

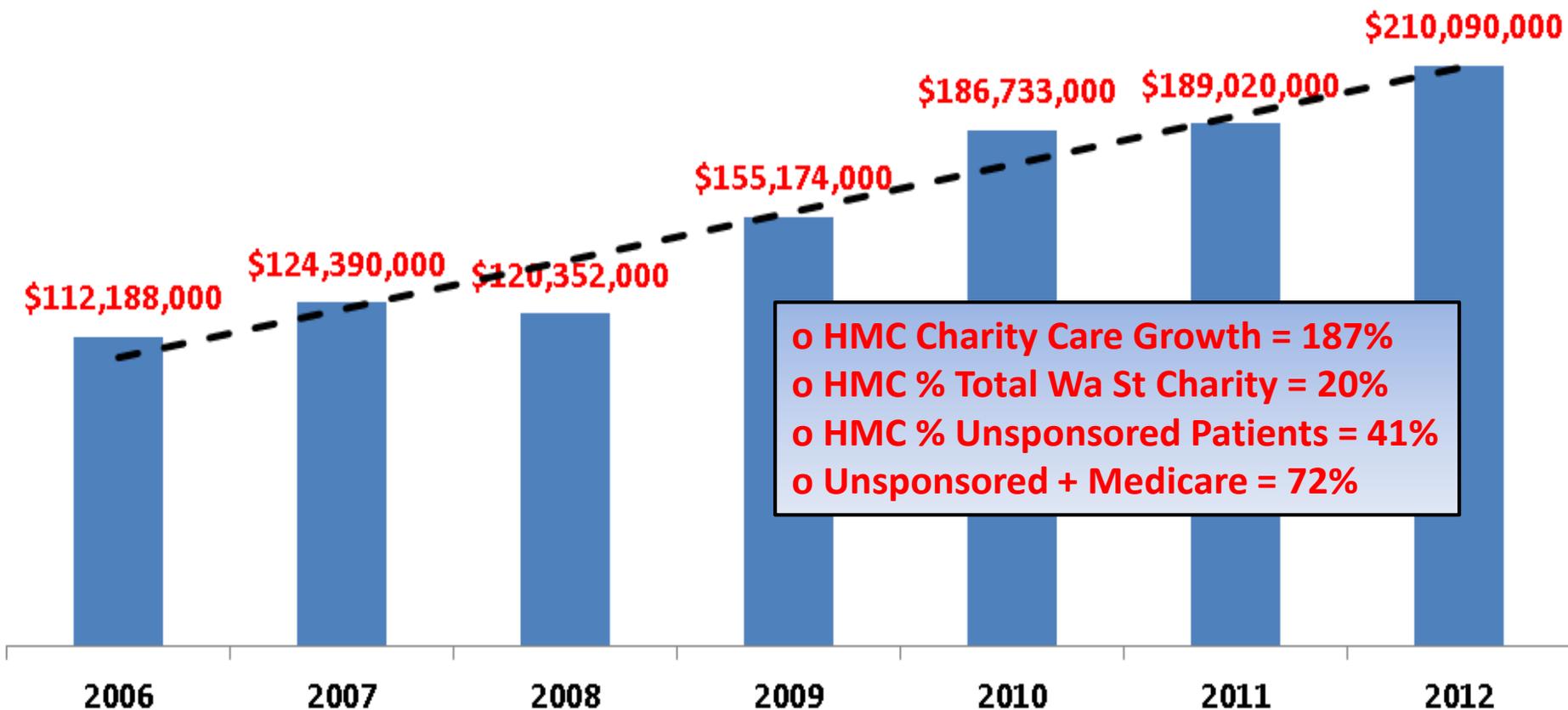


***HEALTH CARE REFORM  
HARBORVIEW MEDICAL  
CENTER***

***LOOKING BACK AND  
THINKING ABOUT THE  
ROAD AHEAD***

# HARBORVIEW MEDICAL CENTER

## Pre ACA Charity Care Trend FY2006-2012

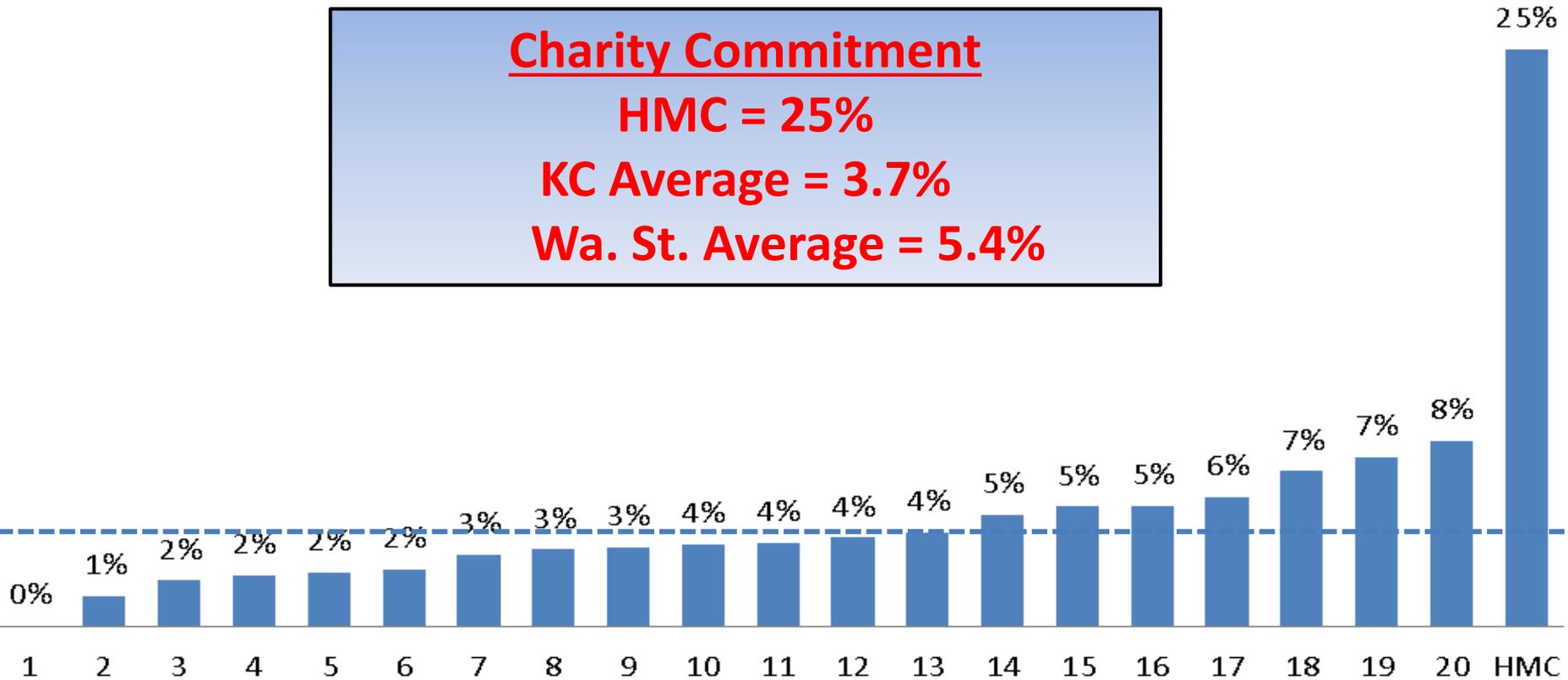


Note: Charges

# HARBORVIEW MEDICAL CENTER

King County Hospitals In SFY2012  
(Charity Care % Adjusted Revenue )

**Charity Commitment**  
**HMC = 25%**  
**KC Average = 3.7%**  
**Wa. St. Average = 5.4%**

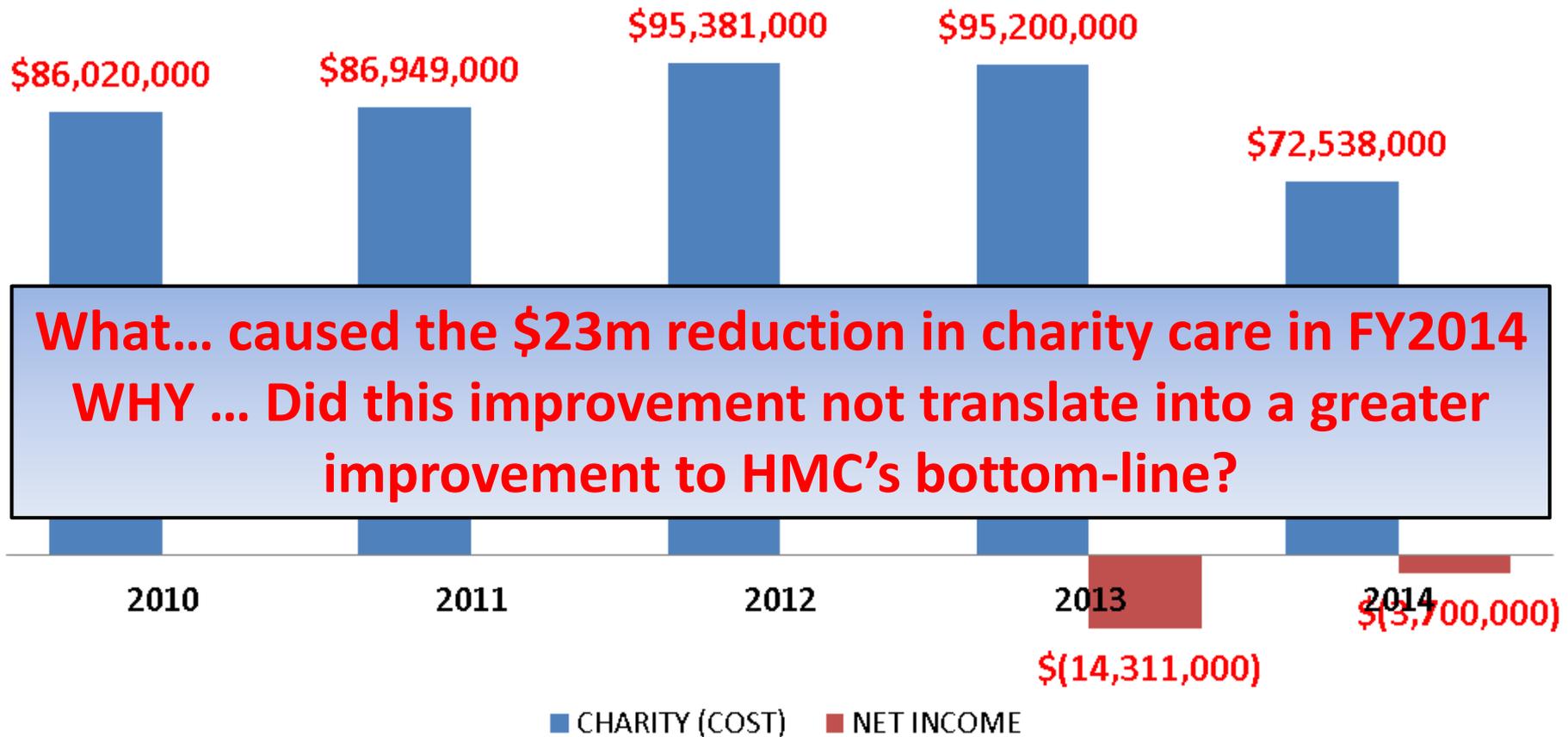


Source: DOH 2012 CHARITY CARE IN WASHINGTON HOSPITALS

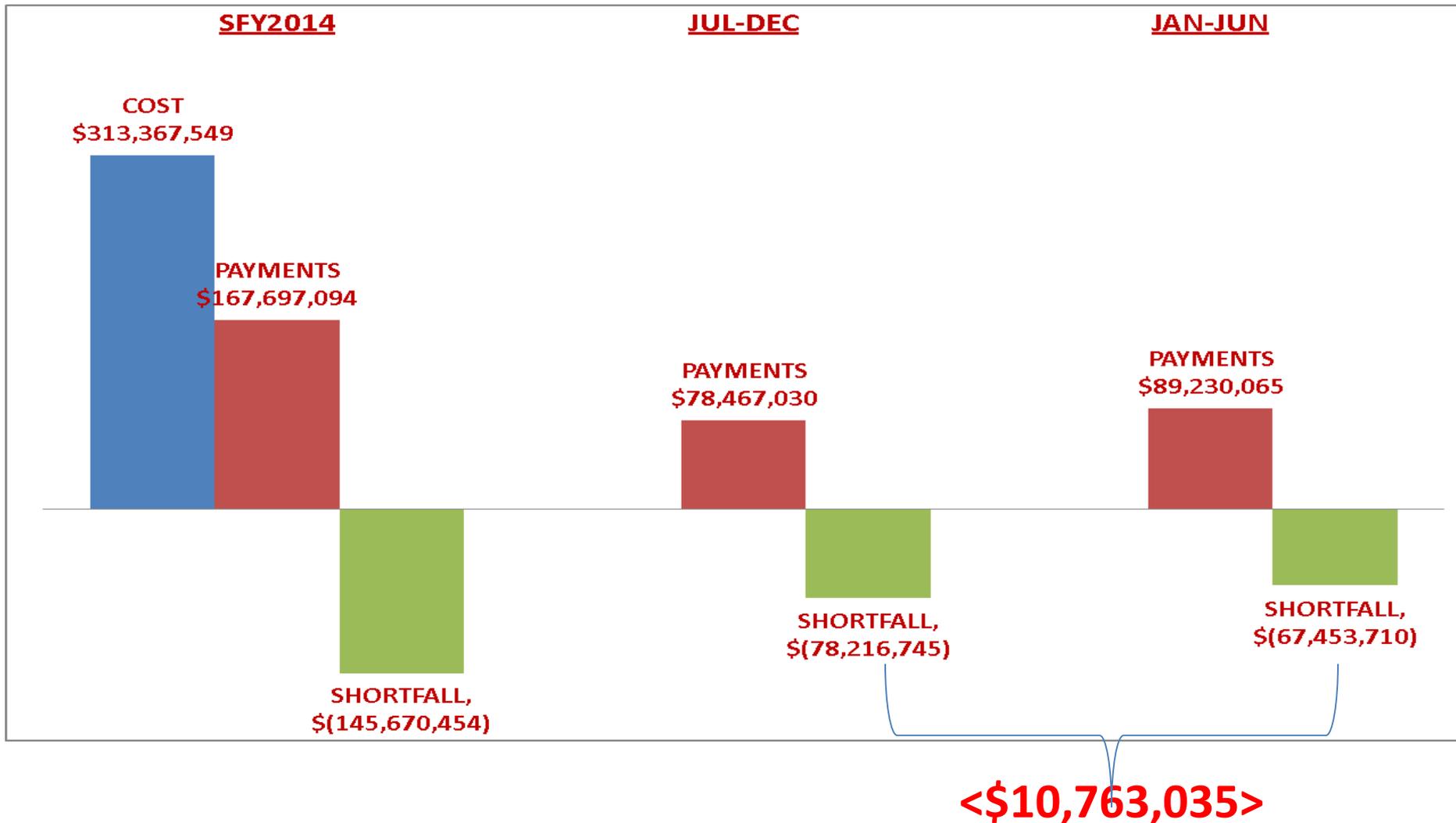
Adjusted Revenue: Removes Medicare and Medicaid charges from total patient care revenues allowing a more meaningful comparison of charity commitment across hospitals.

# HARBORVIEW MEDICAL CENTER

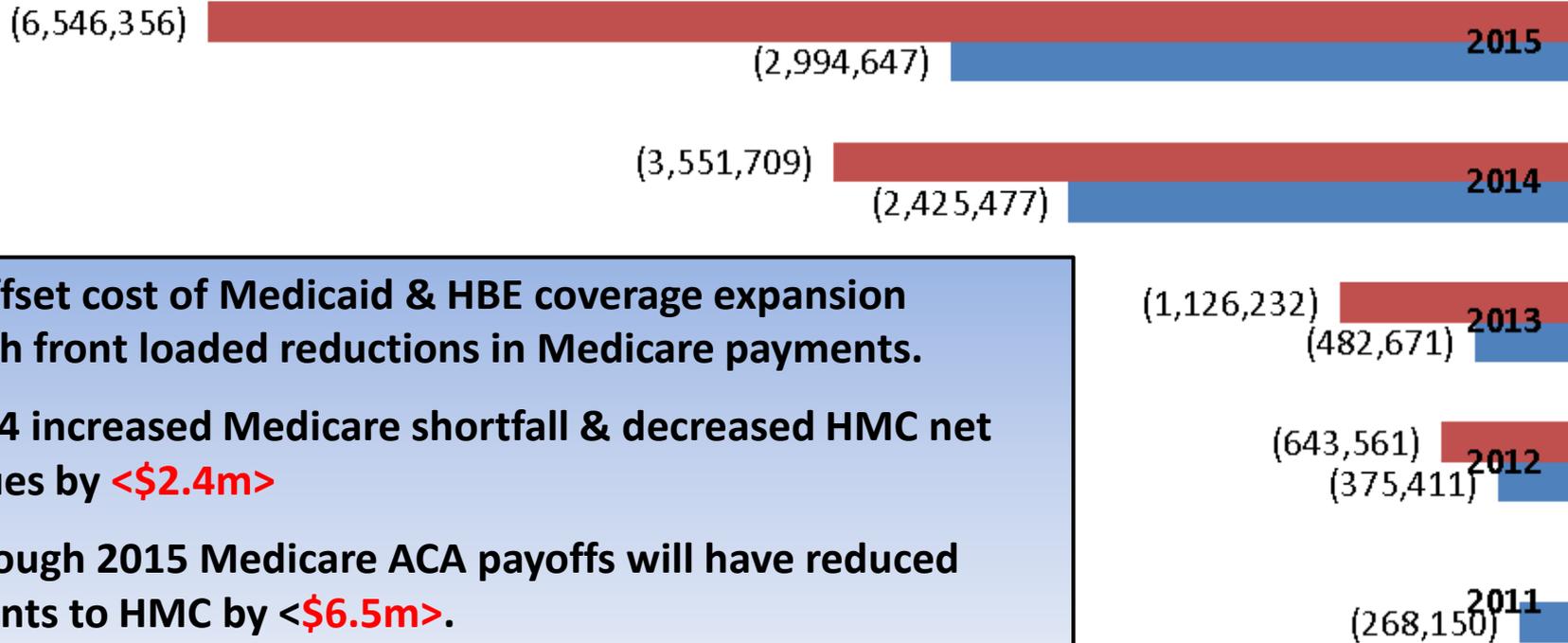
## Post ACA Charity Care Cost Trend



# HARBORVIEW MEDICAL CENTER FY2014 IMPACT OF ACA IMPLEMENTATION ON MEDICAID & SELF PAY SHORTFALL



# HARBORVIEW MEDICAL CENTER FY2014 IMPACT OF ACA MEDICARE OFFSETS

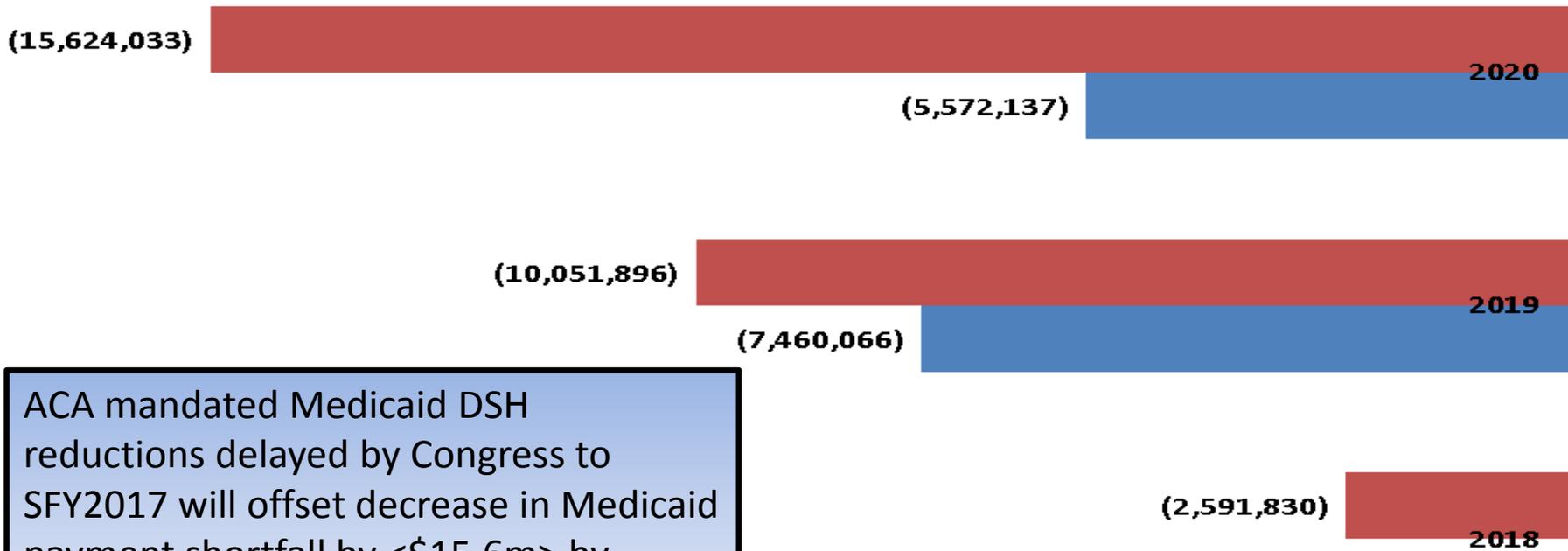


**ACA offset cost of Medicaid & HBE coverage expansion through front loaded reductions in Medicare payments.**

- o 2014 increased Medicare shortfall & decreased HMC net revenues by **<\$2.4m>**
- o Through 2015 Medicare ACA payoffs will have reduced payments to HMC by **<\$6.5m>**.

	2011	2012	2013	2014	2015
<span style="color: red;">■</span> CUMULATIVE		(643,561)	(1,126,232)	(3,551,709)	(6,546,356)
<span style="color: blue;">■</span> CY CHANGE	(268,150)	(375,411)	(482,671)	(2,425,477)	(2,994,647)

# HARBORVIEW MEDICAL CENTER FY2014 IMPACT OF ACA MEDICAID DSH OFFSETS



ACA mandated Medicaid DSH reductions delayed by Congress to SFY2017 will offset decrease in Medicaid payment shortfall by <\$15.6m> by SFY2020.

	2018	2019	2020
<span style="color: red;">■</span> CUMULATIVE	(2,591,830)	(10,051,896)	(15,624,033)
<span style="color: blue;">■</span> REDUCTION		(7,460,066)	(5,572,137)

# HARBORVIEW MEDICAL CENTER FY2014 IMPACTS RELATED TO ACA & OTHER CURRENT TRENDS

	ACA IMPACT ON HMC PAYOR MIX			% COST RECOVERY	Impact or 2% Shift
	PRE	POST	CHANGE		
MEDICAID	28%	37%	9%	37%	
HBE	0%	1%	1%	69%	TBD
SELF PAY	13%	3%	-10%	37%	

Early data indicates:

- o 10% shift from unsponsored to Medicaid & HBE plans
- o Net impact on cost recovery is unclear at this point. Arrangements with HBE based in part on Medicare rates. We are seeing a shift from commercial as well as BHP & Self Pay.

MEDICARE	29%	31%	2%	69%	
COMMERCIAL	30%	28%	-2%	144%	<\$2.7M>

o **Crowd Out Effect** – HMC is dependent on Commercial volumes to offset government program payment shortfalls. Increasing demand from newly insured low income population and on-going decrease in Commercial coverage as population ages into Medicare coverage, could result in crowding out of higher paying patients required to maintain financial viability.

# **HARBORVIEW MEDICAL CENTER FY2014 IMPACTS RELATED TO ACA & OTHER CURRENT TRENDS**

## **ADDITIONAL TRENDS AND CONCERNS:**

- **ER utilization is down? But still earlier days. Utilization could peak again if community access especially for primary care fails to expand to meet new demand.**
- **Contrary to earlier assumptions the health status of newly insured population presenting at UWMedicine sites is significantly less than current Medicaid and other covered populations**
  - **Specialty service visits are increasing**
  - **Impact on quality scores and future competitiveness?**