

Hospitals 101: An Update

New Mexico Hospital Association
Legislative Health and Human Services Committee
September 15, 2022



Troy Clark

President & CEO

New Mexico Hospital Association (NMHA)

NMHA is the advocate and supporter of 47 hospitals and the patients and communities they serve—and of hospital healthcare champions in public office. We work with others to advance public policy to create a healthier New Mexico by ensuring access to quality care.





Today's Focus

Who We Are
Hospital Finance
Current Status
With Your Help

Frank Corcoran, BSN, MHA

CEO

Sierra Vista Hospital

Sierra Vista Hospital, located in Truth or Consequences, New Mexico, is a community-operated, 15 bed Critical Access Hospital and that provides medical, surgical, ancillary and emergency services and operates a rural health clinic.





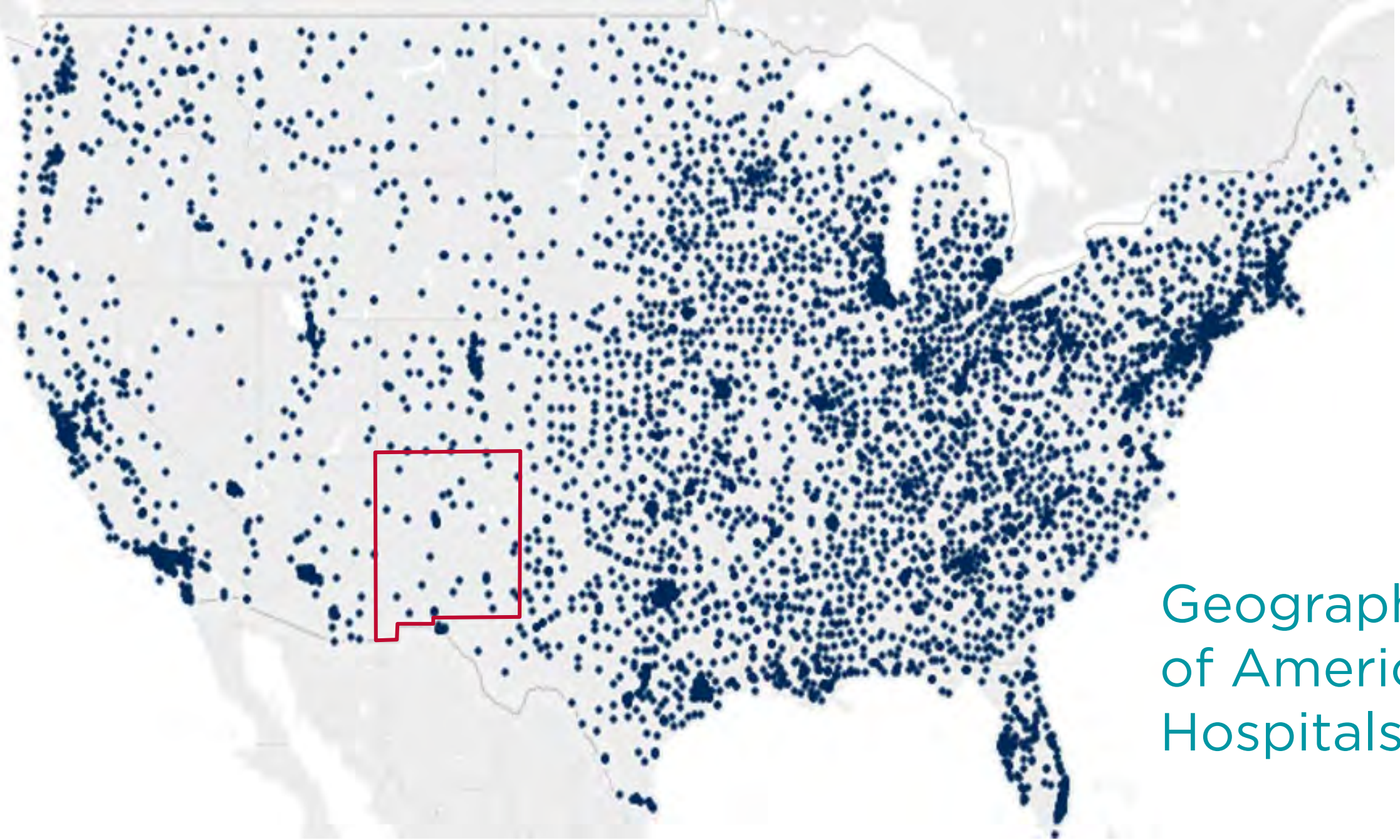
Who We Are

New Mexico's Community Hospitals

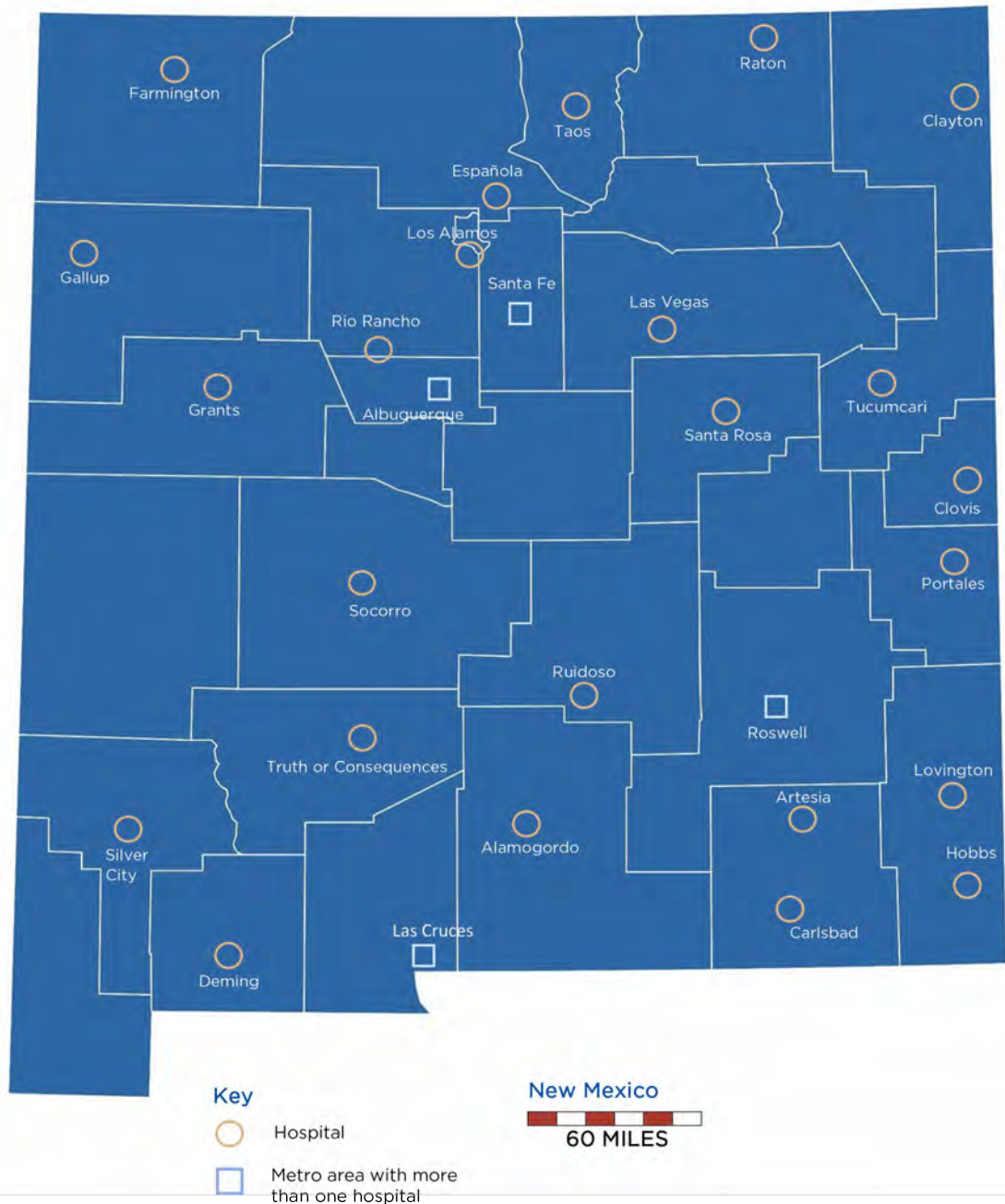
New Mexico's Hospitals

- **Rural, urban, academic, specialty**
(i.e., behavioral health, long-term care)
- **Private, nonprofit, independent**
ALL serve patients Medicaid, Medicare, commercially insured and those without coverage or ability to pay.
- **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





Geography of America's Hospitals



Few and Far Between

In New Mexico, ensuring access to care means ensuring the health of every hospital.

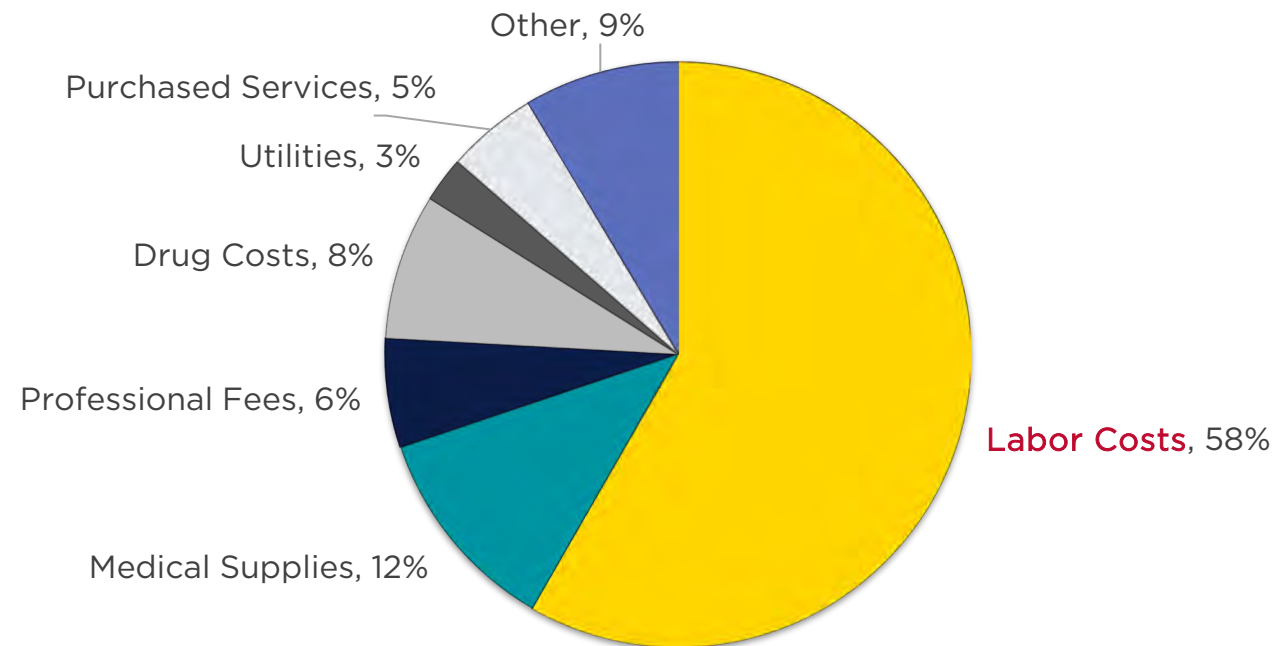


Hospital Finances

A Complicated and Unpredictable Business

Costs: It's a People Business

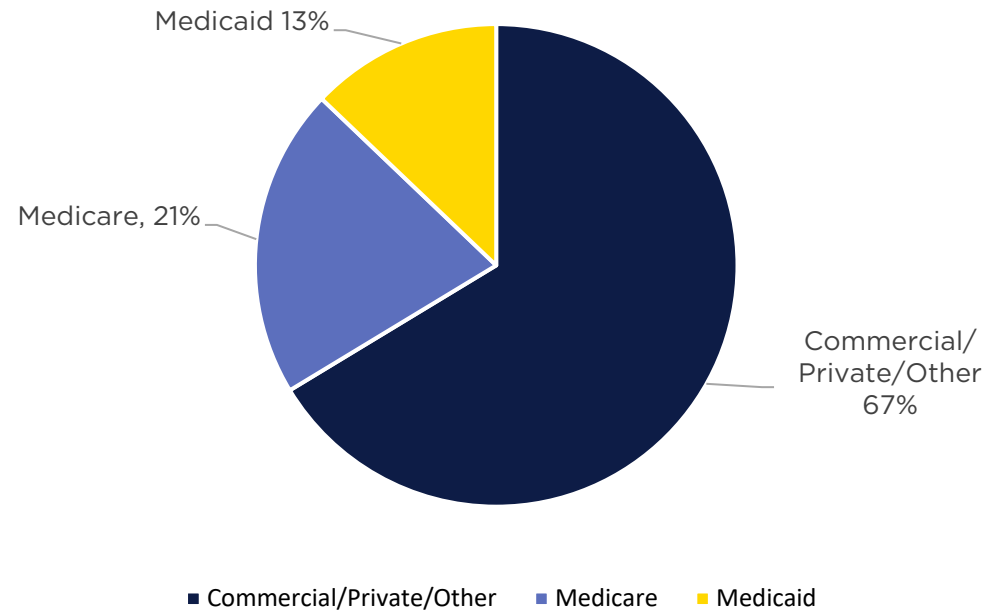
Average Hospital Expenditures 2021



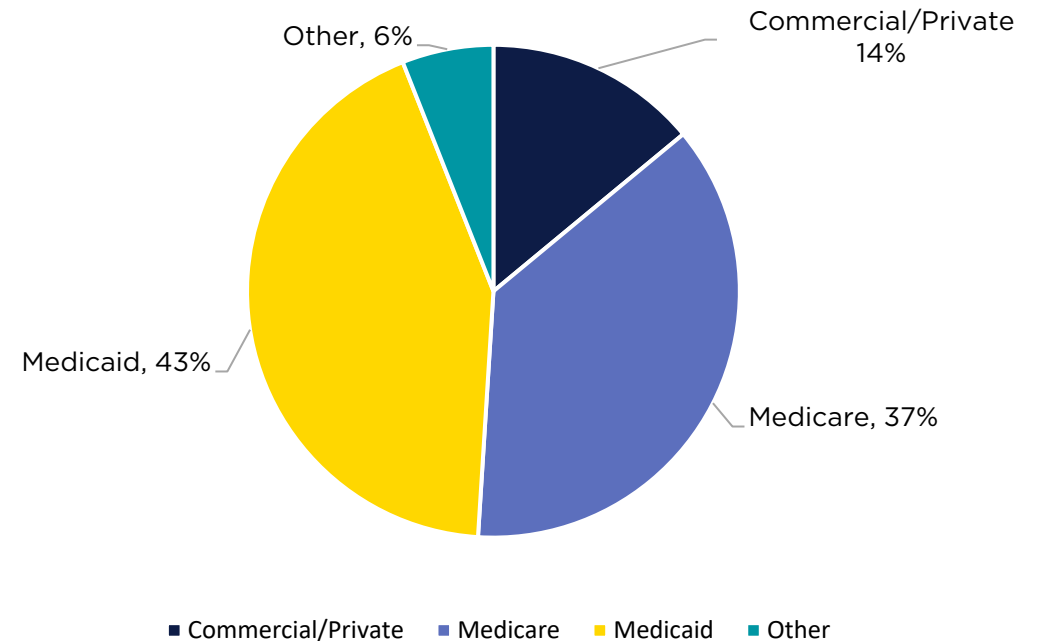
■ Labor Costs ■ Medical Supplies ■ Professional Fees ■ Drug Costs ■ Utilities ■ Purchased Services ■ Other

Revenues: It's a (Payor) Mix

2020-USA



2020-NM



Reimbursement by Payor

Medicaid

Reimburses
**80-90% of
COST**
without
supplemental
payments.

Medicare

Reimburses
**90-100%
of COST**

Commercial

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

Margin/Savings



1. Revenue – Expense = Margin

2. Accumulated margin/losses over years build up savings.

3. Savings are used to:

- Reinvest in infrastructure
- Expand infrastructure and access
- Support operations and access whenever expenses exceed revenues
- Provide community benefit programs and services

Community Benefit

- School, community and rural health clinics
- Food distribution, summer kids' lunch and healthy eating programs
- Rural health and education partnerships
- Behavioral health programs
- Public health communications campaigns





Current Status

Coping with Covid, Cutting Costs, and More

New Mexico's Hospitals

- Administered over 500,000 Covid-19 vaccinations since 2020
- Admitted and cared for more than 27,000 Covid-positive patients since 2020
- Performed over 145,000 surgeries in 2021
- Delivered 18,000+ new babies in 2021
- Handled more than 800,000 emergency room visits in 2021

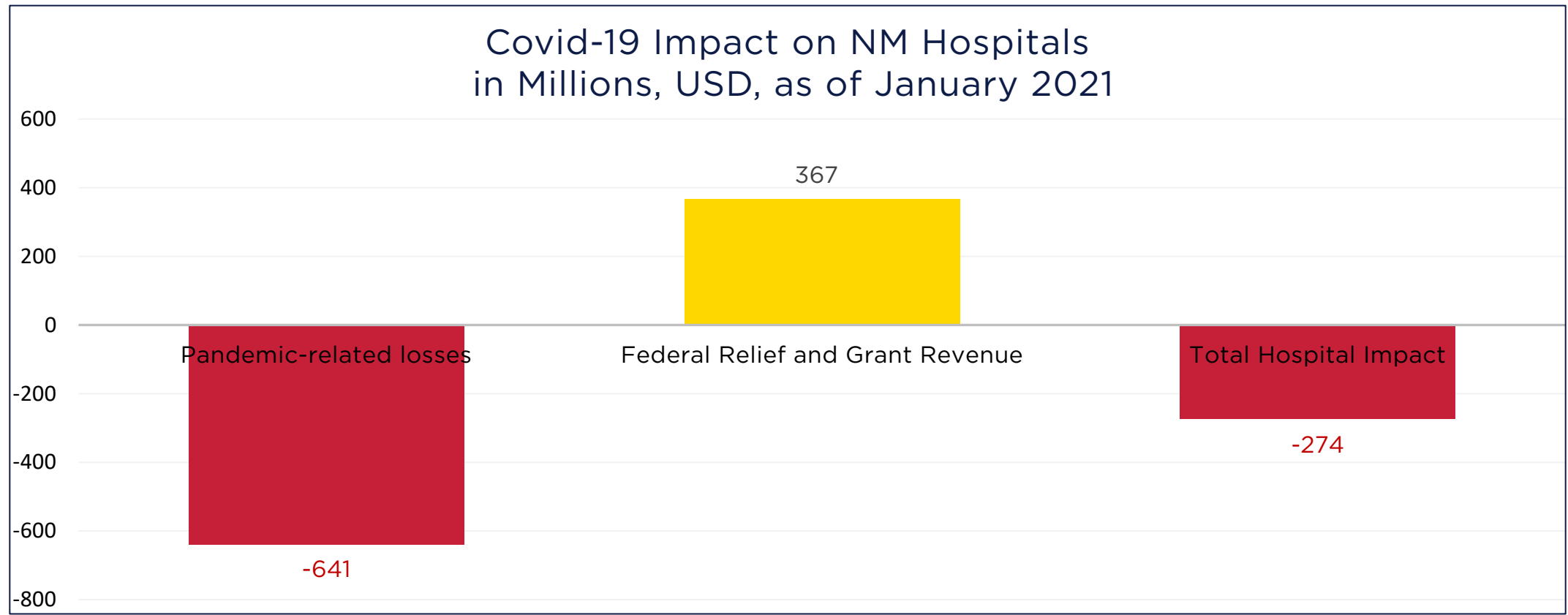


Lingering Pain Points

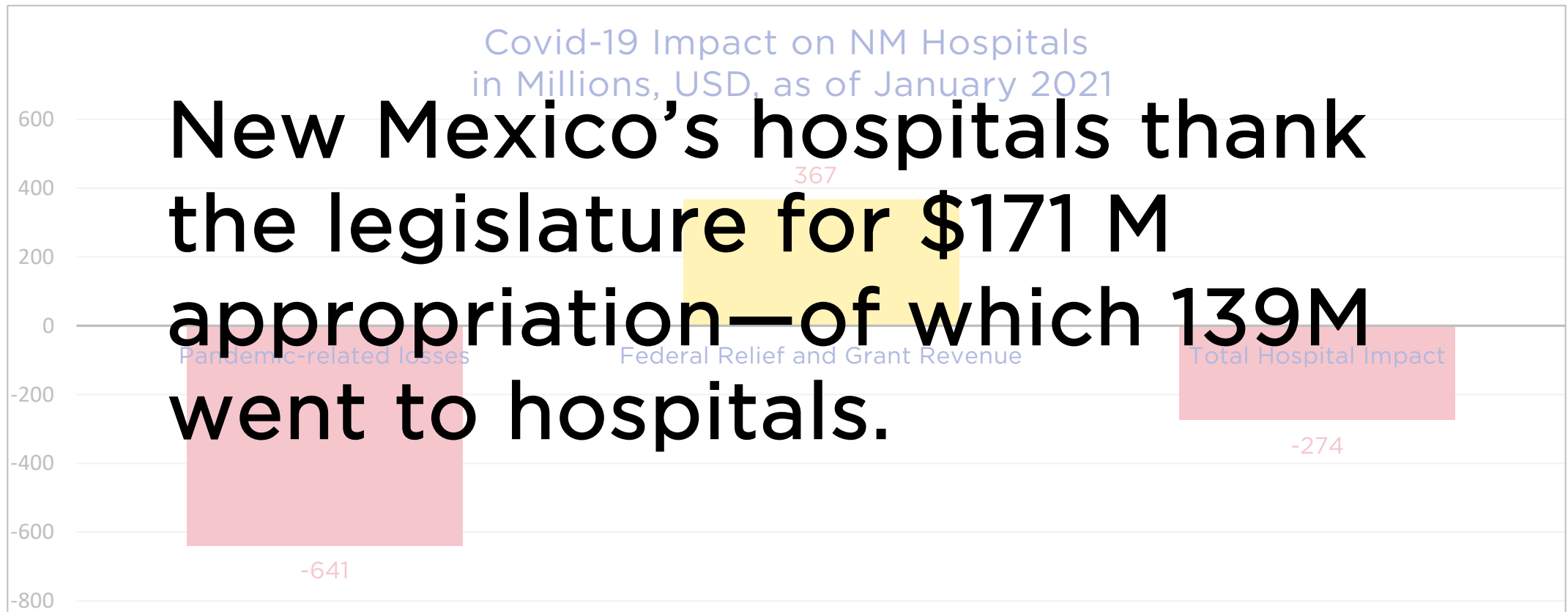
- **Covid financial impact**
 - Lost revenue
 - Dwindling savings
 - Supply chain disruption and inflation
- **Staffing costs and shortages**
 - Ongoing Covid care, preparation, protocols, stress, etc.
 - Delayed care = busy hospitals and sicker patients (more staff needed)
 - Resources spent on short-term staffing cannot also be used for long-term solutions



Covid Impact



Covid Impact





Savings are Dwindling

Different hospitals have different levers to pull, certain options available to them.

17 hospitals scaling back care

Ayla Ellison (Twitter) - Wednesday, August 31st, 2022

What Can Hospitals Do?

Bakersfield Heart Hospital laying off 114 employees

Mariah Taylor - yesterday

- Cut Expenses
- Cut Services
- Invest in New Services

Blessing Health Closing Iowa Hospital Next Month

SEPTEMBER 2, 2022

California hospital to lay off 104 employees

Garnet Health to lay off 29 employees with closure of physician practices

Nathan Tucker - Wednesday, August 24th, 2022

13 hospitals cutting services

Ayla Ellison (Twitter) - Updated Thursday, July 14th, 2022

11 hospitals temporarily or permanently ending maternity services

Marissa Plescia (Twitter) - Updated Wednesday, June 22nd, 2022

State-by-state breakdown of 76 hospital closures

Ayla Ellison (Twitter) - Thursday, July 14th, 2022

OhioHealth to eliminate 637 jobs in its biggest layoff ever

Mark Williams and Max Filby The Columbus Dispatch

Published 1:51 p.m. ET July 7, 2022 | Updated 3:53 p.m. ET July 7, 2022

What about “Global Budgeting?”

- Fixes a portion of revenue, but does not allow for variation of expense
- Small facilities are more susceptible to fluctuation in expenses than changes in revenue (Maryland)
- Increases risk for hospitals with high fixed expenses



Workforce: The Key to Expenses and Quality Care



- Hospitals are short personnel in all positions, especially across all clinical roles
- As agency labor costs remain elevated, access to services will be at risk
- “Growing our own” hospital workforce, particularly in rural areas, as well as recruiting will be a must



With Your Help

Solutions for New Mexico

Solutions for New Mexico

- **Stable Medicaid funding**
Expendable trust to deal with the impending enrollment cliff; no cuts to provider rates
- **Supplemental Payment Program that encourages access**
HAP/TAP, obstetric care
- **Workforce investment**
Make permanent the funding for nursing programs, fund other clinical roles, RT grant, Expendable Trust
- **Workforce recruitment**
Military licensure crosswalk, funding for loan repayment program/s for more types of clinicians
- **Physician recruitment and retention**
Medical Board licensure process funding, physician compact, increased loan repayment





Thank you

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