



2012 Update:

Achieving Reasonable Public Disclosure of Available Free and Reduced Cost Health Care in Galveston County, Texas

June 2012

For more information, see Gulf Coast Interfaith's website: www.gulfcoastinterfaith.org/ or contact the Galveston County Free Care Monitoring Project Coordinator, Dr. Merle Lenihan: merlelenihan@hotmail.com

Background

A public debate about access to medical care for Galveston County residents with no health insurance has been occurring for several years. The report, "Clearing the Fog: Achieving Reasonable Public Disclosure of Available Free and Reduced Cost Health Care in Galveston County, Texas" was published in December 2009 and updated in December 2011. Since these reports have been published, Gulf Coast Interfaith and the Free Care Monitoring Project have worked with other Galveston County organizations to achieve three goals. The first goal is for each local health care organization to have a publicly available charity care and financial assistance policy with clear financial eligibility criteria. Among the region's hospitals, Christus St. John, Mainland Medical Center, and Clear Lake Regional have met the first goal. UTMB does not have a policy with clear financial eligibility criteria that are applied consistently. The second goal is to have the policy applied consistently and fairly to each applicant. The third goal is to improve accountability and transparency for the process and the funding of charity care and financial assistance. This update focuses on recently obtained information and policy changes at UTMB related to whether UTMB's policy is clear, consistent, fair, transparent, and accountable.

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How many Galveston County residents who are unsponsored* are referred to UTMB and how many are accepted for care?

Accepted Referrals Galveston	
2005	6,112
2006	4,041
2007	4,219
2008	3,182
2009	35
2010	82
2011	233

Denied Referrals Galveston		Percent Denied
2005	1,782	23%
2006	2,325	37%
2007	1,532	27%
2008	2,160	40%
2009	234	87%
2010	188	70%
2011	2,194	90%

Accepted Referrals Texas**	
2005	17,333
2006	9,433
2007	12,173
2008	8,215
2009	62
2010	156
2011	506

Denied Referrals Texas**		Percent Denied
2005	9,146	35%
2006	9,357	50%
2007	7,364	38%
2008	8,709	51%
2009	566	90%
2010	456	75%
2011	4,831	91%

Where does this information come from? UTMB provided this information in January and June 2011 and in March 2012 in response to public information requests.

*The definition of "unsponsored" may have changed over time. Generally it means people who do not have any source of third-party health care coverage.
**Texas includes Galveston County.

Is the process of deciding who gets care at UTMB open and fair?

Not every person without health insurance who is referred for care at UTMB is accepted. Who is eligible for care through the hospital's charity care and financial assistance policy?

"The main problem is that under the newly posted policy, all unsponsored referrals are accepted or denied by Medical Directors prior to financial counseling or screening."

Community members began asking for a charity care and financial assistance policy from all area hospitals in 2007. Christus St. John provided a policy in 2008. Mainland Medical Center and Clear Lake Regional had a policy on their corporate website in 2008. In 2010, through a public information request, UTMB's policy was provided to community members. In May 2012, UTMB changed the policy available on their website. All Galveston area hospitals currently have a charity care policy on their website. (See page 8.) The newly posted UTMB policy is not new for UTMB staff. The policy has been in effect internally since at least 2011.

The purpose of every hospital's charity care policy is to provide information to the public and patients about who is eligible based on financial criteria and to describe the method for applying for charity care.

The financial criteria in the newly posted UTMB policy are more specific than in the previous policy; however, they do not conform to American Hospital Association Guidelines. The main problem is that under the newly posted policy, all unsponsored referrals are accepted or denied by Medical Directors prior to financial counseling or screening. Financial information is not considered until after a decision to accept or deny a patient has been made.

What is a public information request?

The Texas Public Information Act gives the public the right to request access to government information. According to the Texas Attorney General: "Government transparency and openness are fundamental to American democracy. In Texas, the Public Information Act, the ("Act") is one of the primary mechanisms by which members of the public hold their government accountable."

Public Information Request, November 2010 and July 2011

Information Requested: The current criteria by which Medical Directors designate unsponsored referrals as "accepted" or "denied;" the reason or criteria for accepting 156 and denying 456 unsponsored referrals for fiscal year 2010.

Responses Provided by UTMB: **No responsive documents.**

UTMB says there are absolutely no documents describing how Medical Directors make a decision to accept or deny a patient. Therefore the public has no idea why medical care is not provided to certain patients.

We know that 90% of unsponsored Galveston residents were denied medical care in 2011 by UTMB but we do not know why care was denied to almost everyone, or why some patients received care. (See page 1.)

What do UTMB Medical Directors do?

Un-sponsored Outpatients

A Medical Director decides, based on unknown criteria, whether a patient is accepted or denied for UTMB medical care.

After a decision is made, only patients accepted for care have a financial screening.

Un-sponsored Inpatients

Follow up appointments after hospital discharge are limited to medical problems treated during the admission. Patients must agree to deposits and complete all paperwork.

After one appointment, a Medical Director decides acceptance or denial for further care.

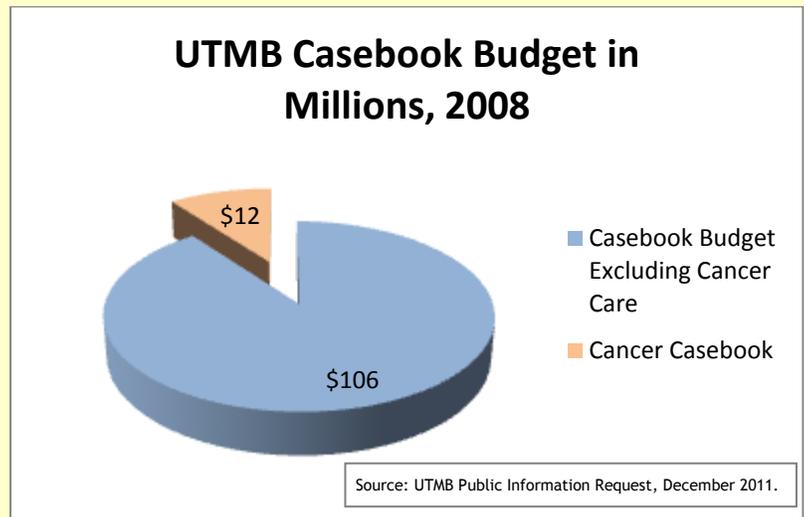
What is the UTMB Casebook program? What is the selection process?

In addition to acceptance or denial by Medical Directors, UTMB has Casebook committees that have a selection process to determine whether an unsponsored patient receives medical care. UTMB established the Casebook program in 2005. A 2008 Audit described the program as “a physician-influenced process to manage unsponsored patient costs while ensuring a patient mix that support[s] the School of Medicine training needs.” In 2008, the Casebook budget at UTMB was \$118 million. When recently asked, UTMB did not provide further Casebook budget information, except that “there is no budget for elective casebook patients.”

One Casebook program is the Cancer Patient Acceptance Committee (CPAC). It is composed of physicians and members from hospital finance, unsponsored care management, administration, admitting, and hospital care management. Patients are accepted to the Cancer Casebook based on either financial or medical teaching criteria.

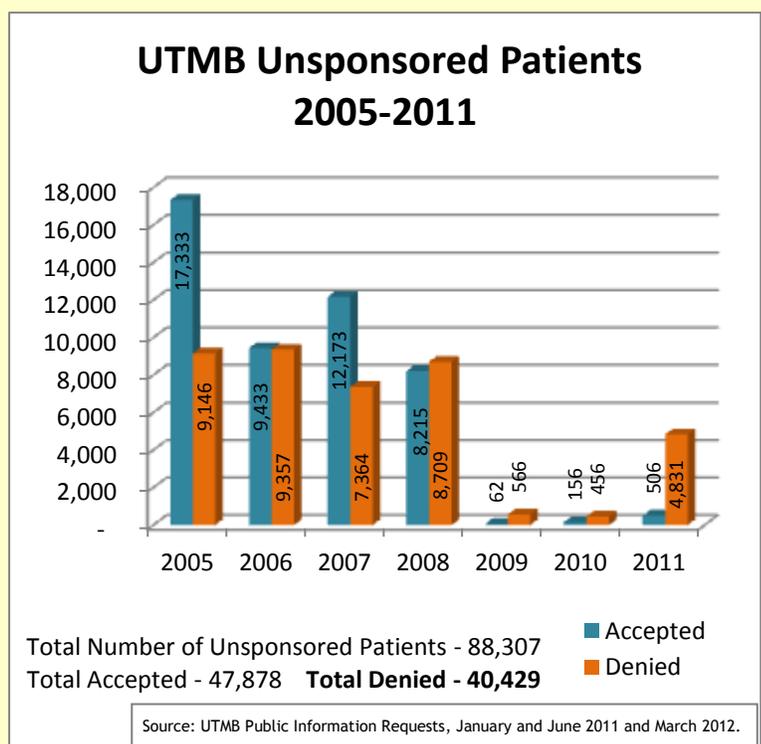
The use of medical teaching criteria in the selection process of unsponsored patients occurs according to their educational value to the medical school and medical trainees. Determination of the value of a person, educational or otherwise, for the purpose of providing or denying medical care violates the commitment of physicians and hospitals to act for the benefit of their patients. Furthermore, the people of Texas do not exist to serve the educational needs of teaching hospitals. Rather, teaching hospitals should exist to attend to the health needs of the communities they serve.

Although comparatively few unsponsored patients have been accepted for medical care at UTMB in recent years, the established selection process has determined whether 88,307 patients have received medical care between 2005 and 2011. Specifically, in those years, 40,429 unsponsored patients were denied medical care while 47,878 unsponsored patients received medical care.

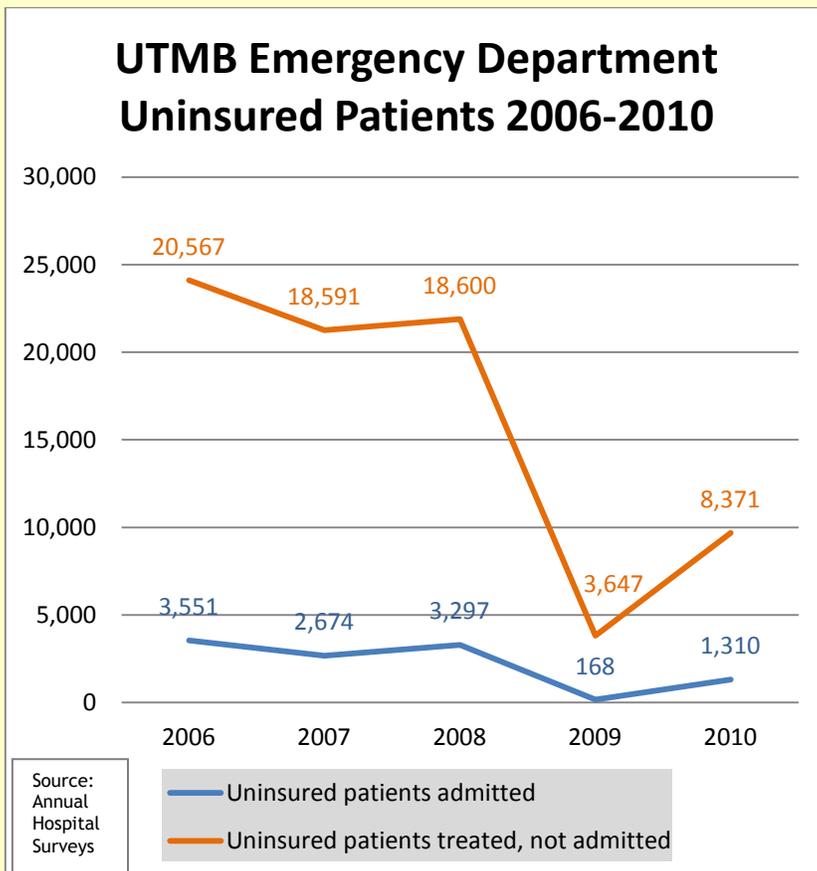


“Determination of the value of a person, educational or otherwise, for the purpose of providing or denying medical care violates the commitment of physicians and hospitals to act for the benefit of their patients.”

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How many uninsured patients come to the Emergency Department at UTMB?



Federal law requires every hospital to medically screen people who come to the emergency department. If a patient has an emergency condition, the hospital must provide stabilizing treatment regardless of the patient's ability to pay.

The number of uninsured emergency department patients seen at UTMB has declined from a total of 24,118 in 2006 to 9,681 in 2010. Admissions to the hospital by uninsured patients from the emergency department have also declined from 3,551 in 2006 to 1,310 in 2010.

The law allows hospitals to bill patients for emergency department care. This is one reason that the charity care and financial assistance policy is so important in the emergency department.

UTMB's newly posted charity care and financial assistance policy refers to "planned" and "unplanned" services but these terms are not defined. Most public hospitals include the provision of medically necessary care in their charity care policy.

What do the charity care policy and the selection process at UTMB have to do with the Galveston County Indigent Health Care Program?

"A UTMB charity care and financial assistance policy with clear financial eligibility criteria that are applied consistently and fairly would mean that Galveston County residents who meet eligibility guidelines would likely receive needed medical care."

Galveston County Commissioners approved the "UTMB tax" in 2009 to fund indigent health care for residents whose income is less than 100% of the federal poverty level. The Legislature required Galveston County to commit to paying a fair share of the cost of indigent health care before allowing funds to rebuild UTMB to be released. The tax generated a total of about \$11 million. Most of that funding was not spent.

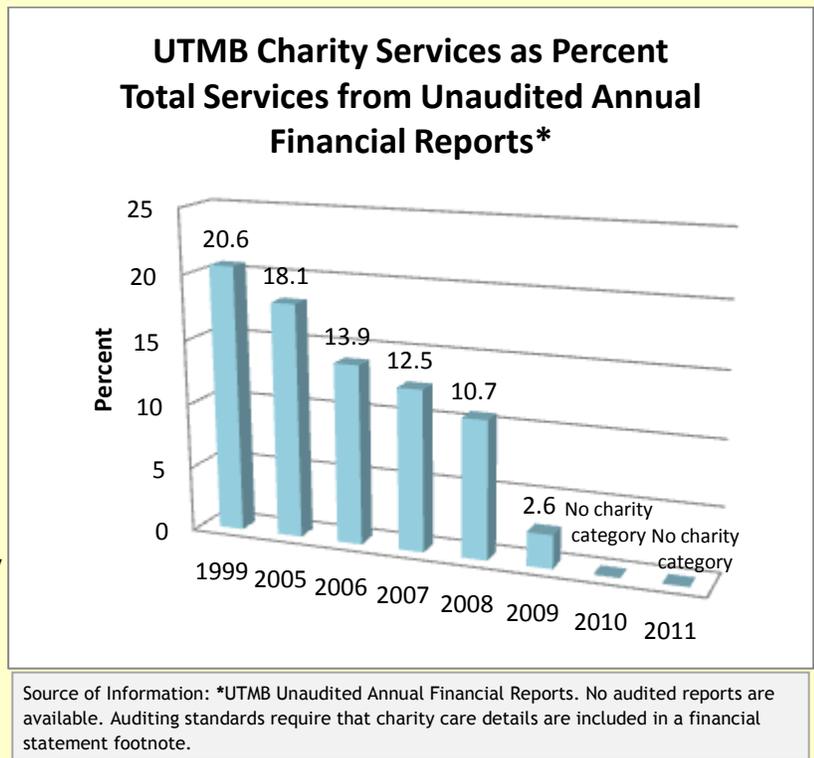
If UTMB's charity care and financial assistance policy was applied consistently, Galveston residents who need medical care that can only be obtained at a hospital with a full range of specialty services would most likely be eligible for treatment. Galveston County authorities and UTMB would have an incentive to work out payment for Galveston County residents. Currently, UTMB denies care to most (90%) of Galveston County unsponsored residents. A UTMB charity care and financial assistance policy with clear financial eligibility criteria that are applied consistently and fairly would mean that Galveston County residents who meet eligibility guidelines would likely receive needed medical care.

What has happened with charity care at UTMB?

The percentage of health care services reported as charity has declined over time at UTMB, according to its Annual Financial Reports. In 1999 over 20% of total services were charity services and, by 2009, this had declined to about 3% of revenue. In 2010 and 2011, the Annual Financial Report does not include a category for charity services.

The latest information for Texas shows that the average public hospital reported 14% of revenue for charity services while nonprofit hospitals reported 5% and for-profits reported 2%. UTMB is a public hospital but the percentage of revenue for charity services, 3.3% according to the 2010 Annual Hospital Survey, is currently most similar to for-profit hospitals in Texas.

Another way of considering charity care is by the percentage of admissions to a hospital that are charity admissions. In 2010, UTMB reported that 5% of admissions were charity patients. The percentage of charity admissions has decreased since 2007 when it was 13% at UTMB.

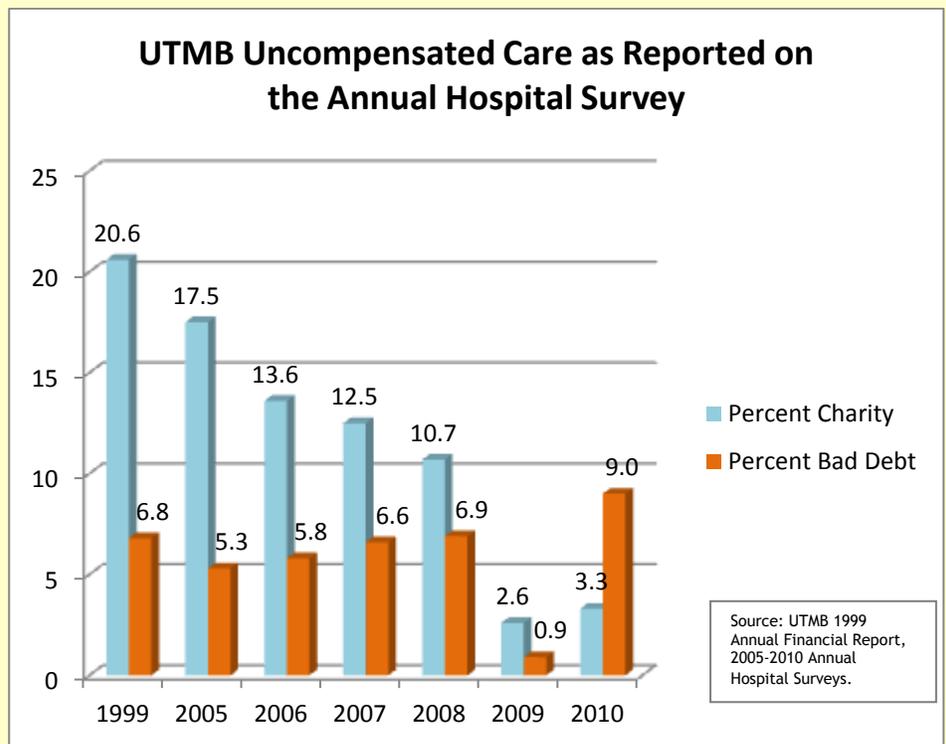


What is uncompensated care?

A term that appears more commonly in discussions than charity care is “uncompensated care.” Even the most knowledgeable leaders in health care can be baffled by what uncompensated care means. One thing is certain; it is not the same as charity care.

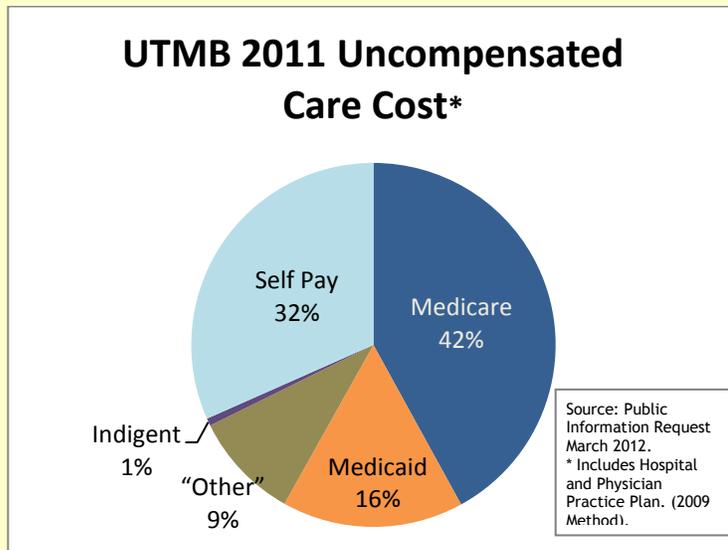
Charity care is one part of what hospitals typically report as uncompensated care. Bad debt is another part. From the hospital’s point of view, charity care and bad debt are services that are not directly paid on behalf of a particular patient. Charity care is care provided to patients who do not have the ability to pay and are not expected to pay, based on the hospital’s charity care policy. Bad debt occurs when the hospital determines a patient does have the financial resources to pay but the hospital does not receive payment. Bad debt can occur because an insured patient does not pay their required portion of a bill or because the hospital has inefficient billing practices.

At UTMB, bad debt has increased at the same time that charity services have declined. When the charity care policy is vague, or not applied consistently to each applicant, people who do not have the ability to pay may end up with medical debt that can have severe consequences. Medical debt can lead to a poor credit rating that may prevent self-employed people from obtaining a job, renting an apartment, or purchasing a car. Medical debt is a leading contributor to bankruptcy.



What are the two ways hospitals report uncompensated care?

There are currently two main ways for hospitals to report uncompensated care. One way is to report the combination of charity care and bad debt as uncompensated care. The Department of State Health Services and the American Hospital Association require hospitals to report based on this method. Texas law directs that these reports, called Annual Hospital Surveys, are available to the public.



The second main way to report uncompensated care was created by the Texas Legislature in 2009. Under this method, UTMB does not report charity or bad debt. Instead, uncompensated care is reported as Medicare, Medicaid, Self-Pay, "Other," and Indigent.

This method requires reporting on the basis of cost. For several reasons, including that each hospital has their own particular "mark-up" of charges; it is generally recommended by hospital accounting authorities that charity or uncompensated care be reported on the basis of cost.

UTMB states that it no longer has any documents showing the amount of general tax revenue spent on uncompensated care because of the change in the reporting method.

UTMB Uncompensated Care 2010 and 2011*		
	2010	2011
Medicare	\$42,384,452	\$ 42,887,683
Medicaid	\$38,913,975	\$16,452,258
"Other"	\$9,170,905	\$9,771,647
Indigent	\$498,076	\$680,362
Self Pay	\$29,755,159	\$32,302,019
Total	\$120,722,567	\$102,093,969

* Includes Hospital and Physician Practice Plan. (2009 Method).
Source: Public Information Request, June 2011 and March 2012.

By the 2009 method of reporting, UTMB's greatest percentage of uncompensated care now arises from the Medicare program. In the years before 2009, no reported uncompensated care was due to the Medicare program.

The inclusion of Medicare in uncompensated care reporting is controversial for several reasons. Medicare is not primarily a program for people with limited financial means. It is a public health insurance program for Americans above the age of 65. Some hospitals report that their Medicare payments are adequate to cover their costs. If tax funds are given to hospitals that report Medicare payments are not adequate, hospitals may lose their incentive to be more efficient. Efficient hospitals could be penalized.

The two methods of reporting uncompensated care use different terms and definitions and some definitions are not given.

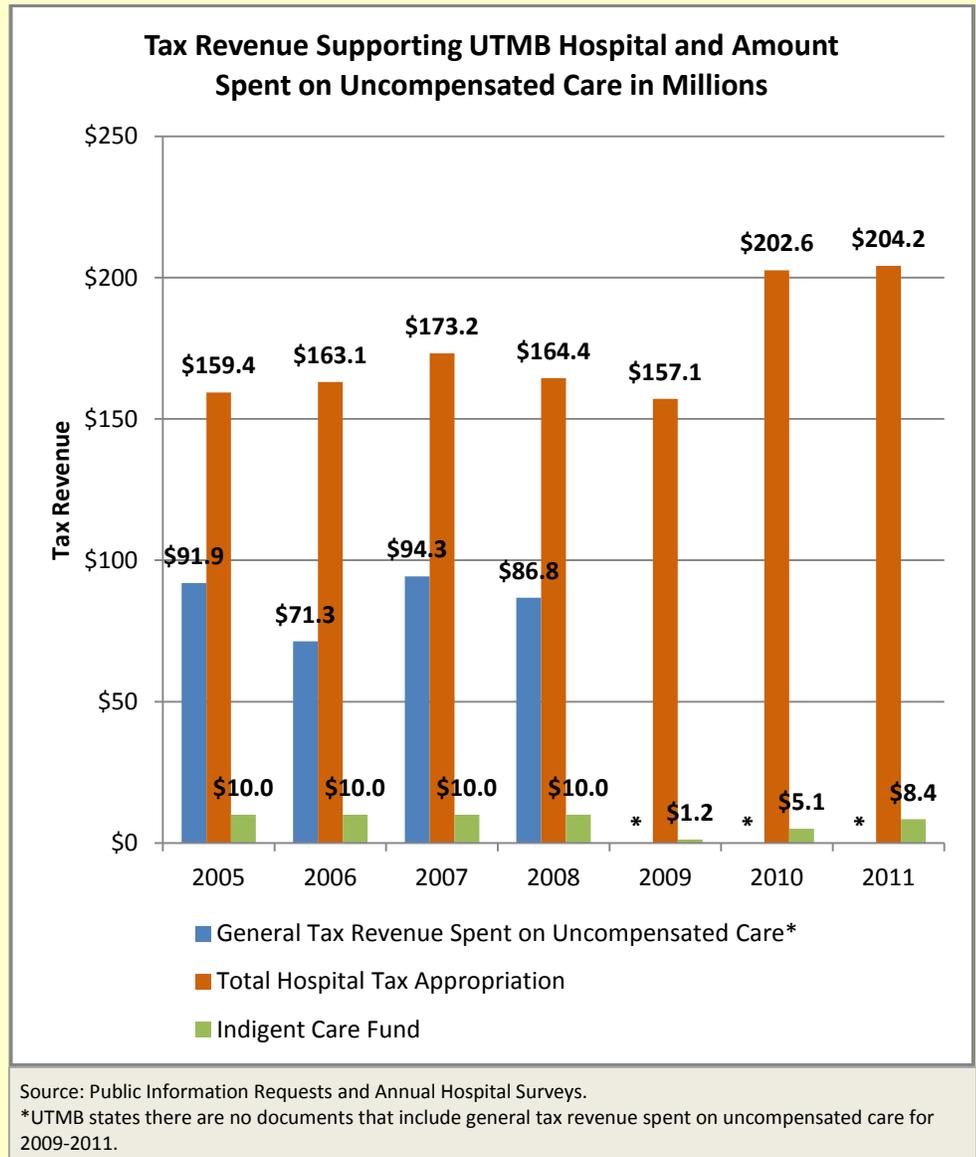
For example, charity care in the 2009 method of uncompensated care reporting is grouped together with several categories under the name "Other." The definition of "Other" is: "All other write-offs of charges, including those that are for charity or are discretionary (i.e., unbilled charges, discounts for personal courtesy and employees, third-party settlements, unreimbursed research expenses, denied charges, missed billing deadlines)."

How is uncompensated care funded at UTMB?

Most uncompensated care at UTMB has been funded by general tax appropriations to the hospital instead of designated funds for indigent care.

For example, in 2006, Navigant Consulting reported that of the \$119 million in unsponsored care revenue, \$10 million came from the Indigent Care Fund and \$1 million came from the Tertiary Care Fund, making up less than 10% of uncompensated care funding. General tax revenue spent on uncompensated care was \$94 million in 2007 and \$87 million in 2008, while the Indigent Care Fund provided an additional \$10 million for those years.

In 2011, the Indigent Care Fund provided 8.4 million but UTMB no longer reports the amount of uncompensated care revenue from general taxes. The total amount of tax appropriations provided to UTMB hospital was \$204.2 million in 2011.



What is the Texas Healthcare Transformation and Quality Improvement Program?

In December 2011, Texas received approval from the federal Centers for Medicare and Medicaid Services for a program called the “Texas Healthcare Transformation and Quality Improvement Program.” This program creates Regional Healthcare Partnerships across Texas, anchored by a public hospital or health district. The program has several goals including increasing access to health care for uninsured low income patients and improving the quality of health care.

The program will provide funds to hospitals and providers through two mechanisms. One mechanism is an expanded uncompensated care pool and the other is a health care delivery system reform incentive payment.

UTMB will be an anchor institution for several counties in a Regional Healthcare Partnership. A serious concern is that the wide discretion that the hospital uses to accept or deny patients and the lack of accountability and transparency will prevent patients from receiving appropriate medical care in an even wider region. In 2011, UTMB denied unsponsored care to 91% of Texas residents. (See page 1.)

What steps can be taken to ensure Galveston County residents have the information they need about free and reduced cost services at UTMB?

The first step is for UTMB to put into effect a charity care and financial assistance policy with clear eligibility criteria. The policy should be written so that any member of the community can know whether charity care or financial assistance is available to them. The policy should define the terms that are used and adhere to national guidelines. For example, the American Hospital Association recommends that people whose income is below 100% of the federal poverty level should not be charged for necessary medical care under a hospital's charity care policy.

The second step is for UTMB to apply the charity care and financial assistance policy consistently. This means that the public should know the basis for being accepted or denied for health care services at UTMB. The use of Medical Directors to select patients on an entirely unknown basis for which absolutely no written criteria are available should be discontinued immediately. The use of Casebook committees to select patients in part because of their usefulness to medical educators is a violation of the trust that patients place in health care providers and institutions. Patients who apply under the charity care and financial assistance policy should be given a written notice of approval or reason for denial of charity care. An appeal process should be established.

Third, improvements in accountability and transparency should begin by ensuring that the public knows the exact basis for eligibility for charity care and financial assistance. When terms such as "uncompensated care" are used, the definition should be included since such terms can have markedly different meanings. The source of funds for charity care and financial assistance should be known to the public and clearly stated. The Texas Legislature should reconsider its reporting methods for uncompensated care and should consider requiring all hospitals to have full independent annual financial audits, including state owned public hospitals. All Texas hospitals are required to provide a copy of their charity care policy to the Department of State Health Services. These policies should be available to the public on the Department of State Health Services website.

To view each regional hospital's charity care policy, see the following:

Christus St. John:

<http://www.christushealth.org/body.cfm?id=264>

Mainland Medical Center:

http://mainlandmedical.com/patient-financial/index.dot?page_name=about#top

Clear Lake Regional Medical Center:

http://clearlakermc.com/patient-financial/index.dot?page_name=about

UTMB:

<http://www.utmbhealth.com/doc/Page.asp?PageID=DOC000579>
