. Stroger & Provident Hospitals

Under Illinois law, a safety net hospital must have either:

- ▶ Medicaid Inpatient Utilization Rate (MIUR)¹ of at least 50%; OR
- ▶ MIUR of at least 40% and a charity percent² of at least 4%

25 qualify as safety nets based on state statute (PA 097-0689)

15 meet the criteria, but were excluded from the statutory definition because they are:

- ▶ Specialty hospitals (13)
- ▶ Cook County Health and Hospitals System (2)

¹ Medicaid Inpatient Utilization Rate (MIUR) = Medicaid inpatient days/total inpatient days

² Charity percent = charity charges/total hospital charges

ILLINOIS SAFETY NET HOSPITALS

| | |
|---|------------------|
| AMITA Health Adventist Medical Center, GlenOaks | Glendale Heights |
| Advocate Trinity Hospital | Chicago |
| Ann & Robert H Lurie Children's Hospital | Chicago |
| Chicago Behavioral Hospital | Des Plaines |
| Chicago Lakeshore Hospital | Chicago |
| Garfield Park Behavioral Hospital | Chicago |
| Gateway Regional Medical Center | Granite City |
| Hardin County General Hospital | Rosiclare |
| Hartgrove Behavioral Health System | Chicago |
| Holy Cross Hospital | Chicago |
| Jackson Park Hospital & Medical Center | Chicago |
| John H Stroger, Jr Hospital of Cook County | Chicago |
| Kindred Chicago Central Hospital | Chicago |
| Kindred Chicago Lakeshore | Chicago |
| Kindred Hospital Chicago North | Chicago |
| Kindred Hospital Chicago Northlake | Northlake |
| La Rabida Children's Hospital | Chicago |
| Lincoln Prairie Behavioral Health Center | Springfield |
| Loretto Hospital | Chicago |
| Mercy Hospital & Medical Center | Chicago |
| Methodist Hospital of Chicago | Chicago |
| Mount Sinai Hospital | Chicago |
| Norwegian American Hospital | Chicago |
| Presence Mercy Medical Center | Aurora |
| Presence Saints Mary & Elizabeth Medical Center, St Elizabeth | Chicago |
| Presence Saints Mary & Elizabeth Medical Center, St Mary | Chicago |
| Provident Hospital of Cook County | Chicago |
| Riveredge Hospital | Forest Park |
| Roseland Community Hospital | Chicago |
| Saint Anthony Hospital | Chicago |
| St Bernard Hospital & Health Care Center | Chicago |
| St Mary's Hospital | Centralia |
| Schwab Rehabilitation Hospital | Chicago |
| South Shore Hospital | Chicago |
| Streamwood Behavioral Healthcare System | Streamwood |
| Swedish Covenant Hospital | Chicago |
| The Pavilion | Champaign |
| Thorek Memorial Hospital | Chicago |
| Touchette Regional Hospital | Centreville |
| West Suburban Medical Center | Oak Park |

ILLINOIS SAFETY NET HOSPITALS NEED YOUR SUPPORT

In 2014, Illinois safety net hospitals:

- ▶ Admitted more than **one-quarter of a million** patients
- ▶ Saw more than **900,000** emergency department visits
- ▶ Were the site of more than **4.1 million** outpatient clinic visits

Illinois safety net hospitals, and the patients and communities they serve, need your support.



Your Trusted Voice and Resource
TEAM-IHA.ORG