

# SB 2012

## House Appropriations Human Resources Division



# Items to review

- Hospital Challenges
  - Workforce
  - Financial concerns
- State Medicaid reimbursement comparisons
- Why NDHA supports engrossed SB 2012

# Hospital Challenges

- **Workforce**

- #1 challenge for hospitals
- Concern before COVID-19
- In both urban and rural areas
- 25% increase in wages since Covid
  - Urban hospitals wages have increased \$382 million, 2019 vs. 2022
  - Rural hospitals contract labor \$14 million 2019 and \$39 million in 2022

# Workforce Survey

- NDHA conducted Nursing Survey – summer 2022
  - How many full-time nurse positions do you have open?
    - 1,326
    - 42 hospitals
  - How many contract nurses do you have?
    - 717
    - During COVID-19 hospitals paying \$200 - \$225 per hour, before \$85
  - Hospitals getting creative to retain and recruit
    - bonus and loan forgiveness programs
    - recruit from other countries
    - Thank you, legislators for supporting different workforce programs

# Hospital Challenges

- **Financial Concerns**

- **Urban Hospitals**

- Operating margins cut by 50% since COVID-19
  - includes federal COVID funding received
- Inflation (increases)
  - Pharmacy 48%
  - Wages 25%
  - Supplies 11%

# Hospital Challenges

- **Financial Concerns**

- **Rural**

- 36 rural hospitals (Critical Access Hospitals)
  - 17 have positive operating margins in 2022
    - half of 17 would have negative margins without federal COVID funding
- Mean operating margin =  $-0.5\%$
- Median operating margin =  $-2.1\%$



- **Thank you for supporting Medicaid Expansion**

- Affordable Care Act– ND expanded Medicaid to adults with incomes up to 138% of federal poverty level
- 90% federally funded
- Implemented in January 2014
- 34,200 covered lives are getting healthcare on a regular basis
  - 24,800 February 2021, due to PHE
- Uncompensated care for hospitals reduced 50% two years after implementation
- Bottom line, the state's 10% investment has provided access to care

# Reimbursement Comparisons

- A lot of discussion on how ND Medicaid Rates compare to other states.
  - Traditional and Expansion reimbursement
- Are we comparing apples to apples?
- Won't disagree ND Medicaid base rates may be at top tier
  - traditional Medicaid still reimburses below cost of care.
  - Medicaid Expansion helps subsidize.



# Reimbursement Comparisons

- **Medicaid Base and Supplemental Payments to Hospitals**
  - How states pay hospitals:
    - 1. **Base Payment** (fee for service/managed care) – North Dakota
    - 2. **Supplemental Payments**
      - Disproportionate share – serve volume of high Medicaid and low income
      - Upper Payment Limit – gap between Medicaid and Medicare
      - Uncompensated care pool payments
      - Delivery system in reform incentive payments

# Reimbursement Comparisons

- **Medicaid Base and Supplemental Payments to Hospitals**
  - MACPAC
    - Medicaid and CHIP Payment and Access Commission
    - Non-partisan legislative branch agency that provides policy and data analysis to Congress and U.S. Department of HHS
    - 2021 Issue Brief
    - Pages 12-13

# Reimbursement Comparisons

- **Medicaid Base and Supplemental Payments to Hospitals**
  - It's difficult to compare Medicaid Expansion/Traditional payment rates between states.
    - North Dakota \$13,966 vs. Arkansas \$1,647
      - Arkansas - \$137 per month
    - Arkansas hospitals receive \$475 million more in supplemental payments
    - Arkansas hospitals can afford to take less in Expansion rates
  - North Dakota hospitals cannot afford less in reimbursement
    - ND – receives \$3.2 million in supplemental payments, lowest in the nation
  - How does ND rank in total Medicaid reimbursement to providers when you factor in what other states receive in supplemental payments.

# SB 2012

- **Hospitals support engrossed SB 2012**
  - Support Inflationary Increases - 4% each year
    - impacts hospital reimbursement (fee schedules)
    - support increase based on hospital cost increases
  - Support preserving current Medicaid Expansion rates to providers
    - Hospitals contract with BCBSND
  - Support fair Medicaid Value-Based Purchasing programs
    - Urban hospitals support designing quality program for traditional Medicaid
    - Monthly discussions have taken place for over a year
    - Both sides continue to work together
    - Hospitals appreciate DHHS allowing provider input



- **Questions**

- Tim Blasl
- President
- North Dakota Hospital Association