



# Hospitals at a Crossroads

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# Overview

- Landscape
- Hospital finances
- Hospital initiatives
- Upcoming challenges



**Legend:**

**Critical Access Hospitals (CAH):** a rural community hospital that is certified to receive cost-based reimbursement from Medicare.

**Diagnosis-Related Group (DRG):** is a system to classify hospital cases into one of approximately 500 groups, also referred to as DRGs, expected to have similar hospital resource use, developed for Medicare as part of the prospective payment system. These hospitals participate in the Oregon Hospital Tax program to fund the Oregon Health Plan (OHP).

▲ **Type A** hospitals are small and remote and have 50 or fewer beds. Type A hospitals are located more than 30 miles from another acute care, inpatient facility.

● **Type B** hospitals are small and rural and have 50 or fewer beds. Type B hospitals are located 30 miles or less from another acute care facility.

# 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%



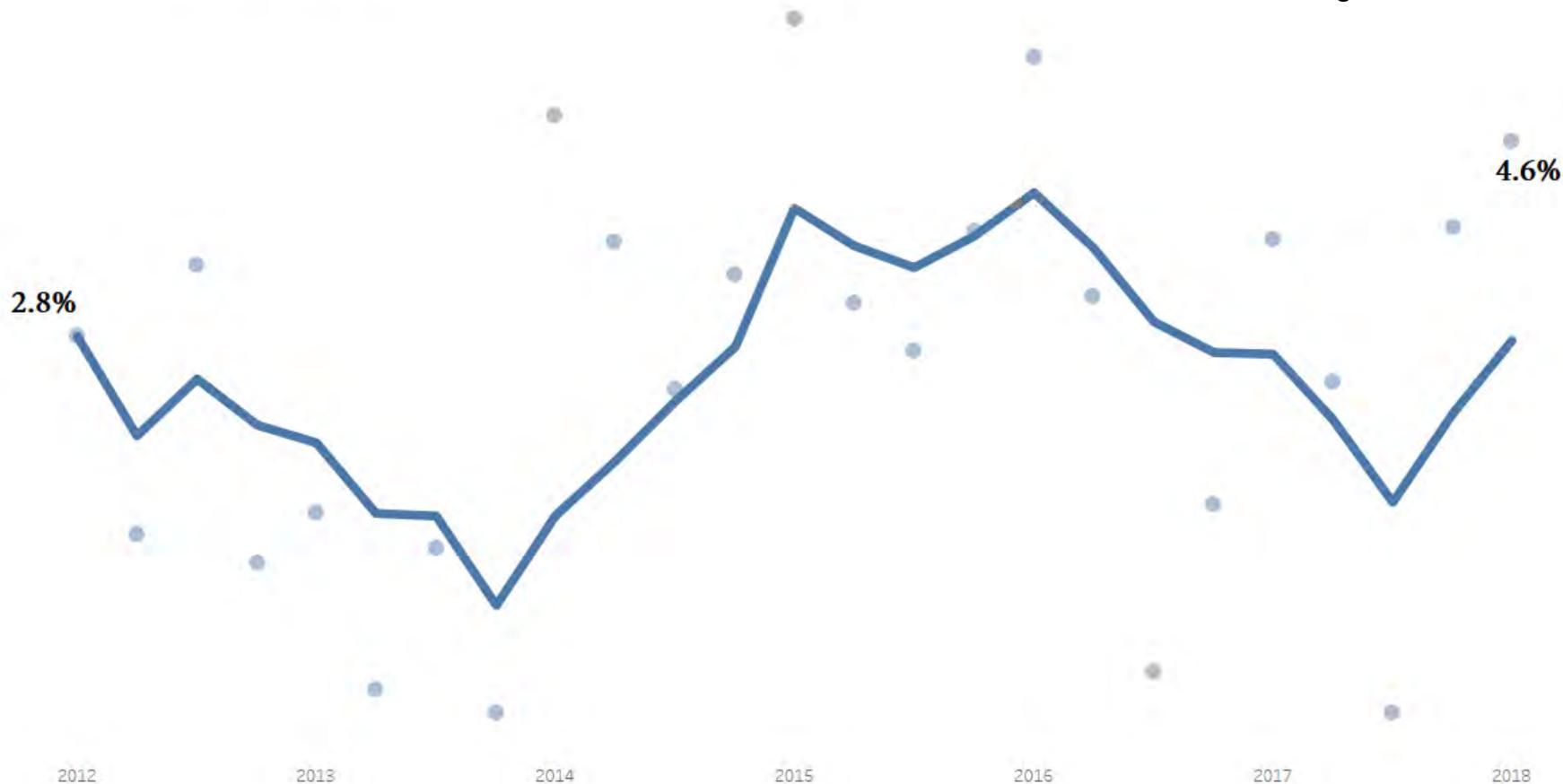


# Hospital Finances

# OPERATING MARGIN

(Median w Moving Average, Since Q2 2012)

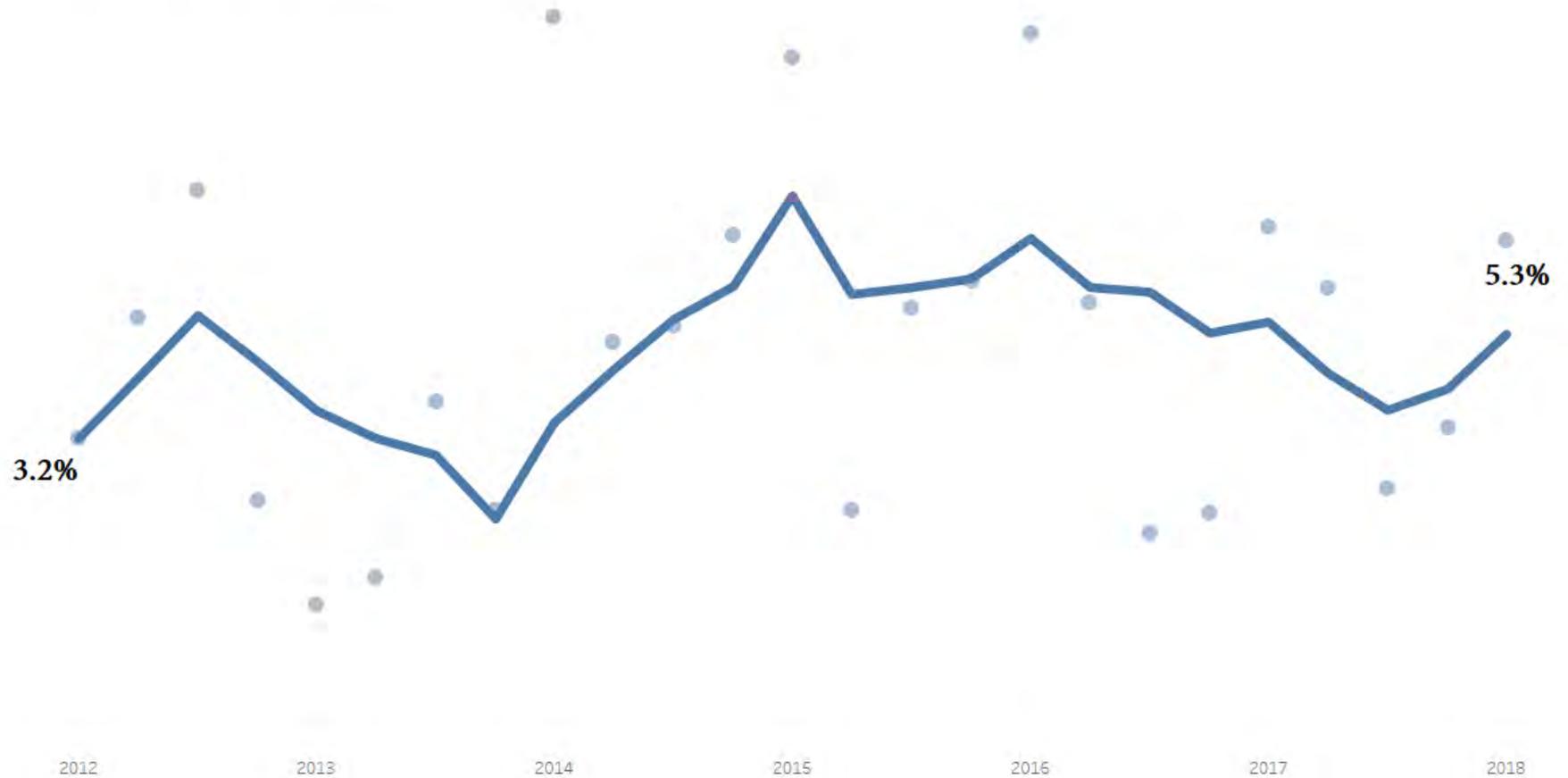
- Quarterly Median
- Four Quarter Moving Average



# TOTAL MARGIN

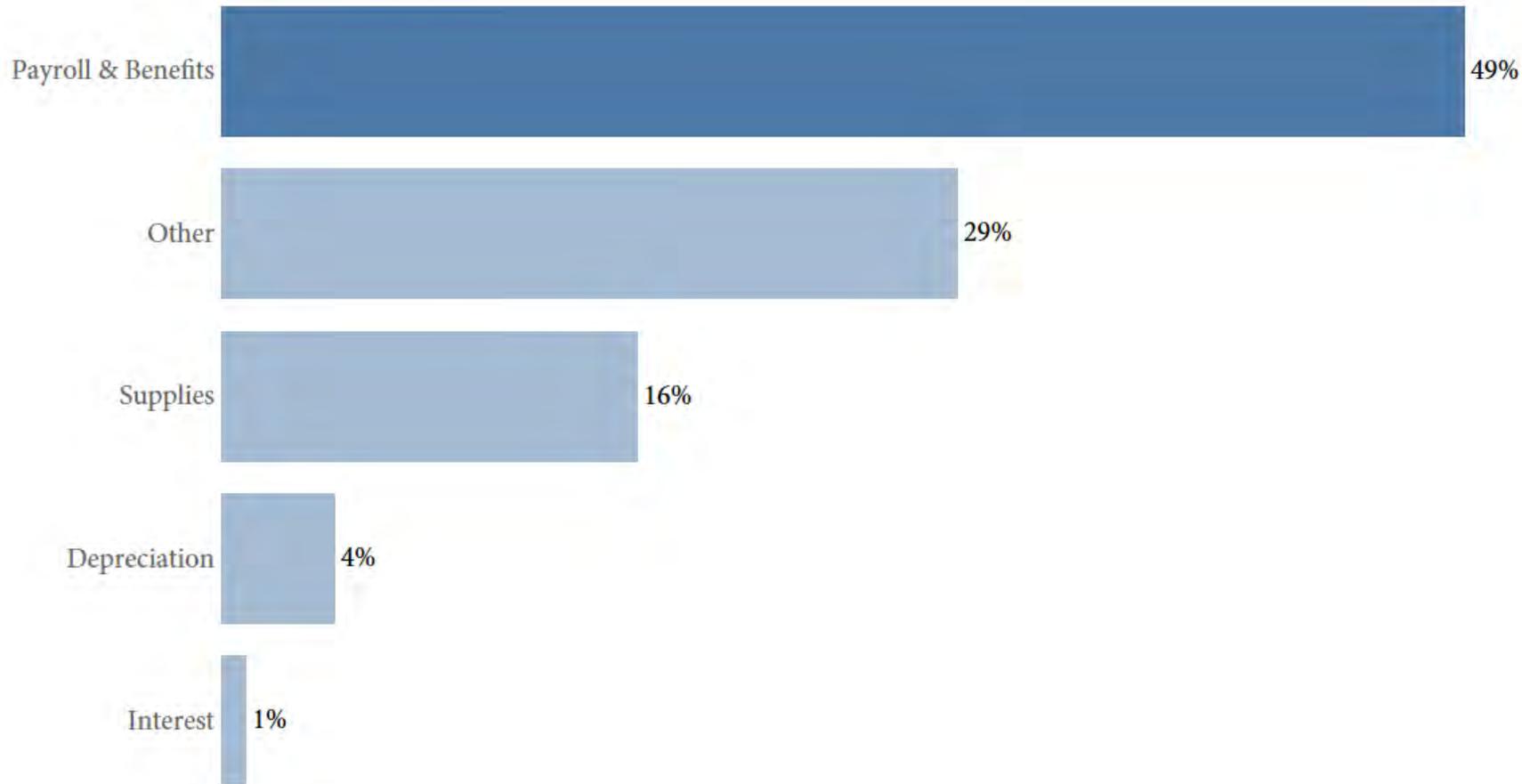
(Median w Moving Average, Since Q2 2012)

- Quarterly Median
- Four Quarter Moving Average



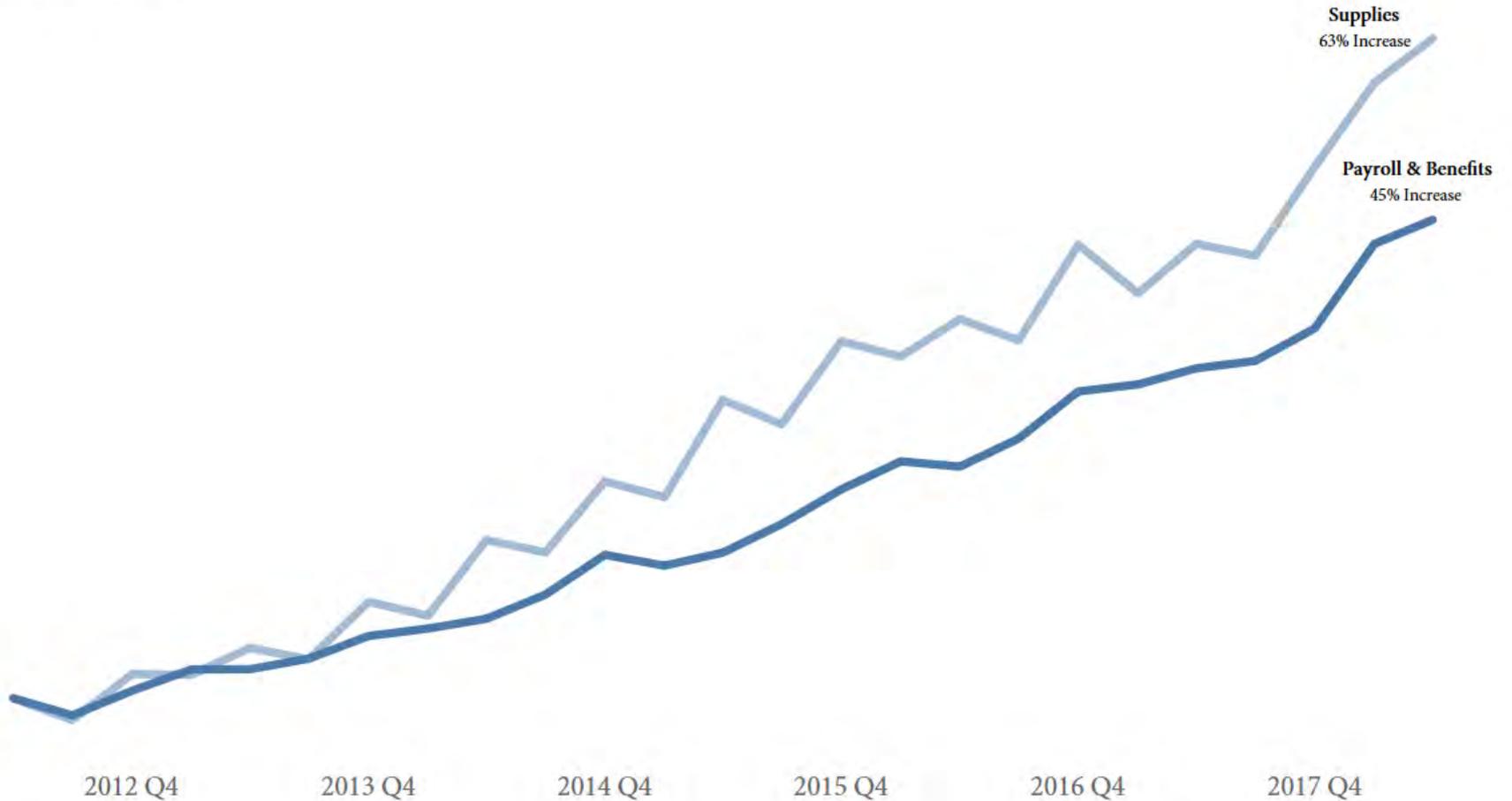
# EXPENSE BREAKDOWN

(Since Q2 2012)



# EXPENSE TRENDS

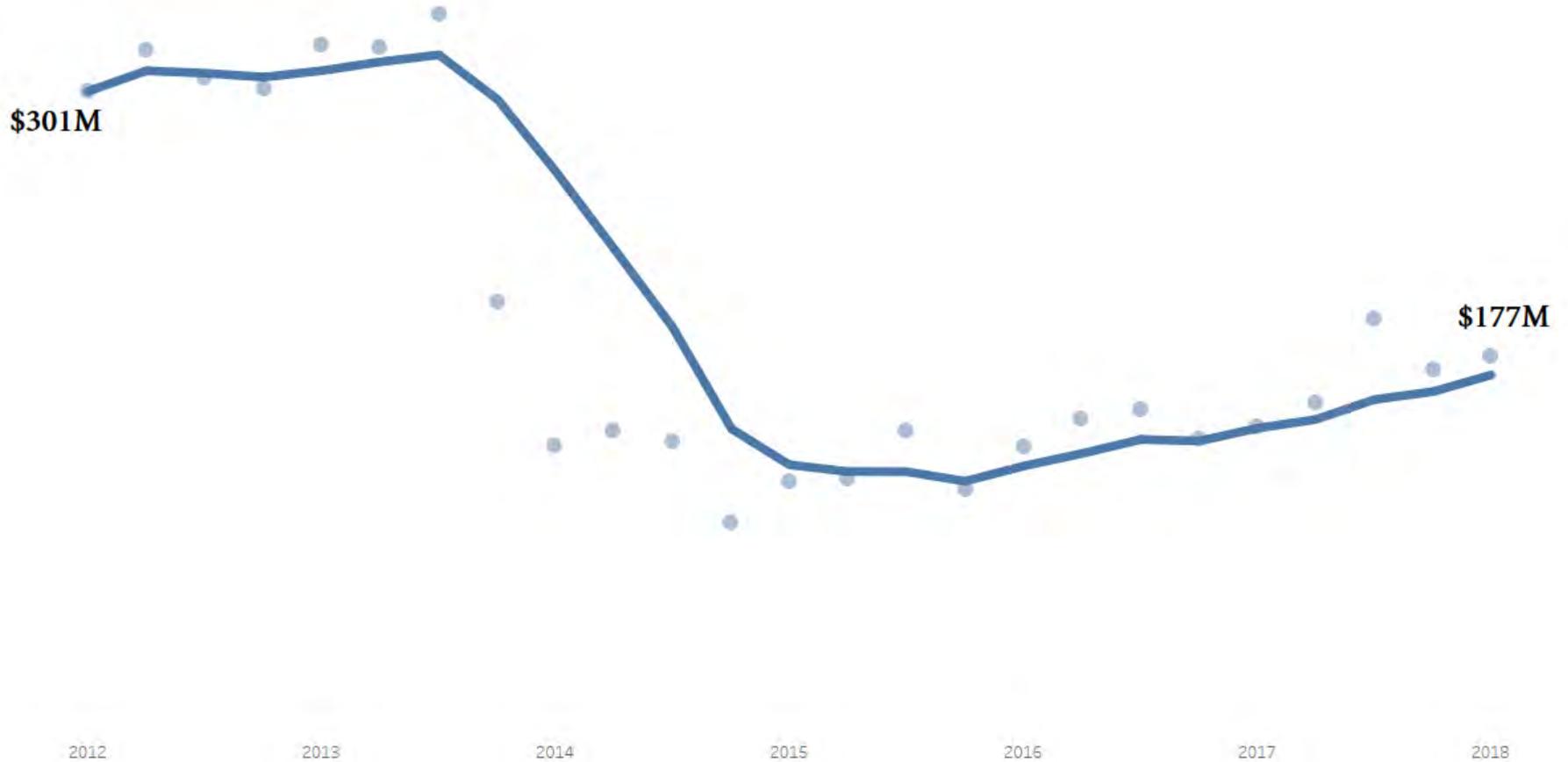
(% Increase since Q2 2012)



# UNCOMPENSATED CARE

(Gross Charges w Moving Average, Since Q2 2012)

- Quarterly Charges
- Four Quarter Moving Average





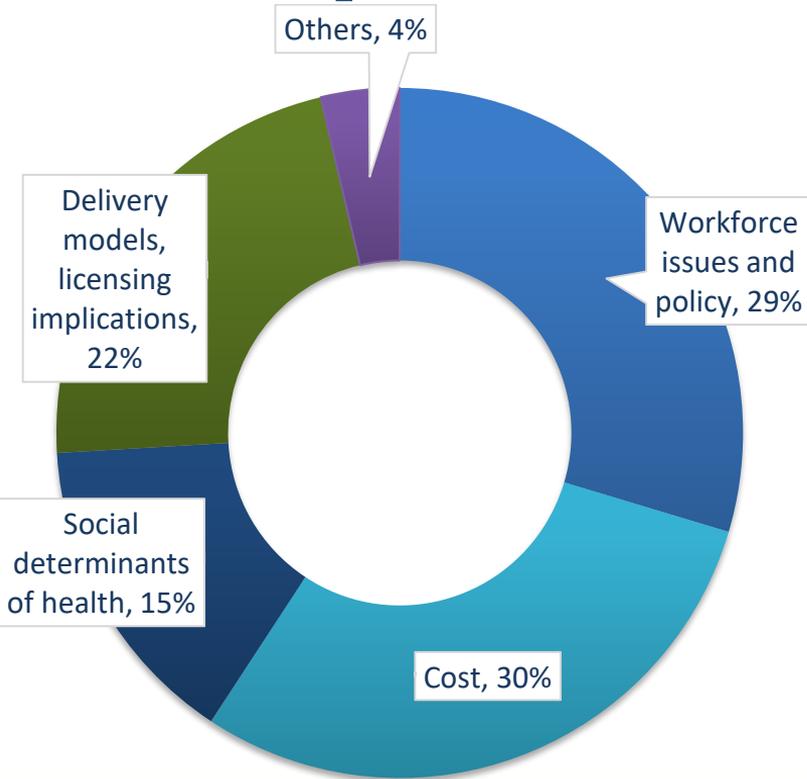
# Hospital Initiatives



# 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*



SENATE BILL 419 JOINT INTERIM TASK FORCE  
ON HEALTH CARE COST REVIEW

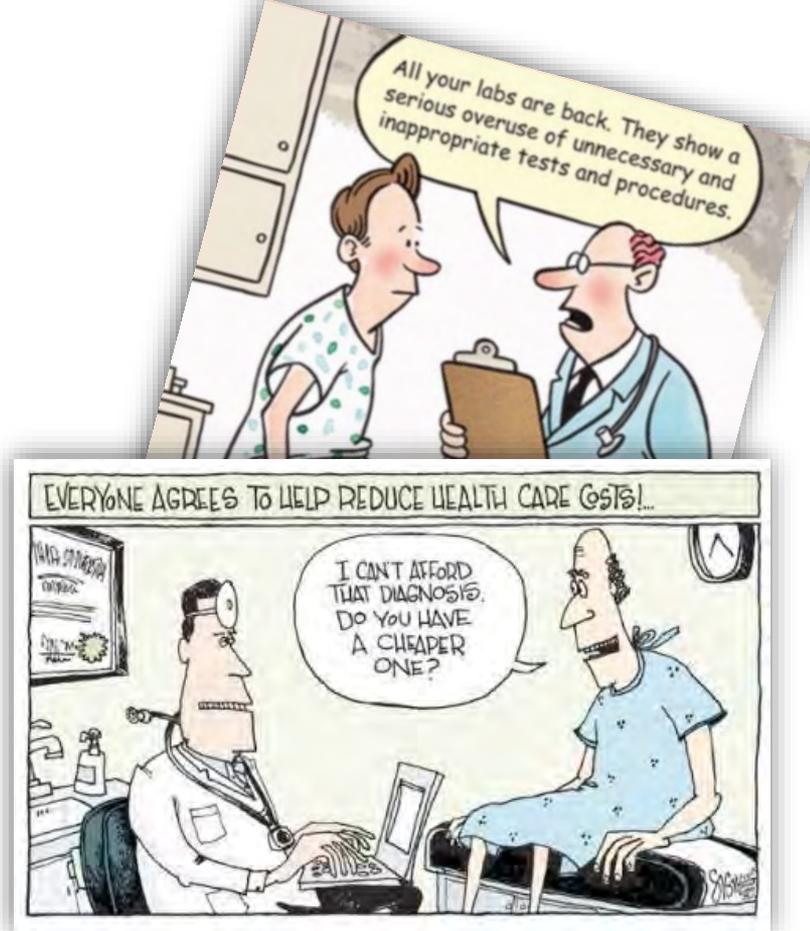
# Total Cost of Care



REPORT TO OREGON LEGISLATURE

SEPTEMBER 13, 2018

“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.”





# 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)

- Quarterly Charges
- Four Quarter Moving Average



# 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](http://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

Initiatives:



Adverse Drug Events



Antimicrobial Stewardship



Behavioral Health Integration



Children's Radiation Exposure



Diabetes Management - Rural



Falls



Health Care Worker Immunizations  
*Page coming soon!*



Health Care Equity  
Learn what WSHA is doing to ensure that all residents get the same high-quality care.



Honoring Choices



Infections  
CLABSI, CAUTI, C-diff, Ebola, MRSA, Sepsis, Surgical Site, VAE



Pressure Injuries



Safe Deliveries Roadmap  
We're using good science to provide mothers and babies with the best

# NW Quality & Safety Partnership

[www.oahhs.org/quality](http://www.oahhs.org/quality)



Person and Family Engagement



Opioid Medication Management



Rapid Response Teams



Readmissions



Sepsis and Septic Shock



Surgical Site Infections



Venous Thromboembolism Safety



Workforce Safety



**Oregon**  **Association**  
of Hospitals and Health Systems

## Challenges Ahead

# Politics, politics, politics

- State budget, transformation pathways
- Federal changes



Affordable Care Act



Alternative Payment Models