Hospitals at a Crossroads

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Oct. 16, 2018
Overview

• Landscape
• Hospital finances
• Hospital initiatives
• Upcoming challenges
Breakdown of Hospitals

• 59 acute care hospitals
• 3 specialty hospitals
  – Behavioral and Long-term Acute Care
• 33 small and rural – 26 critical access
• 10 independent community hospitals (vs. 24 in 2006)
• 112,000 hospital-related jobs, or 5% of state’s total employment
• 2017 – aggregate operating margin 3.73% (down from 6.67% in 2016)
  – 11 had operating margins greater than 10% (All Types)
  – 23 had operating margins between 0-10% (All Types)
  – 26 had operating margins < 0% (100% Rural)
• Changing Leadership
  – 28 hospital CEO changes have occurred since Jan. 2014
CY 2017 for All Hospitals

- 347,310 inpatient discharges (2.5%)
- 1,416,226 emergency room visits (10.4%)
- 11,840,241 total outpatient visits (87%)
- Statewide operating margin 3.73%
  - All 28 DRG hospitals was 4.04%
  - All 32 Rural hospitals was 2.25%
  - Similar to Pre-ACA/expansion levels
- 2017 Payer mix continues to shift to government funded
  - Medicare = 44.16%
  - Medicaid = 22.14% (15% in 2013)
  - Commercial = 31.86%
Hospital Finances
OPERATING MARGIN
(Median w Moving Average, Since Q2 2012)
TOTAL MARGIN

(Median w Moving Average, Since Q2 2012)
EXPENSE BREAKDOWN
(Since Q2 2012)

- Payroll & Benefits: 49%
- Other: 29%
- Supplies: 16%
- Depreciation: 4%
- Interest: 1%
UNCOMPENSATED CARE
(Gross Charges w Moving Average, Since Q2 2012)

Quarterly Charges
Four Quarter Moving Average

$301M

$177M
Hospital Initiatives
Noteworthy initiatives

• Medicaid budget partnership
• Total Cost of Care
• Community Benefit
• Financial Assistance Policies
• Workplace Violence Prevention
• Quality Partnership
Hospital Focus

What specific types of work or initiatives should hospitals carry out in the next three to five years in order to remain relevant and viable in light of these changes?

- Cost, 30%
- Social determinants of health, 15%
- Delivery models, licensing implications, 22%
- Workforce issues and policy, 29%
- Others, 4%

22% Cost
- 6% Lack of good doctors
- 4% Lack of well-trained staff
- 3% Poor quality of care
- 3% Medical mistakes and errors
- 2% Inconvenient locations
- 2% Other

43% No major concern
Total Cost of Care
“Based on comprehensive research and information provided by national and state health policy experts, the Task Force recommends a solution that supports accountability for total costs of care applied to all payers, public and private, and builds on Oregon’s existing health care reform efforts around cost containment and payment reform.”
“The Joint Task Force on Health Care Cost Review recommends enhancing the transparency of the state’s health care system, identifying and addressing health costs and prices through a public reporting process, and establishing a statewide target for the annual rate of growth to reduce total health care expenditures.”
Community Benefit

- Hospitals passed the original bill in 2007
- Currently Community Benefits has 11 categories
- Ongoing conversations around changing the model to ensure upstream investments are counted.
- Right thing to do as the system changes post-ACA.
- 2015 commitment...
CHARITY CARE

(Gross Charges w Moving Average, Since Q2 2012)

$203M

Quarterly Charges
Four Quarter Moving Average

$122M
Financial Assistance Policies

• Passed legislation to guide hospitals statewide to:
  – Communicate financial assistance policies in plain language;
  – Give patients notice of the policies upon request and in billing statements;
  – Develop a standard application for financial assistance to be used at hospitals statewide.
Stop Violence in Health Care

More Information: www.oahhs.org/safety

Workplace Violence in Hospitals: A Toolkit for Prevention and Management
Hospitals Join Governor, Multiple Organizations To Announce New Toolkit To Reduce Violence Against Hospital Workers

Lake Oswego, Ore. – August 8, 2018 – Today, Governor Kate Brown joined Oregon’s hospitals, doctors’ organizations, nurses’ organization, and organized labor groups in announcing a new workplace violence prevention toolkit. The toolkit was designed collaboratively, and when implemented in Oregon’s hospitals it will increase worker safety.

The Oregon Association of Hospitals and Health Systems, the Oregon Nurses Association, the Service Employee International Union – Local 49, the Oregon Medical Association, the Oregon Emergency Nurses Association, the Oregon Chapter of the American College of Emergency Physicians, the Northwest Organization of Nurse Executives, and the Oregon Center for Nursing all endorse this new, comprehensive approach and see implementation of the toolkit as a key step in prevent worker injuries due to violence.
Northwest Quality and Safety Partnership

• New joint initiative with Washington State Hospital Association’s award-winning program

• All hospitals in both states plus Alaska to focus on data-driven, proven quality and patient-safety program areas.

• Significant opportunity for Oregon hospitals
NW Quality & Safety Partnership
www.oahhs.org/quality
Challenges Ahead
Politics, politics, politics

• State budget, transformation pathways
• Federal changes