

HealthINSIGHTS 2010

Greater Cincinnati Health Council

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Executive Summary

The past year has been one of significant upheaval in the local hospital industry. Area hospital ownerships and affiliations have been changed, called into question or put up for sale. The prolonged recession has precipitated a host of challenges for local hospital leaders, including record levels of bad debt and charity care, shrinking balance sheets, tightening or reductions in hospital staff positions, and delays or cancellations of capital improvements. The state of Ohio's new tax on hospitals – a \$145 million loss for hospitals across the state – is just one sign that provider belt-tightening will continue for the foreseeable future.

At the same time, all eyes are on Washington. The question there and across the country is not whether significant health reform is needed but rather what it will look like when all the wrangling in our nation's capital comes to a close. Despite an air of uncertainty over the last twelve months, local achievements have been significant, and in many respects, the Cincinnati area is beginning to be recognized as a leader in already embracing many aspects of the cornerstones of reform. Tristate hospitals are collaborating to improve quality, addressing disparities in care, working to lower costs, embracing transparency and adopting improvements in their technology infrastructure, all tenets of national health reform proposals. In addition, the Health Improvement Collaborative's Aligning Forces for Quality initiative, which seeks to enhance quality of care for all in the Tristate, is gaining steam: a public report on physician performance, for example, will be released to the community in mid-2010.

Agenda 360, an action agenda for four counties in southwest Ohio (Hamilton, Warren, Butler and Clermont), spearheaded by the Cincinnati USA Regional Chamber, is now underway to maximize the region's talent, jobs and economic opportunity. It is designed to align with Northern Kentucky's Vision 2015 as well as planning in southeast Indiana. The agenda's "Inclusion" component will work to improve health care access and coverage and advance a culture of inclusion that cultivates the richness of a diverse community.

Americans are living longer, and they're worried about how they will afford health care expenses as they age. A study released just six months ago showed more Americans concerned about losing their health care (69%) than losing their jobs (37%). These worries may be well-founded, as the number of those without health insurance has surpassed 46 million people. Local hospitals have supported efforts to get more people covered and have jointly and voluntarily developed billing and collection guidelines and a common financial aid form. At the same time, almost daily reports confirm that too many Americans have not embraced healthy lifestyles, and many leaders are calling for more emphasis on chronic disease prevention. Even an emphasis on prevention has its naysayers, however, and debate continues as to whether increased spending on prevention will indeed lower costs over the long haul.

As one means to stave off even deeper hospital budget cuts in the future, the American Hospital Association in July joined the Catholic Health Association and Federation of American Hospitals in an agreement with the White House and Senate leaders that would reduce Medicare and Medicaid hospital payments by \$155 billion over ten years, with those reductions tied to expanding coverage to 95% of Americans.

Area hospital investment in health information technology is an important – and growing -- piece of facility budgets. The federal government is pushing the adoption of electronic medical records as a means to improve efficiency, quality and safety and to decrease costs. Several local systems this past year have adopted such systems, or announced their intent to do so in the future. Hospitals are also tapping into social media to reach consumers in new ways, and more attention is focusing on how to help consumers to be more savvy health care decision-makers.

Competition in the Cincinnati area health care marketplace is acute, and new venues to deliver care are proliferating. "Convenience clinics" are in place in a number of retail outlets in the Tristate, and physician-

based surgery centers and the like are proliferating. Competition is also increasing between Tristate hospitals and those in the Dayton area, as is clearly evident along the I-75 corridor in Butler and Warren counties.

Hospital/physician relations are becoming more complicated, and area hospitals are both bringing physician groups into their systems and collaborating on joint ventures. This is in response, at least in part, to direct competition from physician-owned facilities not aligned with a hospital. Signs that some surgery patients are choosing physician-owned “niche” facilities for their care are evident in local hospital utilization statistics. Debate has heated up over the past few years as to the long-term effect physician-owned facilities might have on the ability of community hospitals to deliver a full range of care as well as continue to serve as a health care safety net; the American Hospital Association supports a ban on physician self-referral.

On the workforce front, what one health care forecaster calls a “human resource crisis of unprecedented magnitude” is awaiting the health care system when baby boomer caregivers leave their jobs in full force, despite current reductions in number of open positions. Short-term solutions used in the past to address cyclical shortages may not work, and astute hospital leaders will be looking at technology-based transformations that focus on how care is delivered, along with work redesign and a strong emphasis on retaining existing workers as long as possible.

A look at the local health care environment reveals the following:

- The population of the core Cincinnati/Hamilton County area is holding its own, but the real population growth centers (with the exception of western Hamilton County) continue to be Warren and Butler counties in Ohio and Boone County in Kentucky. (See *population charts, pages 42, 43, 44 and 45.*) “Job sprawl” is also at work in the area as employment moves out of the city core and into the surrounding areas. The population in the GCHC membership area grew slightly over the last year to 2,235,551 residents. GCHC member hospitals recorded 30,892 live births in 2008. (See *Graph A, page v.*)
- Health care planners are responding in force to these population shifts. Many new construction projects have been completed or announced over the last few years in western Hamilton County and along the I-75 corridor between Cincinnati and Dayton as well as along I-75 in Northern Kentucky.
- Locally, the economic downturn has resulted in higher unemployment rates across the area, ranging from a low of 9.7% in Boone County to a high of 16.5% in Highland County, yet the local chamber reports jobs are still being created in the area. Jobs in health care, along with education jobs, are among those predicted to show the biggest gains in the foreseeable future.
- The number of patients coming to area hospitals for treatment has increased slightly over the past five years, but from 2007-2008 the number of inpatient days increased only slightly, as did the number of hospital discharges. Inpatient surgery volume declined, but outpatient surgeries have steadily risen over the past five years. Emergency department visits surpassed one million in 2008 for the first time. The number of staffed beds in the area has risen in recent years. The community in 2008 had a total of 4,694 staffed beds.
- The local hospital marketplace is experiencing significant change. With the likely departure of Jewish and Fort Hamilton Hospitals, three hospitals would remain in the Health Alliance (University, West Chester Medical Center and Drake), leading many to wonder if the Alliance system will survive. Other hospitals are experiencing severe financial strain and are looking for buyers or partners. These include Brown, Clinton Memorial and Deaconess. For the first time, a real possibility exists that one or more of these acute care hospitals may end up as a for-profit hospital.

- At the same time, West Chester Medical Center opened its \$225 million facility in May, joining Atrium Medical Center, Cincinnati Children's Hospital Medical Center's pediatric outpatient center, and Lindner Center of HOPE in the growing area between Cincinnati and Dayton. The Jewish Hospital will become part of Mercy Health Partners, St. Elizabeth has a new outpatient and emergency facility open in Covington, and a new full-service hospital will replace Mercy Mt. Airy and Mercy Western Hills on Hamilton County's west side. Good Samaritan will also build a comprehensive outpatient center in the area. Still, hospitals are feeling the effects of a prolonged recession and are facing declining investments, endowments and revenue streams; rising costs, record amounts of bad debt and uncompensated care, and shrinking balance sheets; some are delaying capital projects and a few have announced staff layoffs over the past twelve months.
- Hospitals are paying unprecedented attention to quality and patient safety. New initiatives such as the Physician Impact Project, and ongoing efforts, such as the Hospital Quality Improvement Project, are key collaborative efforts underway to foster community-wide hospital change. Hospitals are heeding the call for zero medical errors, and the government will no longer pay for preventable mistakes. Cincinnati area hospitals are leaders in the transparency effort in the state of Ohio having voluntarily and publicly posted their outcomes data for heart attack, heart failure and pneumonia several years ago. The Centers for Medicare and Medicaid Services (CMS) is now also publicly reporting additional measures, including patient experience and hospital readmission rates. Hospitals are also under increasing pressure to report rates of hospital-acquired infections, and there are growing numbers of requirements across the country to do so. Locally, discussion continues on the best way to approach all of the calls for quality reporting that are indeed proliferating
- Employers are calling for transparency on every front, including making true costs more visible to health care consumers and providing performance data to guide consumer decision-making. Local hospitals are partners in many collaborative efforts to educate the public in these areas. Employees continue to carry more health care costs through deductibles and co-pays, including the costs associated with a consumer directed health plan or a health saving account, which are gaining market share among insurance purchasers.
- The Tristate physician community is also experiencing a period of enormous change. An emphasis on primary care and prevention is causing concern that there will not be enough of these general care professionals in the future, and the area is already experiencing a shortage of certain physician specialties. Physician-hospital relations are changing with the advent of hospitalists and private ventures such as physician-owned specialty hospitals and diagnostic centers. Hospitals, including those locally, are also increasingly employing physicians directly.
- Estimates of the number of uninsured individuals in the Tristate range from between 11% and 13%, but few argue that the number has been growing. Hospital uncompensated care numbers are rising as a result. Area hospitals provided \$276 million in uncompensated care at cost in 2008.
- Not-for-profit hospitals filing tax returns must now adhere to the requirements of the new Form 990, which is meant to put pressure on hospitals to be both more financially transparent and at the same time more accountable for the benefits they receive as tax-exempt organizations. In recent years, legislators at all levels have begun to demand that hospitals demonstrate compliance with community benefit standards. In the Tristate, hospitals offer a wide range of community education, health screenings, social services, support groups and similar activities in addition to charity care.
- Hospital and health leaders throughout the Tristate are paying more attention to health disparities. Most are involved in the Health Improvement Collaborative's Aligning Forces for Quality effort that will address equity and language issues and their effects on quality of care. (The Health Council is leading

this local effort on behalf of the Collaborative with an initial aim to standardize collection of REL (race, ethnicity, language) data in the community. Locally, the Limited English Proficiency Task Force has for years been assisting hospitals to improve services to non-English speaking patients.

- H1N1 is high on the radar screen of local hospitals as they gear up for the possibility of having to treat a multitude of both seasonal and swine flu cases, along with the possibility that workers may be off due to their own family illnesses. They are also making contingency plans should available bed capacity become scarce. The Health Council is coordinating community-wide work in partnership with local health departments to address these issues.
- Long-term care facilities in the Tristate continue to share many similarities with hospitals in terms of the major issues they are addressing on a regular basis. These include workforce shortages, declines in reimbursement and improvements in patient safety and quality.