

Impact of Medicaid Expansion on Montana Hospitals, 1st Quarter 2016

KEY FINDINGS

- The proportion of Medicaid patients receiving care at Montana hospitals increased in the first quarter of 2016, (January – March). At the same time, the proportion of self-pay patients and uncompensated care decreased.
- Montana hospitals showed little change in patient admissions, outpatient visits or utilization of emergency departments (EDs).
- Hospitals posted a –3.7 percent patient service margin in the first quarter of 2016. In 2015, the patient service margin was –0.3 percent over the calendar year.

MHA DATABANK ANALYSIS

Preliminary data suggests the impact of Medicaid expansion on Montana hospitals is meeting our expectation of reducing the number of uninsured patients and the amount of uncompensated care. It has not, however, equated to a significant increase in patient volumes or financial gains as hospitals report continued revenue loss for patient-care services. It is important to note this analysis is based on a single, 3-month period and reflects only a portion of the population currently enrolled in Medicaid.

Payer Mix: Significant quarterly changes outside the range of normal variation include a 3.2 percent increase in Medicaid patients receiving acute care (short-term medical or surgical treatment) between Jan. and March 2016, as compared to the same quarter in 2015. In contrast, the number of Medicaid patients decreased by 1.0 percent in 2015 when comparing the same quarter in the previous year.

At the same time, the number of uninsured and/or self-pay Montanans receiving acute hospital services decreased 1.3 percent in 2016, as compared to the same quarter in 2015. The percent decrease amounts to nearly 700 low-income individuals who would have otherwise faced out-of-pocket costs or have the cost of their care absorbed by the hospital. [See also: Figure 1]

Acute Care: 27 Hospitals	January – March 2014	January – March 2015	January – March 2016
Medicaid	15.580 %	14.589 %	17.739 %
Self-Pay	5.912 %	5.905 %	4.618 %

Utilization: With expanded coverage beginning on Jan. 1, 2016, Montana hospitals showed little change in patient admissions, outpatient visits or utilization of emergency departments (EDs).

Statewide: 27 Hospitals	January – March 2016	January – March 2015	% Difference
Total Inpatient Discharges	14,443	14,717	-1.9 %
Total Outpatient Visits	873,879	843,163	3.5 %
Total ED Visits	61,085	60,447	1 %

Uncompensated Care: State officials in July reported an uninsured rate of 7.4 percent, which is down from 15 percent in 2015. With nearly 50,000 people enrolling in expanded Medicaid in 2016, approximately 92.6 percent of Montanans now have health coverage. Drastically reducing the number of insured Montanans will continue to impact local hospitals and the communities they serve. Since the implementation of the Affordable Care Act and Medicaid expansion, hospitals in other states have seen a reduction in uncompensated care (the sum of a hospital's bad debt and charity care).

In 2016, hospitals reported bad debt totaling 2.3 percent of gross patient charges in the first quarter (roughly \$1.2 million). The Jan. – March average of bad debt in 2014 and 2015 was 2.5 percent of charges. Charity care, or care provided with no expectation of payment, totaled 1.8 percent of gross patient charges (roughly \$730,000) compared to the previous two-year first-quarter average of 3.0 percent of charges.

Statewide: 27 Hospitals	January – March 2016
Charity Care as Percent of Gross Patient Charges	1.79 %
Bad Debt as Percent of Gross Patient Charges	2.31 %

Financial Performance: Hospitals continue to post negative patient service margins, reporting –3.7 percent for the first quarter. The data demonstrates that hospitals have yet to see significant financial gains from reducing the number of uninsured. First-quarter operating margins were 2.1 percent; total margins were roughly 2.8 percent.

Statewide: 27 Hospitals	January – March 2016	Calendar Year 2015
Patient Service Margin	-3.20 %	-0.31%
Operating Margin	2.14 %	5.17 %
Total Margin	2.75 %	6.07 %

DATABANK

MHA Databank is a service available to member hospitals, provided under contract by the Colorado Hospital Association. Databank includes key financial and utilization performance indicators. Members submit their data electronically as a commitment to increasing transparency in key health information categories. This analysis contains data from 27 member hospitals, and reports the preliminary impact of Montana's Medicaid expansion on the state's largest health care systems as well as on smaller critical access hospitals (CAHs). The data does not include three of the state's tertiary hospitals: Benefis Healthcare (Great Falls), St. Patrick Hospital (Missoula) and Community Medical Center (Missoula).