

Charity Care Payments to New York City Hospitals

Is there any relationship between providing care and the dollars distributed?

A look at this picture by the Commission on the Public's Health System

The Commission on the Public's Health System (CPHS) is a city-wide, community-based membership health advocacy organization in New York City. The mission of CPHS is to fight for equal access to quality health care services regardless of race, ethnicity, language spoken, sexual preference, disability, or ability to pay. With this mission, CPHS has been actively involved in research, organizing and advocacy efforts to improve New York State's charity care policies, particularly the need to change the allocation methodology for the Charity Care Pools. CPHS advocates for allocation of pool dollars based on actual provision of care and services for uninsured patients.

Hospital associations and their partners, oppose a change in charity care distribution policy claiming that hospitals need a longer period of time to transition to these changes. They claim that any change will create Winners and Losers. The real losers are the uninsured patients not receiving free or below cost care and those hospitals that are doing "the right thing."

Current Situation – Charity Care Pools

It is very important to look at the distribution of funding to hospitals from the New York State Charity Care pools. These pools have been existence since 1983 and funding has been distributed to hospitals across the state since that time. The way of allocating these funds has changed over the years, but the one consistent issue is that the money did not follow the patient – funds are not distributed on the basis of actually providing care and services to uninsured patients. In 2007, the State Health Department convened a Task Force to review the charity care methodology and recommended that 100% of the pool funding be distributed to hospitals on the basis of providing care to uninsured and underinsured patients. Unfortunately the legislature decided to phase in the recommended changes, so for the last two years hospitals have been paid on a 90-10 split. Ninety percent based on the old accounting method and ten percent based on actually providing care for the uninsured. It is now time to review and update this formula and initially the Governor recommended going to a 100% allocation, but then withdrew this proposal after intense lobbying by the hospital industry. **It is now up to the legislature to make a change in the formula so that funding actually goes to hospitals based on the care they provide.**

The data in the attached charts was produced and provided by the State Health Department. One word of caution – not all of the provided information is shown in the attached charts: the state's data set includes the number of uninsured days in hospital

exempt units, e.g., psychiatry and rehab; and also includes a category of ambulatory surgery for uninsured procedures and all other outpatient uninsured visits (such as Methadone Maintenance Treatment Programs, MMTP) – both of which are not included on this chart.

Because the hospitals had to report completely on uninsured care so that the 10% distribution could be calculated, we now have available information on what care hospitals are providing. This was an important benefit of the change in the distribution formula.

Care Requirements

Under federal law, all hospitals with an Emergency Room are required to provide screening and treatment in the ER. The Emergency Medical Treatment and Active Labor Act (EMTALA) requires this screening and treatment since 1986. Hospitals respect this requirement and there have been few violations of this requirement. At the state level the Patient Financial Assistance Law (also known as Manny's Law) requires that all hospitals that receive dollars from the Charity Care Pool, have a charity care policy that is posted and made available for all uninsured patients that are financially eligible. Health care services are to be provided in the Emergency Room, the clinics and inpatient beds. This charity care provision is not always honored and it is not well-monitored or enforced by the State Health Department. **If funds from the Charity Care Pool were distributed appropriately to hospitals that provide free or below cost care to the uninsured, more care could be provided.**

Hospitals and Charity Care – the Charts

Some hospitals provide a lot of care for the uninsured in all services – such as the network of public hospitals operated by the New York City Health and Hospitals Corporation (HHC). The public hospitals provide a large percentage of services for uninsured patients, particularly outpatient services in the clinics or satellite outpatient clinics. Yet the Charity care payment for major public hospitals has been capped for many years, irregardless of the amount of uninsured care that is provided.

Some voluntary, not-for-profit hospitals, also provide a lot of care for the uninsured in the Emergency Room and inpatient care, such as: Bronx Lebanon, Jamaica, Lutheran, Montefiore, Presbyterian, St Lukes/Roosevelt, and Wyckoff. However, unlike the public hospitals, many of the voluntaries do not provide extensive charity care services in their outpatient hospital. When the number of uninsured visits in the ER surpasses the number of visits in the clinic, this denotes a problem and perhaps barriers erected to referral for follow-up services. This phenomenon can be found in the following hospitals: Beth Israel, Brookdale, Brooklyn, Episcopal, Flushing, Interfaith, Jamaica, Kingsbrook, Lenox Hill, Long Island College, Mt. Sinai Queens, NY Downtown, NY

Presbyterian, North General, New York Queens, New York Methodist, NYU Hospitals, Peninsula, St. Barnabas, St. Lukes/Roosevelt, St. Vincent's Manhattan, and Wyckoff. This is also a problem when uninsured patients are hospitalized and then not referred to the hospitals clinics for follow-up care.

We hear patients being blamed for using emergency room services when they do not need emergent care. Yet looking at this data, at least for the uninsured, barriers to outpatient care does not leave many options for these patients – so they go to the Emergency Room for non-urgent care. **If charity care dollars were allocated based on solely on the provision of care for the uninsured, there is an opportunity to change the perverse incentive in not providing services for people without health insurance coverage.**

Researchers at the Committee of Interns and Residents/SEIU, a union of physicians, analyzed hospital data and identified the hospital costs that are unreimbursed for patients eligible for Financial Aid under Manny's Law, and the percent of this care as part of total patient revenue. Three hospitals have an abysmal record of providing less than .1% of their revenues on charity care: NYU Hospitals (0.002%), Lenox Hill (0.04%), and Peninsula (0.04%).

All of the HHC public hospitals provide more than 3% unreimbursed care as percent of total revenues: Jacobi (3.5%), Lincoln (4.8%), North Central Bronx (3.8%), Kings County (5.5%), Coney Island (5.6%), Woodhull (6.7%), Bellevue (5.6%), Harlem (5.7%), Metropolitan (6.9%), Elmhurst (6.4%), and Queens (7.3%). Several voluntary hospitals also provide more than 3% unreimbursed care as percent of total revenues: Brookdale (4.4%), Lutheran (6.2%), Flushing (3.0%), and Jamaica (6.7%).

Charity Care Payments – underpayments and overpayments

The final data on the attached chart is taken from a draft report prepared by the State Department of Health, and is subject to change. However, the concept of hospitals being over – and underpaid for the charity care they actually provided, was too important to be left off this chart. Because hospitals are not currently reimbursed for charity care based on the volume of care they provide, the formula is such that hospitals may be receiving too much payment, or in the alternative too little payment. The charity care dollar listed on the attached chart, are the 2009 payment amounts based on care provided in 2007. The under/over payment listed is costs unreimbursed for patients eligible for Financial Aid Policy (charity care services) compared to 2007 Indigent Care distributions.

The hospitals – both public and voluntary – that were underpaid based on this information: Bellevue, Brookdale, Coler, Coney Island, Elmhurst, Episcopal, Forest Hills, Goldwater, Jacobi, Jamaica, Kings County, Long Island Jewish, Lutheran,

Metropolitan, Montefiore, Mt. Sinai Queens, New York Presbyterian, New York Community Hospital Brooklyn, Queens, St. Barnabas, SUNY Downstate, Staten Island University Hospital, St. Vincent's Manhattan, and Woodhull.

Recommendations

Clearly, with this number of hospitals being underpaid in that one year, there is a serious problem with the allocation formula and the way that Charity Care pool dollars are distributed. In some instances, the underpayment could have an impact on the financial status of some of the hospitals.

This year, the New York State legislature needs to review all of the data available about access to charity care services and distribution of Charity Care Pools. This review should be done absent the strong, loud, expensive lobbying effort by those who are opposed to a change in this policy. The state is inappropriately using charity care dollars to prop up some hospitals, while hurting others – and harming patients that might otherwise have access to free or below cost care.

Preference is for the legislature to approve 100 percent of Charity Care funds allocated to pay for health care services for the uninsured. Short of this important change, the formula must move from its current 90/10 distribution, and at a minimum this year go to a 50/50 distribution and phase in going to 100% over a period of two years.

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New York City Hospitals – 2007-9 – Uncompensated Care – uninsured discharges and uninsured ER and Ambulatory Care – Charity Care payment

Hospital	Uninsured Discharges		Uninsured ER		Uninsured Ambulatory		Charity Care Payment		Under/Over Payment*		Charity Care as % total revenue
	2007	Visits 2007	2007	Visits 2007	2007	Visits 2007	2009	() = overpayment '07			
Bellevue	1,781	25,949	93,274		\$14,324,406		\$ 7,353,894			5.6%	
Beth Israel Brooklyn	105	2,200	0		\$ 1,446,690		(\$ 576,357)			NA	
Beth Israel	336	9,798	9,310		\$24,063,326		(\$26,757,161)			0.3%	
Bronx Lebanon	2,385	35,590	51,377		\$37,668,566		(\$40,856,020)			2.3%	
Brookdale	407	18,233	3,845		\$13,605,185		\$ 1,176,648			4.4%	
Brooklyn	455	8,270	4,077		\$ 6,496,067		(\$ 533,006)			1.0%	
Coler	0	0	0		\$ 2,434,621		\$ 6,218,285			NA	
Coney Island	637	16,637	52,976		\$ 3,857,457		\$ 5,408,341			5.6%	
Elmhurst	840	27,131	120,953		\$ 6,774,681		\$ 9,833,128			6.4%	
Episcopal	200	4,793	927		\$ 2,823,906		\$ 2,881,514			2.3%	
Flushing	587	6,669	6,078		\$ 7,940,751		(\$ 118,471)			3.0%	
Forest Hills	354	2,073	1,638		\$ 2,954,607		\$ 472,356			NA	
Goldwater	0	0	0		\$ 3,520,356		\$ 5,206,957			NA	
Harlem	518	18,050	50,425		\$ 8,554,787		(\$ 3,293,340)			5.7%	
Hosp. Special Surgery	85	0	1,035		\$ 1,229,088		(\$ 700,726)			NA	
Interfaith	466	8,265	4,266		\$21,222,651		(\$ 4,848,733)			2.1%	
Jacobi	1,005	22,462	43,338		\$ 8,596,565		\$ 1,177,655			3.5%	
Jamaica	891	23,183	18,586		\$35,319,751		\$ 11,629,711			6.7%	
Kings County	1,513	38,925	119,769		\$15,013,975		\$ 13,324,405			5.5%	

Hospital	Uninsured Discharges		Uninsured ER		Uninsured Ambulatory		Charity Care Payment		Under/Over Payment*		Charity Care as
	2007	Visits2007	Uninsured ER	Visits 2007	2009	() = overpayment 2007	% total revenue				
Kingsbrook	73	2,863	1,223	\$ 2,832,925	(\$ 3,954,948)	0.1%					
Lenox Hill	449	3,461	118	\$ 5,302,473	(\$ 3,452,384)	0.04%					
Lincoln	1,117	40,246	69,620	\$ 9,421,550	(\$ 1,366,889)	4.8%					
Long Island College	480	7,002	4,313	\$17,094,380	(\$ 10,007,658)	0.5%					
Long Island Jewish	852	1,149	25,495	\$ 8,532,444	\$ 4,120,311	NA					
Lutheran	1,239	10,355	3,431	\$25,566,660	\$ 9,286,382	6.2%					
Maimonides	599	8,131	28,231	\$12,228,228	(\$11,183,686)	0.2%					
Memorial	0	0	5,144	\$ 6,327,537	\$ 1,596,671	NA					
Metropolitan	426	17,068	58,417	\$ 7,345,640	\$ 2,686,531	6.9%					
Montefiore	1,401	15,393	29,832	\$20,644,721	\$ 5,144,598	0.7%					
Mount Sinai	662	13,187	35,522	\$11,825,511	(\$ 1,727,458)	0.4%					
Mt. Sinai Queens	479	8,647	1,303	\$ 3,008,982	\$ 1,328,856	NA					
NY Downtown	485	6,313	1,674	\$ 2,443,663	(\$ 3,969,173)	1.7%					
NY Presbyterian	2,055	24,578	18,598	\$26,516,361	\$ 27,617,420	0.6%					
North Central	420	15,936	22,686	\$ 4,940,311	(\$ 71,349)	3.8%					
North General	372	5,981	141	\$ 6,429,408	(\$ 5,180,866)	NA					
NY Eye & Ear	159	0	13,365	\$ 2,987,677	(\$ 1,276,466)	NA					
NY Comm. Brooklyn	76	0	1,288	\$ 391,394	\$ 491,626	0.5%					
NY Queens	669	8,036	2,892	\$ 7,281,877	(\$ 2,881,350)	0.2%					

Hospital	Uninsured Discharges		Uninsured ER		Uninsured Ambulatory		Charity Care Payment		Under/Over Payment*		Charity Care as	
	2007	Visits2007	Uninsured ER	Visits 2007	Uninsured Ambulatory	2009	() = overpayment '07	% total revenue				
NY Methodist	482	6,693	3,117		\$ 4,109,361	(\$ 904,199)	0.5%					
NY Westchester	221	1,894	0		\$ 719,075	(\$ 652,906)	NA					
NYU Hospital	408	3,466	3,869		\$ 4,990,925	(\$ 2,542,791)	0.02%					
Peninsula	201	5,221	963		\$ 1,112,417	(\$ 1,903,924)	0.04%					
Queens	918	19,934	77,109		\$ 6,144,656	\$ 4,847,456	7.3%					
St. Barnabas	199	20,636	16,074		\$22,733,479	\$ 1,584,310	1.7%					
St. Lukes/Roosevelt	2,054	25,712	20,417		\$28,684,793	(\$13,385,207)	1.3%					
SUNY Downstate	1,026	8,592	7,181		\$ 5,635,643	\$ 114,497	1.7%					
Staten Island Univ.	857	9,046	22,703		\$ 5,618,221	\$ 8,445,746	NA					
St. Vincents SIVCMC	867	11,121	9,290		\$ 8,073,533	\$ 9,443,500	0.3%					
Woodhull	973	23,825	55,671		\$ 7,637,122	\$ 5,692,007	6.7%					
Wyckoff	1,775	11,571	1,803		\$23,889,374	(\$ 8,244,936)	0.8%					

*The first column lists the hospitals in New York City.

**The second column shows the uninsured hospital discharges. Chart prepared by NYSDOH. 2007 uncompensated care. 2008 ICR data. Not shown is uninsured days in exempt units, e.g., psychiatry and rehab.

*The third column shows the uninsured ER visits. Chart prepared by NYSDOH. 2007 uncompensated care. 2008 ICR data.

*The fourth column shows the uninsured ambulatory care visits. Chart prepared by NYSDOH. 2007 uncompensated care. 2008 ICR data. Not shown is other outpatient uninsured data, includes MMTP visits.

* The fifth column shows the Charity Care payment to the hospital for 2009. Chart prepared by NYSDOH. 12/10/2009.

The sixth column was prepared by NYSDOH on 1/27/2009. This is a draft report using the ICR Exhibit 50 data and compares costs and distributions to the current model. **It shows the difference between 2007 distribution and 2008 charity care costs. The column is based on: Costs unreimbursed for patients eligible for Financial Aid Policy compared to 2007 Indigent Care Distributions.

**The seventh column is based on data and analysis by the Committee of Interns & Residents/SEIU. It shows charity care provided as % of total revenue.