

How Does A **\$4 Billion Loss** Affect Missouri?

Why Medicaid Reform Is Essential

Missouri's hospitals are facing \$4 billion in payment cuts from Medicare and Medicaid from 2013 to 2019 that were included in the Affordable Care Act and the Budget Control Act of 2011. When the ACA was passed, hospitals envisioned more insured patients because more individuals would have the ability to enroll in Medicaid and purchase insurance through health insurance exchanges.

When the U.S. Supreme Court ruled on the constitutionality of the ACA, it ruled that states could opt out of the requirement to expand their Medicaid programs to adults who earn up to 138 percent of the federal poverty level. If Missouri opts out, **hospitals will have to make difficult decisions to absorb these losses** while still providing the care their communities expect and treating the uninsured. Missouri's hospitals **provided \$1.1 billion in uncompensated care in 2011¹** — the first time in state history that this cost exceeded \$1 billion.

These cuts will hit Missouri's communities hard, making it difficult to recruit and retain needed health care professionals. Recent studies show that the state's rural physicians are older and carry a larger work load than their counterparts in urban areas. As these health care professionals retire, what infrastructure will be in place to support rural Missouri?

Bad News for Missouri's Economy

For the last decade, hospitals have been good for Missouri's economy, adding jobs when other sectors of the economy were shedding jobs. **Hospital jobs infuse \$8.2 billion in payroll and benefits** into the economy. In addition, hospitals' annual statewide **capital investment of approximately \$1 billion** allowed many other businesses, especially in the construction industry, to maintain stability during the economic downturn. It is difficult to know how any one hospital will handle cost reductions. **Consider if all the cuts were taken out of jobs, capital investment or shifted to the private sector.**

10-Year Impact
(2012-2021):



5,011
Job Losses

OR



\$1.9 Billion
Capital Investment Reduction

If hospitals have to cut jobs, their employees may have to relocate to earn a paycheck. **This threatens communities where hospital employees' tax dollars support local schools and public safety.** When a traditional economic multiplier is applied to this potential job loss, 9,019² jobs could potentially be at risk.

Bad News for Missouri Businesses

Missouri business and health care leaders know the financial impact of the underinsured and uninsured. When hospitals incur uncompensated care from the underinsured or uninsured, some of those costs are shifted to the private insurance market. **Individuals and businesses then see the cost of health insurance rise.** This "hidden health care tax" will continue without offsetting revenue from newly insured patients.

10-Year Impact
(2012-2021):



\$1.1 Billion
Cost Shift

Furthermore, a workforce that has insurance is a healthier and more productive workforce because workers spend less time out of work sick. One study showed that **a worker with health coverage misses on average 52 percent fewer workdays** than uninsured workers.

Bad News for Missouri Citizens

Missourians have access to some of the best medical care in the world. However, **the ability for hospitals to offer the full range of specialized services is endangered** without the additional number of insured citizens. This is especially true for isolated communities where services may be eliminated, creating hardships for local residents. What happens to **patients who may need vital services if the community hospital can't provide them?**

The forecast for Missouri's economy and the stability of its medical system are threatened. The decision to protect the health and economic vitality of our communities rests in lawmakers' hands.



MISSOURI HOSPITAL ASSOCIATION

Produced with support from the
American Hospital Association.

¹ 129 hospitals submitted data for MHA's community investment report used to cite this figure

² IMPLAN 3.0 economic modeling tool uses a Missouri multiplier of 1.8

(SEE REVERSE)

Negative Economic Effects of Payment Cuts from Medicare and Medicaid Without Medicaid Expansion: Missouri and Workforce Investment Areas (WIA)

Negative Effects on Hospital Jobs: 2012 - 2021

The health care sector is good for Missouri, employing nearly 13 percent of Missouri's nonfarm workers. In 2011, hospitals provided 153,597 jobs in the state. Looming hospital payment cuts threaten the health care sector's future economic stability.

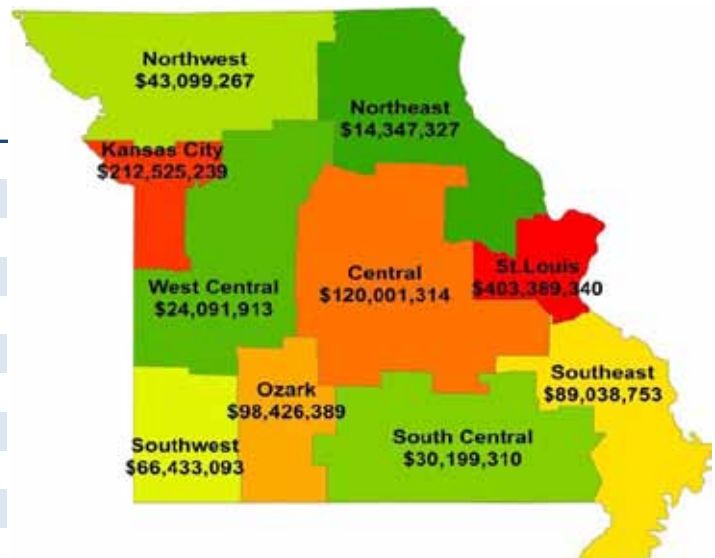
Area	2012-2015	2012-2018	2012-2021
Central	-243	-347	-521
Kansas City	-310	-701	-1,094
Northeast	-25	-43	-64
Northwest	-54	-151	-225
Ozark	-166	-333	-440
South Central	-57	-94	-137
Southeast	-117	-320	-434
Southwest	-121	-208	-290
St. Louis	-749	-1,289	-1,684
West Central	-44	-67	-122
Missouri	-1,885	-3,553	-5,011



Increased Private Sector Insurance Cost Shift: 2012 - 2021

The "hidden health care tax" results from the cost shift to employers and the privately insured to help offset the costs of the uninsured and underpayments from public payers.

Area	2012-2015	2012-2018	2012-2021
Central	\$22,946,289	\$62,251,980	\$120,001,314
Kansas City	\$23,652,084	\$90,112,965	\$212,525,239
Northeast	\$2,633,460	\$7,027,636	\$14,347,327
Northwest	\$5,290,241	\$18,129,275	\$43,099,267
Ozark	\$12,321,697	\$45,636,881	\$98,426,389
South Central	\$4,026,848	\$14,284,863	\$30,199,310
Southeast	\$9,311,003	\$37,607,359	\$89,038,753
Southwest	\$8,716,183	\$31,416,002	\$66,433,093
St. Louis	\$55,539,831	\$195,392,750	\$403,389,340
West Central	\$4,041,967	\$11,289,724	\$24,091,913
Missouri	\$148,479,601	\$513,149,435	\$1,101,551,947



Negative Effect on Hospital Capital Investment: 2012 - 2021

Hospitals' investment in building and equipment creates economic value in every region of the state. In 2011, Missouri hospitals invested \$1.35 billion in plant and property improvements. Looming payment cuts threaten future investment.

Area	2012-2015	2012-2018	2012-2021
Central	-\$79,437,274	-\$167,082,084	-\$230,151,536
Kansas City	-\$80,034,422	-\$226,801,611	-\$360,574,626
Northeast	-\$9,158,214	-\$18,906,164	-\$26,964,519
Northwest	-\$18,298,258	-\$46,484,909	-\$73,773,467
Ozark	-\$41,751,464	-\$115,499,911	-\$173,744,249
South Central	-\$13,566,686	-\$36,356,704	-\$53,883,402
Southeast	-\$31,566,536	-\$93,732,684	-\$150,474,705
Southwest	-\$29,417,190	-\$79,833,559	-\$118,540,845
St. Louis	-\$188,562,993	-\$499,590,287	-\$730,055,227
West Central	-\$13,889,912	-\$30,006,692	-\$43,907,366
Missouri	-\$505,682,949	-\$1,314,294,603	-\$1,962,069,939

