Memorandum

MIAMI-DADE COUNTY

Agenda Item No. 2(B)4
September 5, 2018

Date: July 30, 2018

To: Honorable Chairman Esteban L. Bovo, Jr.
and Members, Board of County Commissioners

From: Carlos A. Gimenez
Mayor

Subject: Report Regarding Funding for Indigent Health Care
Directive No. 160481

In response to Resolution R-287-16, attached please find the analysis prepared by the Jackson Health System regarding funding for indigent health care in Miami-Dade County.

If you have any questions or concerns, please contact Carlos A. Migoya, President and CEO of Jackson Health System, at 305-585-6754.

Attachment

c: Abigail Price-Williams, County Attorney
Geri Bonzon-Keenan, First Assistant County Attorney
Alina T. Hudak, Deputy Mayor, Office of the Mayor
Carlos A. Migoya, President and Chief Executive Officer, Jackson Health System
Esther Abolila, Chief of Staff, Jackson Health System
Rochelle Lewis, Associate Director, Government Affairs, Jackson Health System
Eugene Love, Agenda Coordinator
Christopher Agrippa, Clerk of the Board

Jackson HEALTH SYSTEM
PUBLIC HEALTH TRUST
Miracles made daily.

TO: Honorable Carlos A. Gimenez
Mayor

FROM: Carlos A. Migoya
President & Chief Executive Officer

DATE: July 2, 2018

RE: Uncompensated Care Study

Recommendation
Staff recommends that the Miami-Dade Board of County Commissioners receive the attached independent analysis of Jackson Health System's uncompensated care.

Scope
The analysis broadly accounts for Jackson's volumes and costs associated with uncompensated care, including homeless, uninsured, and non-paying patients.

Fiscal Impact
There is no fiscal impact to this item.

Track Record & Monitor
The analysis was prepared by Balsano Consulting, LLC, and designed to complement prior independent studies and Jackson's community health needs assessment. Laura Hunter, senior vice president for business development, oversaw Jackson's cooperation with Balsano Consulting.

Background
By a wide range of measures, Jackson is the largest provider in Miami-Dade County of uncompensated care. No other hospital or health system was responsible for as many emergency visits, admissions, or charges for homeless patients and uninsured patients; or admissions and admission charges for non-paying patients. Jackson provided more self-pay and non-pay patient days in 2016 than any other system, recognized more total uncompensated care charges than any other system, had the highest proportion of uncompensated care charges in the county, and shouldered approximately half of the entire county's cost burden associated with uncompensated care. This helps explain why Jackson is uniquely vulnerable to reductions in supplemental funding; Jackson is least able among all providers to cross subsidize by shifting these costs onto well-funded patients. Jackson is also responsible for substantial unfunded obligations in non-hospital settings such as primary care clinics, jails, and long-term care facilities. These expenses are not captured by Florida's standardized system for comparing hospital data.
The information in the attached report addresses many of the issues raised in Resolution R-287-16, sponsored by Commissioner Daniella Levine Cava, co-sponsored by Commissioner Barbara J. Jordan, and adopted by the Board on April 5, 2016.

The following additional information is provided to satisfy the balance of reporting requirements in R-287-16:

The term "indigent health care" as used in the resolution does not directly align with any single category or group of expenses tracked at Jackson. The broadest definition of the term – which would include all expenses associated with direct patient care that are not offset by public or private funding – would capture approximately $488.5 million in FY 2016-17. This figure includes the cost of caring for entirely uninsured patients who qualify for our Jackson Prime program (commonly referred to as "charity care" within the healthcare industry); patients who do not qualify for Jackson Prime and do not pay for their services, including insured patients who do not pay their individual expenses such as co-payments, deductibles, or coinsurance (commonly referred to as "bad debt"), and the loss incurred by Jackson when the reimbursement for a service is lower than the cost of providing that service. The last of these is most common with patients covered under Medicaid, which typically reimburses Jackson approximately 60 percent of costs on average.

These losses are funded through a wide range of revenue sources. The largest include the Low Income Pool, or LIP, which is a federal funding stream that passes through the state government to help offset some expenses related to treating uninsured low-income patients; the Medicaid Disproportionate Share, or DSH, which leverages federal dollars and intergovernmental transfers to help offset costs at hospitals that care for a high proportion of Medicaid-funded or low-income patients; the Miami-Dade healthcare surtax, funded through a 0.5-percent sales tax approved by voters in 1992 to enhance operations, maintenance, and administration at Jackson; Miami-Dade County unrestricted funds, funded from ad valorem revenues to ensure the 1992 surtax would enhance, rather than replace, funding provided by Miami-Dade County at that time; and operating surpluses earned through the effective and efficient management of Jackson's daily operations.

Predicting the future of some of these funding streams is difficult, as they are susceptible to a wide variety of political, legal, and regulatory influences. Jackson's strategic plan has been built around an assumption that state and federal funds are the most at risk in the near term. The system has already absorbed more than $100 million in annual reductions to these funding streams. Some of the additional major cuts proposed in recent years would have wiped out Jackson's surplus, created one-year losses as large as $50 million, and potentially crippled the system's ability to continue fulfilling its mission in the way it is currently practiced.

The demand for unfunded healthcare in Miami-Dade is equally difficult to predict. The volume of uninsured patients can be impacted by factors within the healthcare sector (such as the expansion or contraction of Medicaid eligibility; the tightening or loosening of health insurance regulations; and the increase or decrease in insurance costs) as well as factors outside it (migration into and out of Florida; birth rates in and around Miami-Dade County; and healthcare-adjacent social trends such as opioid abuse and chronic disease management). In modern American history, these and other factors have consistently driven increases in healthcare consumption and expenses.

The notion of retaining and reallocating funds previously used as intergovernmental transfers is deeply complex. Along with other stakeholders, Jackson continues to study the legal, financial, and political repercussions of such a stance. At this time, the legislative priorities and budget strategies recommended by staff and adopted by the Public Health Trust Board of Trustees have focused upon aggressive and good-faith efforts to educate elected officials in Washington and Tallahassee, particularly those who represent Miami-Dade County and other large urban centers served by Jackson's institutional peers. In FY 2017, the LIP and DSH programs produced a net positive impact to Jackson's budget, with a net gain of $27.2 million under DSH and $59.6 million under LIP.

We continue to reassess this strategy annually in consultation with a wide range of stakeholders, including our government relations consultants; elected officials; labor leaders; attorneys; community activists; and professional organizations representing academic and safety-net hospital systems.

Uncompensated Care Comparison: Miami-Dade Hospitals

Balsano Consulting, LLC

December 2017

Acknowledgements

We would like to thank the **Health Council of South Florida (HCSF)** for its important and insightful studies of access to healthcare services for Miami-Dade's indigent and uninsured populations:

- *Indigent Study: Community Profile Miami-Dade County,* HCSF, Inc. 2015
- *Uninsured: Hospital Cost and Utilization,* HCSF, Inc., 2015

Introduction

- This Report on Charity and Uncompensated Care for Miami-Dade Hospitals **complements** these two independent studies and JHS's Community Health Needs Assessments.

- The report provides **comparative analysis** using common metrics of **charity and uncompensated care** provided to Miami-Dade County residents by County hospitals and health systems.

- Building on the earlier demographic and utilization studies, this report also assesses **hospital financial performance** and the **financial impact** of caring for un- and under-insured patients.

Jackson Health System: A Safety Net Provider

- Jackson Health System (JHS) is recognized as a safety net provider, ensuring care for **patients without insurance or financial resources,** the segment of the population that is most vulnerable to problems in accessing care.

- The majority of Miami-Dade County's **financial support** for healthcare-related services **is directed to Jackson Health System** as the County's public healthcare system.

Source: Jackson Health System Community Needs Assessment, 2015

Miami-Dade Network of Healthcare Providers

Jackson Health System evaluates area health needs on a regular basis and publishes these findings in publicly available Community Health Needs Assessments (CHNAs). JHS's most recent CHNAs are for 2015 and 2017.

As described in JHS's 2015 CHNA, JHS is a vital component of a **broad network of healthcare providers** in Miami-Dade County that care for patients who lack insurance or financial resources. This provider network includes hospitals, federally qualified heath centers (FQHCs), clinics, assisted living facilities, and adult care facilities.

Miami-Dade Area Healthcare Assets

Type of Facility	Number of Facilities
Licensed Hospitals	33
Federally Qualified Health Centers	38
Free Clinics	19
Public Health System Clinic	8
Assisted Living Facilities	1,119
Adult Day Care Facilities	84

Source: Jackson Health System Community Health Needs Assessment, 2015

Neighborhoods of Greatest Need

Two studies prepared in 2015 by the Health Council of South Florida, Inc., examined access to healthcare services for Miami-Dade's indigent and uninsured populations.

The first report, Indigent Study: Community Profile Miami-Dade County, examined **demographic** characteristics of Miami's neighborhoods using the SocioNeeds Index and uninsured rates.

The report identified the *top five zip codes that experienced the greatest number of uninsured (self-pay) discharges.* There are 279,540 people in these five zip codes.

All five of these zip codes are in Jackson Memorial Hospital's patient service area.

The report showed that *four out of five of these zip codes had much higher than average SocioNeeds Index values* when compared with the average for the county.

Three of the zip codes with the highest SocioNeeds Index values are among Jackson Memorial's top five admitting zip codes.

Source: Indigent Study: Community Profile Miami-Dade County, HCSF; JHS Community Health Needs Assessment 2015.

Jackson Memorial Hospital is the Leading Provider of Care for the Indigent and Uninsured

A second report, Uninsured: Hospital Cost and Utilization, examined various aspects of hospital utilization by the uninsured, and compared the data for the top five hospitals with the greatest market share in each category.

- Compared with the other leading hospitals, *Jackson Memorial Hospital (JMH) consistently ranked highest* in most of the utilization indicators for service to homeless, self-pay (uninsured), and non-payment patients.

Patient Type	Utilization Indicator	JMH Rank
Homeless	ER visits and charges	*#1*
	Admissions and charges	*#1*
Self-pay (Uninsured)	ER visits	*#1*
	Admissions and charges	*#1*
Non-Payment	Admissions and charges	*#1*

Source: Uninsured: Hospital Cost and Utilization, HCSF.

Regardless of How it is Measured, JHS Provides the Most Charity Care Of Any System in Miami-Dade

Compared with other systems, Jackson Health System:

- ✓ Had **38,870 self-pay and non-pay patient days** in 2016, *significantly higher* than any other provider and *more than a third* of such care provided in the County
- ✓ Recognized over **$884 million** in **uncompensated care charges** (the combination of charity care and bad debts) in FY2016, *more than any other system*
- ✓ Had the highest proportion (17.6%) of **uncompensated care charges** of any system in the County in FY2016, *nearly three times* the Miami-Dade facility average of 6.8%
- ✓ Incurred $**286 million in uncompensated hospital care costs** in FY2016 – *plus* provided an additional **$79 million** in unfunded non-hospital and outpatient programs, for a **total of $365 million**
- ✓ Shouldered *approximately half* of the total **uncompensated care cost burden** in the entire County in FY2016

Study period: 2014-2016.

Self-Pay and Non-Pay Patient Days
Miami-Dade Systems, 2014-2016

On average, JHS provided *more than a third* of all Miami-Dade self-pay/non-pay days in Miami-Dade County between 2014-2016.

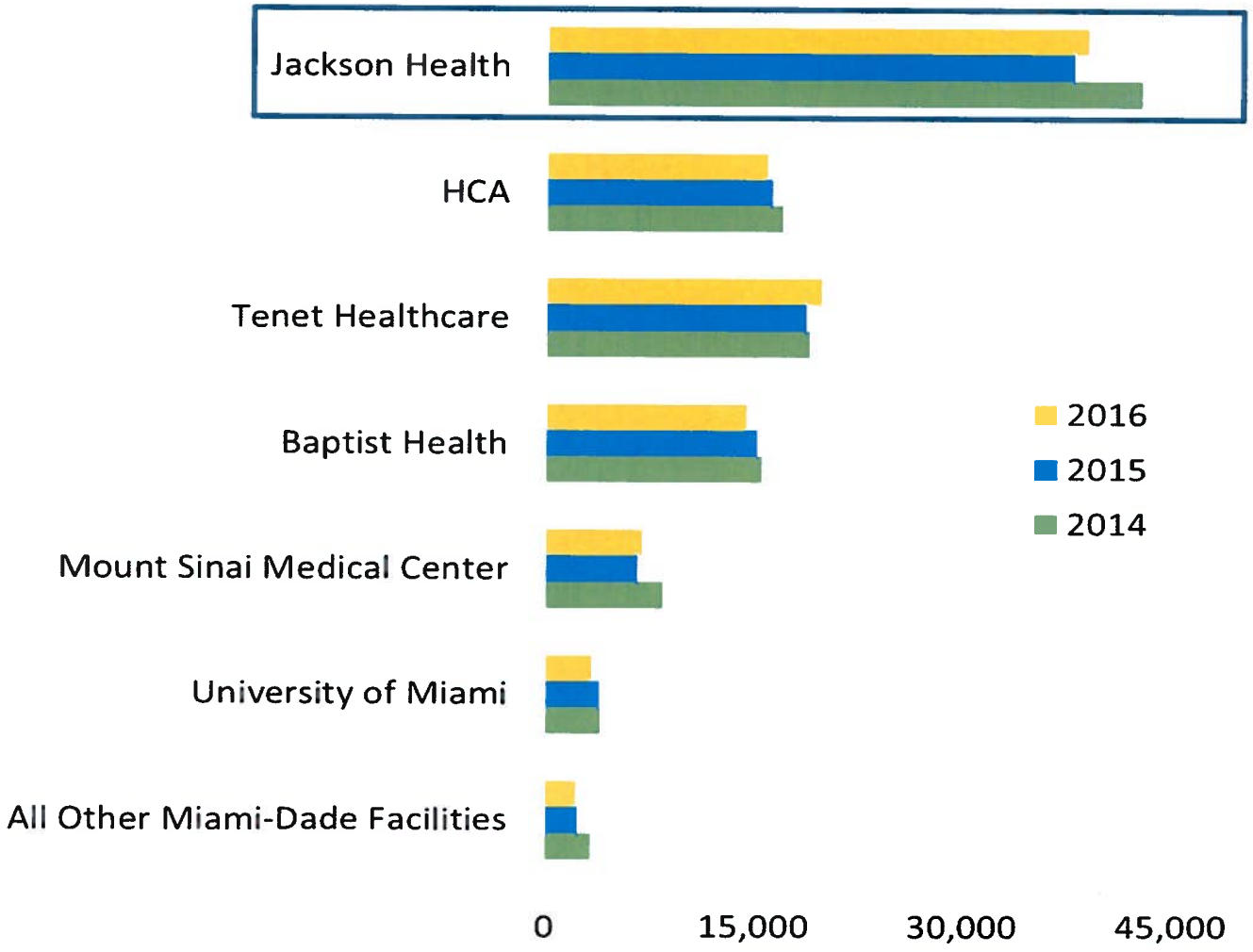
2014-2016 County Uncompensated Care
Distribution of Miami-Dade Resident Self-Pay and Non-Pay
Patient Days Among Miami-Dade Health Systems

System	2014	2015	2016	3-Year Average %
Jackson Health	42,682	37,830	38,870	38.3%
Tenet Healthcare	18,903	18,649	19,771	18.4%
HCA	16,943	16,168	15,858	15.7%
Baptist Health	15,512	15,175	14,361	14.5%
Mount Sinai Medical Center	8,369	6,629	6,920	7.0%
University of Miami	3,949	3,867	3,365	3.6%
All Other Miami-Dade Facilities	3,252	2,330	2,217	2.5%
Total Miami-Dade Facilities	**109,610**	**100,648**	**101,362**	**100.0%**

Source: AHCA Inpatient Discharge Database, 2014-2016.
Miami-Dade residents. Excludes normal newborns.

Self-Pay and Non-Pay Patient Days
Miami-Dade Systems, 2014-2016

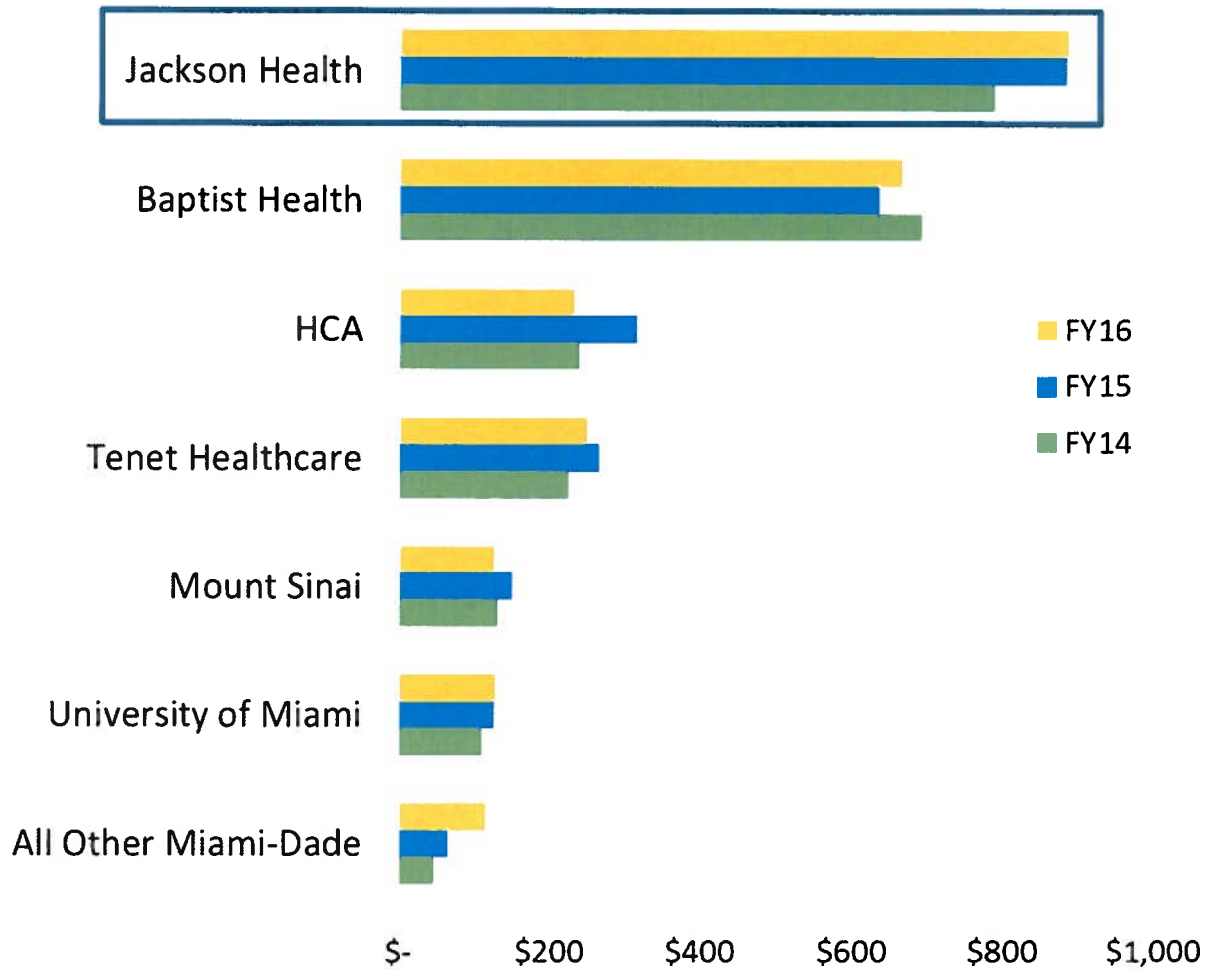
Each year, Jackson Health System had *more Miami-Dade self-pay and non-pay patient days* than any other system in the County.



Source: AHCA Inpatient Discharge Database, 2014-2016.
Miami-Dade residents. Excludes normal newborns.

Uncompensated Care Charges (in Millions)
Miami-Dade Systems, FY2014-2016

Jackson Health System's uncompensated care charges were over $884M in FY16, the *highest amount* of any system.



Source: Florida Hospital Uniform Reporting System (FHURS), Worksheet C-3a, FY 2014-2016. Uncompensated care includes charity care + bad debt.

Hospital-Based Uncompensated Care Costs
Miami-Dade Systems, FY2016

JHS shouldered *nearly half* (47.1%) of the total hospital-based uncompensated care cost burden incurred by Miami-Dade hospitals in FY 2016.

Provision of Hospital-Based Uncompensated Care by Miami-Dade System
Estimated Cost of Uncompensated Care, FY 2016

System	Est. Hospital-Based Uncompensated Care Costs	% of County Uncompensated Care Cost
Baptist Health	$ 151,431,793	24.9%
HCA	$ 24,490,183	4.0%
Jackson Health	$ 286,182,563	47.1%
Mount Sinai	$ 24,806,457	4.1%
Tenet Healthcare	$ 29,715,223	4.9%
University of Miami	$ 25,014,377	4.1%
All Other Miami-Dade Facilities	$ 66,311,791	10.9%
Total Miami-Dade Facilities	**$ 607,952,387**	**100.0%**

Source: FHURS using overall hospital cost to charge ratio calculation.
Uncompensated care includes charity care + bad debt.

Additionally, JHS Has $78.8 Million in *Unfunded* Nonhospital Patient Care Expenses

In addition to its significant hospital-based uncompensated care burden, JHS has *unfunded* nonhospital-based patient care expenses which totaled **$78.8 million** in FY 2016. They include:

- **Losses on primary care clinics** ($16.5 million)
- **Unfunded obligations** ($62.3 million):
  - Corrections Department Health Services;
  - Community Health Services; and
  - Financial subsidies for two nursing homes.

JHS's nonhospital unfunded patient care expenses are not captured on the Florida Hospital Uniform Reporting System (FHURS) report.

Source: Unfunded obligations & PCC losses per JHS.

Uncompensated Care Costs Plus Unfunded Care Costs
Miami-Dade Systems, FY2016

Adding in JHS's unfunded nonhospital-based patient care costs shows that JHS shouldered *more than half* (53.1%) of the total uncompensated cost burden in Miami-Dade in FY 2016.

- This includes **$286 million in hospital-based uncompensated care costs** *plus* an additional **$79 million** in unfunded nonhospital-based care and outpatient programs, for a **total of $365 million**.

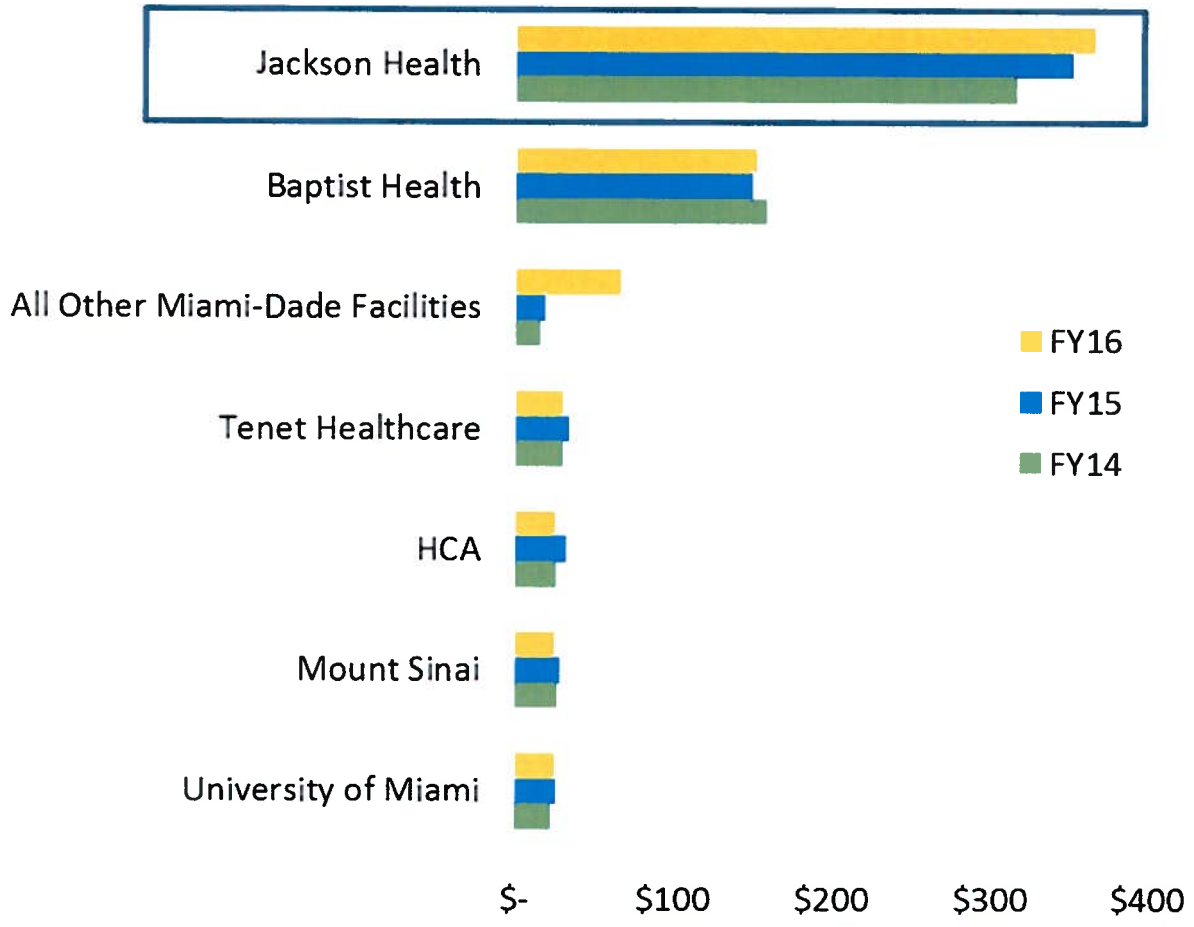
Provision of Uncompensated Care and Unfunded Care by Miami-Dade System
Estimated Cost of Uncompensated and Unfunded Care, FY 2016

System	Est. Hospital-Based Uncompensated Care Costs	Unfunded Clinics and Nonhospital Programs	Total Est. Unfunded Care Costs	% of County Uncompen-sated Care
Baptist Health	$ 151,431,793		$ 151,431,793	22.1%
HCA	$ 24,490,183		$ 24,490,183	3.6%
Jackson Health	$ 286,182,563	$ 78,806,918	$ 364,989,481	53.1%
Mount Sinai	$ 24,806,457		$ 24,806,457	3.6%
Tenet Healthcare	$ 29,715,223		$ 29,715,223	4.3%
University of Miami	$ 25,014,377		$ 25,014,377	3.6%
All Other Miami-Dade Facilities	$ 66,311,791		$ 66,311,791	9.7%
Total Miami-Dade Facilities	**$ 607,952,387**		**$ 686,759,305**	**100.0%**

Source: : Florida Hospital Uniform Reporting System using overall hospital cost to charge ratio calculation. JHS Internal Data for nonhospital costs.

Total Uncompensated Care Costs* (in Millions)
Miami-Dade Systems, FY2014-2016

In FY2016, JHS incurred approximately $365 million in uncompensated care costs, *more than twice as much* as the next highest system.



* For JHS, includes unfunded outpatient clinics, Corrections Health Services, and unfunded nursing home providers.

Source: FHURS Worksheet C-3a, FY 2014-2016. Uncompensated care includes charity care + bad debt. Non hospital data per JHS.