Uncompensated Charity Care

The University of Texas
M. D. Anderson Cancer Center
May 3, 2006


off the mark
by Mark Parisi
www.offthemark.com
YOUR HUSBAND ISN'T GETTING ANY YOUNGER, MA'AM, AND THIS OPERATION IS QUITE EXPENSIVE... NO ONE WOULD BLAME YOU IF YOU JUST HAD HIM PUT DOWN...
www.offthemark.com

Uncompensated Charity Care (UCC) Overview

- Definition
- How much UCC does M.D. Anderson provide ?
  - Trends
- National & State Uninsured Data/Facts
- Who are the Uninsured in Harris County ?
- Who is eligible to receive UCC at M.D. Anderson ?
- Current UCC Benchmarks
- How is UCC funded at M.D. Anderson ?
- How is UCC managed at M.D. Anderson ?
- What is causing the increases in UCC ?
  - Obesity Trends
- How is M.D. Anderson managing the rising cost of UCC ?
- What is Dept. of Financial Services doing for institution regarding UCC ?
- UCC Census Application
  - Who, What, Why, & How ?
- What lies ahead for Texas & M.D. Anderson ?
- What future steps might M.D. Anderson consider to manage UCC cost ?
- Why is this so important ?
- Summary & Questions

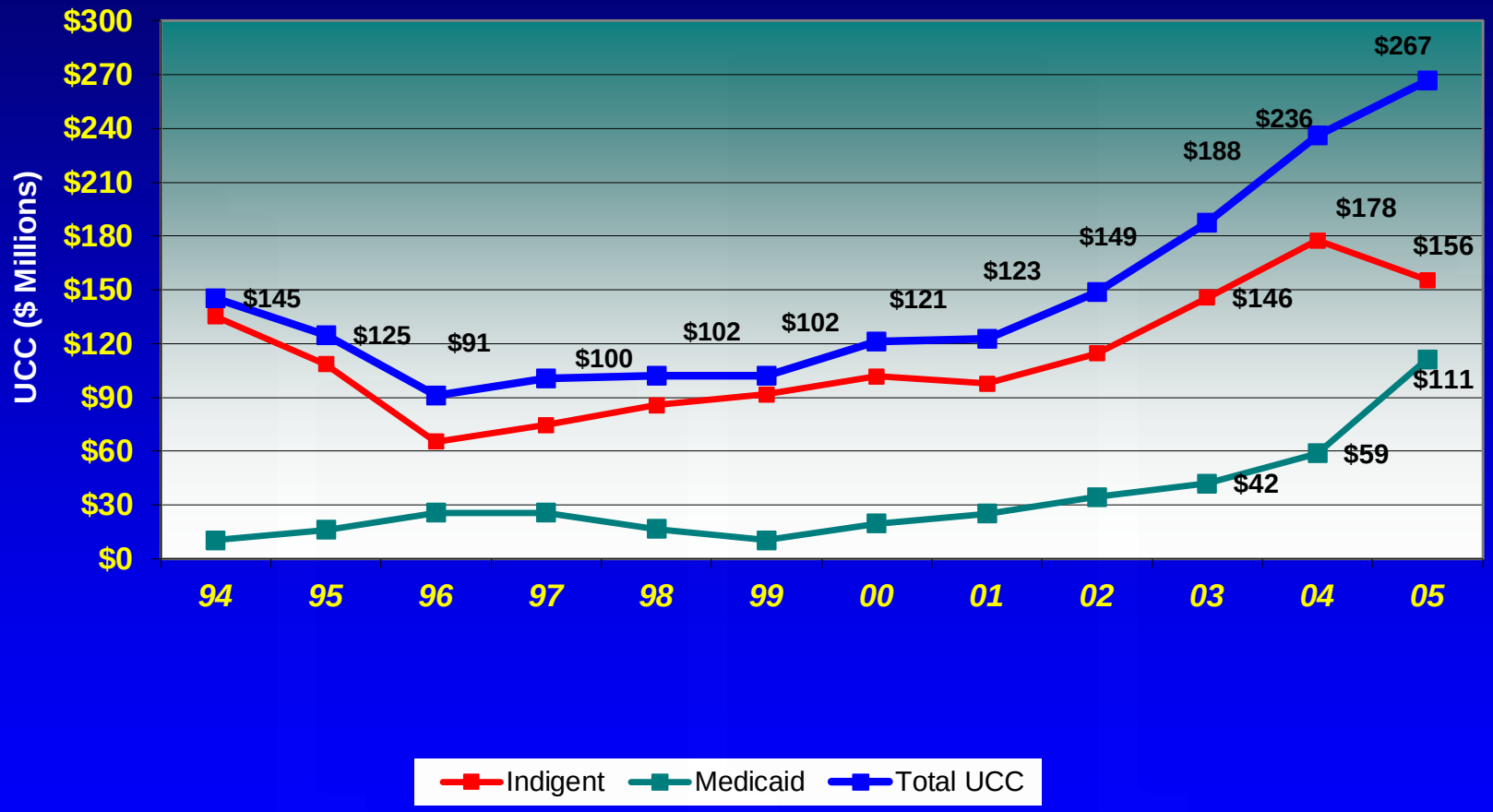
How is Uncompensated Charity Care (UCC) defined?

- Charges for services for indigent patients
  - Includes those indigent after other insurance
- Shortfall between cost of care for Medicaid patients and Medicaid payments
- Charges for services for patients who become medically indigent (e.g. loss of assets, income, etc.)

How much UCC does M.D. Anderson provide ?

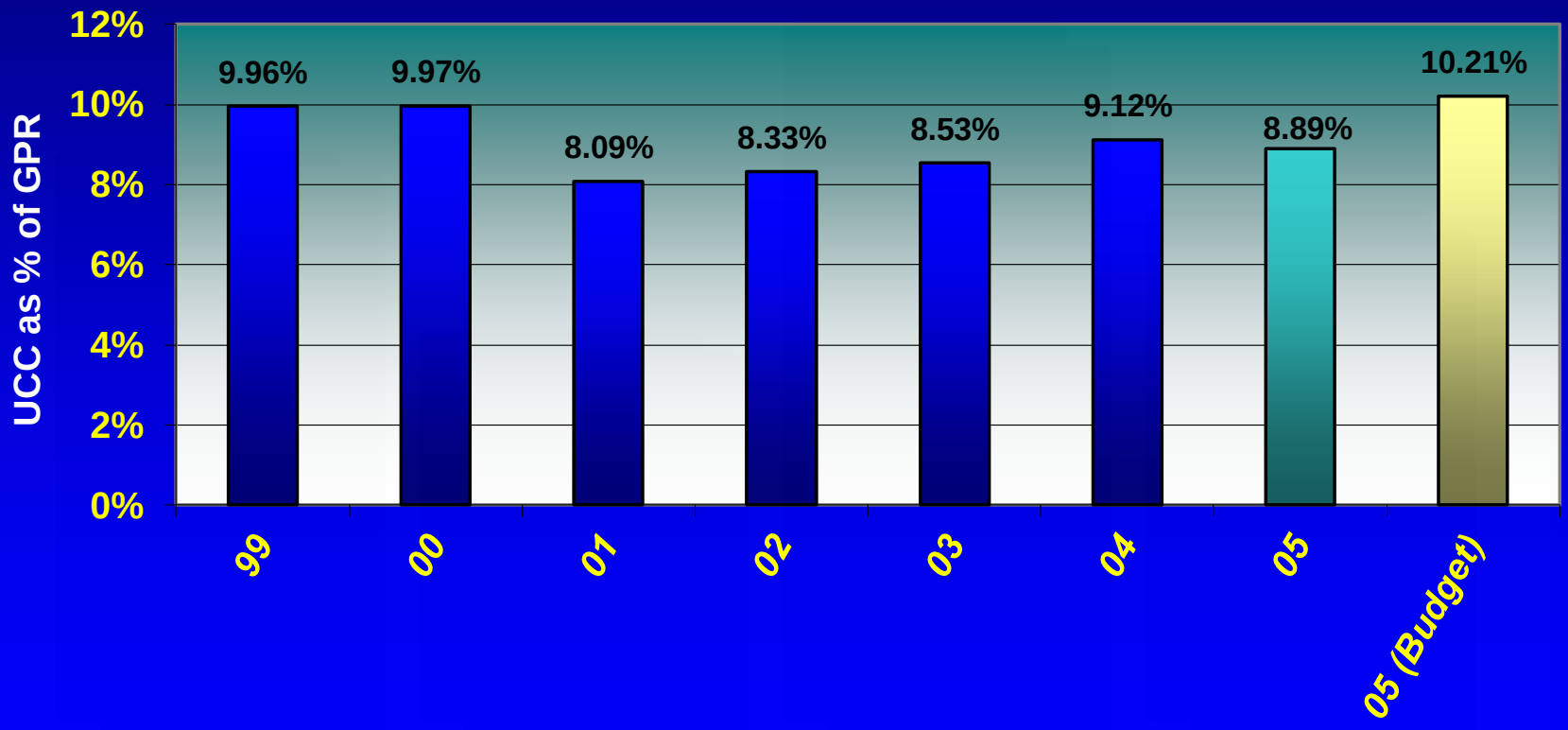
12-year UCC Trend

(UCC Type and Total Adjustments)

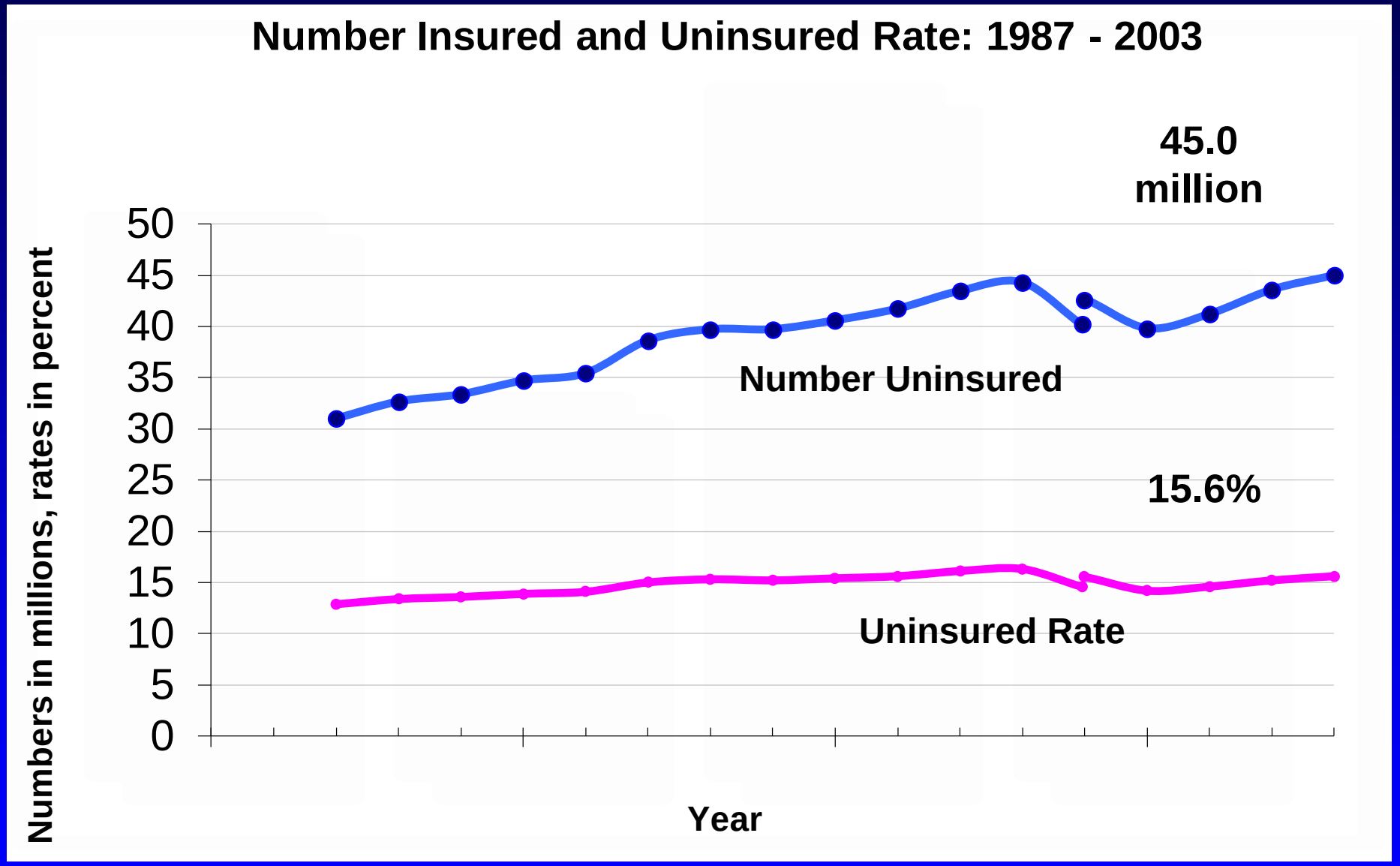


Source : Enterprise Financial Report

FY99 – 05: UCC as a % of Total Gross Patient Revenue

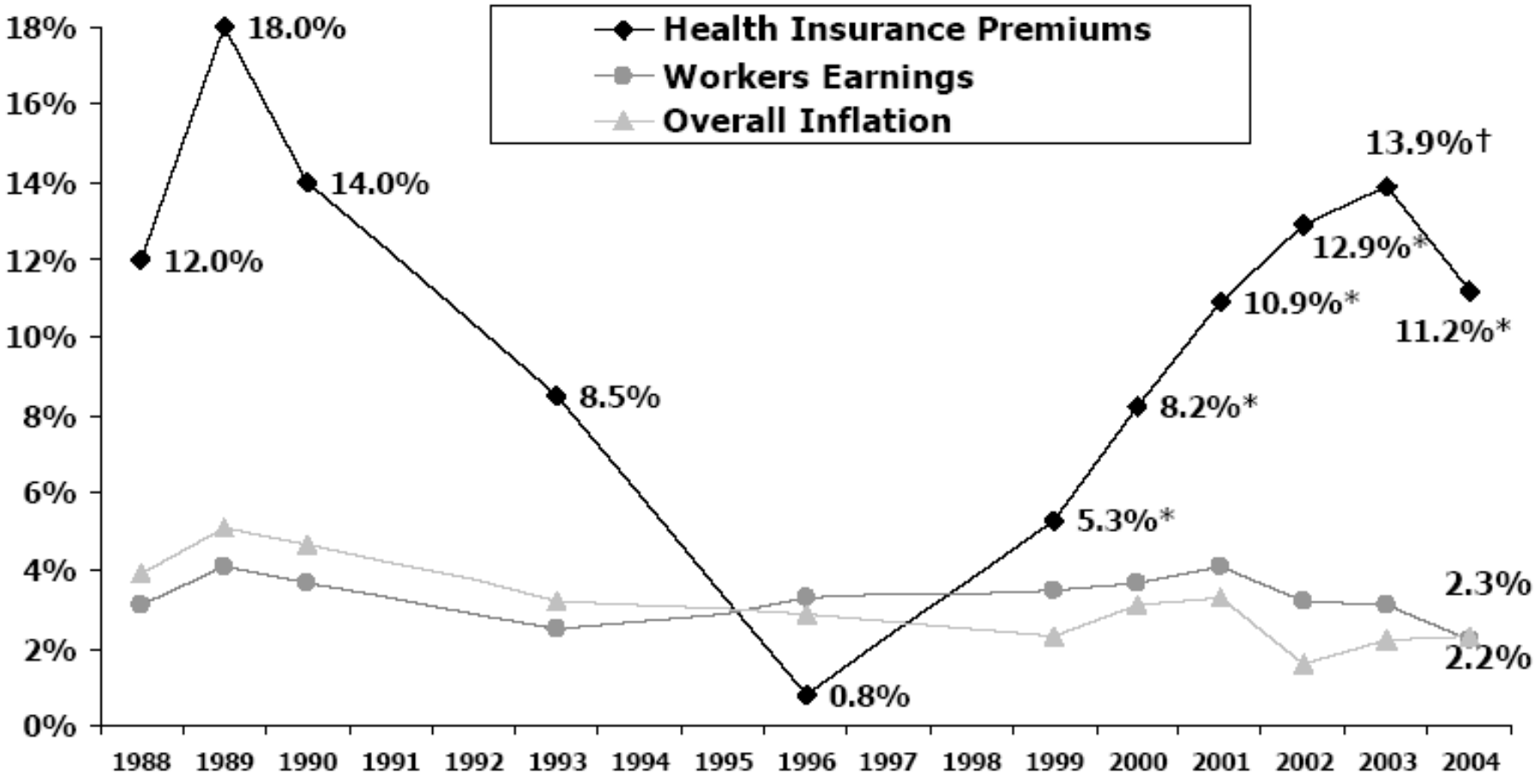


Source : Enterprise Financial Report



Source: U.S Census Bureau. Income, Poverty, and Health Insurance Coverage in the United States

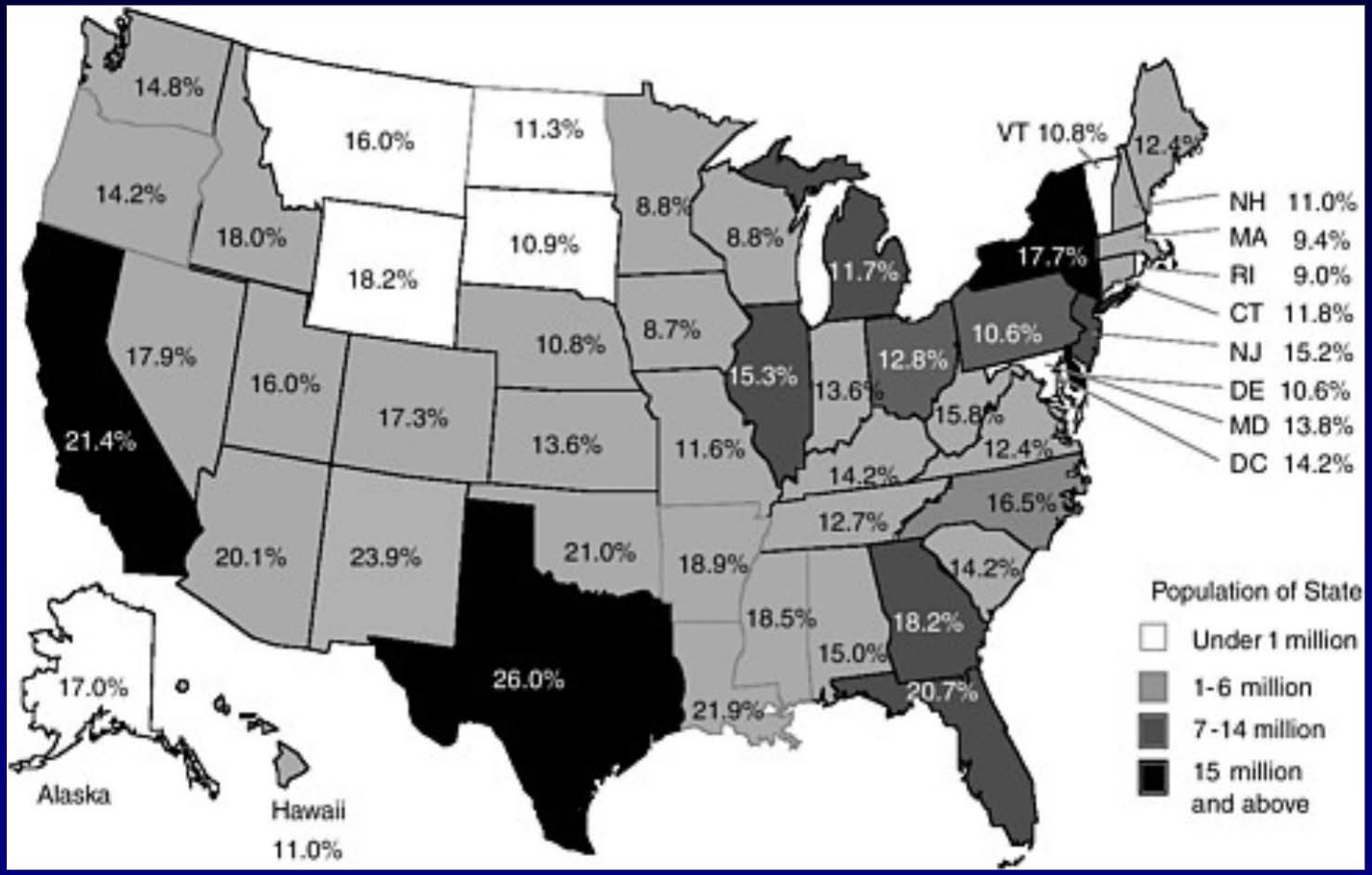
Increases in Health Insurance Premiums Compared to Other Indicators, 1988-2004



Source: KFF/HRET Employer Health Benefits 2004 Annual Survey

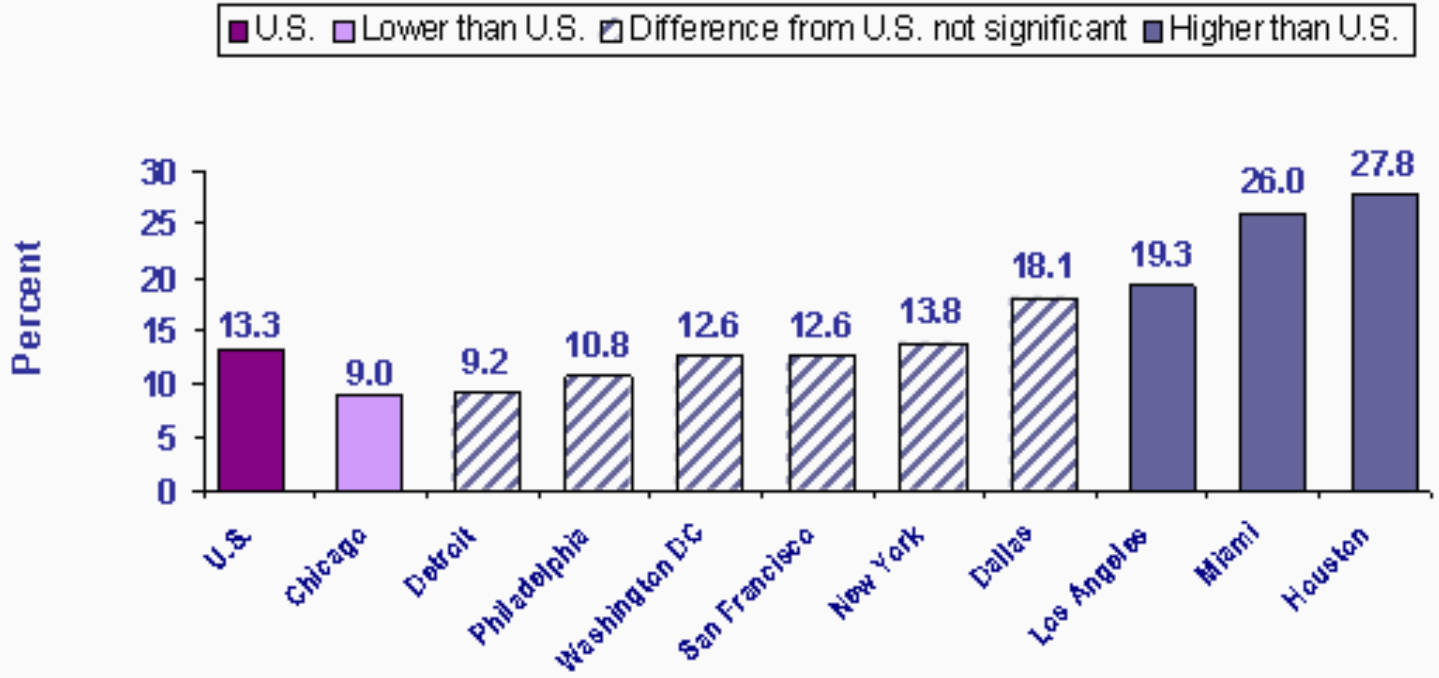
Texas has the highest number and percent of uninsured of any state in the U.S.

Uninsured adults ages 19-64 by state, 2001



Source: Fronstin (2002), March 2001 CPS

Figure 4: Percentage of persons under 65 without health insurance the entire year, 2000



Source: Center for Financing, Access and Cost Trends, AHRQ, Medical Expenditure Panel Survey–Household Component, 2000


DEAR, I THINK I FOUND A WAY WE CAN GET DECENT HEALTH COVERAGE!
I'M GOING TO RE-ENLIST!
LAUGH ALL YOU WANT, QUEENIE! JUST REMEMBER WHO'S GOT TO PAY FOR THOSE DEPENDS!
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4/7

Who are the uninsured in Houston/Harris County ?

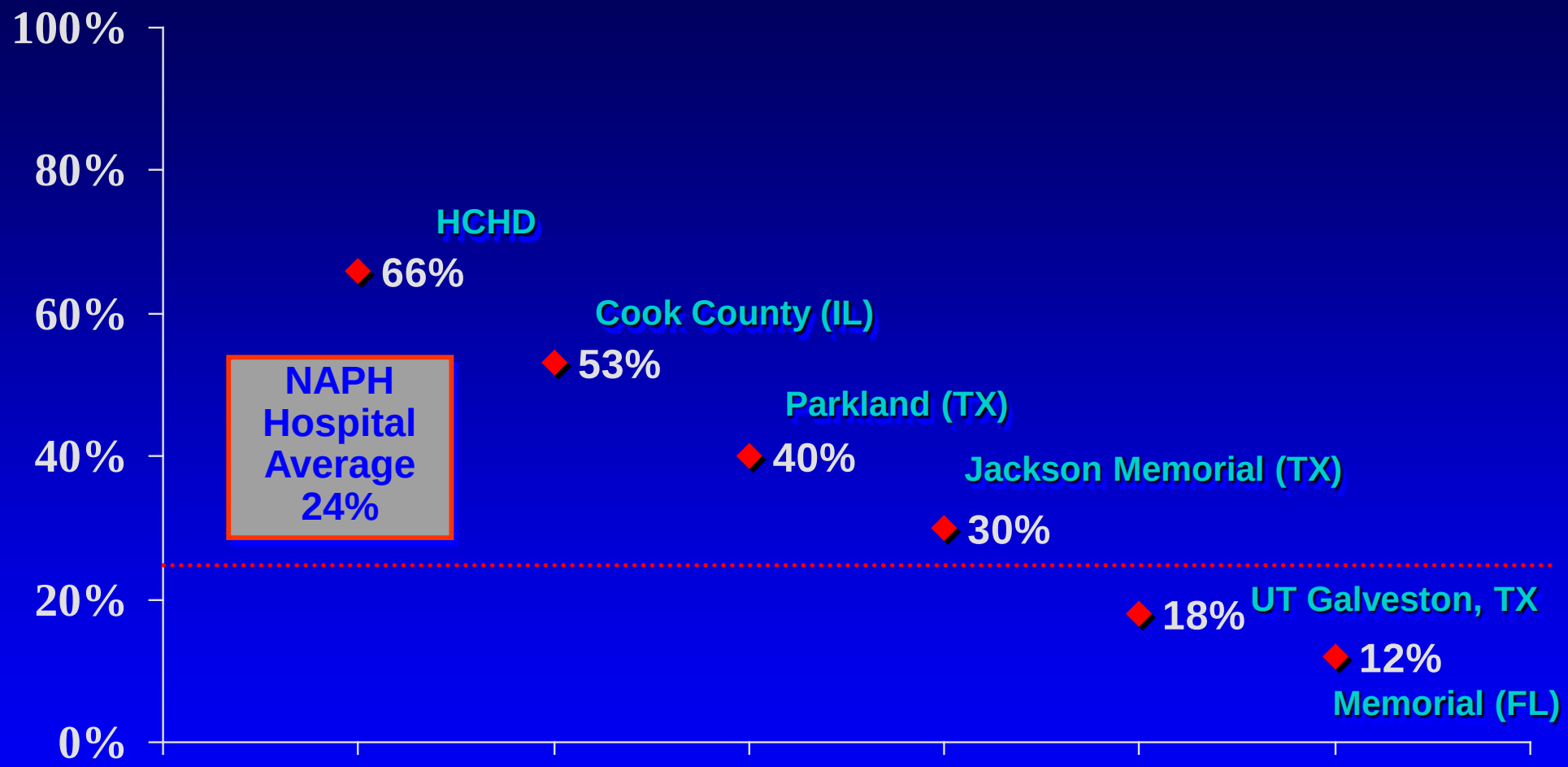
- Overall: The uninsured rate for the population under age 65 is 32% (1.08 million people)
- 26% children -nearly ninety percent of uninsured Texas children have at least one working parent
- 52% Hispanic and Latino
- Economic Factors: 43% of uninsured are the working poor families with incomes between $15,670 – $31,340 (family of three)
- The fastest growing uninsured population is the middle class with household income over $50,000

Who is eligible to receive UCC at M.D. Anderson ?

- Texas residents who meet financial assistance guidelines
  - Asset + Income Test (SFA Policy VI.B.2.12)
  - <185% of federal poverty limit = 100% assistance, &
  - 185 – 250% of federal poverty limit = 50% assistance

- Indigent Patients from Harris County Hospital District
  - THE BIG MYTH (1995 Agreement)
  - - HCHD does not reimburse M.D. Anderson for indigent care
  - - Harris County has own tax base for its district hospitals
  - Patients now required to apply for SFA
  - - Medical overrides still provided for non-SFA qualified patients
  - Patients participating in research protocols ?

Uncompensated Care (% of Gross Patient Revenue)

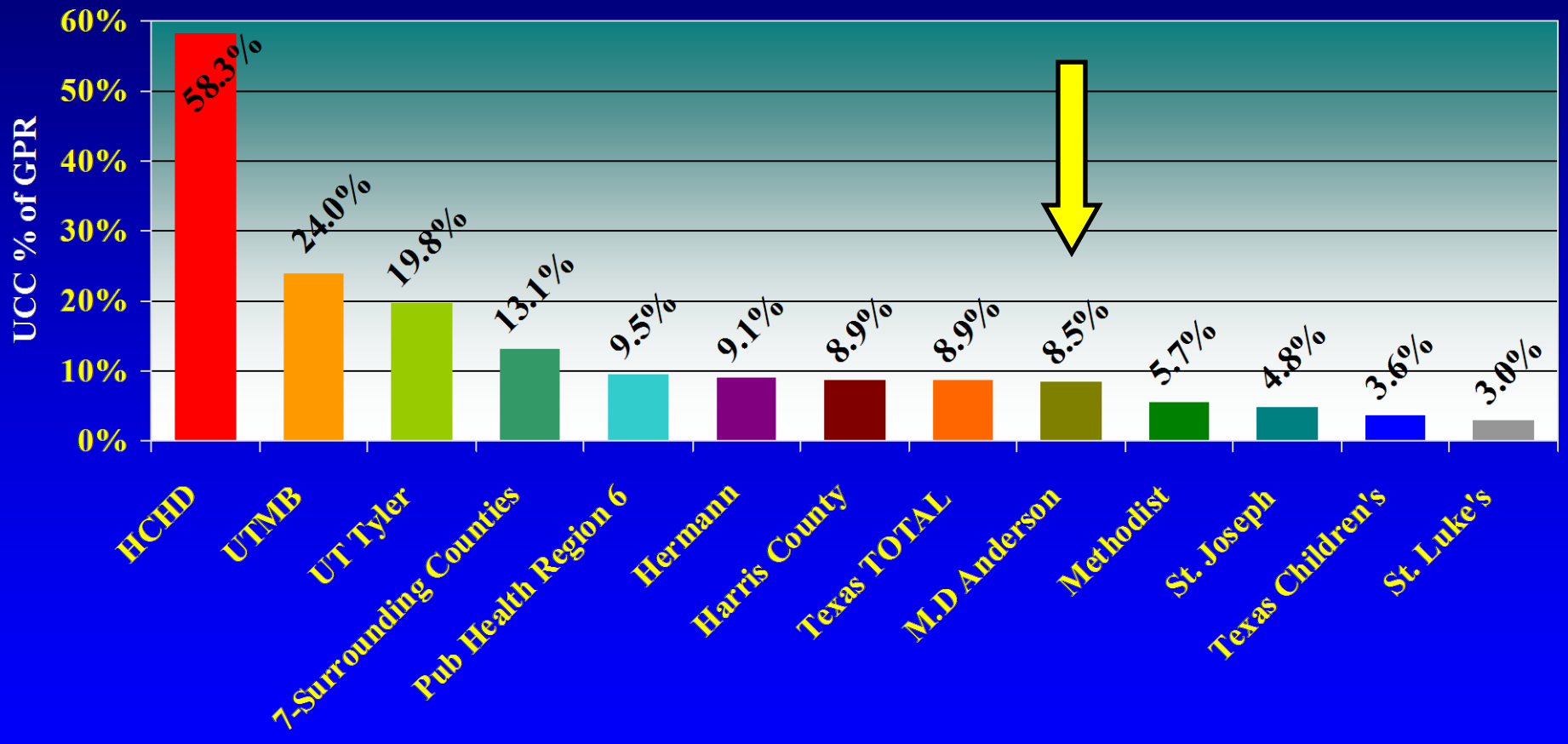


HCHD ranks 1st of the top 25 hospitals in the country

The average among non-public hospitals is 6%

FYO3 UCC State Benchmarks

(UCC as a % of Gross Patient Revenue)



Source : 2003 TDH/AHA/THA Cooperative Annual Survey of Hospitals, December 2004

How is UCC Funded ?

- Combination of Revenue Sources

  - Cost shifting from other payers

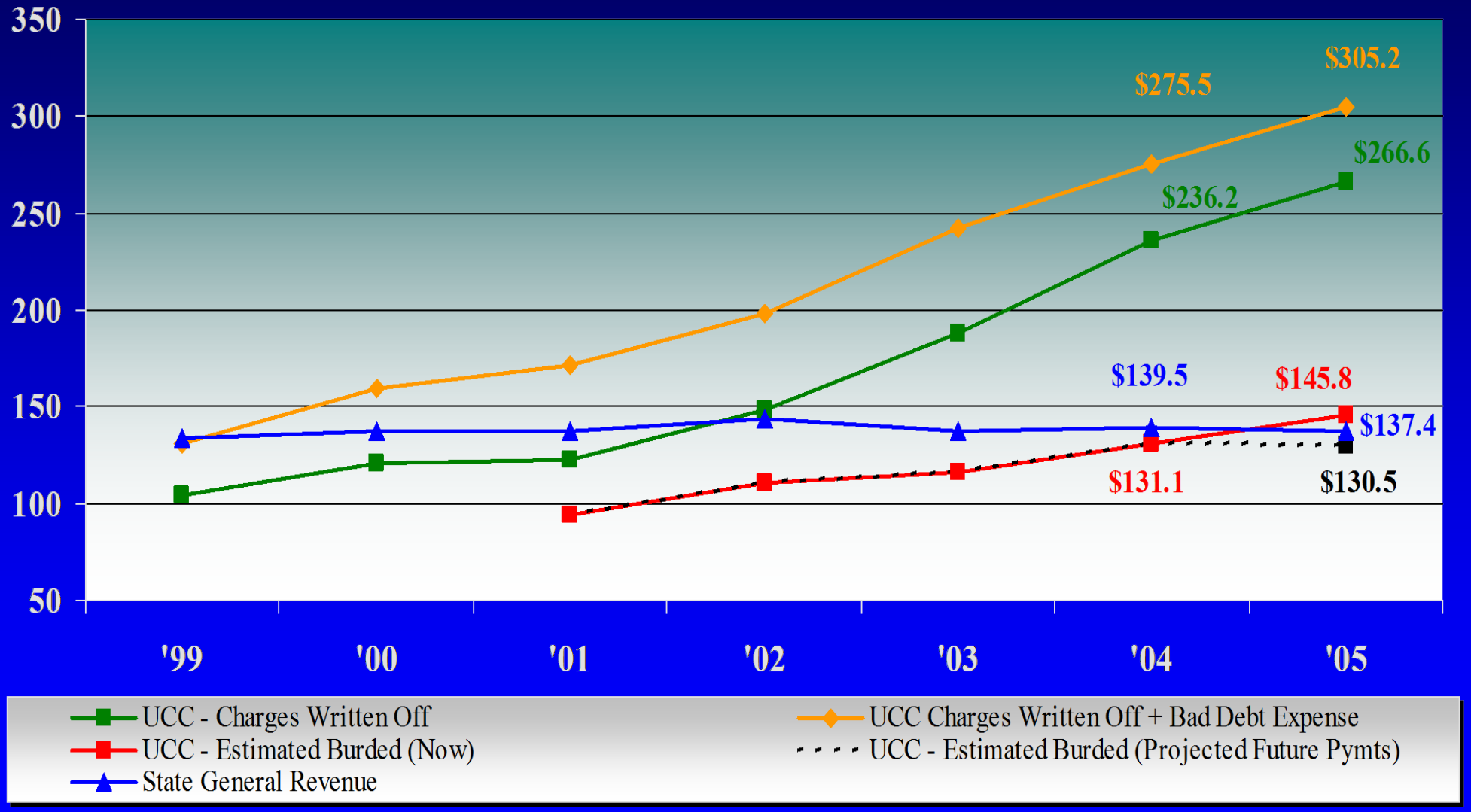
  - State appropriations

  - Philanthropy

  - No Disproportionate Share Payments

  - Not allowed to participate in 340(b) Pharmacy drug purchasing program

UCC vs. State General Revenue ($ Millions)



Source : Enterprise Financial Report & HCC

Note – Actual Overall RCCs for FY99 – 04, FY05 is Estimated

How is UCC managed in Harris County ?

- Collaboration with Harris County Hospital District (HCHD – 1995 agreement)
  - Staff providers at LBJ Hospital @ $0 cost to HCHD
    - -- 11 Part-time clinical faculty
    - -- 16 Medical oncology fellows
    - -- 4 Research Nurses

- Radiation Therapy – Current vs. Future

- Office of Ambulatory Programs (OAP) – aka “Case Management” for referals and transitions between M.D. Anderson and HCHD.

What is causing the increases in UCC ?

- Increasing pharmaceutical costs
- Reliance on new and expensive medical technology and equipment
- Increasing complexity of care
- Americans' lifestyle and dietary habits
- Medical malpractice insurance
- Inability to manage access to health care & how we fund it

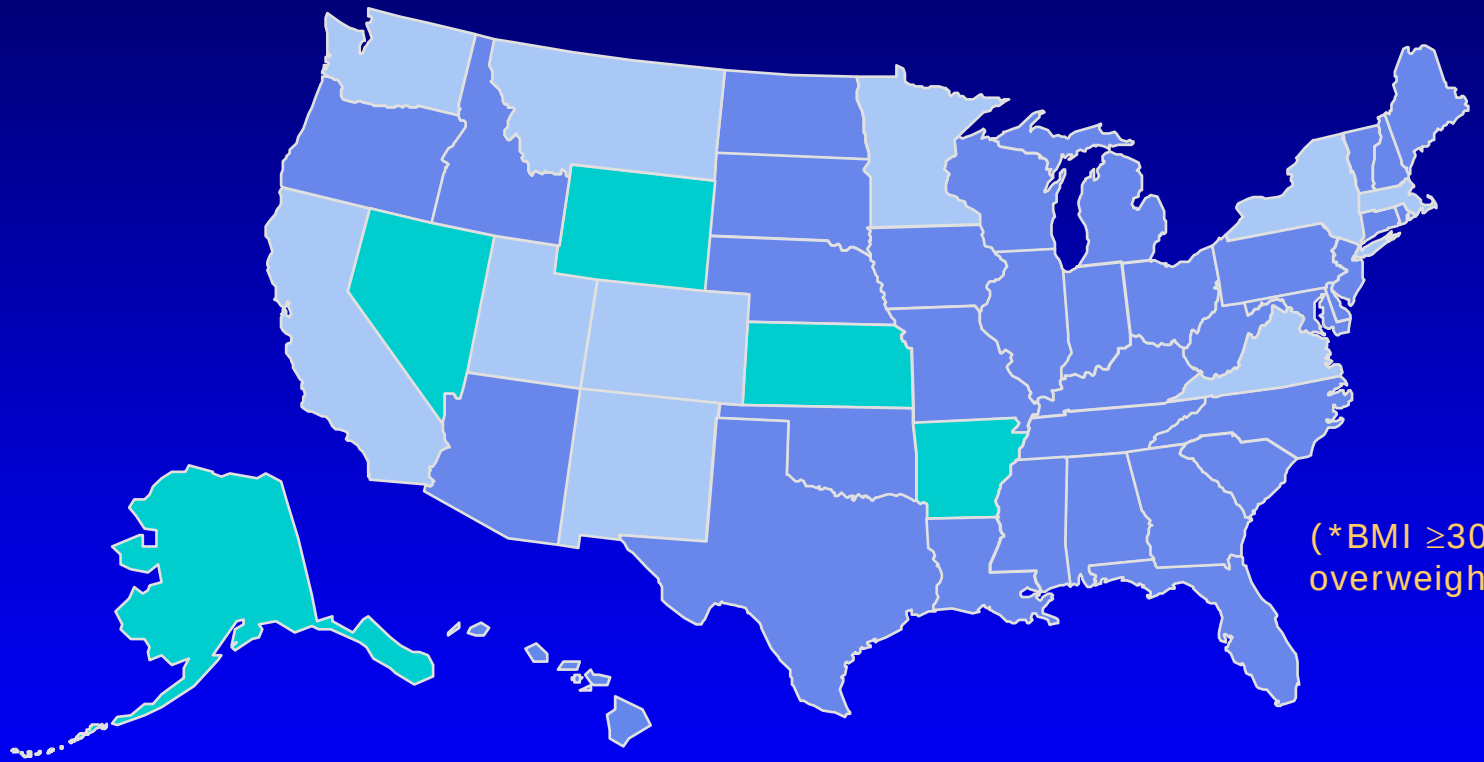
America's Fattest Cities – 2004

1. Detroit
2. **Houston**
3. **Dallas**
4. **San Antonio**
5. Chicago
6. **Fort Worth**
7. Philadelphia
8. **Arlington, TX**

Source: Men's Fitness Magazine

Obesity Trends Among U.S. Adults*

BRFSS, 1990



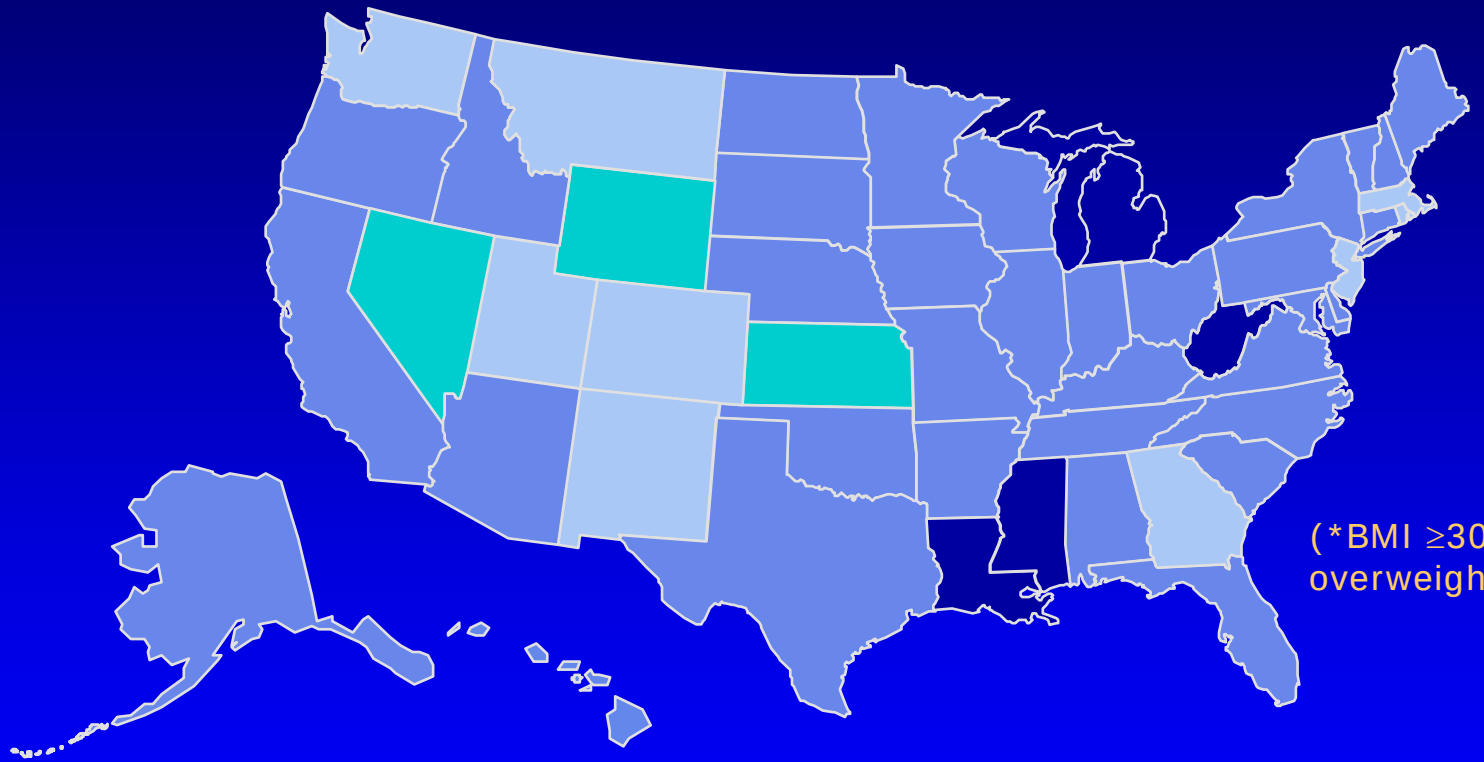
(*BMI ≥30, or ~ 30 lbs overweight for 5’4” woman)

No Data | <10% | 10%-14%

Source: Behavioral Risk Factor Surveillance System, CDC.

Obesity Trends Among U.S. Adults*

BRFSS, 1991



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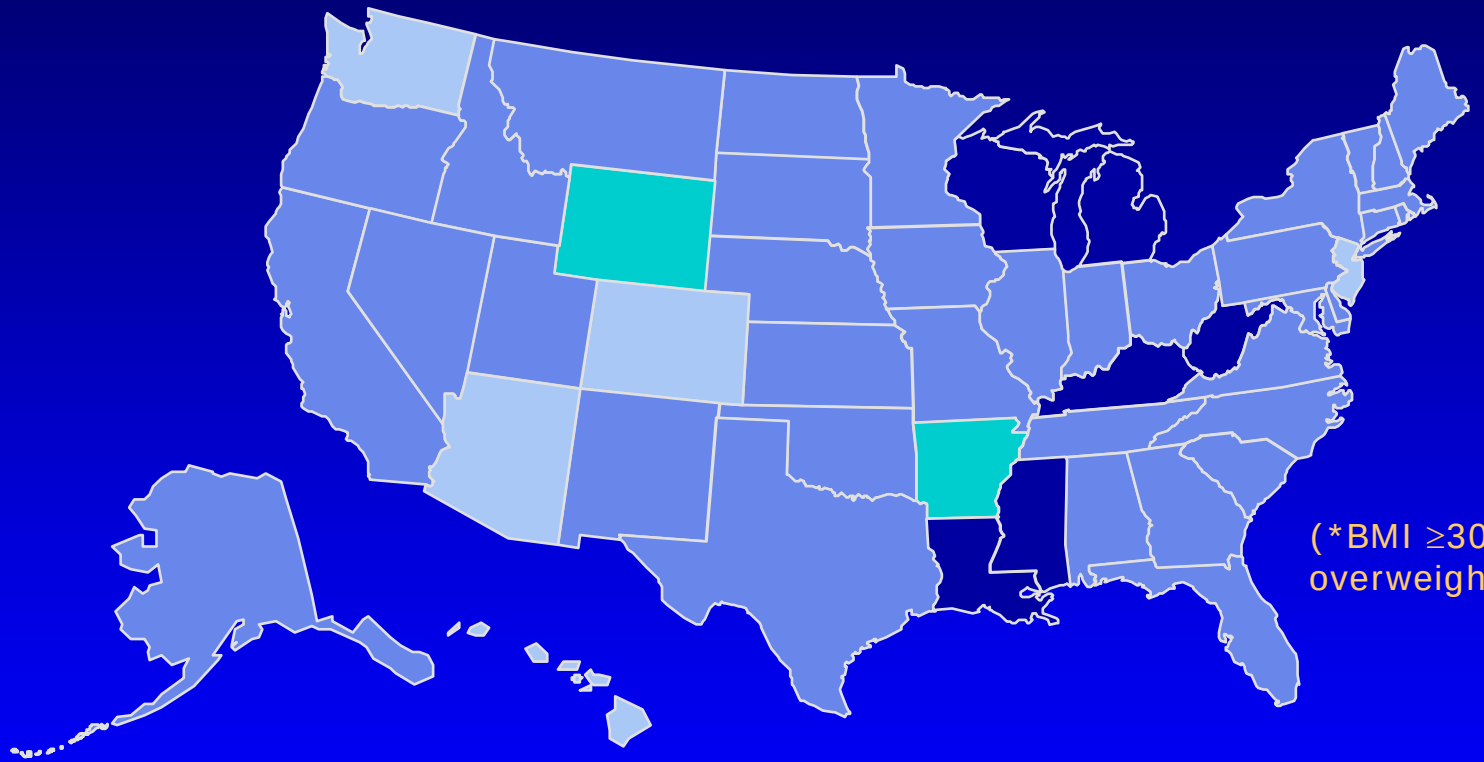

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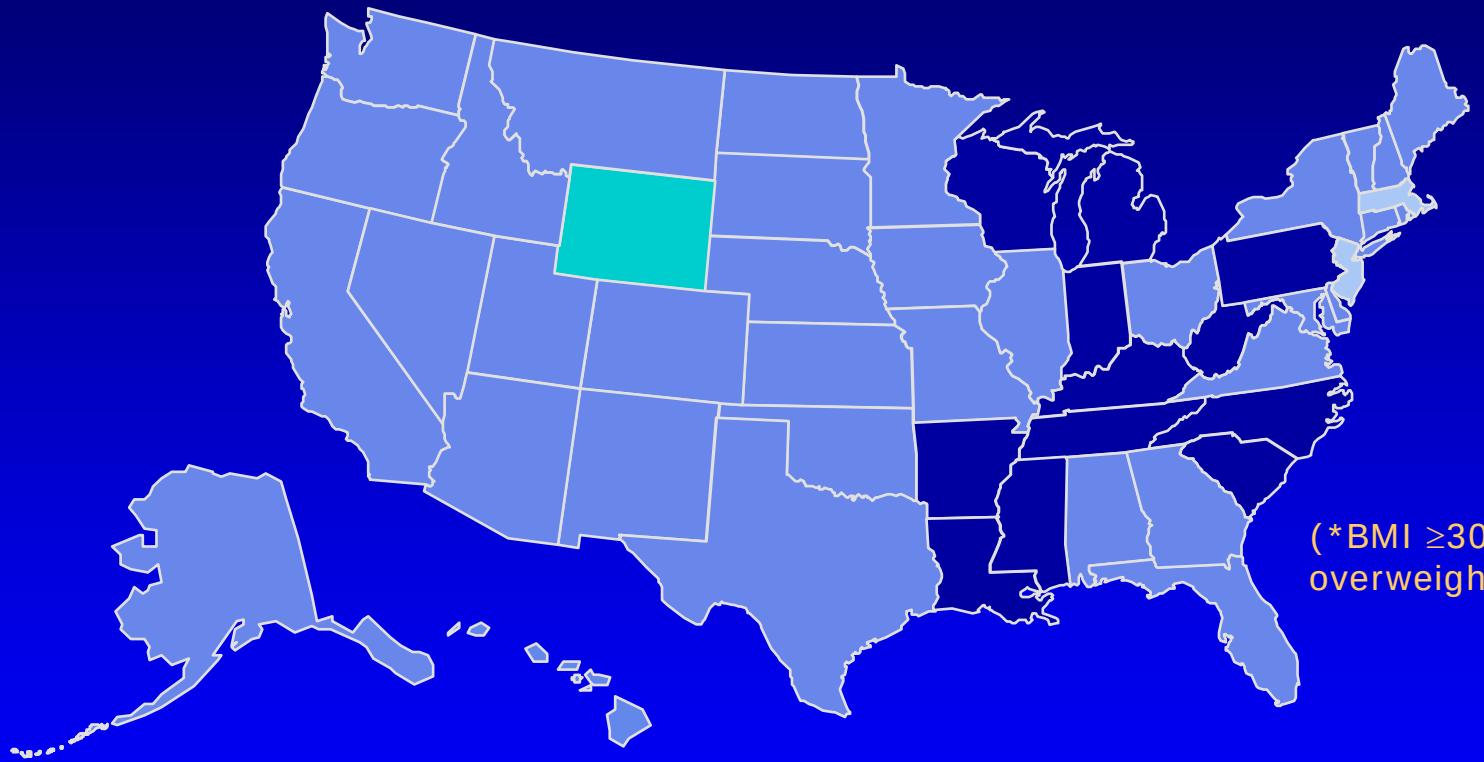

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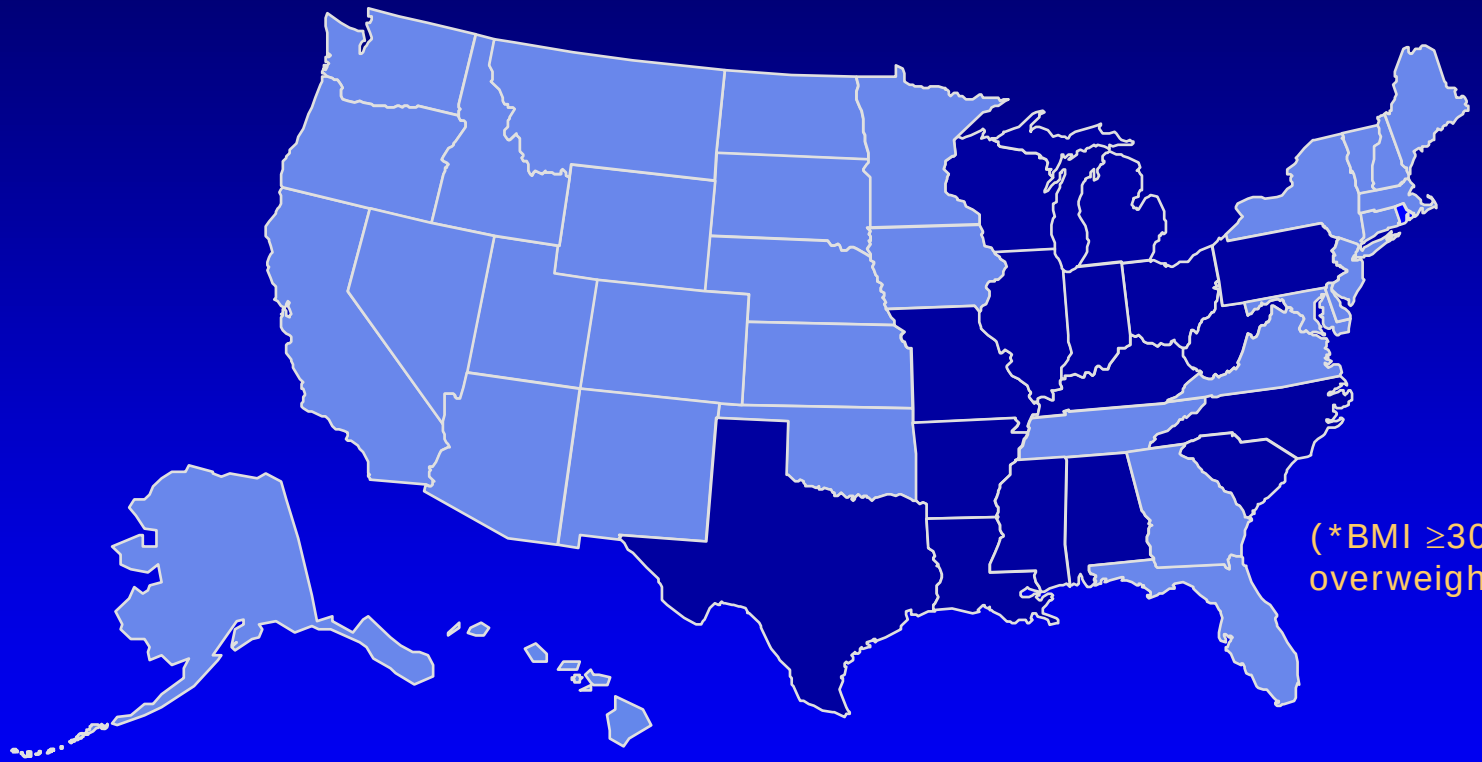

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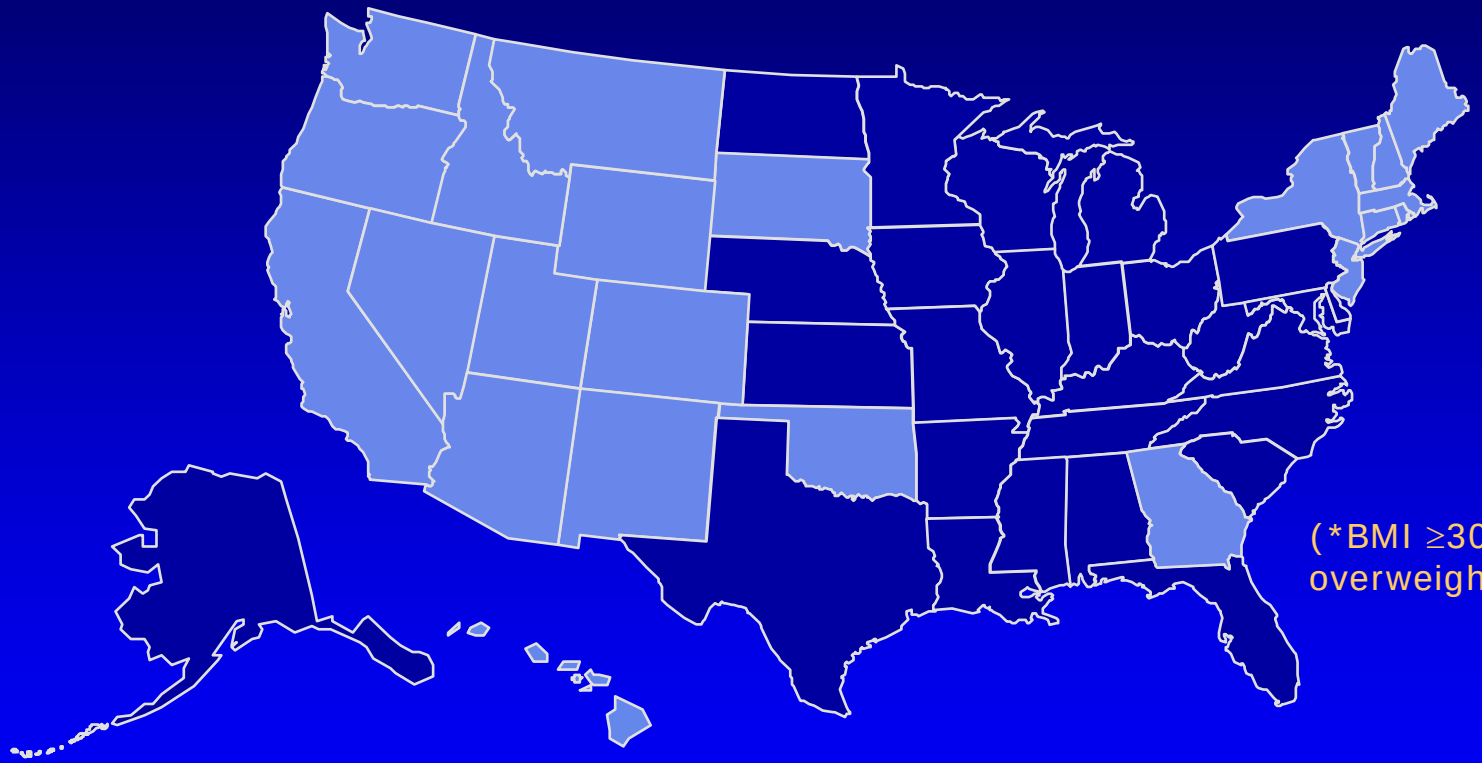

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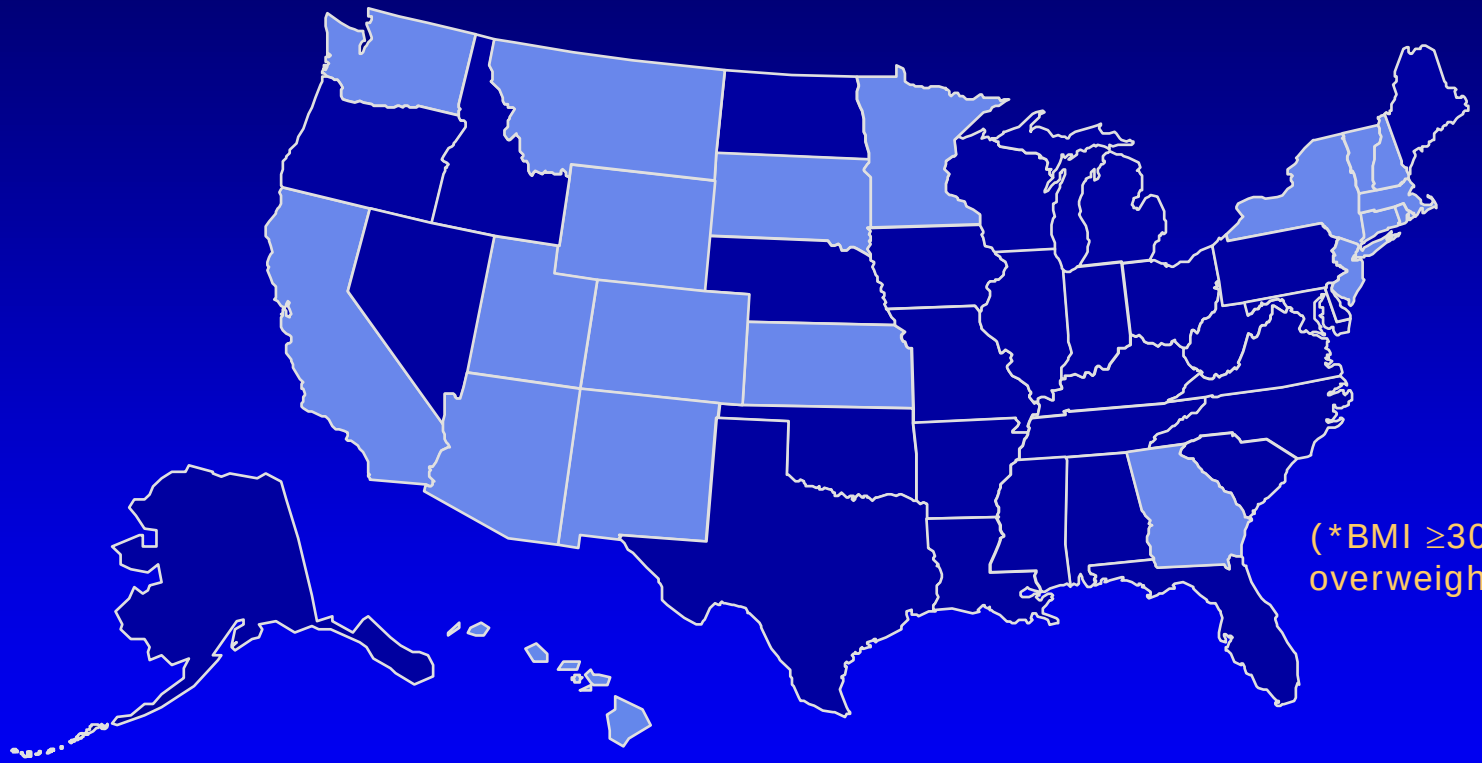

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Source: Behavioral Risk Factor Surveillance System, CDC.

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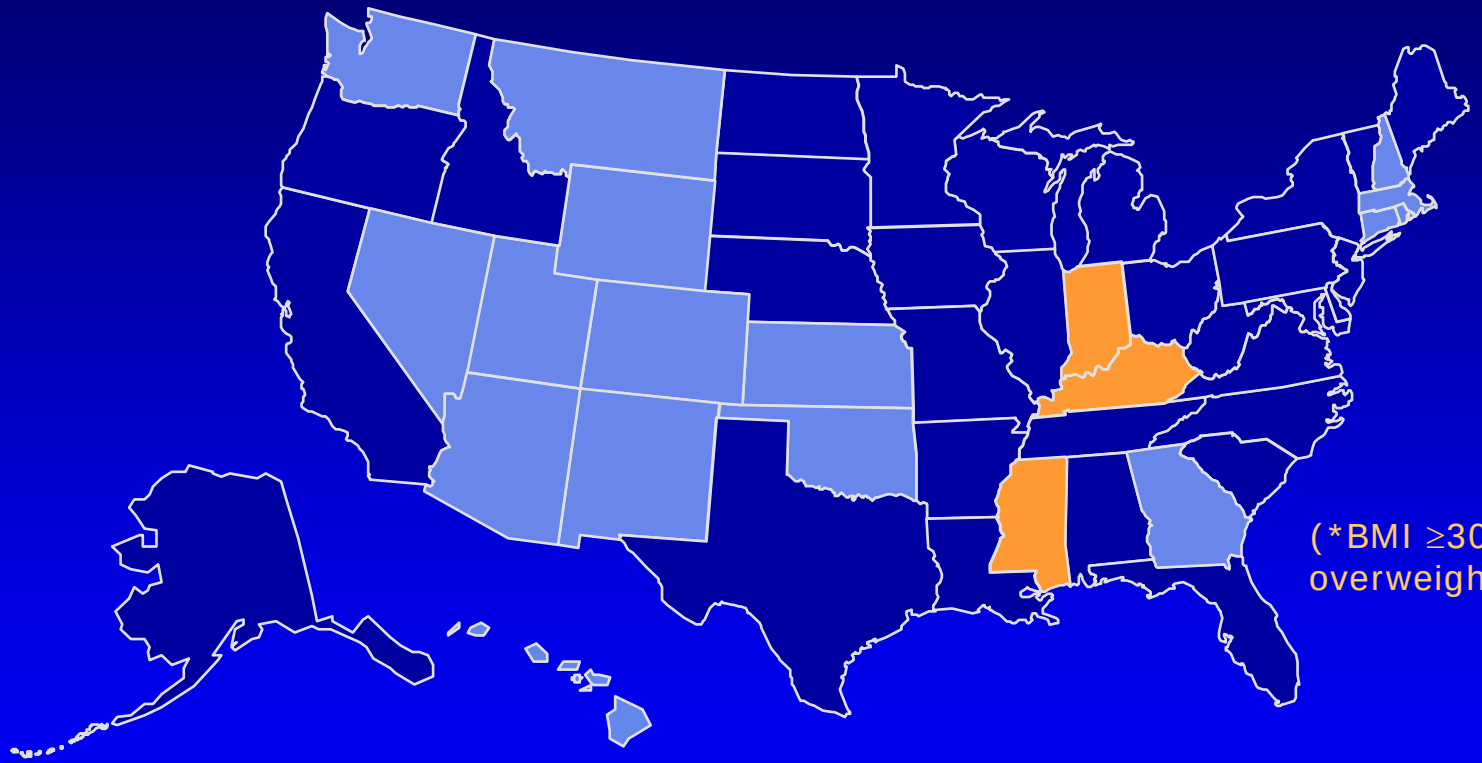

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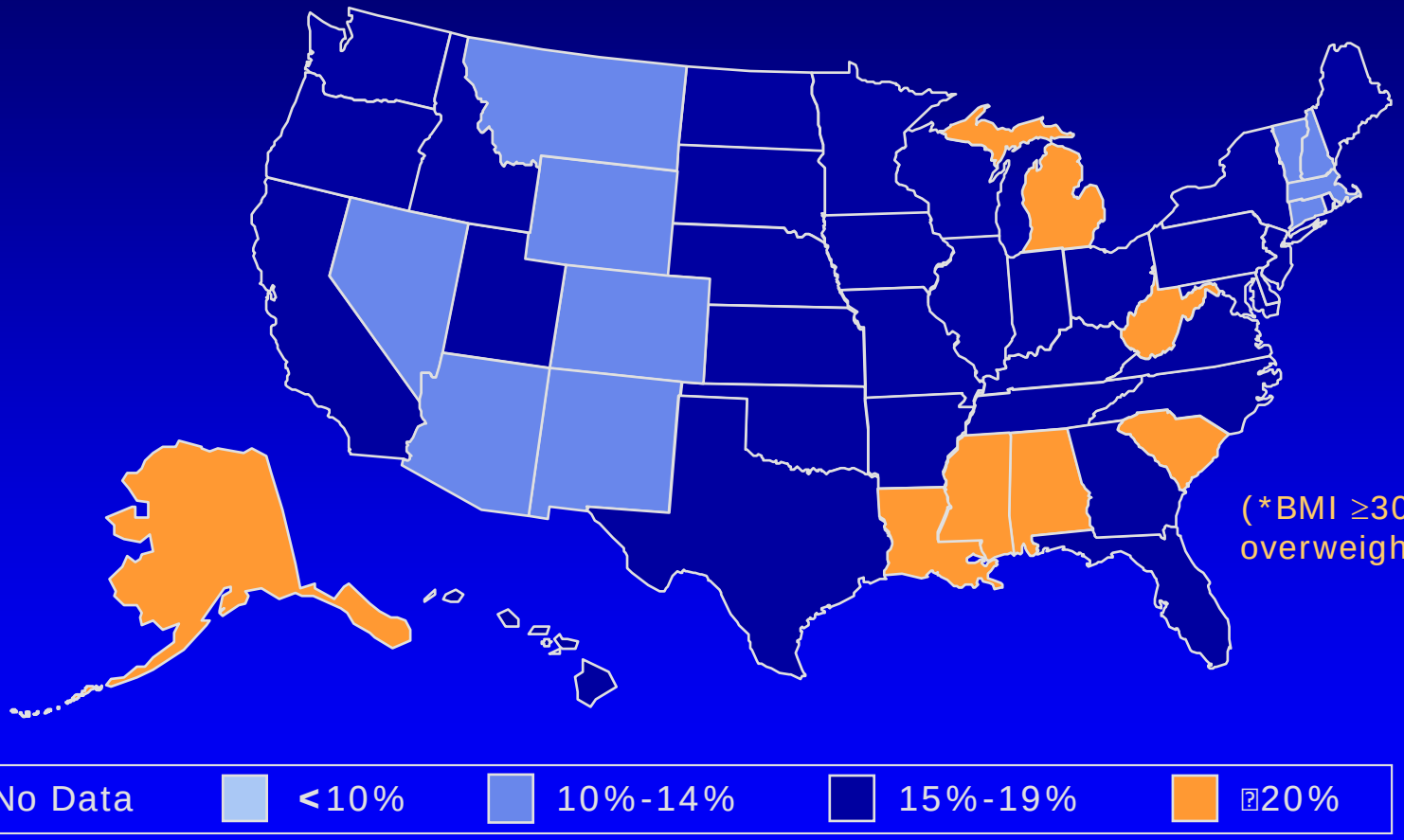

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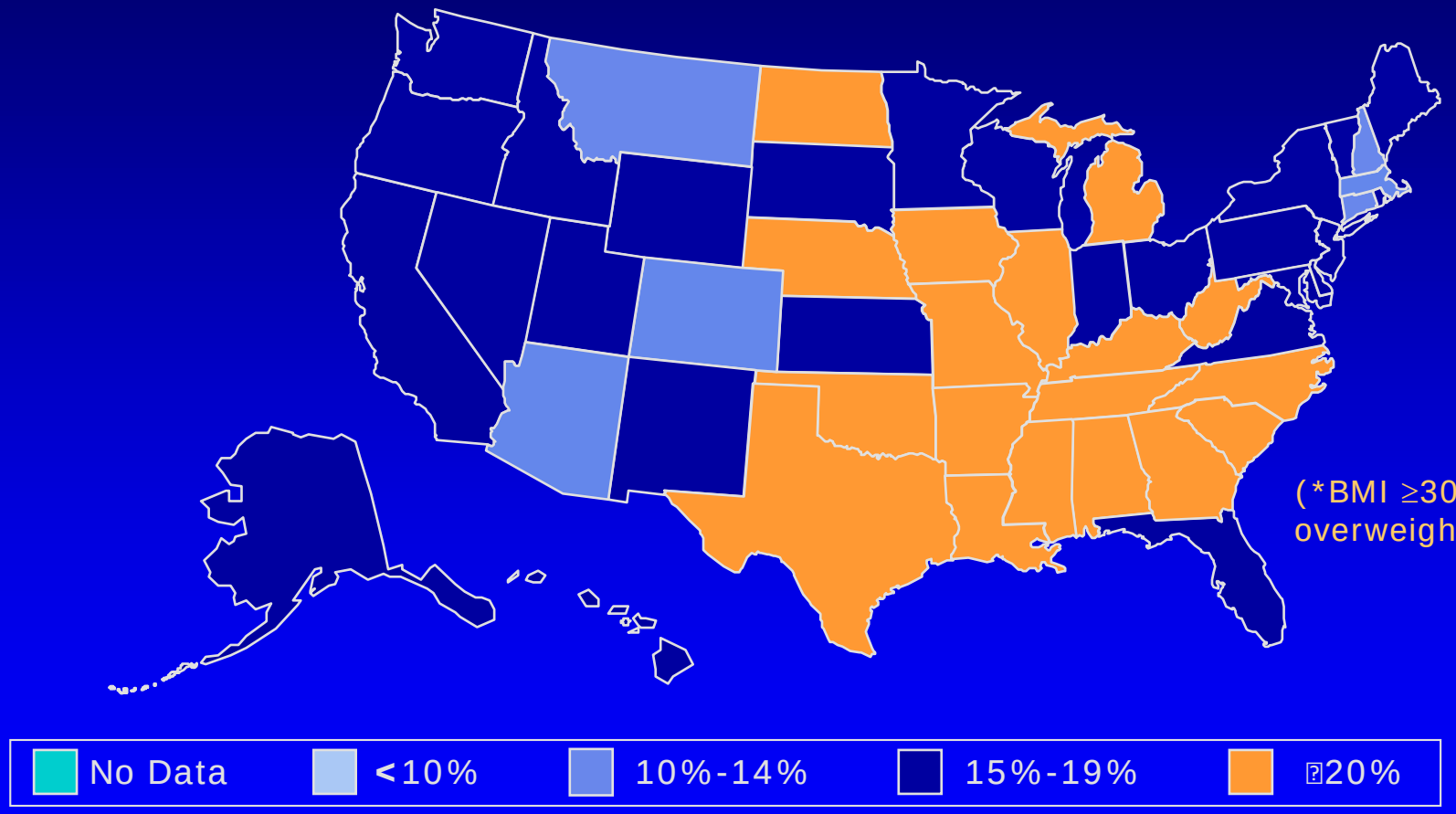

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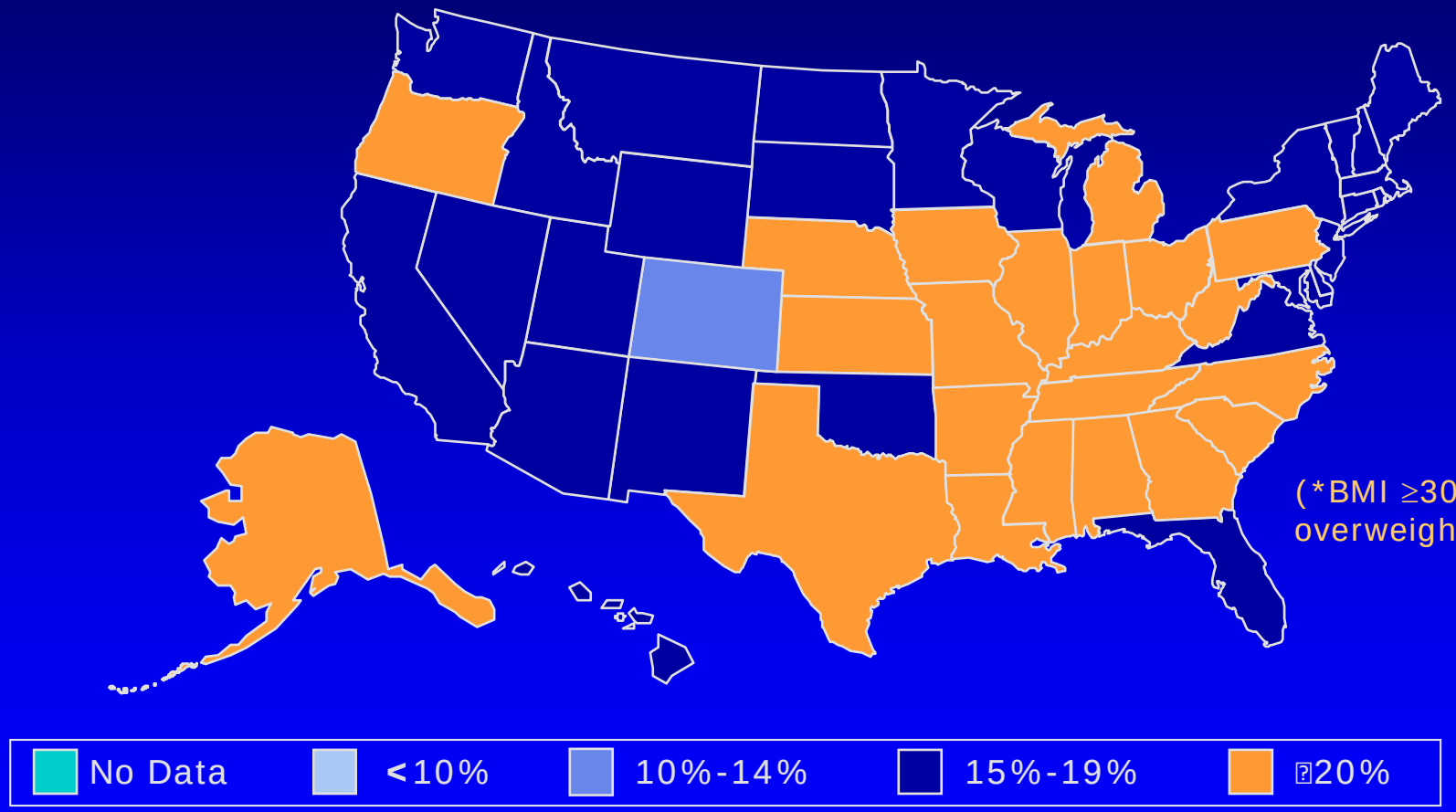

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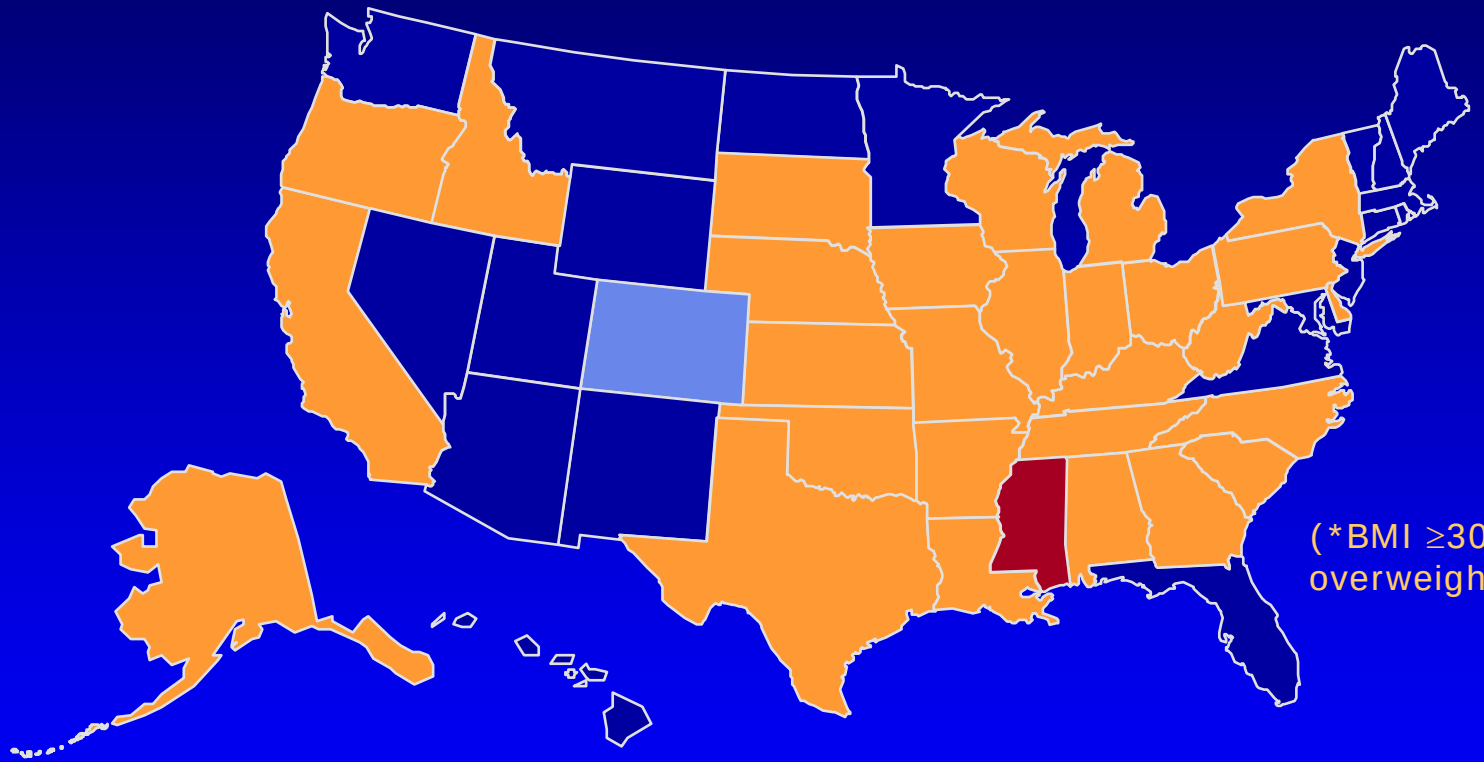
Source: Behavioral Risk Factor Surveillance System, CDC.

Obesity Trends Among U.S. Adults*

BRFSS, 2001



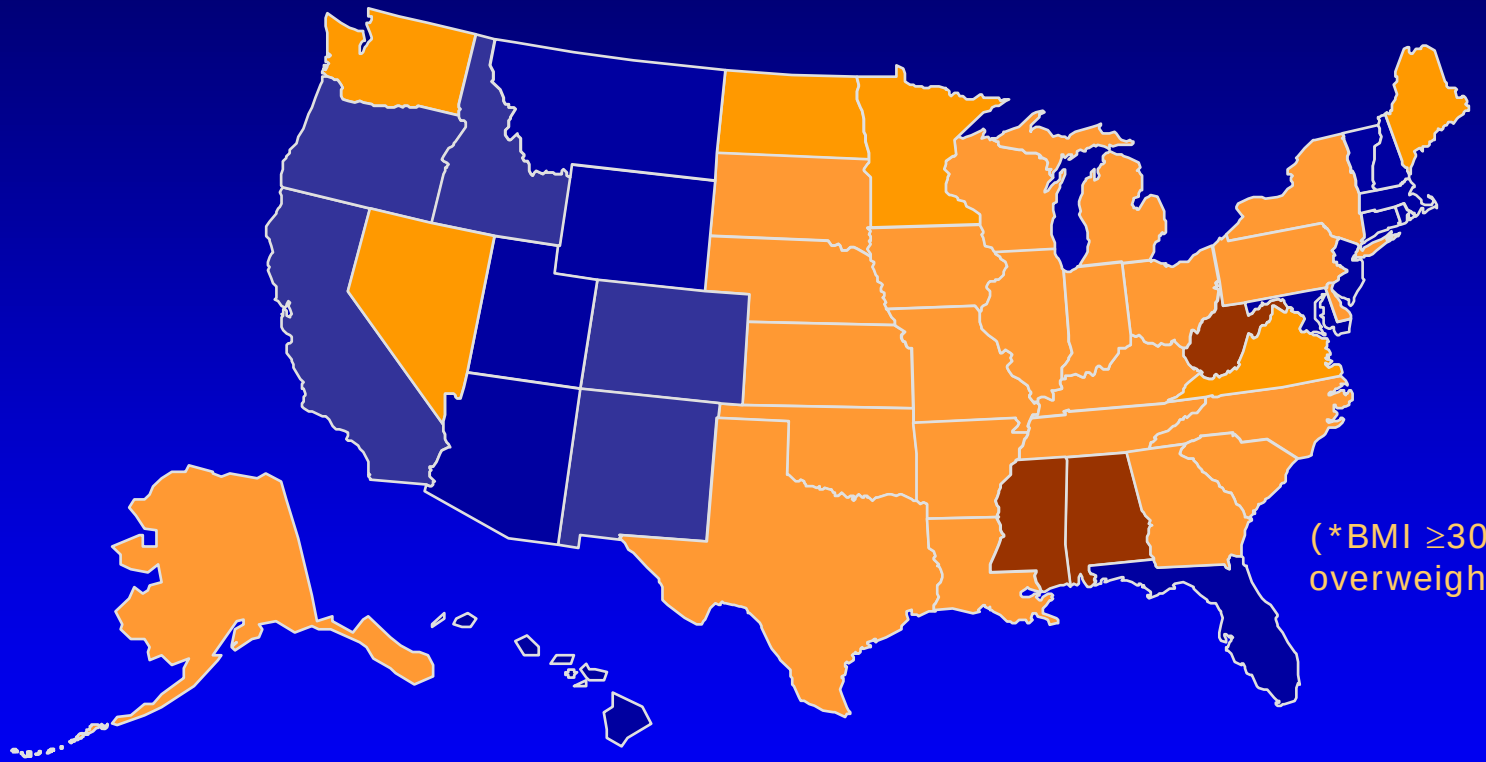
(*BMI ≥30, or ~ 30 lbs overweight for 5'4" woman)

No Data | <10% | 10%-14% | 15%-19% | 20%-24% | ≥25%

Source: Behavioral Risk Factor Surveillance System, CDC.

Obesity Trends Among U.S. Adults*

BRFSS, 2002



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No Data | <10% | 10%-14% | 15%-19% | 20%-24% | ≥25%

Source: Behavioral Risk Factor Surveillance System, CDC.

How is M.D. Anderson managing the rising cost of UCC ?

- Established Uncompensated Care Advisory Committee (UCAC)

- Developed care management program (via OAP)
  - 300 appointments monitored per month

- Established pharmacy patient assistance program to replace drug stock for indigents
  - 4,000 patients received assistance in FY05
  - Drugs replaced = $8.5 million in cost, approximately $21 million in charges

- Developed alternative coverage program to secure 3rd party reimbursements that might not otherwise be obtained
  - Chamberlin Edmonds converting more patients to Medicaid
  - Cobra assistance program – pay premiums for indigents in order to obtain reimbursement for services rendered

What is Financial Services doing for the Institution regarding UCC ?

- Refinement of current reporting methodology
  - Monthly EFR reporting
  - Standardization of semi-annual reports

- Development of Children's Hospital "Within a Hospital"
  - Improved Medicaid reimbursement
  - Separate financial structure from institution

- Medicare Cost Report
  - Charity care and non-indigent recoveries of coinsurance & deductibles

- Assistance with Medicaid waiver applications & other ad hoc requests

- Development of census model for analyzing indigent population
  - Robust, automated reporting solution
  - Potential for many uses among various user groups

UCC Census (Payor) Focused Application

THE UNIVERSITY OF TEXAS MD ANDERSON CANCER CENTER
Making Cancer History®

DEPT OF FINANCIAL SERVICES

Plan ◆ Pursue ◆ Protect ◆ Produce

UCC CENSUS (PAYOR) FOCUSED APPLICATION - HOSPITAL & CLINIC

24-Month Prospective Analysis

Exit Application | Caveats and Methodology | **EIS Main Menu**
View Catalog Sections | How to Read Control Charts | *Utilities*
Data Warehouse Load Status | Glossary | **Print Favorite Reports**

Purpose: The purpose of this focused application is to provide a comprehensive summary and graphical reporting tool to be used as an indicator of Unsponsored Charity Care activity based on payor id, credit rating and financial class, identifying any significant and ongoing trends for the most recent 24 months of available data in EIW.

REVIEW REPORTS:

(To return to this page after going to a Report Section, click the "Back" arrow or "Home" icon in the Standard Title Bar.)

1) Overview Analysis Summary Tabular Reports: *Print All In Group* | *Print Group Favorites*

Overview Analysis - Proportion of UCC Type *(Print)*
Overview Analysis - Change in UCC Data Subsets *(Print)*
Overview Analysis - Change in Indigent (SFA + HCHD) Data Subsets *(Print)*
Overview Analysis - Change in Indigent - SFA Data Subsets *(Print)*
Overview Analysis - Change in Indigent - HCHD Data Subsets *(Print)*
Overview Analysis - Change in Medicaid Primary Data Subsets *(Print)*
Overview Analysis - Change in Ethnicity Profile *(Print)*

2) Static Mean, UCL and LCL Control Charts: *Print All In Group* | *Print Group Favorites*

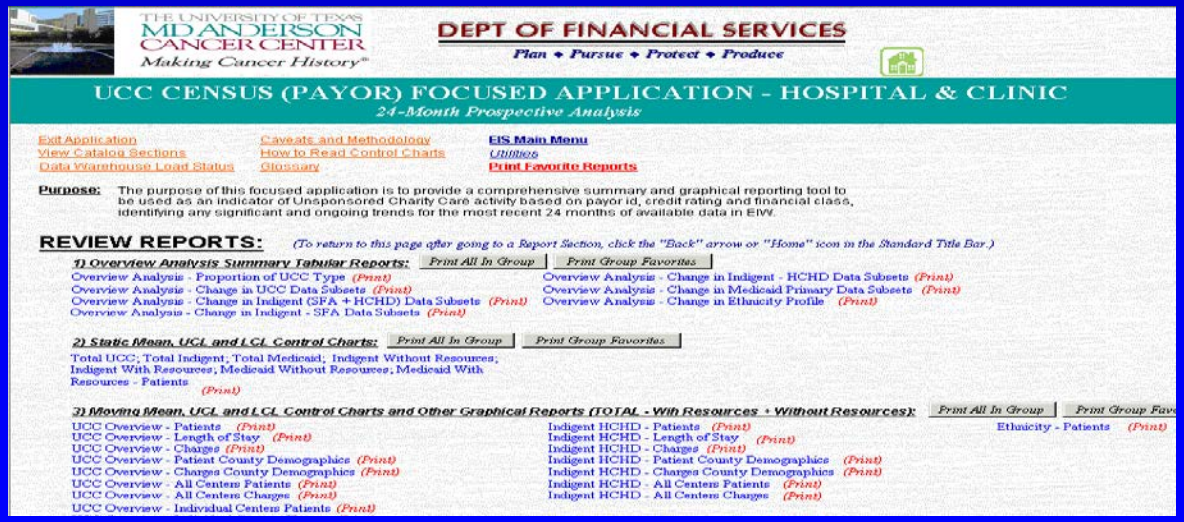
Total UCC; Total Indigent; Total Medicaid; Indigent Without Resources; Indigent With Resources; Medicaid Without Resources; Medicaid With Resources - Patients *(Print)*

3) Moving Mean, UCL and LCL Control Charts and Other Graphical Reports (TOTAL - With Resources + Without Resources): *Print All In Group* | *Print Group Favo*

UCC Overview - Patients *(Print)*
UCC Overview - Length of Stay *(Print)*
UCC Overview - Charges *(Print)*
UCC Overview - Patient County Demographics *(Print)*
UCC Overview - Charges County Demographics *(Print)*
UCC Overview - All Centers Patients *(Print)*
UCC Overview - All Centers Charges *(Print)*
UCC Overview - Individual Centers Patients *(Print)*
Indigent HCHD - Patients *(Print)*
Indigent HCHD - Length of Stay *(Print)*
Indigent HCHD - Charges *(Print)*
Indigent HCHD - Patient County Demographics *(Print)*
Indigent HCHD - Charges County Demographics *(Print)*
Indigent HCHD - All Centers Patients *(Print)*
Indigent HCHD - All Centers Charges *(Print)*
Ethnicity - Patients *(Print)*

UCC Census (Payor) Focused Application

- WHAT: Background of Project
- WHY: Purpose of the Focused Application
- WHO: Potential Users and Uses of the Application
- HOW: Summary of Methodology
- DELIVERABLES: Reports Available Monthly
- SAMPLE: Charts & Reports



WHAT: Background of Project

- Project entailed the development of a Brio-based application
  - End-user standard reports:
    - 58 available reports staged per month across 15 mixes/cuts of information utilizing 4 key metrics containing
      - Approx. 150 control and bar charts, 140 tabular summaries and 3 exception reports
  - It was a collaborative effort drawing on:
    - FS group (provided subject matter expertise and technical development)
    - Dr. Foxhall's group (subject matter expertise)
    - Connie Longuet/Business Center group (subject matter expertise)
    - Wayne Fischer/Performance Improvement (subject matter expertise - statistical process control)
    - EIW group (will host the application when rolled out)

WHAT: Background of Project

- Expanding Our Horizons
  - Developing a Brio-based application presents our department an opportunity to become known in addition to the EIW group as possible providers of comprehensive reporting analysis tools using the Brio/Hyperion environment for end users
    - Given the pool of subject matter expertise within the Financial Services department, there is also a potential for our department to emerge as a benchmark in providing Brio-based focused applications for other customers

WHY: Purpose of the Focused Application

- Provide a comprehensive summary and graphical reporting tool to be used as an indicator of Unsponsored Charity Care activity based on payor id, credit rating and financial class, identifying significant and ongoing trends for the most recent 24 months of available data in EIW
  - Current scope only captures Hospital and Clinic activity
  - Design, modeling and construction of future iterations may include:
    - PRS activity
    - New Patient Activity
- Provide a self-service report delivery tool
  - The end-users will run the reports at will after data is staged

WHY: Purpose of the Focused Application

- Provide economies of scale
  - The high volume of standard reports desired each month and complexity of staging the raw data required an automated approach
    - Automation, drawing on predefined logic and sequence of steps, builds consistency in the process and reduces error due to human variation
    - Automation allows production of a higher volume of reports with fewer manual FTE resources
    - Automation decreases the lag time of the production and delivery of the standard reports
    - Automation diverts possible resources overly utilized in the manual production process to increased utilization in the analysis process

WHO: Potential Users and Uses of the Application

Potential Function/Use	User Group(s)
• Monitor UCC demographics (purely indigents, indigents w/resources, Medicaid)	UCAC, Strategy, Budgeting
• Monitor SFA census for predicting financial counseling staffing needs	Business Centers
• Reporting trends for TX County demographics	Government Relations
• Indicators for additional input to Medicaid contractual models	Financial Reporting, Budgeting
• SPC indicators for monitoring implemented system-wide process changes	UCAC
• Identify, track, & monitor Harris Co. pts with no resources and not from HCHD.	OAP (Case Mgt)

HOW: Summary of Methodology

- Baseline of data
  - Time-period reported is a 24-month frame
  - Process is run the first week of the month, pulling the most recent month's data available in the IDB.PT_ACCT table
  - Data is "static" beginning October 1, 2003
  - Only 24 months of data is stored , the oldest month's data is removed from the result set as new month's data is appended
- Selection of data
  - IDB.PT_ACCT table is queried for the most recent month's encounters having an Indigent or Medicaid payor code in any one of the four payor code fields or having a credit rating of C, F or X
- Categorizing the data
  - Using an Access interface, predefined logic evaluates the various combinations of payor codes, credit rating, and financial class and assigns a "Primary Payor" category at the encounter level for the individual encounter and MRN level for the patient as a whole; and assigns year categorizations based on admit dates

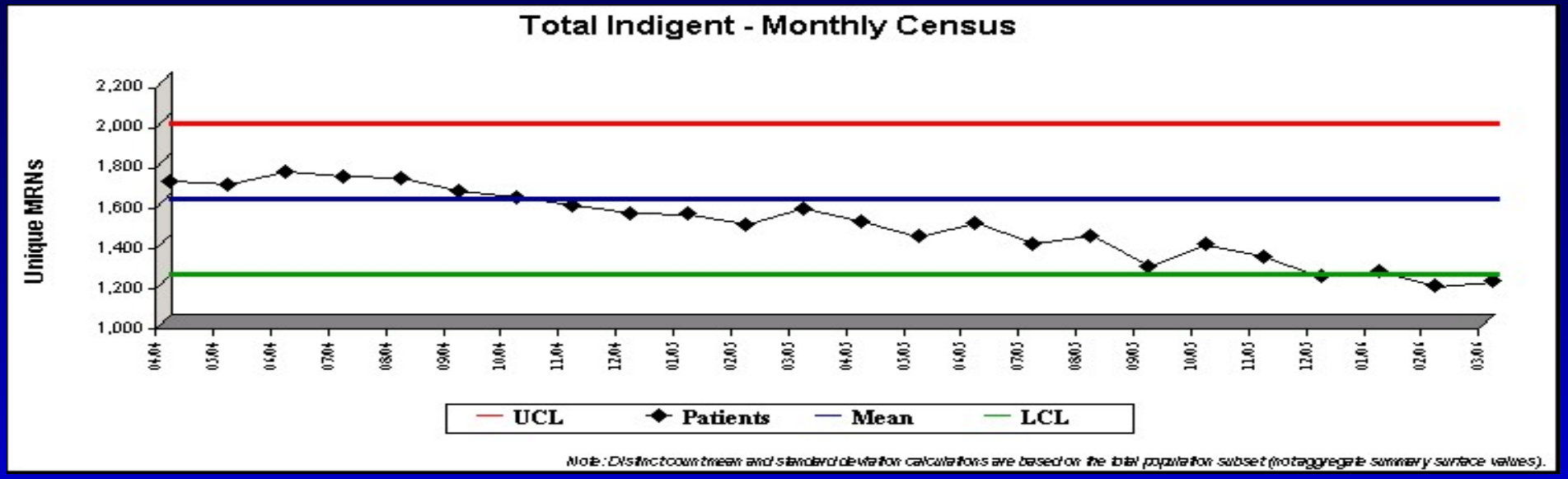
HOW: Summary of Methodology

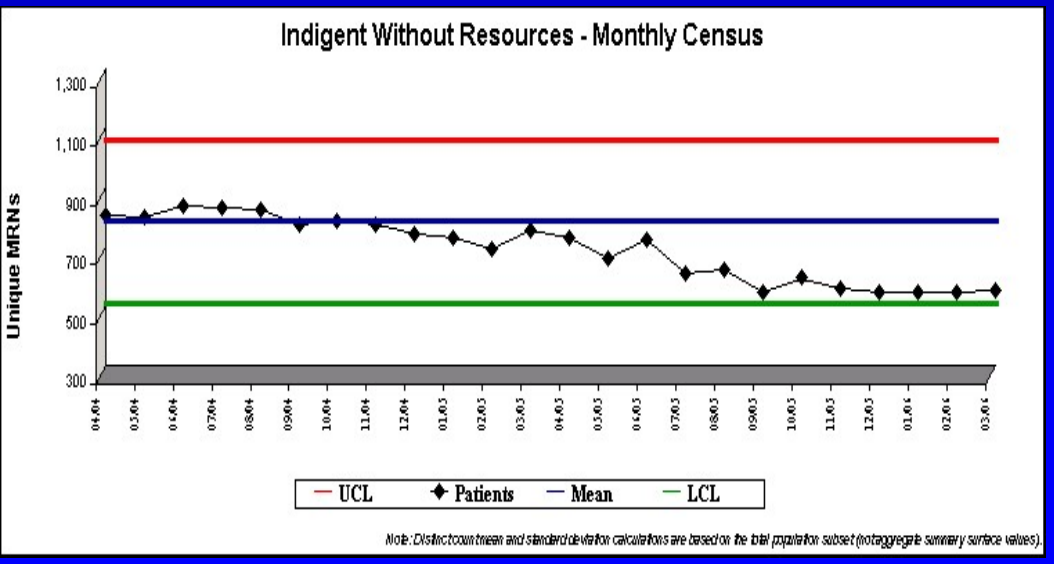
- Cuts of the data
  - Various filters of the scrubbed data break the data into subsets for reporting targeted views of the data
- End-User Interface
  - Staged data will be passed to the EIW group to host end-users logging into the application and running reports
  - The end-user will log into Brio/Hyperion at will and click on various menu links to view or print standard reports

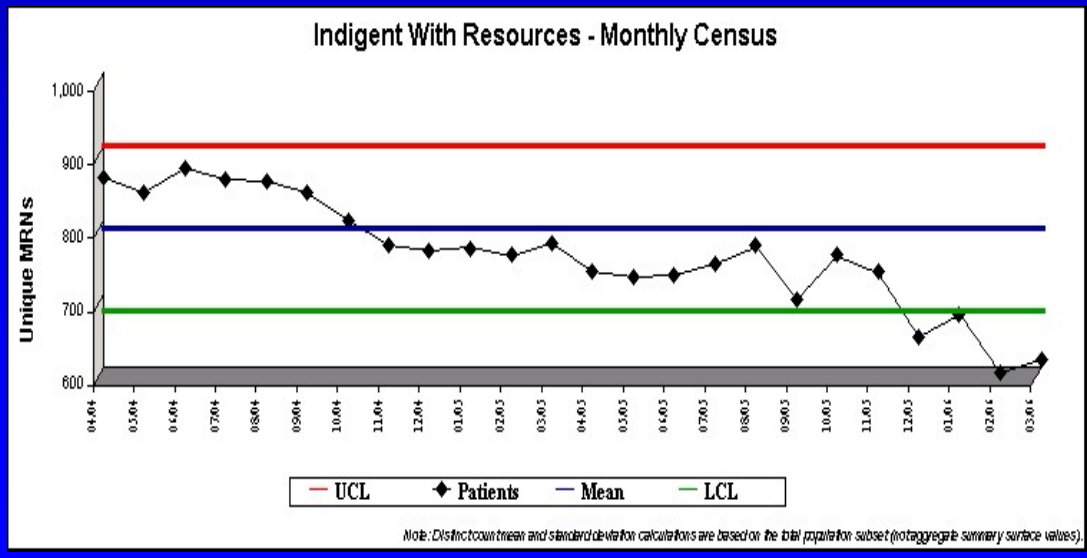
DELIVERABLES: Reports Available Monthly

- 58 available reports staged per month
  - 4 Key metrics:
    - Patient counts
    - Charges
    - Length of stay
    - % Gross patient revenue
  - 150 Control and bar charts
  - 140 Tabular summaries
  - 3 Exception reports
  - 15 Cuts of information:
    - Total UCC, Total Indigent, Total Medicaid, Indigent w/o Resources, Indigent w/ Resources, Medicaid w/o Resources, Medicaid w/ Resources, Geography (counties), Home Centers, SFA, HCHD, Ethnicity, New Patients, Inpatient & Outpatient
- Reference document *"Reports Available in UCC Census Payor Focused Application"* for a comprehensive list of all delivered reports

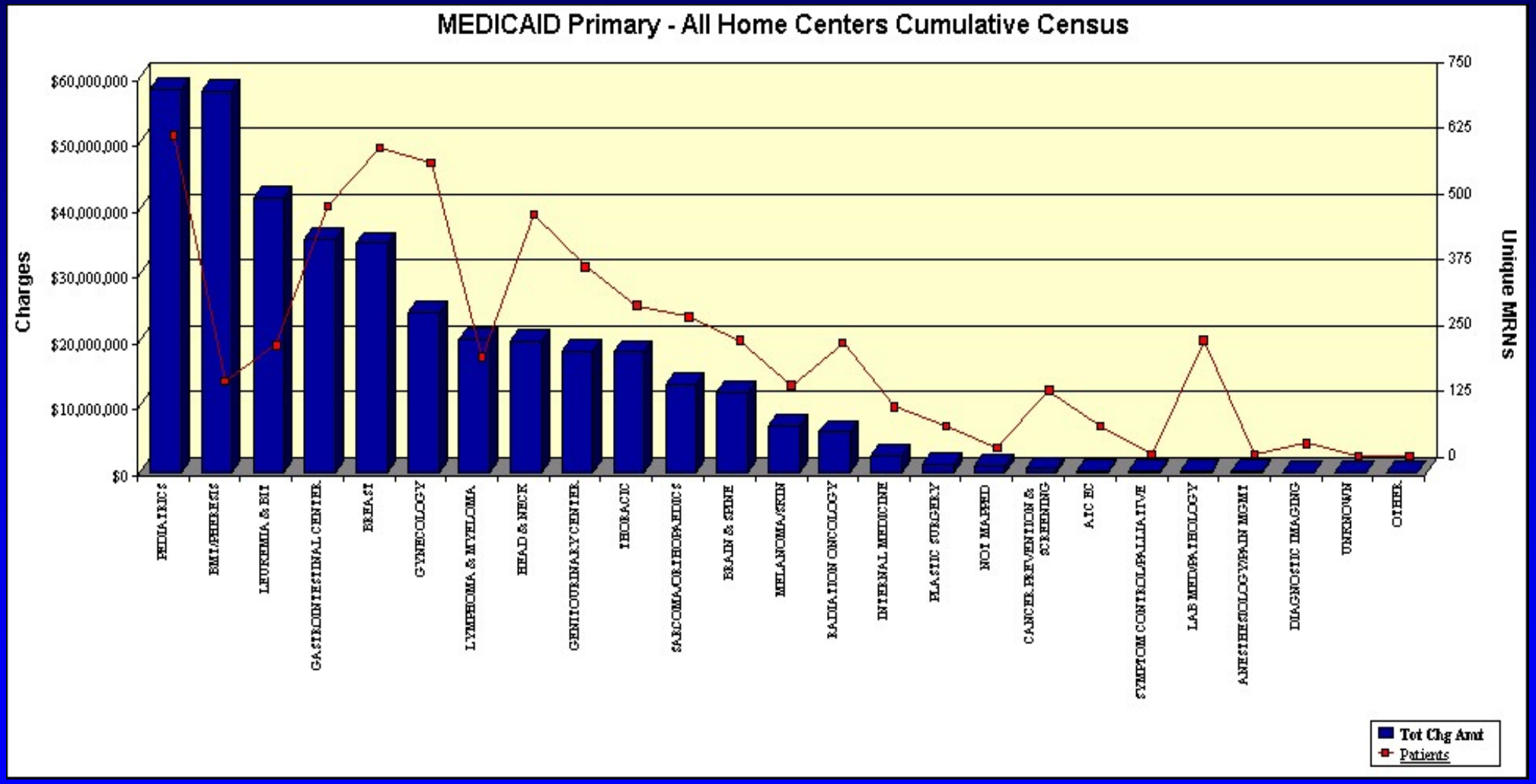
SAMPLE: Charts & Reports







SAMPLE: Charts & Reports



SAMPLE: Charts & Reports

THE UNIVERSITY OF TEXAS MD ANDERSON CANCER CENTER
Making Cancer History®

UCC CENSUS REPORTS - HOSPITAL & CLINIC

Department of Financial Services
Patients Admitted From April 1, 2004 To March 31, 2006

UCC (Payor) 24-Month Prospective Overview Analysis

I. Proportion of UCC Type

Summarized below is the change in total Unsponsored Charity Care payor mix between years one and two analyzed for patients and associated charges.

UCC Type	Yr 1 Patients	% of Total Patients Yr 1	Yr 2 Patients	% of Total Patients Yr 2	Incr/Decr Yr1Yr2	% Incr/Decr Yr1Yr2
Indigent With Resources	1,835	24%	1,692	24%	-143	-8%
Indigent Without Resources	2,273	29%	1,735	25%	-538	-24%
Medicaid With Resources	1,708	22%	1,792	25%	84	5%
Medicaid Without Resources	1,946	25%	2,150	30%	204	10%
	7,762		7,062			

UCC Type	Yr 1 Charges	% of Total Charges Yr 1	Yr 2 Charges	% of Total Charges Yr 2	Incr/Decr Yr1Yr2	% Incr/Decr Yr1Yr2
Indigent With Resources	$121,144,646	29%	$91,361,651	24%	($29,782,995)	-25%
Indigent Without Resources	$117,239,602	28%	$92,918,087	25%	($24,321,514)	-21%
Medicaid With Resources	$68,251,804	16%	$67,596,321	18%	($655,483)	-1%
Medicaid Without Resources	$113,249,276	27%	$124,626,337	33%	$11,377,061	10%
	$419,885,328	**100%**	**$376,502,396**	**100%**	**($43,382,932)**	**-10%**

Primary Payor Sub Group	Yr 1 Patients	% of Total Patients Yr 1	Yr 2 Patients	% of Total Patients Yr 2	Incr/Decr Yr1Yr2	% Incr/Decr Yr1Yr2
Indigent-SFA	3,347	81%	2,917	87%	-430	-13%
Indigent-HCHD	820	20%	454	14%	-366	-45%
	4,108		**3,337**			

Primary Payor Sub Group	Yr 1 Charges	% of Total Charges Yr 1	Yr 2 Charges	% of Total Charges Yr 2	Incr/Decr Yr1Yr2	% Incr/Decr Yr1Yr2
Indigent-SFA	$210,432,827	88%	$165,874,324	90%	($44,558,503)	-21%
Indigent-HCHD	$27,922,690	12%	$18,405,414	10%	($9,517,276)	-34%
	$238,355,517	**100%**	**$184,279,738**	**100%**	**($54,075,779)**	**-23%**

Primary Payor Sub Grp	Yr 1 Patients	% of Total Patients Yr 1	Yr 2 Patients	% of Total Patients Yr 2	Incr/Decr Yr1Yr2	% Incr/Decr Yr1Yr2
Medicaid-HCHD	2	100%	0	DIV/0	-2	-100%
	2		0			

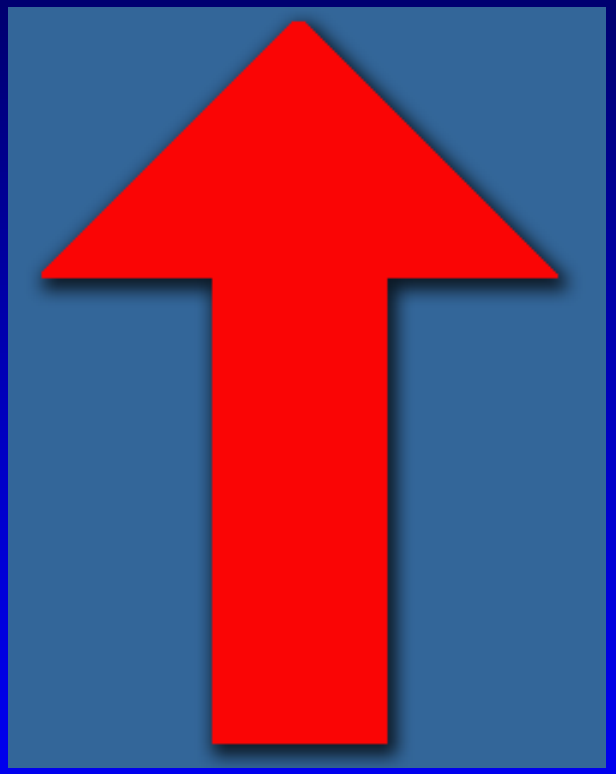
Primary Payor Sub Grp	Yr 1 Charges	% of Total Charges Yr 1	Yr 2 Charges	% of Total Charges Yr 2	Incr/Decr Yr1Yr2	% Incr/Decr Yr1Yr2
Medicaid-HCHD	$30,147	100%	$0	DIV/0	($30,147)	-100%
	$30,147	**100%**	**$0**	**DIV/0**	**($30,147)**	**-100%**

Note: A count distinct of non-null values function is not available in Brio; therefore unique patient counts summarized above have a value of 1 subtracted to reduce unique null values included in patient count totals.

What Lies Ahead for Texas ?

Current US population =
281 million

Expected to increase 50%
by 2050



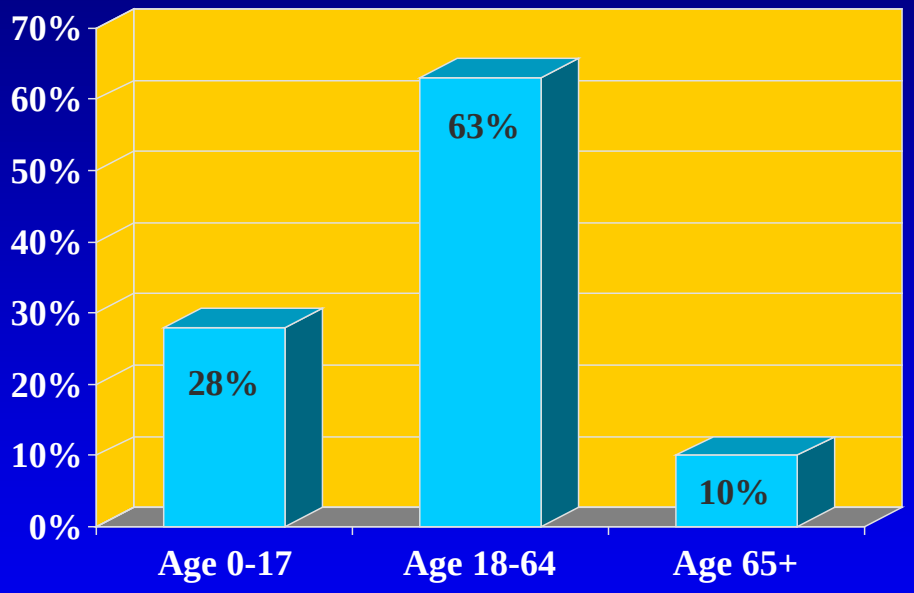
Texas population = 22 million

Expected to increase to
52 million by 2040 (~ 125% increase)

Texas is on the FAST TRACK

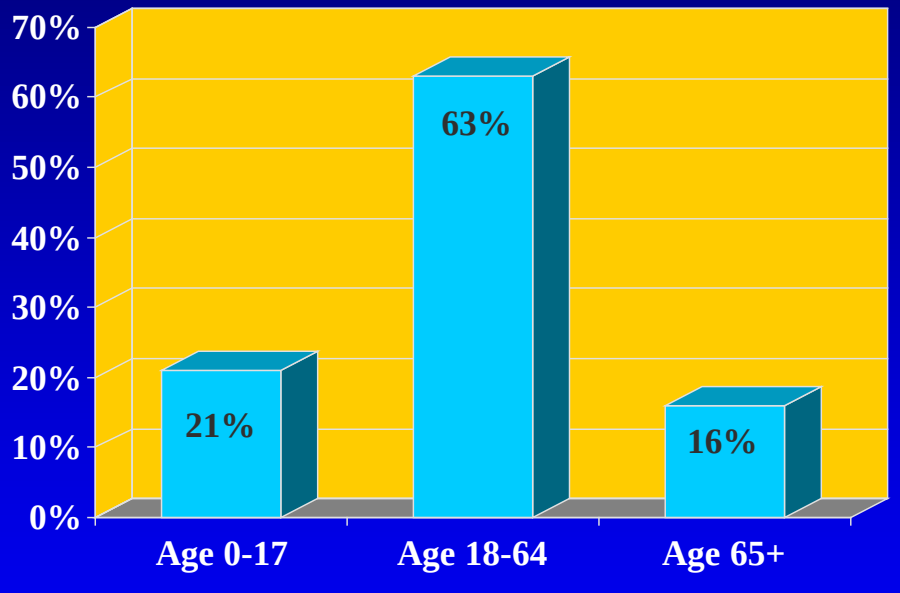
Population in 2003 = 22.1 million

- >65 = 2.1 million



Population in 2040 = 51.7 million

- >65 = 8.2 million

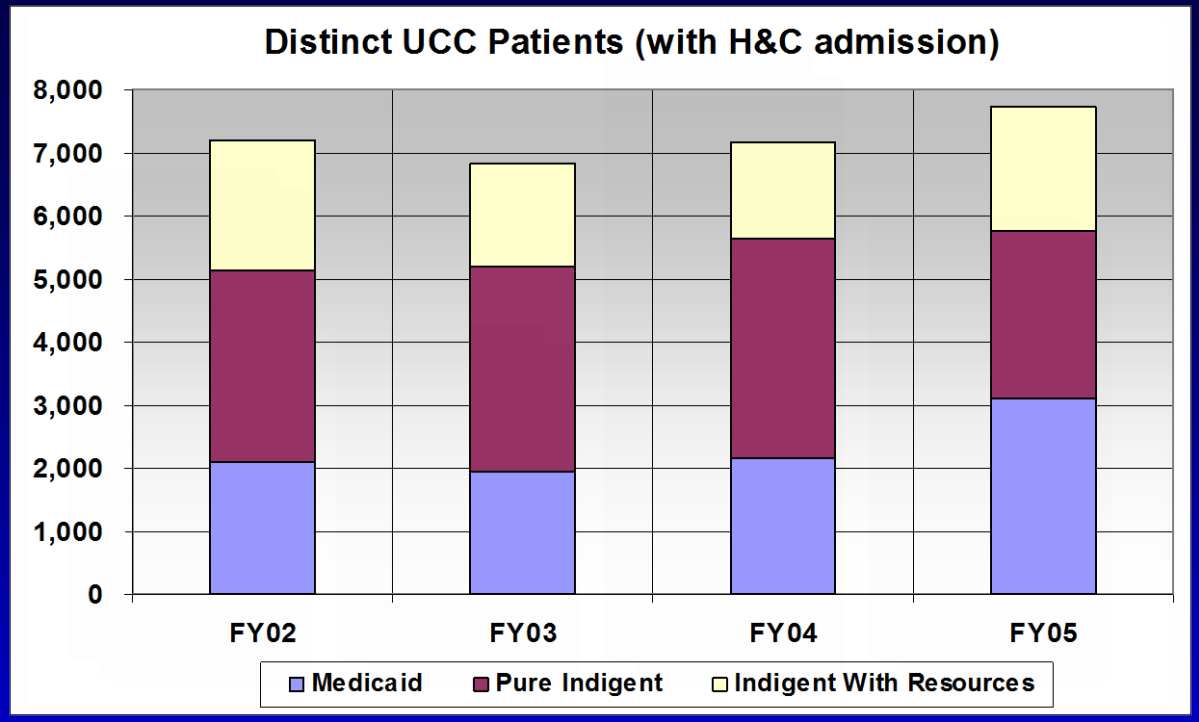


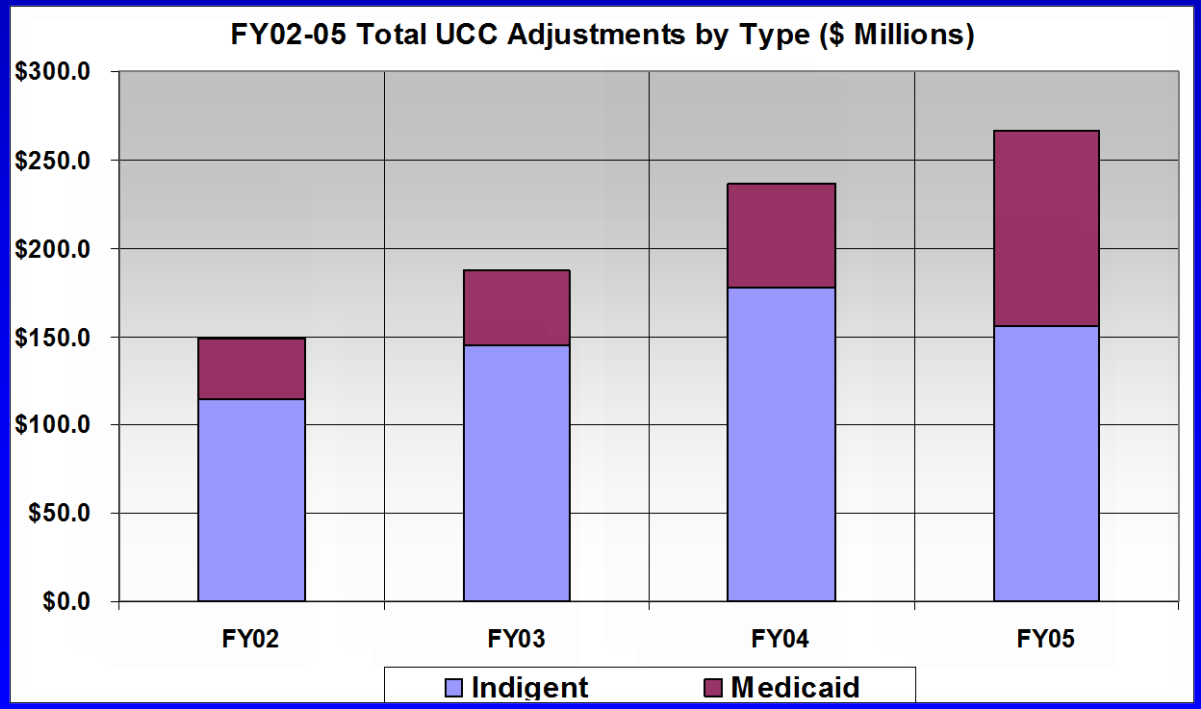
- Average Texas household income also expected to decline by 3.2%
- % Texas households living in poverty – expected to increase from 14.4% to 16.6%
- 76% of all cancers occur in people age 55+

FY02-05 Total Distinct UCC Patients & Adjustments

- Slow growth of total distinct patients from year to year (<10%)

- Modest to rapid growth of UCC adjustments (in total & for Medicaid type adjustments)





THE PERFECT STORM

What future steps might M.D. Anderson consider to manage UCC cost ?

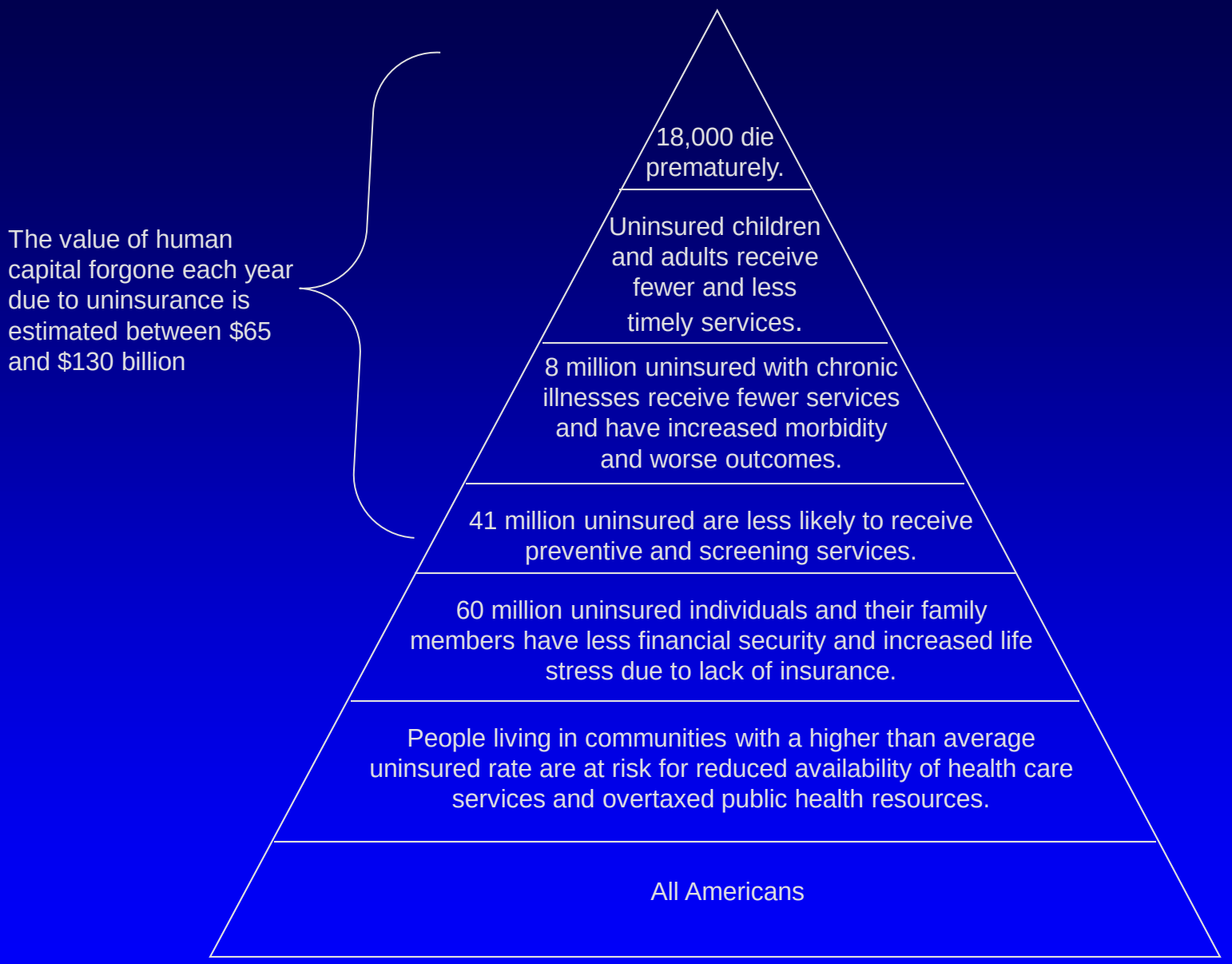
- Unrestrained UCC increases will affect other key mission areas

- Managing UCC may ultimately require :
  - Putting limits on quantity
  - Limit complexity of care provided (i.e. roster of services)

  - Potential criteria for rationing care
    - -- Likelihood of treatment response/cure
    - -- Additional capacity to provide needed services

- Potential joint ventures
  - Establish agreements with other Texas counties & other agencies to develop local triage systems & expand UCC services at other facilities

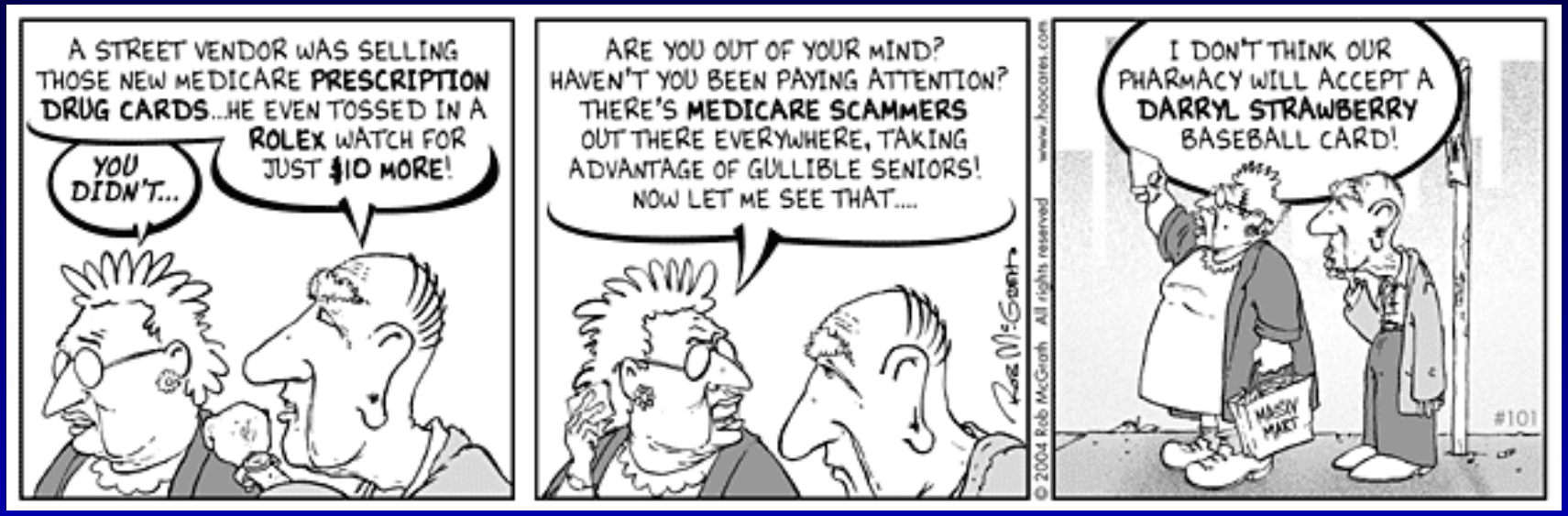
  - Modify Medicaid eligibility standards so that cancer patients who meet income guidelines can become immediately eligible for Medicaid



Kenneth I. Shine, M.D.
Executive Vice Chancellor for Health Affairs
The University of Texas System

“The physical health of Texas will determine its fiscal health…”

Eduardo J. Sanchez, M.D., M.P.H.
Texas Commissioner of Health



QUESTIONS ?

Marie Coleman
Decision Support, MD Anderson Cancer Center