

New Mexico Hospitals: Financial Status and Impact

New Mexico Hospital Association

Legislative Health and Human Services Committee

October 21, 2020



**New Mexico
Hospital Association**

Always There, Ready to Care.

Troy Clark

President and CEO
tclark@nmhsc.com

New Mexico Hospital Association (NMHA)



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Christina Campos

Administrator
ccampos@gchnm.org

Guadalupe County Hospital, Santa Rosa



GUADALUPE
COUNTY HOSPITAL

What is New Mexico Hospital Association?

New Mexico Hospital Association (NMHA)

- **Represents 46 hospitals** on state and federal legislative and regulatory public policy issues
- **Authoritative voice** for media, researchers and policy makers on hospital practice, finance, workforce and complex data analysis used in public policy initiatives
- **Leader and Convener** - Steady, statewide leader and convener for hospital members, government officials, organizations and stakeholders
- **Partners with others** to improve health status of NM residents, best practices, innovation (e.g., NM DOH Medical Advisory Team (MAT), Washington State Hospital Association)
- **Advocates for the common good**, collective interests of members and patients, in an ever-changing health care environment

About New Mexico's Hospitals

- **Rural, urban, academic, specialty** (i.e. behavioral health, long-term care)
- **Private, nonprofit, independent** – ALL serve patients Medicaid, Medicare, private and uncompensated
- **Range of services, service lines** – emergency, inpatient and outpatient procedures, surgery, primary care clinics, school-based health clinics, behavioral health and substance use treatment, long term care

Hospitals: Economic Driver

- Economic driver for state, **largest employer in most communities, livable wage jobs**
- Rural communities: Some are **12% of county GDP**
- Hospitals help contribute to **increased community homeownership**, marker of economic stability and growth
- In 2019, **hospitals contributed \$11.96 Billion in total expenditures impact** to New Mexico's economy
- **\$7.1 Billion** spent by hospitals directly
- **\$4.86 Billion** in secondary expenditures
- Plus **\$4.6 Billion** in labor income impact

Number of
NMHA Member
Hospitals by
Congressional
District

CD1

13



CD2

20



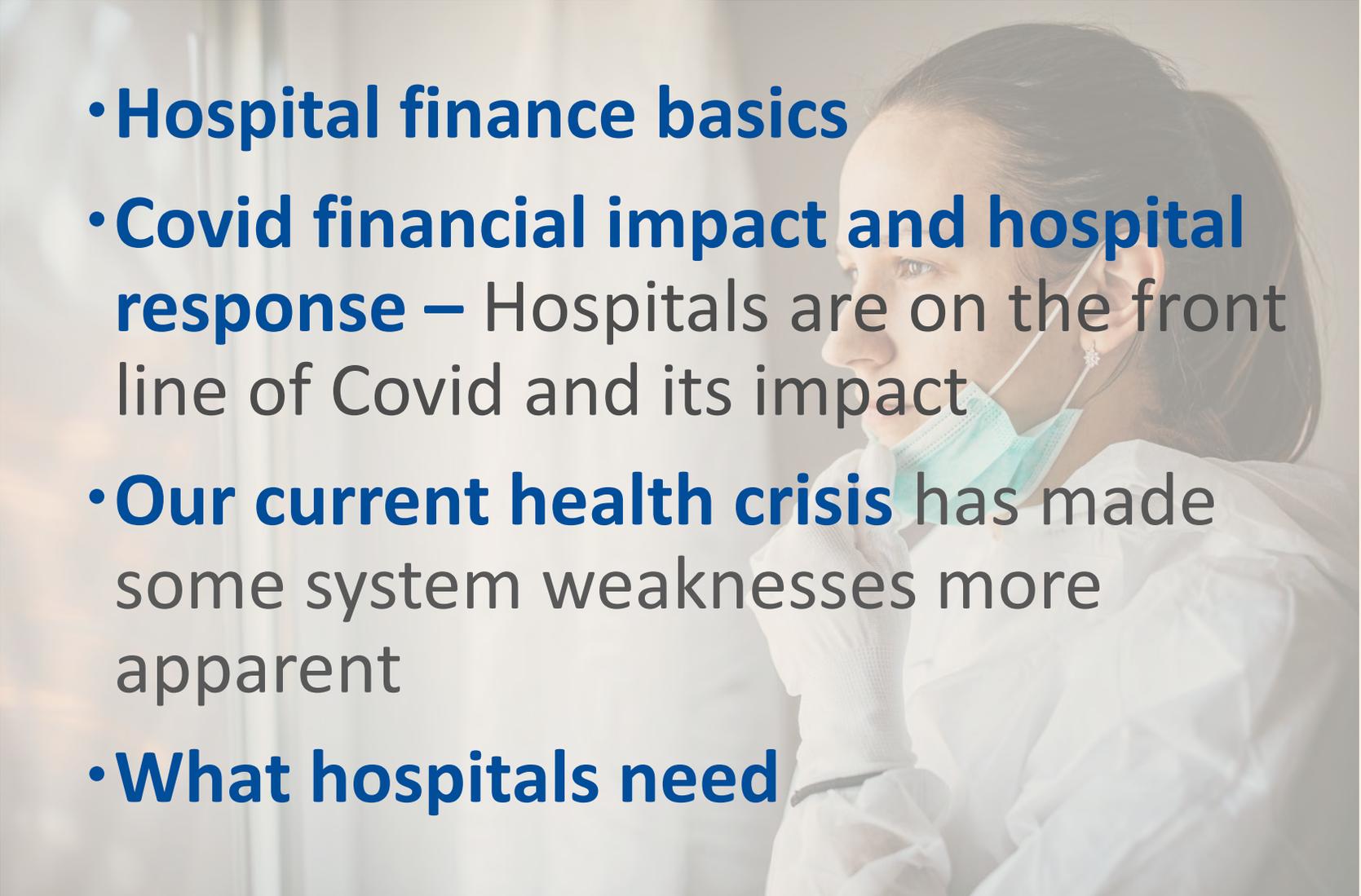
CD3

13



Today's Focus

Our NM Hospital
Community

- **Hospital finance basics**
 - **Covid financial impact and hospital response** – Hospitals are on the front line of Covid and its impact
 - **Our current health crisis** has made some system weaknesses more apparent
 - **What hospitals need**
- 

Hospital Budgets



Hospital Budgets

Hospital Leaders Need:

- **Predictability**
- **Stability**
- **Advance Notice**

...as they budget and set a vision for the course of their strategy to provide healthcare to their communities

Hospital Finance Basics

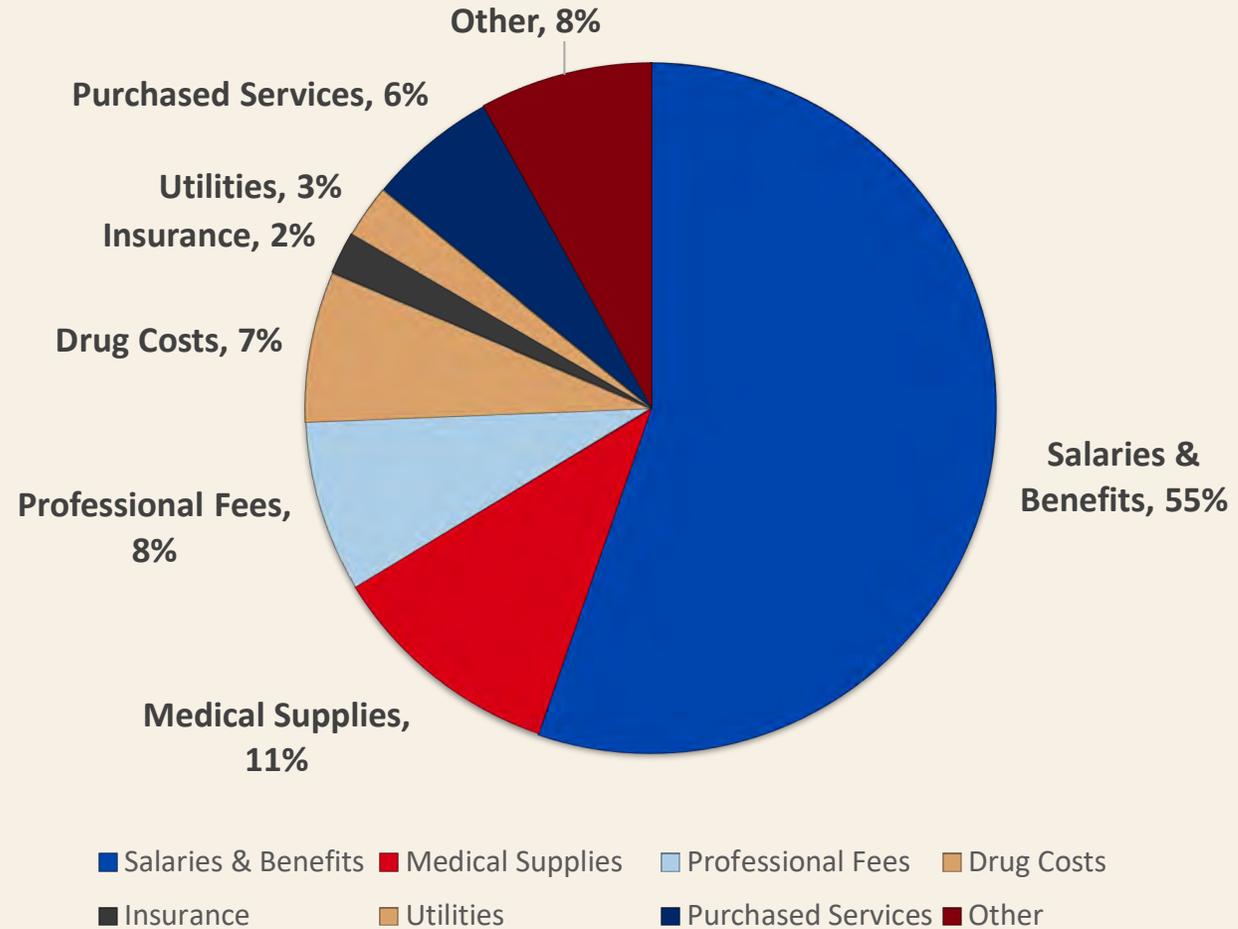


Hospital Budgets



Hospital Costs: Healthcare is a People Business

Average Hospital Expenditures



Hospital Staff: It Takes a Team



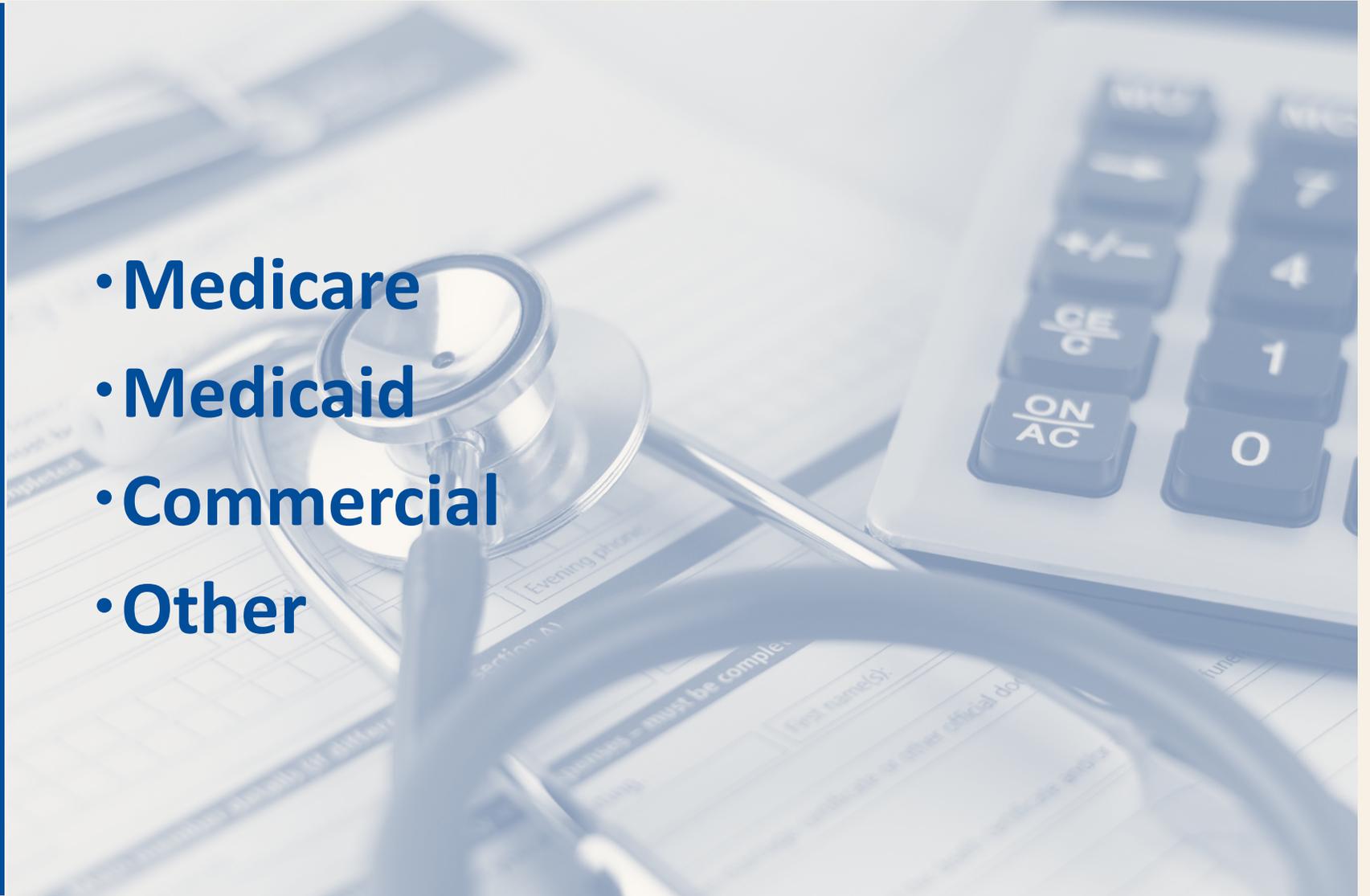


Hospital Staff:
It takes a team



Hospital Revenue Sources

- Medicare
- Medicaid
- Commercial
- Other



Hospital Revenue Sources

Medicare

Critical Access Hospitals

-Cost Based Reimbursed

PPS Hospitals

-Diagnosis Related Groups (DRG's) for Inpatient Care
-Outlier Payments for High Acuity patients
-Fixed Rate (OPPS) for Outpatient Care

Potentially Eligible Hospitals

-Disproportionate Share Hospital Supplemental Payment (Medicare DSH)

Medicaid

Medicaid MCO's

-Negotiated Rates
*Inpatient Rates use DRGs
*Outpatient uses Per Code fixed rates
-Some MCOs working on including Value Based Purchasing (VBP) incentives for Quality Improvement

Medicaid FFS

-State Fee Schedule

Medicaid Supplemental Payments

-HAP/TAP
-HQII
-Medicaid DSH

Commercial

Negotiated rates based upon:

-Inpatient
* DRGs
* Per Diem
* Percentage of Charges
* Some Capitation
-Outpatient
* CPT Codes
* APCs
* Percentage of Charges
* Some Capitation
-Some VBP

Other

Professional Fees for Providers

340B

Grants

Cafeteria/Vending

GRT or Mill Levy Tax Support

Foundation/
Auxiliary
Contributions

Hospital Revenue Sources

Medicare

Reimbursement is usually
90-100% of COST

Medicaid

Reimbursement is usually
80-90% of COST
without the Supplemental Payments

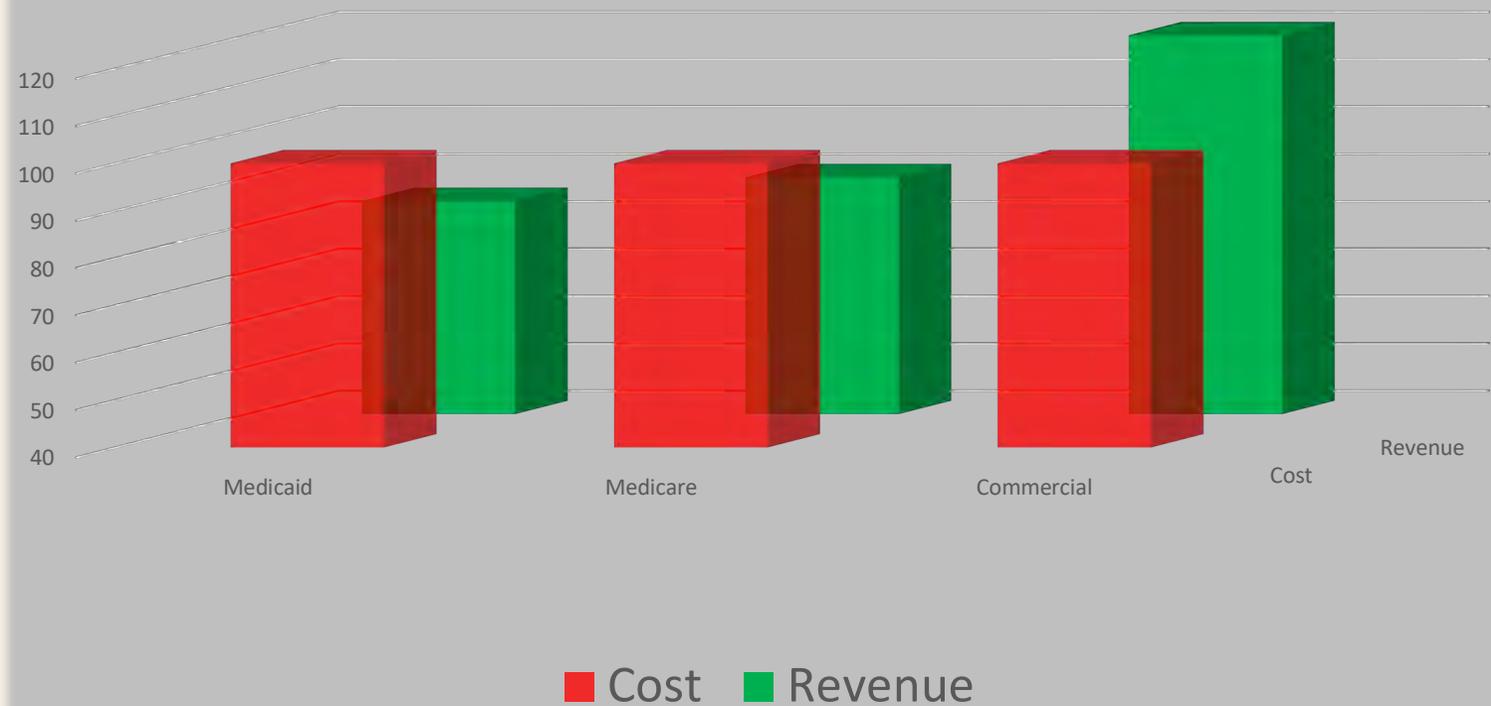
Commercial

Reimbursement usually exceeds cost but varies greatly from hospital to hospital and from payer to payer.

Other

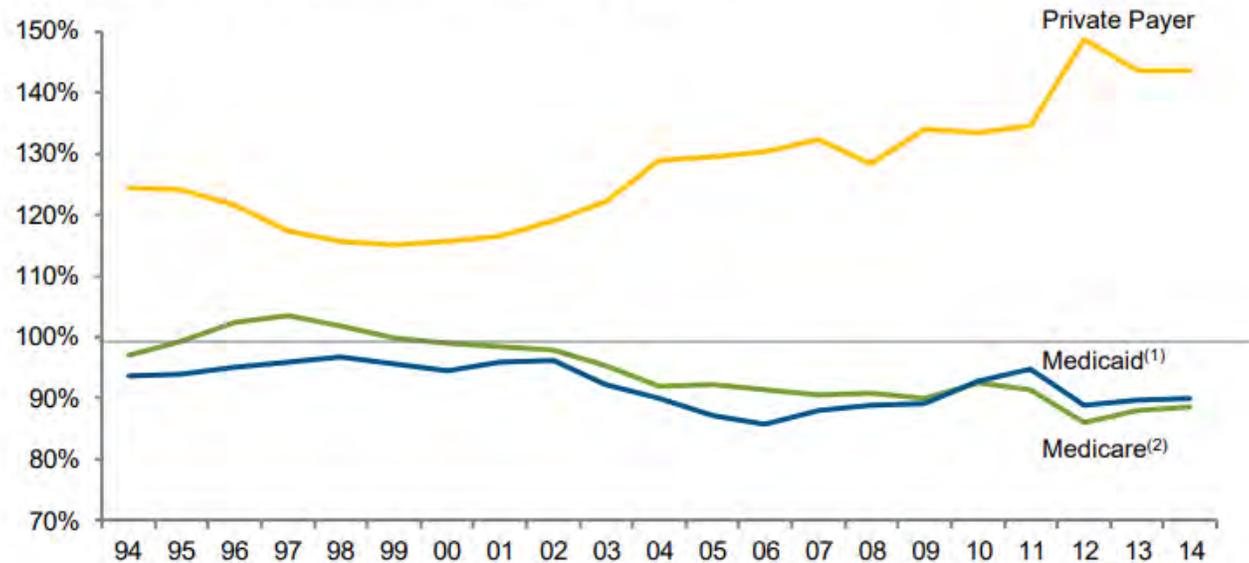
Hospital Payer Reimbursement

For the Same Services, Cost Does Not Vary by Patient, but Revenue Does Due to Payer



Hospital Payer Reimbursement

Chart 4.6: Aggregate Hospital Payment-to-cost Ratios for Private Payers, Medicare and Medicaid, 1994 – 2014



Source: Analysis of American Hospital Association Annual Survey data, 2014, for community hospitals.

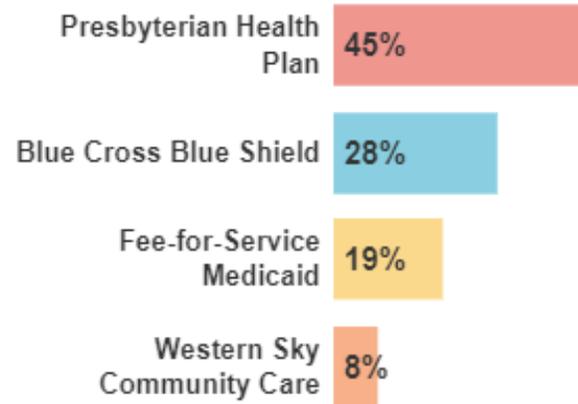
⁽¹⁾ Includes Medicaid Disproportionate Share payments.

⁽²⁾ Includes Medicare Disproportionate Share payments.

Medicaid Data

43%
of New Mexico
residents
enrolled in Medicaid
(830,000 enrollees)

Medicaid MCO Mix:



Acute and chronic
health risks



Each year, our hospitals treat 750,000 unique Medicaid patients.



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Early effects of COVID-19

NM Medicaid enrollment is up 6.25% since March 2020, now with over 875,000 enrollees.

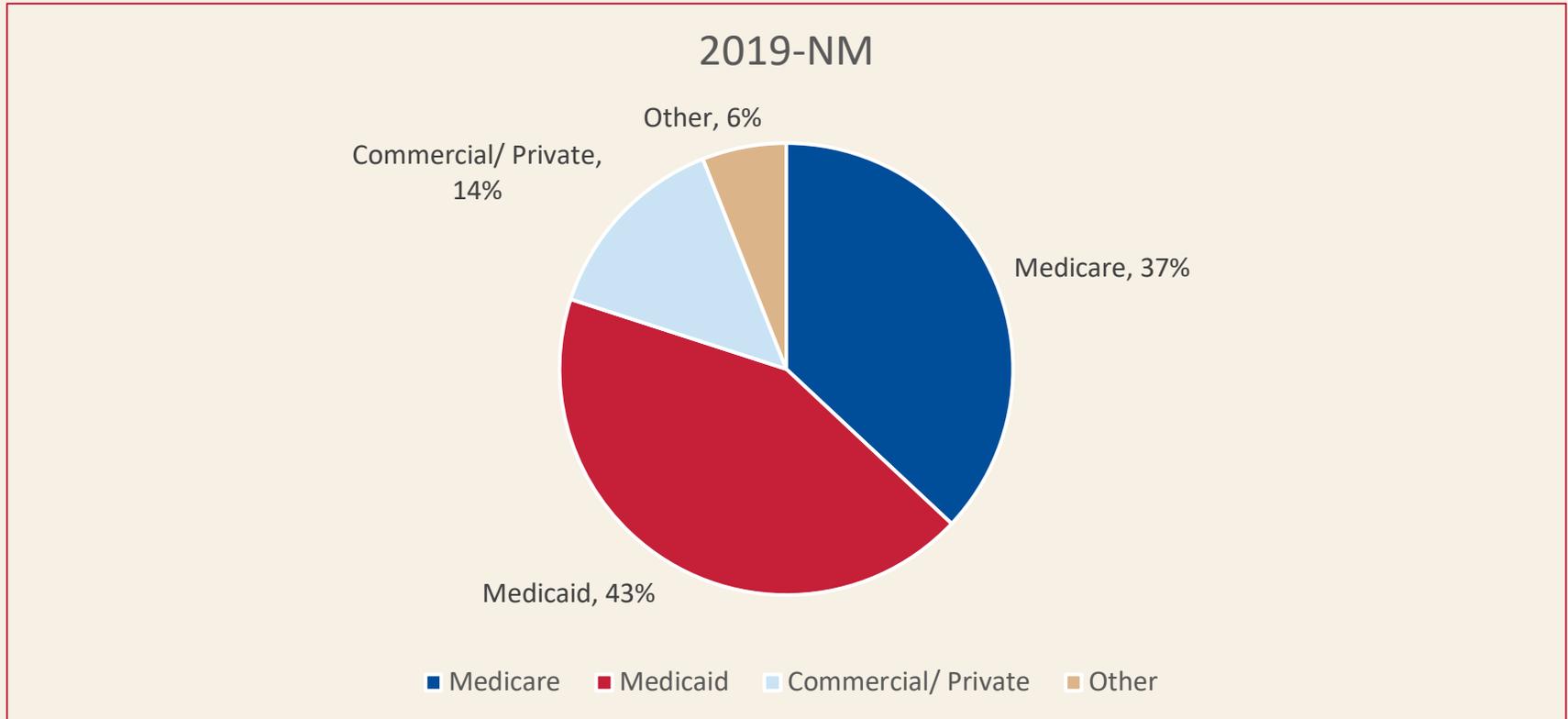
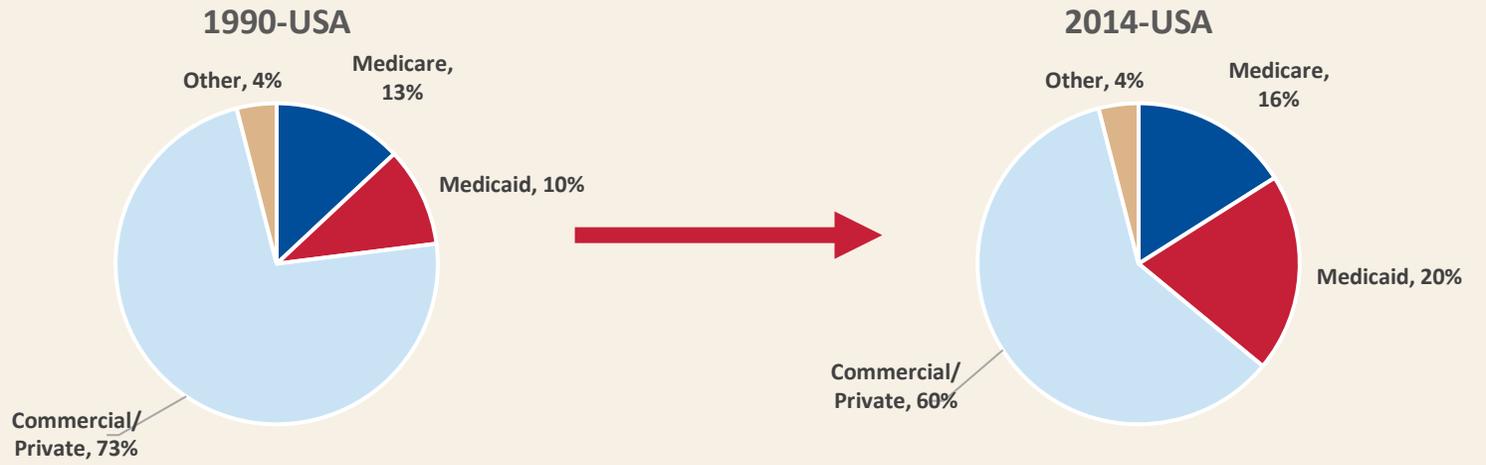
Some counties have seen even larger increases in Medicaid enrollment:

Lea: **+13.56%**
Eddy: **+10.79%**
Sierra: **+10.03%**
Santa Fe: **+9.96%**
Curry: **+8.60%**



Source: [NM Human Services Dept](#) • [Get the data](#) • Created with [Datawrapper](#)

Hospital Patient Payer Mix



Congressional District 1

Press escape to clear all filters

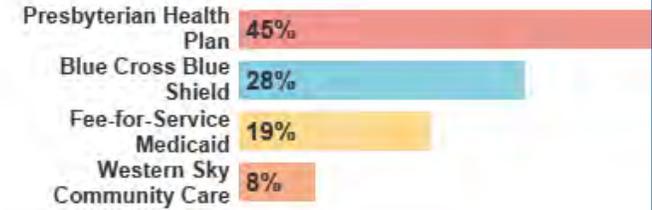


Total residents in Congressional District 1:

694,000

37% of Congressional District 1 residents enrolled in Medicaid (256,100 enrollees)

Medicaid MCO Mix:

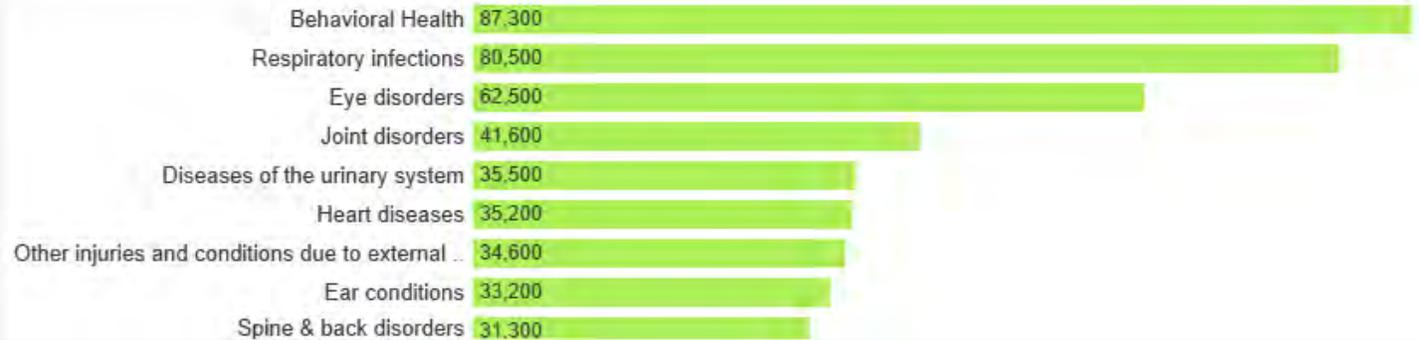


Acute & Chronic Health Risks

246,500 Medicaid enrollees with the following conditions:

Select risk type:

- (All)
- Acute
- Chronic



Congressional District 2

Press escape to clear all filters



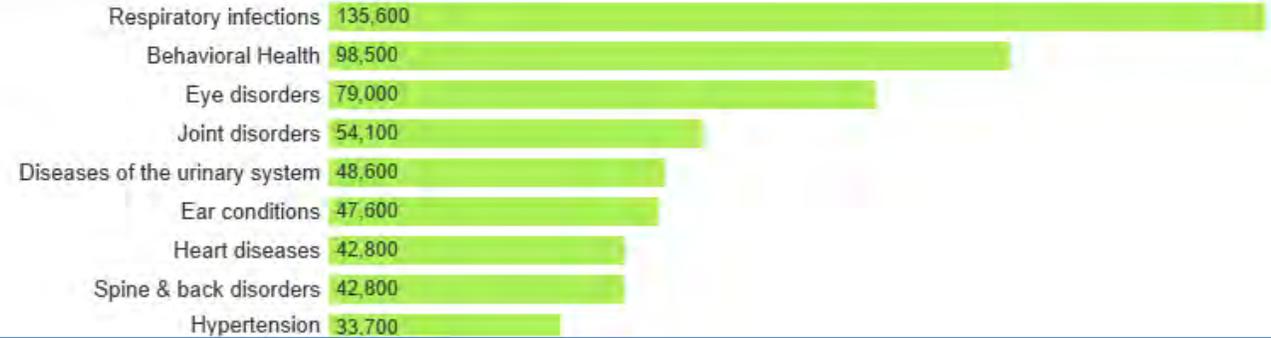
Total residents in Congressional District 2:

695,300

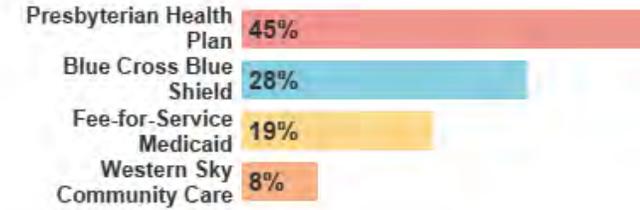
47%
of Congressional District 2 residents
enrolled in Medicaid
(328,200 enrollees)

Acute & Chronic Health Risks

305,000
Medicaid enrollees with
the following conditions:



Medicaid MCO Mix:

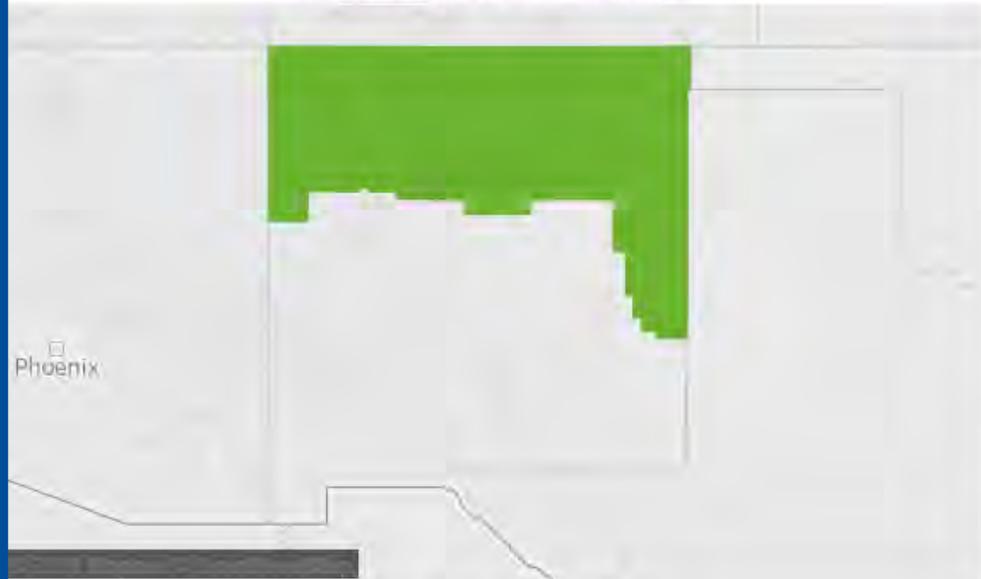


Select risk type:

- (All)
- Acute
- Chronic

Arizona
Congressional District 3

Press escape to clear all filters

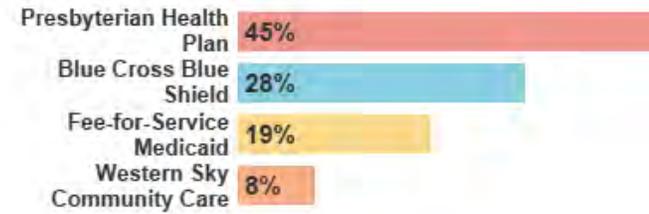


Total residents in Congressional District 3:

712,400

44%
of Congressional District 3 residents
enrolled in Medicaid
(313,300 enrollees)

Medicaid MCO Mix:



Acute & Chronic Health Risks

311,100
Medicaid enrollees with
the following conditions:

Select risk type:

- (All)
- Acute
- Chronic



Covid-19 Impact, Hospital Response

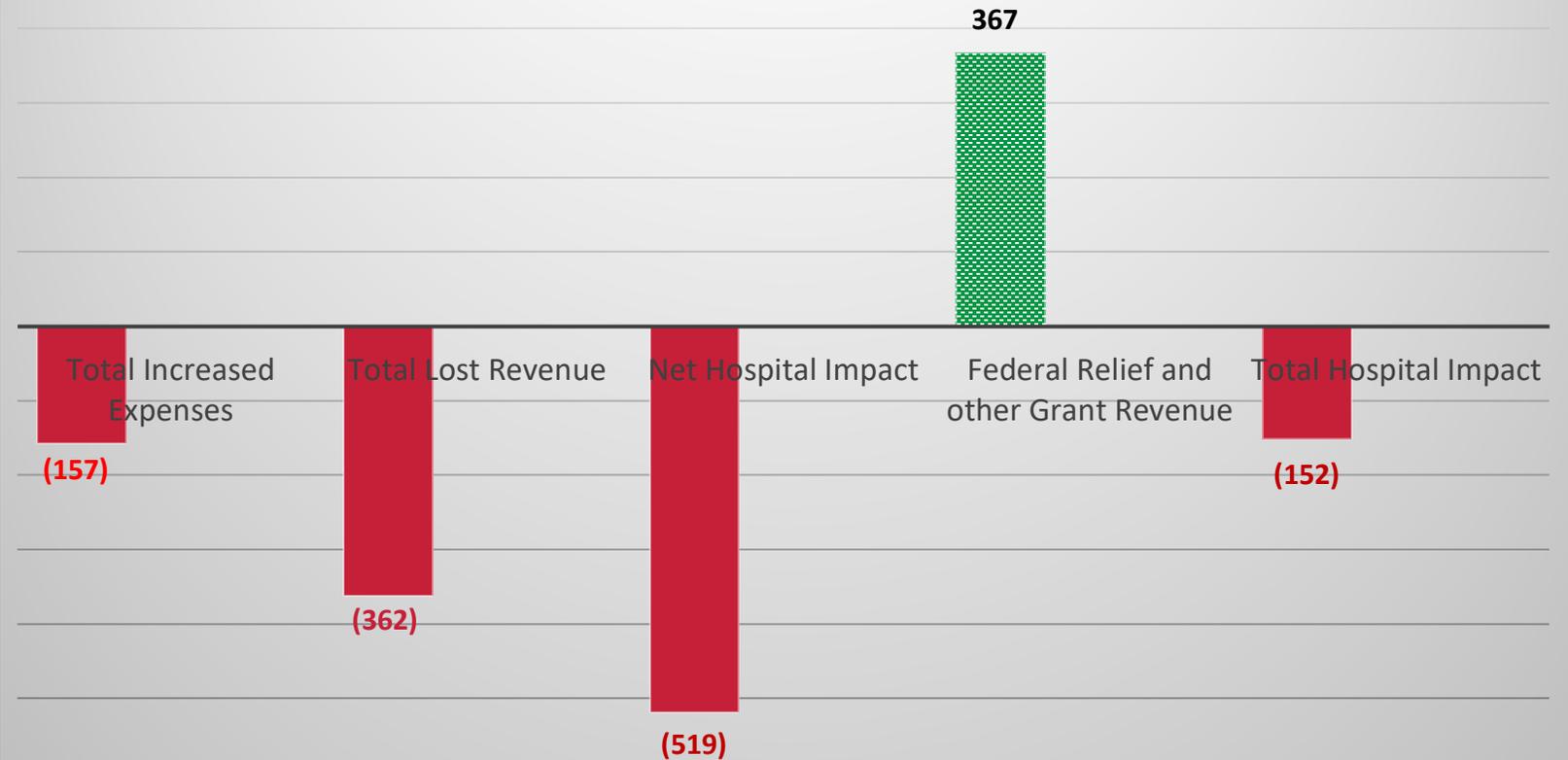


- First tranche of federal CARES Act aid covered just over one payroll for most facilities
- Exasperated existing shortage of workers
- Lost staff, risk losing more – early retiring, staff with young families, school closures, single parents and those working outside the home, lose to other states paying nurses \$14,000/week in NYC
- New training, cross train, shift staff to other roles
- Some staff furloughed or used leave
- Delayed testing results for healthcare workers, means lost staff time – As more businesses and schools reopen, puts a strain on testing and PPE supply chain
- Provision of childcare and staff housing
- Operating and staffing command centers
- Delayed degrees and onboarding of new providers
- Moral injury and fatigue for healthcare workers – supporting workforce
- PPE cost was relatively stable, now much higher costs than budgeted

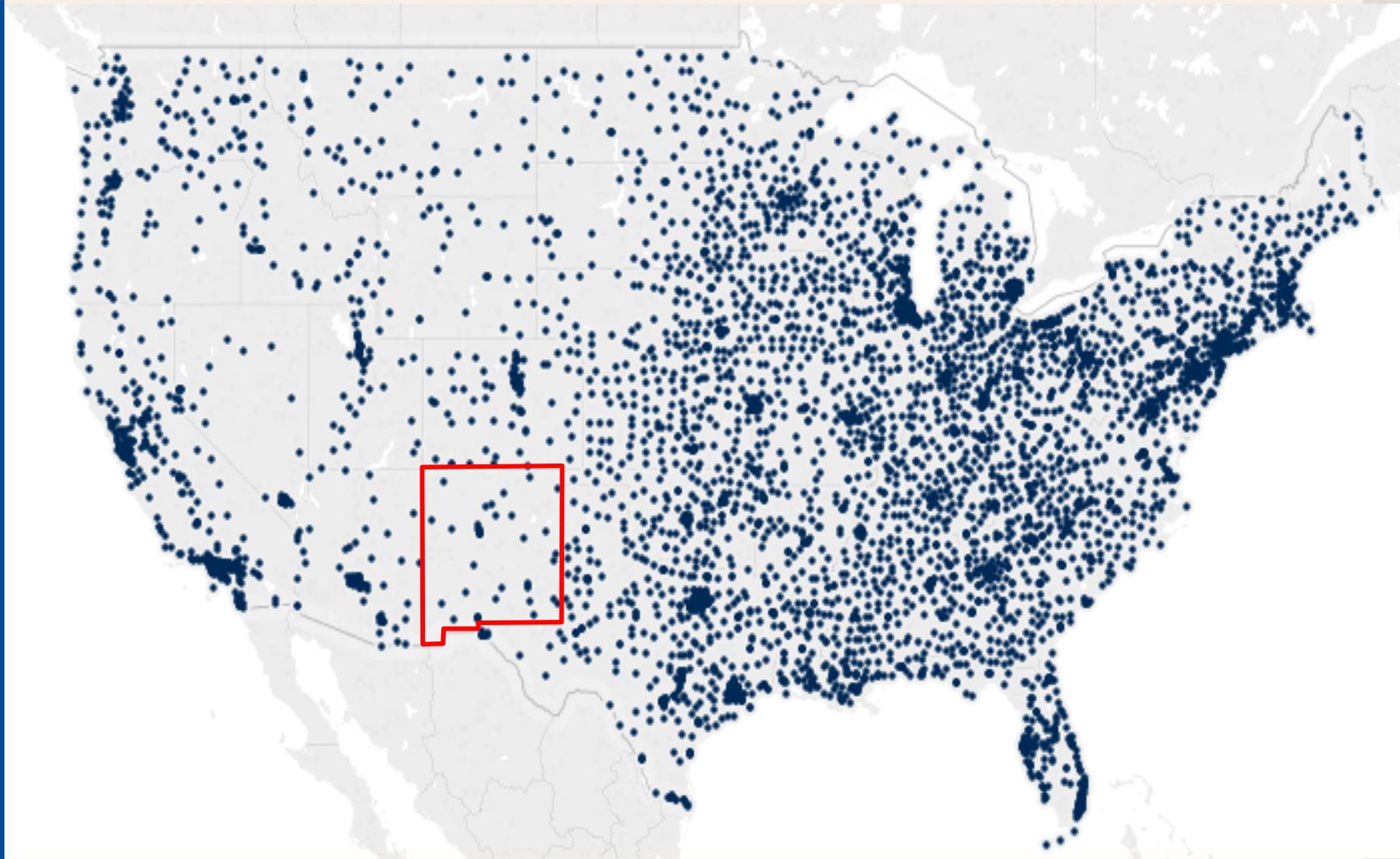
Covid-19 Impact, Hospital Response

Covid-19 Impact on NM Hospitals

in Millions, USD, as of August 2020



In NM, financial sustainability IS access to care.



Sabrina Martin

CEO

sabrinamartin@ernesthealth.com

Rehabilitation Hospital of Southern New Mexico



REHABILITATION HOSPITAL
OF SOUTHERN NEW MEXICO

Covid-19 Impact, Local Hospital Response

Negative impacts to a 40-bed specialty hospital

- 2,000 lost outpatient therapy appointments = lost budgeted revenue
- Operational struggles
- Small departments easily shut down with 1-2 exposures
- Difficulty finding enough staff to fill extra duties (screening, shifting meals to in-room, etc.)
- Nearly doubled medical supply indicator based on cost and quantity of PPE needing to be purchased

Positive impacts of waivers

- Pre-authorization waivers for Medicare Advantage, Commercial and Medicaid programs
- **Most importantly**, this allowed patients to move quicker through system and access the appropriate level of care more timely
- This allowed local hospitals to manage capacity by not waiting for authorization
- This helped maintain a steady inpatient revenue stream to prevent forced layoffs or furloughs

A recap of today's focus

Our NM Hospital
Community

- **Hospital finance basics**
- **Covid financial impact and hospital response** – Hospitals are on the front line of Covid and its impact
- **Our current health crisis** has made some system weaknesses more apparent
- **What hospitals need**
 - Predictability
 - Stability
 - Advance Notice

Issues
Impacting NM
Hospitals in
2021
Legislative
Session

- HSD Budget / Medicaid Rates (Matched Dollars)
- HAP/TAP (Matched Dollars)
- Medical Malpractice Act / Patient Compensation Fund
- Behavioral Health
- Workforce Issues

Thank you.

Contact:
Troy Clark, President & CEO
tclark@nmhsc.com

Pamela Blackwell, Director
Policy & Communications
pblackwell@nmhsc.com

New Mexico Hospital Association
7471 Pan American W Frwy NE
Albuquerque NM 87109

505.343.0010



Appendix

Hospitals by Congressional District CD 1

<u>Central Desert Haven Behavioral Health Center</u>	505-980-4582
<u>Haven Behavioral Hospital of Albuquerque</u>	505-254-4503
<u>Encompass Health Rehabilitation Hospital of Albuquerque</u>	505-563-4078
<u>Kindred Hospital of Albuquerque</u>	505-242-4444
<u>Lovelace Medical Center</u>	505-727-2801
<u>Lovelace UNM Rehabilitation Hospital</u>	505-727-4729
<u>Lovelace Westside Hospital</u>	505-727-2001
<u>Lovelace Women's Hospital</u>	505-727-6805
<u>Presbyterian Hospital</u>	505-724-7041
<u>Presbyterian Kaseman Hospital</u>	505-291-2114
<u>Presbyterian Rust Medical Center</u>	505-253-1143
<u>UNM Sandoval Regional Medical Center</u>	505-994-7000
<u>University of New Mexico Hospital</u>	505-272-2263

Hospitals by Congressional District CD 2

<u>Advanced Care Hospital of Southern NM</u>	575-521-6634
<u>Artesia General Hospital</u>	575-748-3333
<u>Carlsbad Medical Center</u>	575-887-4105
<u>Cibola General Hospital</u>	505-287-5301
<u>Eastern New Mexico Medical Center</u>	575-624-8722
<u>Gerald Champion Regional Medical Center</u>	575-443-7845
<u>Gila Regional Medical Center</u>	575-538-4100
<u>Guadalupe County Hospital</u>	575-472-3417
<u>Lea Regional Medical Center</u>	575-492-5103
<u>Lincoln County Medical Center</u>	575-257-8250
<u>Memorial Medical Center</u>	575-521-2291
<u>Mesilla Valley Hospital</u>	575-382-6699
<u>Mimbres Memorial Hospital & Nursing Home</u>	575-546-1318
<u>MountainView Regional Medical Center</u>	575-556-7611
<u>Nor-Lea General Hospital</u>	575-396-6611
<u>Peak Behavioral Health Services</u>	575-589-3000
<u>Rehabilitation Hospital of Southern NM</u>	575-521-6416
<u>Lovelace Regional Hospital - Roswell</u>	575-627-7000
<u>Sierra Vista Hospital</u>	575-743-1202
<u>Socorro General Hospital</u>	575-835-8700

Hospitals by Congressional District CD 3

<u>Alta Vista Regional Hospital</u>	505-426-3930
<u>CHRISTUS St. Vincent Regional Medical Center</u>	505-913-5271
<u>Holy Cross Hospital</u>	575-751-5714
<u>Los Alamos Medical Center</u>	505-661-9158
<u>Miners' Colfax Medical Center</u>	575-445-3661
<u>Plains Regional Medical Center</u>	575-769-2141
<u>Dr. Dan C. Trigg Memorial Hospital</u>	575-461-7007
<u>Presbyterian Española</u>	505-753-1502
<u>Presbyterian Santa Fe Medical Center</u>	505-923-6333
<u>Rehoboth McKinley Christian Health Care Services</u>	505-863-7001
<u>Roosevelt General Hospital</u>	575-356-3412
<u>San Juan Regional Medical Center</u>	505-609-6110
<u>Union County General Hospital</u>	575-308-7682