



Uncompensated Care Report and GPP funding for Years 2-5

Stakeholder Advisory Committee, Aug. 11, 2016
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Background

For several years, Medi-Cal has been using 1115 Demonstration Waivers to provide funding for designated public hospitals for uncompensated care to the uninsured and to enhance service delivery, using a system called the Safety Net Care Pool (SNCP)

Uncompensated care to the uninsured is defined as care provided to individuals with no third-party coverage for the services received

The “Medi-Cal 2020” demonstration waiver shifted Disproportionate Share Hospital (DSH) and SNCP funds into a new program called the Global Payment Program (GPP) for county public hospitals

The size of the uncompensated care pool component of the GPP for SFY 2015/16 was \$236 million in federal funds, equivalent to the amount in the final year of the Bridge to Reform Waiver



Background

As a part of Medi-Cal 2020, California is required to conduct two independent reports of uncompensated care in California hospitals

The first report focused on the Designated Public Hospitals (DPHs) that have received funding under the SNCP

The main purpose of this report was for CMS to determine the amounts of the UC pool component for years 2-5 of the GPP



Background

Blue Shield of California Foundation, on behalf of DHCS, contracted with Navigant in March 2016 to produce the first report

Between March and May 2016, Navigant worked closely with DHCS and the California Association of Public Hospitals and Health Systems (CAPH) to collect data and information that was used in the report

DHCS submitted the report to CMS on May 15, 2016



Main Components of the First Report

The main components of the report are an analysis of the following:

- Costs at DPHs for providing care to Medi-Cal and the uninsured in FY 2013/2014
- Payments to DPHs for services provided to Medi-Cal and the uninsured
- The ratio of payments to costs
- The level of overall uncompensated care, charity care and bad debt

Since funding streams are an important component of the report, background information on these various funding streams applicable to DPHs as well as uncompensated care reimbursement was included

The report also describes the role of DPHs in California and their importance as a safety net provider



Report Findings and CMS Results

DPHs provided about \$3.15 billion in uncompensated care in FY 2013-14 before accounting for DSH and SNCP payments of about \$2.9 billion (including federal and non-federal share – which is provided by the DPHs)

Even excluding University of California hospitals, and including only charity care, there was cost incurred by County DPHs above reimbursement for care of the uninsured

- Total FY 2013-14 uncompensated care exceeded payment by more than \$1.65 billion (\$1.18 billion in charity care) for DPHs participating in GPP

Given the level of uncompensated care demonstrated in the report, DHCS believed it was clear that maintaining the same level of funding for the UC component (\$236 million) was justified.

On July 14, 2016, CMS approved the continuation of \$236 million in federal funds for the uncompensated care component of GPP for each of the remaining demonstration years under Medi-Cal 2020