

# TRENDS IN REIMBURSEMENT

## Health Policy Forum

Signature Health Foundation

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### About KHRH & TRH

- Safety Net Facilities
- 44% Medicaid
- 15% uninsured (and growing)
- 9 Million in cost to care for uninsured – 14% of total cost
- Average age of plant - 25 years

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## Trends in Health Insurance

- High deductible health plans
- Pay for performance
- Fewer employer sponsored plans
- Interest in expanding government participation (SCHIP, Medicare Part D)

*Mostly these are just different ways to shift costs and not true reform.*

## Implications of Current Reimbursement System on Hospitals Like Ours

- Expense pressures the same:
  - \*Labor
  - \*Supplies
  - \*Insurance
  - \*Technology
  - \*Drugs
  - \*Utilities
- Revenue opportunities very different:
  - \*Payor Mix
  - \*Demographics
  - \*Market Share

## SAMPLE OF PAYMENT DIFFERENCES

DIAGNOSIS/ILLNESS	MEDICARE	MEDICAID	LARGE LOCAL PLAN
Pnuemonia	\$ 4,437	\$ 2,967	\$ 3,020
Heart Failure & Shock	\$ 7,570	\$ 4,459	\$ 3,775
Gallbladder	\$ 4,972	\$ 2,055	\$ 3,020
Knee or Hip Replacement	\$ 14,344	\$ 9,661	\$ 6,040

## Observations About Current System

- Insurance = access
- Two-tiered system in existence
- Reimbursement/insurance system fosters uneven distribution and access to healthcare
- Too wide a variability in payments and processes
- All payment systems have their strengths and weaknesses
- Employer sponsored model not sustainable

## Conclusions From The Front Lines

- Need a system that will ensure access to **ALL** for basic preventive and acute care (that means insurance for all)
- Free market will not fix this (Medicaid HMO's only make access worse)
- Need a universal system, or if we keep current set-up, a safety net system. Don't be too quick to demonize any idea
- 15% of GDP (or whatever it is now) is more than enough money to ensure access but it will be **VERY DIFFICULT** to re-channel the money to achieve better access due to the amount of dollars and stakeholders involved



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