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TRENDWATCH

Essential Access — Broadening the Safety Net *June 2000, Vol. 2, No. 2*

Despite the country's recent unparalleled economic expansion, certain populations continue to lack access to essential health care services. Many believe that the historical "safety net" addresses this issue. But, the safety net may be too narrow a concept to encompass the provision of "essential access" — a concept that is based on the services delivered, rather than on the characteristics of the facility.

Essential access is about more than providing needed medical care — it is about *how* and *to whom* those services are provided. Essential access is defined by the community of individuals who rely on those services and by the infrastructure required to meet their needs. It is also linked closely to the special characteristics and needs of a particular community's culture, language, and socioeconomic status.

While traditional funding for these services is crumbling, demand for these services continues to increase as the number of uninsured grows. The number of uninsured has increased at a rate of roughly 10 million persons every decade. At this rate, the number of uninsured will grow to about 54 million persons by 2007, about 19.1 percent of the population. Some of the uninsured are undocumented people, illegal immigrants, which poses additional health and access issues, especially in states like New York, Texas, and California.

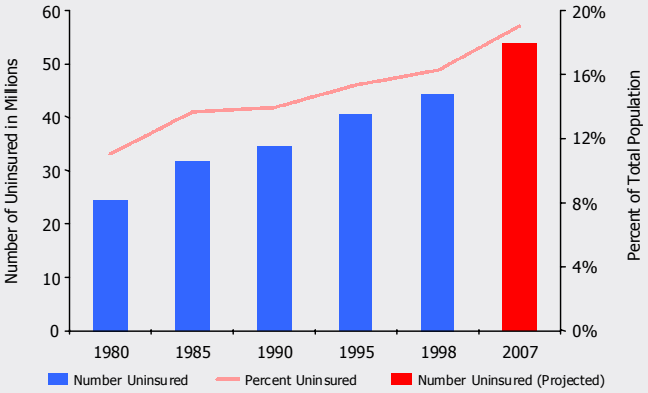
This issue of TrendWatch explores the populations at risk and the configuration of services and associated providers.

"They may be illegal residents, but if they work here, they pay taxes here. And if they pay taxes here, they should receive some services. If their house burns down, the fire department is not going to say, 'We won't put it out because you're not a legal immigrant.'"

- Harold Ostrow, Palm Beach County Health District Board Member, in reference to allowing undocumented immigrants to receive hospital benefits. The Sun-Sentinel, May 2000

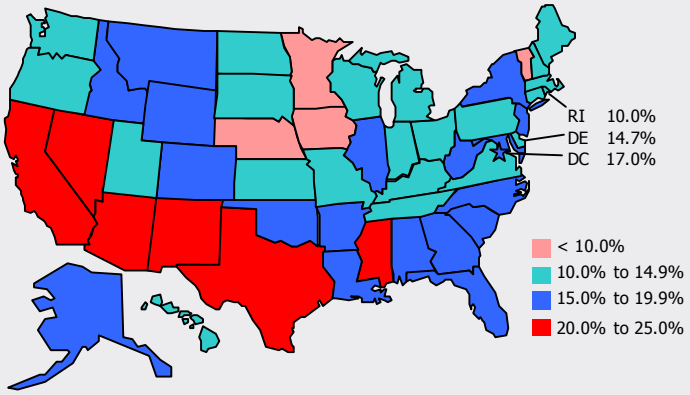
Even with a booming economy and low unemployment, a growing number of Americans are uninsured...

Chart 1: Total number and percent uninsured, 1980 to 2007



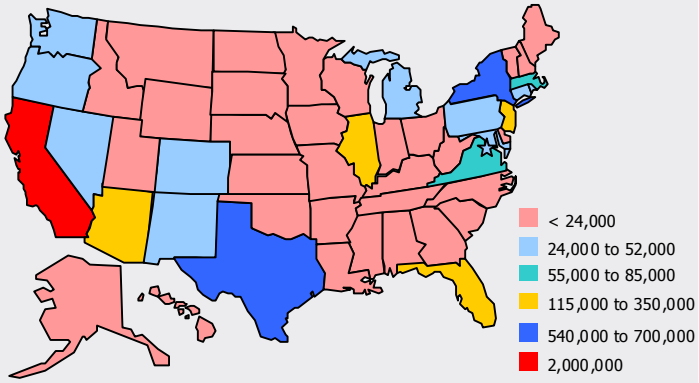
With the percent uninsured highest in the Southwest.

Chart 2: Percent uninsured by state, 1998



Additionally, around 5 million undocumented people, most of whom are poor, are in the US.

Chart 3: Estimate of undocumented people by state, 1996



The Risk of Being Uninsured is Growing

The percent uninsured increased from 12.9 percent to 16.3 percent from 1987 to 1998. The erosion of employment-based health benefits contributed to the increase in the uninsured between 1987 and 1993, while enrollment declines in public programs such as Medicaid is the leading explanation for the recent increase in the uninsured between 1993 and 1998. Populations most at risk of being uninsured include the poor, people with part-time employment, people who are self employed or those working for businesses with less than 100 people, minorities, and people in non-traditional families.

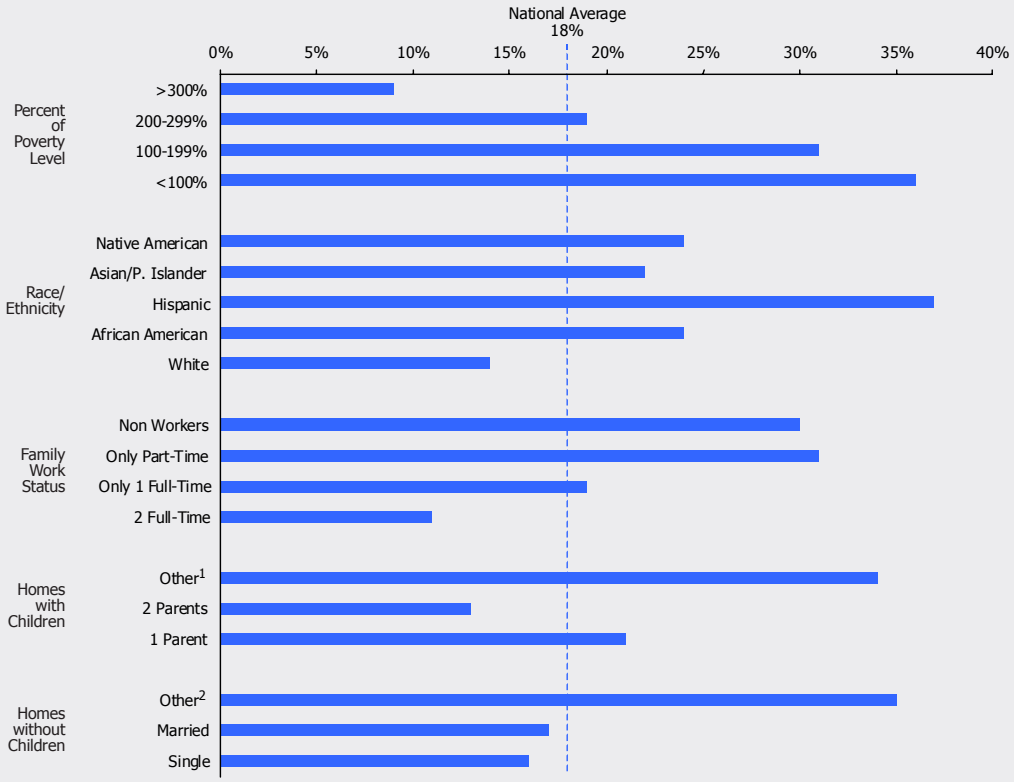
Lack of health insurance also leads to poorer health outcomes:

Uninsured compared with insured are more likely to experience *avoidable* hospital admissions:

- Up to 2.8x more likely to be hospitalized for diabetes
- Up to 2.4x more likely to be hospitalized for hypertension
- Up to 1.6x more likely to be hospitalized for pneumonia
- Up to 1.6x more likely to be hospitalized for a bleeding ulcer

Minorities and the poor are at the greatest risk of being uninsured.

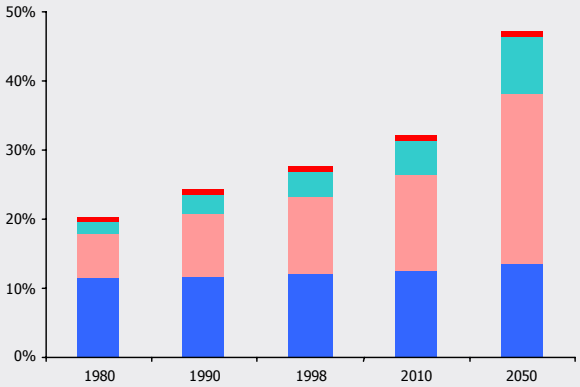
Chart 4: Percent of non-elderly uninsured by category, 1998



1) Families with at least three generations in a household or families where adults are caring for children other than their own (e.g., a niece living with her aunt).
2) Single adults living together

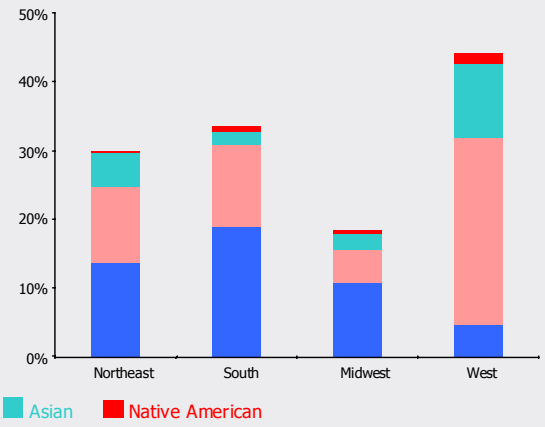
And some of these groups are growing...

Chart 5: Increasing diversity of the US, 1980 to 2050



Especially in the West and South...

Chart 6: Projected population diversity in 2010 by region



Unmet Needs in Areas with "Overcapacity"

Policy makers frequently note that there is considerable excess capacity in our nation's health care system. However, large pockets of undercapacity and unmet health care needs remain in the United States. Many rural hospitals, which are often the only providers in their areas, determine the level of access for millions of people to hospitals and a number of other health care services. There are hundreds of rural areas that lack the appropriate number of health care professionals to serve the primary care needs of the local population. These areas, designated Health Professions Shortage Areas (HPSA), are also located within major cities and near major hospitals and clinics.

Inpatient occupancy is low in the US and there is an excess of physician specialists...

Chart 7: Hospital occupancy in 1998 by state

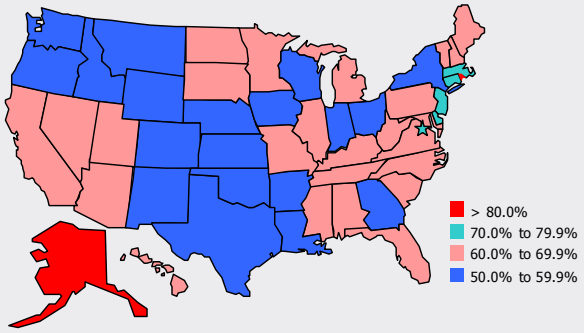
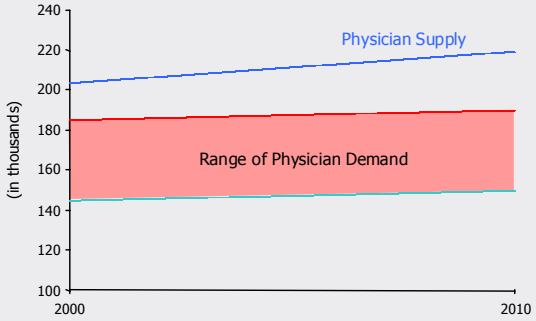
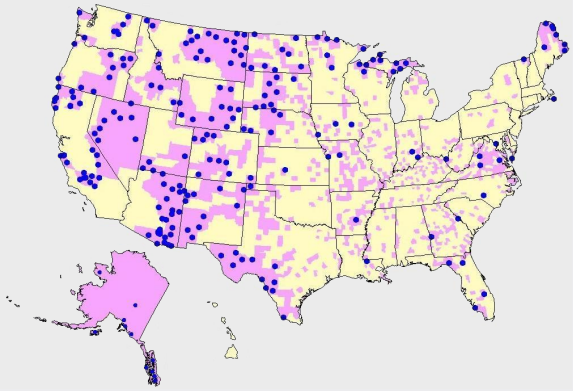


Chart 8: Comparison of physician supply and demand



However, for up to 17 million people, if their local hospital closed, travel time to the nearest hospital emergency room could possibly double.

Chart 9: Map of community hospitals that are 35 miles or farther from the nearest hospital



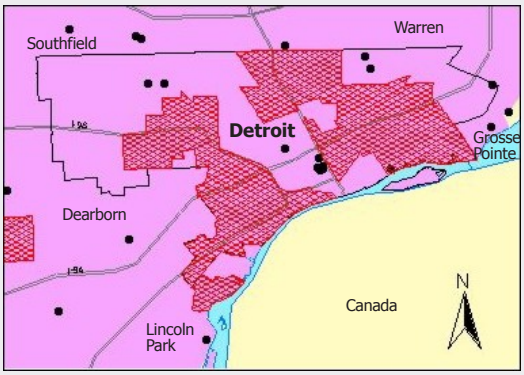
- Estimated population of the shaded ( ) counties is 17.7 million
- 161 hospitals identified

Hospital

US counties with no hospital or with a hospital that is 35 miles or farther from the nearest hospital

Health professions shortage areas (HPSA) exist in the middle of major cities.

Chart 10: Map of Detroit area showing federal primary care HPSAs and community hospitals



- Approximately 500,000 people live within Detroit HPSAs;
- At least 30% have incomes below the poverty level.

Primary Care HPSAs

Detroit and Surrounding Area

Interstate Highways

Hospitals

"And the big problem is, if a hospital folds, it's only a matter of time before the doctors leave. Then you have no access at all. In the demand for short-term lower prices we're risking long-term stability."

- Alice James, Rural Systems Manager with the state of Washington's Office of Community and Rural Health. Spokesman-Review, June 1999

A Hard Population to Serve

The uninsured and underserved are often more vulnerable than the general population and need special services to wrap around the health services they receive. These special services, often referred to as enabling services, are the links between receiving stable health care services and getting access to basic living needs. In addition to providing health services, hospitals are major community partners in providing enabling services. For many, the hospital emergency department is the place where they not only receive care, but also get access to and information about prescription medicines, counseling services, public assistance, and many other social services.

"Allina supports this program (community clinic to provide breast cancer screening for Hmong and Latina women) because several studies have found that Southeast Asian and Latina women are among the least likely to receive a mammogram."

- Theresa Meuers, project manager of breast cancer clinical initiatives of Allina Health System, based in Minnetonka, Minnesota.

Reasons are: language can be a major barrier to getting mammograms for Southeast Asian and Latina women who don't speak English. There also are cultural barriers for those Southeast Asian and Latina women who are unfamiliar and uncomfortable with health care services. Modesty and privacy issues are especially important to older women. Poverty and lack of transportation are other common barriers for these populations.

-Allina press release, February 1999

Without insurance, people are much less likely to have a regular place to go when they need care and many turn to the hospital emergency room as their only option…

Chart 11: Percent of non-elderly adults without a usual source of care by insurance status, 1997

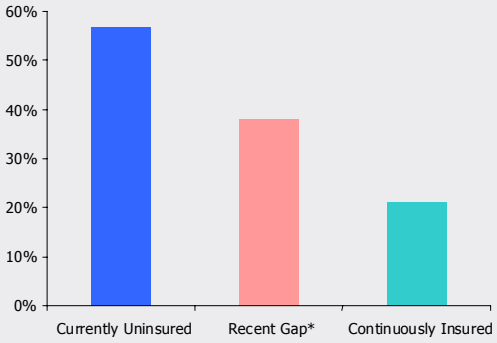
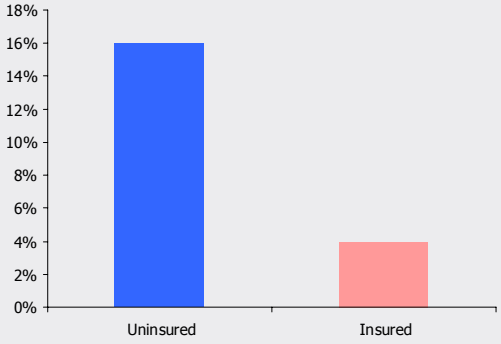


Chart 12: 16% of the uninsured consider the hospital emergency department as their usual source of care, 1997



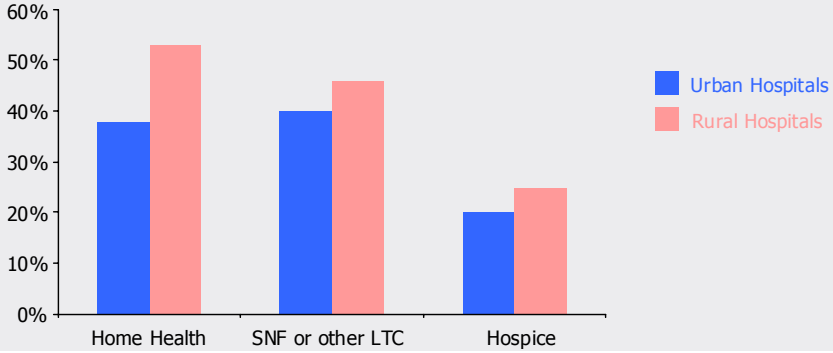
**Respondent currently insured, but was uninsured sometime in past 2 years.*

Many non-medical "wrap-around" services are essential for the poor, minorities, uninsured, and other underserved populations…

Chart 13: Enabling services that vulnerable populations need

Because they are often the sole source of health care, rural hospitals are more likely to provide other non-hospital services than urban hospitals.

Chart 14: Percent of hospitals offering"non-hospital" services for rural and urban hospitals, 1998

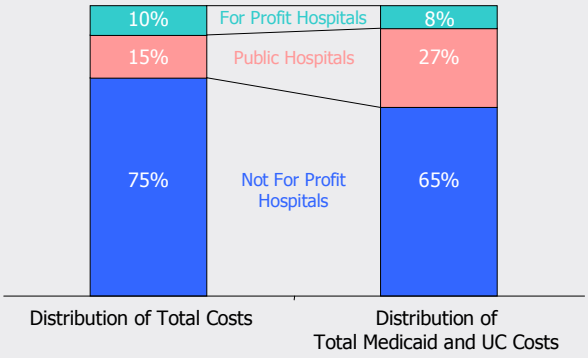


Local Communities Provide Health Services to the Poor and Uninsured in Different Ways

America's safety net is often thought of as one big network of similar providers with common patient populations and funding mechanisms. However, the provision of essential access services is, by its very nature, a local, community-based issue. Communities have designed and implemented very different methods of providing for the needy in their individual communities. Some have turned to local governments and others to charitable organizations.

Public hospitals provide a proportionately greater share of Medicaid and indigent care, but the majority of care to the poor is provided by not-for-profit hospitals.

Chart 15: Distribution of total hospital costs and total Medicaid and uncompensated care (UC) costs by type of hospital, 1998



Different communities have served the uninsured and poor in different ways: some with public hospitals & health systems bearing the primary responsibility and others with care for the poor spread among many hospitals.

Chart 16: Houston is an example of an area that relies on a public hospital

Chart 17: The Detroit area distributes indigent care among a larger group of hospitals.

Houston MSA

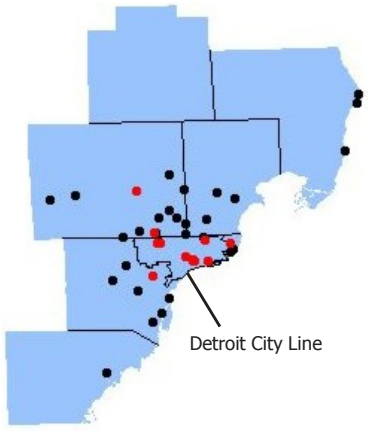
- Houston has 51 hospitals
- One public hospital provides 36% of the area's Medicaid and uncompensated care
- Together five hospitals provide 70% of the area's Medicaid and uncompensated care

Legend:

- Hospitals that together provide 70% of total Medicaid and uncompensated care costs
- Other Hospitals

Detroit MSA

- Detroit has 44 hospitals
- Detroit has no public hospitals
- Thirteen hospitals combine to provide 70% of the Medicaid and uncompensated care in the Detroit area



Legend:

- Hospitals that together provide 70% of total Medicaid and uncompensated care costs
- Other Hospitals

"America's safety net is neither secure nor uniform. Rather, it varies greatly from state to state and from community to community, depending on the number of uninsured people, the local health care market, the breadth and depth of Medicaid and other programs directed at the poor and uninsured populations, as well as the general political and economic environment."

- America's Health Care Safety Net, Institute of Medicine, March 2000

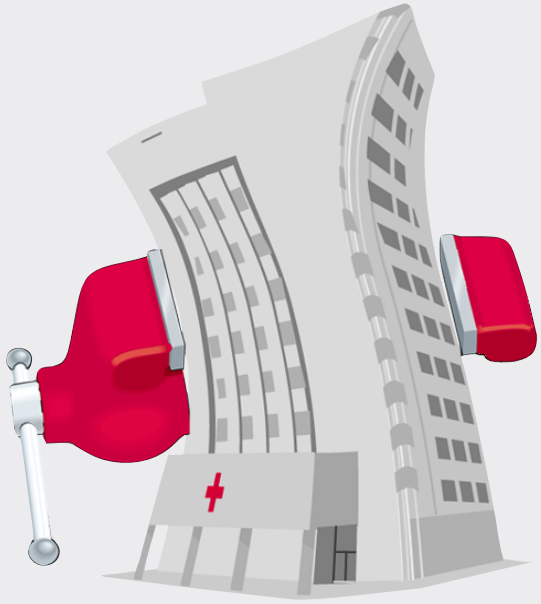
How Can Policy-makers Protect Access to Essential Services?

For many communities across America, hospitals are the most important community partners providing essential access to services. Many of these hospitals face precarious financial futures. The number of uninsured continues to grow. Provider payment reductions for Medicare bad debt and Medicare and Medicaid disproportionate share have reduced the financial support that allows hospitals to provide services to people who are unable to pay. Additional Medicare and Medicaid payment reductions in the Balanced Budget Act of 1997 and constraints in managed care payment continue to financially pressure hospitals. Finding a means of providing essential health care services to poor, uninsured and underserved populations while maintaining financial stability for health providers, and ultimately the community, is critical in supporting essential services for vulnerable populations. However, appropriate funding for essential services raises many policy issues. In fact, even if we had a system of universal insurance for all people there would still be vulnerable populations with health and access issues.

"The evidence suggests that the holes in the safety net are getting bigger. In areas where managed care is more highly developed, it is more difficult for uninsured persons to get care."

- Peter J. Cunningham, Center for Studying Health System Change, March 1999

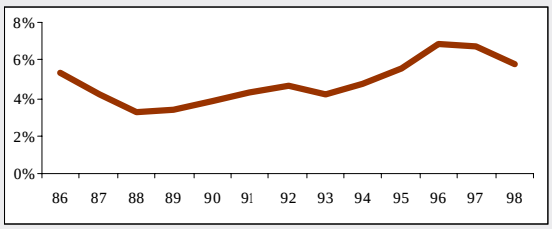
- Is America's safety net of essential services at risk?
- How will the expansion of Medicaid managed care impact traditional subsidies and the overall financial viability of essential access providers?
- How can federal policies support the provision of essential access services while recognizing the variability in community approaches?
- How can the mismatch between excess capacity and unmet need be addressed in a way that controls cost while maintaining the capacity required to handle needs during high demand cycles and emergencies?
- How can the role of rural hospitals be enhanced to ensure access to essential services?



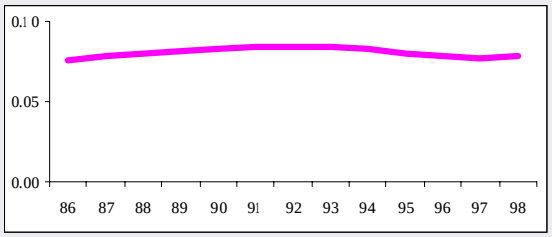
Stats to know

Hospital Sector

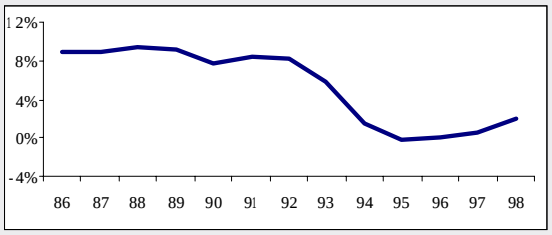
Total Margin: 86 to 98 Trend	1996	1997	1998
	6.8%	6.7%	5.8%



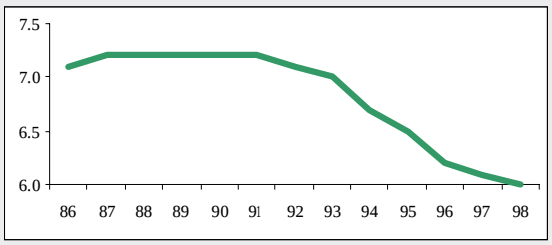
FTE per Adjusted Admission: 86 to 98 Trend	1996	1997	1998
	0.08	0.08	0.08



Percent Change in Expense per Adj. Admission: 86 to 98 Trend	1996	1997	1998
	0.2%	0.6%	2.0%

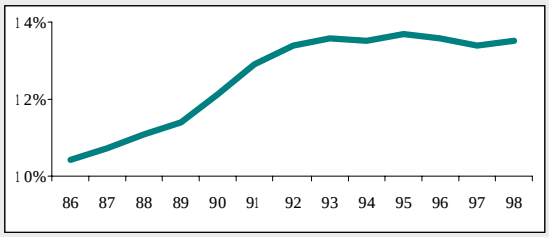


Average Length of Stay (in Days): 86 to 98 Trend	1996	1997	1998
	6.2	6.1	6.0

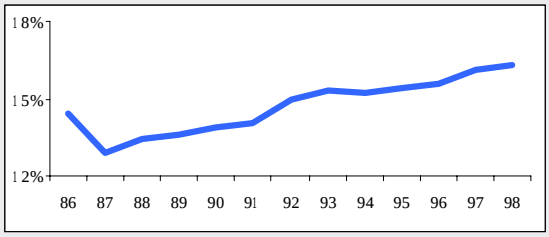


Healthcare Industry

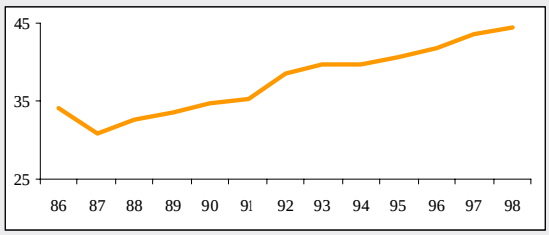
National Health Expenditure as a % of GDP: 86 to 98 Trend	1996	1997	1998
	13.6%	13.4%	13.5%



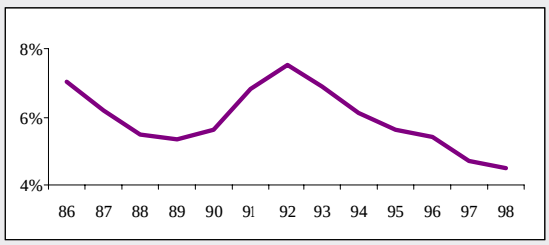
Percent Uninsured: 86 to 98 Trend	1996	1997	1998
	15.6%	16.1%	16.3%



Number Uninsured (in Millions): 86 to 98 Trend	1996	1997	1998
	41.7	43.4	44.3



Percent Unemployed: 86 to 98 Trend	1996	1997	1998
	5.4%	4.7%	4.5%



Sources:

Chart 1: The Lewin Group analysis and U.S. Bureau of the Census
Chart 2: U.S. Bureau of the Census
Chart 3: Illegal Alien Resident Population, Immigration and Naturalization Service
Chart 4: *Uninsured in America*, A Chart Book, The Kaiser Commission on Medicaid and the Uninsured, May 2000
Chart 5: *Health & Health Care 2010*, The Forecast, The Challenge, Institute for The Future
Chart 6: *Health & Health Care 2010*, The Forecast, The Challenge, Institute for The Future
Chart 7: The Lewin Group Analysis of AHA data
Chart 8: *Health & Health Care 2010*, The Forecast, The Challenge, Institute for The Future
Chart 9: The Lewin Group Analysis and Mapping of AHA and 1999 US Census Bureau data
Chart 10: The Lewin Group Analysis and Mapping of AHA, Health Resources and Services Administration (HRSA), and 1999 US Census Bureau data
Chart 11: *Uninsured in America*, A Chart Book, The Kaiser Commission on Medicaid and the Uninsured, June 1998
Chart 12: *Uninsured in America*, A Chart Book, The Kaiser Commission on Medicaid and the Uninsured, June 1998
Chart 13: The Lewin Group
Chart 14: The Lewin Group Analysis of 1998 AHA data
Chart 15: The Lewin Group Analysis of AHA data
Chart 16: The Lewin Group Analysis and Mapping of 1998 AHA data

Sources for "Stats to Know":

Total Margin: AHA Annual Hospital Survey, 1986-1998
FTE/Adjusted Admission: American Hospital Association Annual Survey, 1986-1998
Percent Change in Total Expense per Adjusted Admission: American Hospital Association Annual Survey, 1986-1998
Average Length of Stay: Hospital Statistics, 1999 Edition, Healthcare Infosource, Inc.
National Health Expenditures as a Percent of GDP: Compiled by HCFA on www.hcfa.gov/stats/nhe-oact/tables/t1.htm
Percent Uninsured: Compiled by Bureau of the Census on www.census.gov/hhes/www/hlthins.html
Number Uninsured: Compiled by Bureau of the Census on www.census.gov/hhes/hlthins/hlthins.html
Percent Unemployed: Compiled by Bureau of Labor Statistics on http://stats.bls.gov/cpsaatab.htm#empstat

TrendWatch is a quarterly report produced by the American Hospital Association and The Lewin Group highlighting important and emerging trends in the hospital and health care field.

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