




DOCTORS HOSPITAL  
at  
RENAISSANCE




*World-Class Health Care, Here at Home*



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Chief Financial Officer


*HFMA South Texas Fall Institute  
Thursday, October 27, 2011  
The Club at Sonterra, San Antonio, Texas*

## A Look At DHR: Who We Are



**Serving our Community Since 1997**

- 506 Bed General Acute Care Community Hospital  
Including:
  - 88 Bed Behavioral Center
  - 46 Bed Rehabilitation Hospital
  - 143 Bed Exclusive Women's Hospital
  - 63 Bed Level III B NICU
  - 50 Specialties and Sub-Specialties
  - 580 Practicing Physicians
  - 3,500 Employees
  - Treating 180,000 patients annually.
- Named Best Hospital In Region and One of the Most Connected (EMR) Hospitals In America by U.S. News and World Report in 2010
- NICU Ranked in the Top 5% of nation by the Vermont-Oxford Network for exemplary outcomes.



## Committed To Enhanced Community Health



- ❑ Invested over \$40 million to bring online an electronic medical record system designed to improve patient care and eliminate duplicative tests.
- ❑ Certified a stage six facility by the Healthcare Information and Management Systems Society (HIMISS)
- ❑ Launched the Rio One Health Network, a two county Health Information Exchange (HIE) that will allow for provider collaboration on patient care across multiple platforms and health systems.
- ❑ Provide over \$20 Million in charity care annually.
- ❑ Contributed over \$500,000 to healthcare-related community causes in 2010.



## Working To Combat Chronic Illness



- ❑ Founded the Diabetes & Obesity Institute of South Texas, a non-profit medical institute focused on reducing the prevalence of diabetes and obesity in South Texas, the largest contributing cost factor to healthcare in our region.
- ❑ Opened the Joslin Clinic at Renaissance to advance Diabetes and Endocrinology Services for our community. Clinic has and is working on establishing new collaborative partnerships with several leading medical schools and research organizations including Harvard University, the Diabetes Care Project, the National Minority Quality Forum, and the University of Texas Border Health Disparities Center.
- ❑ Partnered with The University of Texas Medical Branch to operate a non-profit cancer prevention clinic that re-opened in October 2009.
- ❑ Established the Wellness Center at Renaissance to offer low cost community services and free health management courses.



## The Community We Serve

### Our Community:

**The Rio Grande Valley**  
Hidalgo, Cameron, Starr, and Willacy Counties

*A Community Experiencing Rapid Growth*

1990 Population: 701,888  
2010 Population: 1,264,091

• Source: U.S. Census Bureau

### Our Patients :

(By Discharge)

Insurance Type	Percentage
Medicaid	52.00%
Medicare	21.00%
Private Insurance	15.00%
Other/Self Pay	12.00%

■ Private Insurance ■ Medicaid ■ Medicare ■ Other/Self Pay





## Quick Facts

**1 in 4:** Over 25% of South Texas' General Population Is Covered Through Medicaid Programs, Double the State Average of 12.5% <sup>1</sup>

**1 in 3:** 39 % of South Texas Residents Are Uninsured <sup>2</sup>

**84%:** The Percent of All Births Covered By Medicaid In Hidalgo County <sup>3</sup>



1: Data Source: Texas Health and Human Services Commission  
2: Data Source : Source: Urban Institute analysis of data from the American FactFinder, Tables B27001, B27002, and B27003, American Community Survey 2008.  
Note: Public coverage is defined as having coverage from Medicare, Medicaid, or any government assistance plan for low-income or disabled individuals, and VA. Private coverage is defined as employer/union provided, direct purchase, and TRICARE/military. Health insurance coverage types are not mutually exclusive.  
3: Sources: U.S. Census Bureau; Department of State Health Services  
(<http://www.dshs.state.tx.us/chs/healthcurrents/nata.asp?fips1=108&fips2=266&fips3=255>)



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## Key Concerns in 2011

*SDA Hospital Rate Rebasing / SDA Reform*

*Extreme Funding Cuts to Hospitals and Providers*

*Medicaid Managed Care Expansion*

## Standard Dollar Amount (SDA) Reform



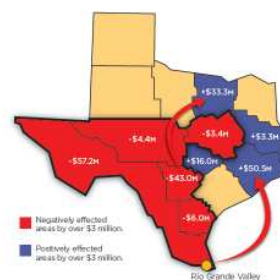
- The rebasing of Medicaid inpatient hospital rates under the former system would have led to a loss of over \$24 Million in annual funding to DHR in State Fiscal Year 2012.

- Rebasing is the recalculation of hospital rates to reflect inflation and cost shifts within the health industry. Prior to SDA reform, a hospital specific rate structure led to hospitals receiving reduced payments for increasing efficiency.

**Impact:**

Due to financial hardship, the 81<sup>st</sup> Legislature directed HHSC to rebase hospital rates without additional revenue. **The result:** Medicaid dependent hospitals with no other source of indigent care resources would have been financially compromised.

SDA Financial Impact Across Texas



Childbirth and related care for South Texas babies is currently reimbursed at \$300 less, per baby, than other babies across the state. Under the proposed rate cuts, that reimbursement would be at \$1,000 less per baby, creating an even larger disparity for South Texas newborns.

## SDA Reform



The 82<sup>nd</sup> Legislature directed HHSC to reform the SDA/DRG Hospital Inpatient Rate Structure in manner that rewarded efficiency.

### SDA Reform:

- Hospital Specific Medicaid Inpatient Rate System Repealed
- Uniform Hospital Payment Methodology Created
- New System Based on Statewide Cost Experience



### Result:

- Hospitals Serving Large Medicaid Populations Avoid Debilitating Losses

### Future Enhancement:

- High Uncompensated Care Modifier
- All Payer DRG Formulary

## Provider Rate Cuts



The 82<sup>nd</sup> Legislature faced a budget shortfall exceeding \$25 Billion for the biennium.

### Rate Reductions:

- To account for budget shortfall, hospital provider rates were reduced by an estimated five percent.
- Additional rate cuts were implemented through modifications to the Medicaid MS-DRG Formulary and reduced coverage of eligible services.
- Deeper provider rate cuts were avoided by pushing caseload growth and other finances down the road into the next biennium.



### Result:

- Hospital finances strained, staffing costs reviewed, and non-essential contracting halted.
- Increased number of providers stop accepting Medicaid coverage. In South Texas, providers exit community.
- Reduced access to care.

## Medicaid Managed Care



*Medicaid Managed Care has been a contentious issue in South Texas due to its central role in patient coverage, the challenging socioeconomics of the region, and the experience other Texas communities have endured. Additionally, poor rollouts of similar programs including PCCM and SCHIP eroded any remaining confidence.*

- An uncoordinated rollout of PCCM resulted in single families assigned to multiple primary care providers sometimes over 50 miles away.
- A traditional primary care provider or OBGYN practice typically experiences a patient mix that is over 60% Medicaid.

### South Texas Community Challenges:

- Poverty
- Low Literacy
- Obesity
- Diabetes
- Healthcare Disparities
- Language and Cultural Barriers

## A Solution: The Medicaid Managed Care Modernization Amendment



- Mandates That The Access To Care Under Any Managed Care Plan Be Equal To Access Under The Former Fee For Service Program.
- *Patients Can Not Be Sent Out Of Area If Service Is Available Within The Service Delivery Area.*
- Additional Provider Payments For The Utilization Of Medical Homes, Etc.
- Creation Of A Single Universal Online Portal For Providers To Submit Claims For All Plans.
- Requirement For MMC Plan Operators To Maintain An Office And A Medical Director In South Texas.
- Primary Care Providers Remain As The Coordinator Of Health Services For Star Plan Enrollees.
- Increased Reporting And Discloser Requirements Of MMC Plan Operators

**The End**



# **Thank You!**

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