THURSDAY, APRIL 24, 1986

6:30 p.m. Social Hour	Bethany Medical Center Annual Banquet Constitution Convention Center in Kansas City. Approximately 220 people
7:00 p.m. Dinner	Guest speaker will present a program on indigent care

INDIGENT CARE

TALKING POINTS

- SINCE 1965, WITH THE PASSAGE OF MEDICARE AND MEDICAID, THE FEDERAL GOVERNMENT HAS PLAYED A MAJOR ROLE IN EFFORTS TO ALLEVIATE THE BURDEN OF PROVIDING HEALTH CARE SERVICES FOR UNINSURED POPULATIONS.

- WHILE PROGRESS HAS BEEN MADE, WE STILL NEED TO CONTINUE OUR EFFORTS TO STRIKE A BALANCE BETWEEN THE FEDERAL, STATE AND LOCAL ROLE IN CARING FOR UNINSURED OR UNDER INSURED PEOPLE.

- I SPONSORED LEGISLATION THAT NOW ENABLES HOSPITALS TO RECEIVE AN ADDED MEDICARE PAYMENT FOR THE CARE THEY DELIVER TO THE ELDERLY POOR (THE SO-CALLED DISPROPORTIONATE SHARE ADJUSTMENT.

- OUR HOSPITALS THAT SERVE A LARGE PORTION OF THE POOR ELDERLY MAY NOW RECEIVE UP TO A 15% INCREASE IN THEIR PAYMENT RATES TO RECOGNIZE THE DOCUMENTED HIGHER COSTS ASSOCIATED WITH THIS POPULATION.

- ALSO LEGISLATION HAS BEEN RECENTLY PASSED TO MAKE IT EASIER FOR RECENTLY UNEMPLOYED WORKERS, WIDOWS, AND THEIR DEPENDENTS TO CONTINUE THEIR HEALTH INSURANCE COVERAGE, AT GROUP RATES, FOR UP TO THREE YEARS.

- THE PROBLEM OF THE UNINSURED AND THE UNDERINSURED WILL CERTAINLY BE THE SUBJECT OF CONTINUING CONCERN AT ALL LEVELS WITHIN THE PUBLIC AS WELL AS THE PRIVATE SECTOR.

- Attention is being given to ways to fill in the gaps and provide access to health further

MEDICARE TALKING POINTS

- From 1977 to 1983, Medicare hospital expenditures grew at an average annual rate of 16.7 percent, in contrast to a 13.9 percent increase in overall hospital funding. In 1984, Medicare growth in hospital spending slowed to 9.6 percent, and growth in total expenditures for hospital care slowed even further to 6.1 percent. Inflation, particularly in the medicare program, was way out of line.

- By 1982, a no-growth economy, rampant health care inflation and loans to the social security trust fund placed the hospital insurance trust fund in extreme jeopardy. At that time, the program was expected to go bankrupt in only two years. Reforms adopted over the past several years, have put off the threat of bankruptcy of the medicare trust fund until the mid 1990's. We are still not out of the woods.

- On average, more than $3,000 per person was paid in 1984 for the 21 million people receiving medicare benefits.

- All participants in the system, beneficiaries, hospitals, physicians, nursing homes and other providers, can contribute to ongoing fiscal prudence and these savings can be accomplished in a fair and equitable fashion, again, by reducing the rate of growth of expenditures, not the benefits.

- With regard to future medicare expenditures, over the next three fiscal years, 1987-1989, the Federal Government will spend an estimated $255 billion on the medicare program. This is the highest level of funding for this program in our Nation's history. The savings goal assumed in the 1987 Senate budget over the next 3 years, $5.8 billion, seems quite reasonable given the size of the program and new incentives to enhance efficiency.

- In 1985, the rate of increase in health care costs decreased to an estimated 7.5% down from the 12.8% increase seen in 1982. Inflation in the health care sector has gone from triple to double that found in the rest of the economy. Without changing benefts, we have had a sizable and beneficial impact on the stability of the Hospital Insurance Trust fund. We are making progress, but we can still do better.

RURAL HOSPITALS

Rural hospitals continue to struggle with the prospective payment system. These difficulties arise as a result of a number of factors:

1. Decreasing volume of patients, lower reimbursement levels, high census variation, and decreased length of stay.

2. Continuation of the difference in the DRG payments to urban vs. rural hospitals.

   An HHS report on the feasibility and impact of elimination or phasing out separate rates was due at the end of 1985. You have written a letter to the Secretary urging the release of that report.

3. Increasing number of very sick elderly patients resulting in higher average costs which generally exceed the DRG payment.

The hospitals are, of course, unhappy with limits being placed on their DRG payments and are worried about the Administration's proposal for the budget, capital payment, and tax exempt bonds. They will urge you to support the Dominici-Chiles budget.

Dole Initiatives:

1. Supported special efforts to recognize the unique needs of these hospitals when the medicare prospective payment system was enacted by providing for special treatment for regional referral centers and sole community providers. Also responsible for asking for study on rural vs. urban hospital rates.

2. Helped create the swing bed program that enables rural hospitals to use their beds for skilled nursing care as well as acute care.

3. Introduced legislation that enables rural hospitals to receive an added payment under the prospective payment system if a significant portion of their care is provided to the elderly poor (so-called disproportionate share adjustment).

4. Founding member of the recently formed Rural Health Care Caucus, dedicated to working toward maintaining access to health care services by those living in rural areas.

April 14, 1986

Bethany Medical Center
51 N. 12th St.
Kansas City, KS 66102
CONTACT: Kristen Wilson, 281-8753

FOR IMMEDIATE RELEASE: **Indigent Care is the Topic at Bethany Medical Center's Annual Dinner**

Health care for the medically needy will be the topic at Bethany Medical Center's Board of Trustees Annual Dinner on Thursday evening, April 24. Mr. Henry Bachofer, Director of Health Policy and Hospital Finance for the American Hospital Association will be the speaker.

The health care of indigent patients is a growing concern for hospitals and legislators both locally and nationally. The Kansas Hospital Association and the American Hospital Association have made indigent care their priority this year. "It's a national problem," says Fred Dunmire, Chairman of the Board of Trustees of Bethany Medical Center, "and we are not an exception."

As Medicare deductibles increase, as public health care programs are slashed, as the number of people who can't afford private insurance coverage increases, many hospitals must provide an increasingly large patient population with free care.

Bethany officials project that if the situation continues unchecked, the amount of indigent care they provide would grow by 15 percent every year.

Bethany Medical Center is meeting the challenge in part through cost reduction and by producing new sources of revenue. Through energy conservation measures, Bethany Medical Center saved $135,000 in 1984-85 compared to 1983-84. Three intensive care units were consolidated into two units, an action saving many thousands of dollars. The Medical Center's employees are rewarded through the Idea Bank, for suggesting ways to improve operations or cut costs. And additional cost conservation measures are saving the Medical Center hundreds of thousands of dollars each year.

-more-

"Altogether, Bethany made $4 million in cost reductions last year," reports John Rynard, Senior Vice-President and Chief Financial Officer, "but there is a point when you can't take anymore cuts. And I feel we've reached that point."

In December 1985 the Board of Trustees of Bethany Medical Center appointed a committee to study the growing demands of indigent care at Bethany and make recommendations. Since that time, the Patient Accounts Department was studied intently by outside consultants to insure the effectiveness of Patient Accounts procedures, and a new credit and collection policy was developed. "We've done as much as we can internally," continued Millard. "Eventually we'll be looking to the community and the State of Kansas for help."

Because of the population it serves and its location, Bethany's challenges are probably different from virtually any other hospital in the metropolitan area. "Almost half of Bethany's patients are Medicare patients," explains John Millard, President. "We are accustomed to serving the health needs of this elderly population. And at the same time we are in a unique setting in which our surrounding neighborhoods by and large are economically well below the community average."

Of the 148,000 people eligible for Medicaid in Kansas, 11 percent live in the four zip code areas surrounding Bethany Medical Center: 66101, 66102, 66103 and 66104. Nearly 20 percent of the total patients at Bethany (more than any other hospital in the state) are Medicaid patients. "What makes the situation especially difficult," says Millard, "is that Medicaid payments to hospitals do not cover the hospital's costs of providing care. For each Medicaid patient we care for at Bethany we are paid only 60 percent of our costs on the average."

-more-

Other issues compound the financial burdens placed on hospitals like Bethany:

- Often uninsured or poor patients postpone seeking any kind of medical attention until they are seriously ill, requiring the hospital to provide extraordinary and expensive medical services to bring them back to good health. The fixed payments provided by Medicare and Medicaid that might have covered a routine hospital stay do not come close to paying the medical costs of an acutely ill patient.
- Insurance deductibles are rising dramatically. Medicare deductibles are rising. A growing number of patients are unable to pay for their deductibles.
- Many people assume that almost everyone has some type of coverage--private insurance, Medicare or Medicaid. That's wrong. In 1984 Medicaid covered less than 40 percent of the poverty population compared to almost 70 percent when the program started 20 years ago and the number keeps shrinking.

Many employed people are not insured. In 1983 about 9.2 million employed people were uninsured. Adding the 11.7 million uninsured dependents of those employees makes the figure jump to 20.9 million. In most cases with small businesses, even when health benefits were offered, the plans were inadequate and were less likely to include families in the coverage.

In 1983, a total of 32.7 million people had no health insurance and another estimated 17 million had inadequate or intermittent insurance. Together the uninsured and underinsured represent about 25 percent of the non-elderly U.S. population. Of the 32.7 million uninsured 21.2 million (75%) are poor, with incomes below or less than twice the poverty level.

-more-

"These are complex health care issues, to be sure," continues Millard. "But they don't belong solely to the hospitals. These issues, and the pressures they bring about, belong also to the city, the county and the state.

"Since Bethany opened in 1892, we've had a commitment to caring for patients who are unable to pay and we want to continue that commitment. In order to do so we're going to need help."

Approximately 250 people--legislators, civic leaders, physicians and Bethany Medical Center directors--are expected to attend the annual dinner. The dinner and program are scheduled to begin at 6:30 p.m. at Constitution Convention Center, 500 Minnesota Avenue, Kansas City, Kansas.

###