

# Expanding Health Coverage for Tampa Bay Will Create Health and Prosperity

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## REPORT HIGHLIGHTS

- Despite improvements made since passage of the ACA, Florida and the Tampa Bay region continue to lag behind the nation in health outcomes and access to health care.
- Expansion of health care coverage will significantly improve the physical, mental, and financial health of individuals in Tampa Bay and create substantial savings for local governments.
- Coverage will be provided to thousands of uninsured veterans and demand on the already overburdened VA health system will be reduced.
- In 2014, Tampa hospital costs for uncompensated care to all uninsured patients between 18 and 64 was \$373,151,063.

## ■ Expanding Health Coverage for Tampa Bay Will Create Health and Prosperity

In the past three years, states that have implemented the expanded health coverage plan for low-income adults that the Affordable Care Act (ACA) offers are seeing substantial savings to their state budgets<sup>1,2</sup>, improvements in hospital revenues and health systems stability<sup>3</sup>, improved health outcomes<sup>4</sup>, and more financial security for individuals<sup>5</sup>. This report will demonstrate how the Tampa Bay region would directly benefit in these areas if Florida were to join the 31 states and the District of Columbia in expanding the coverage eligibility.

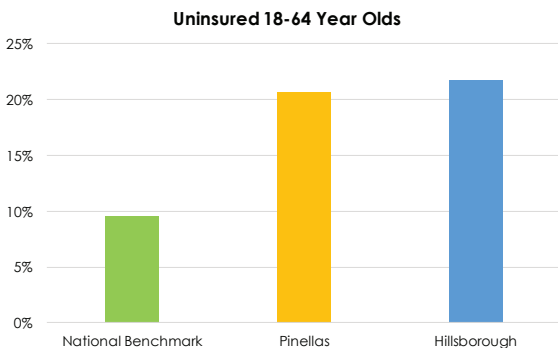
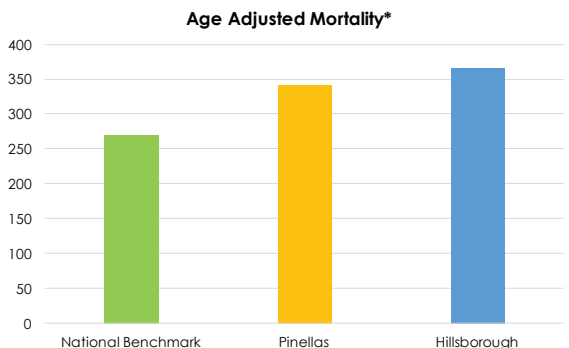
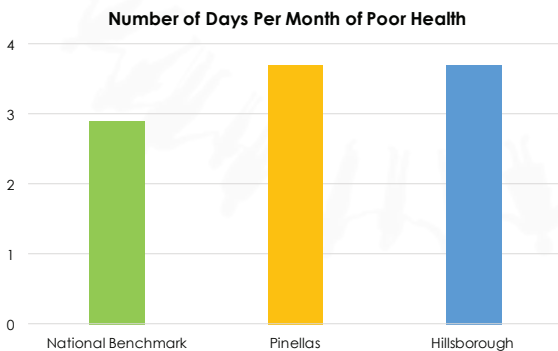
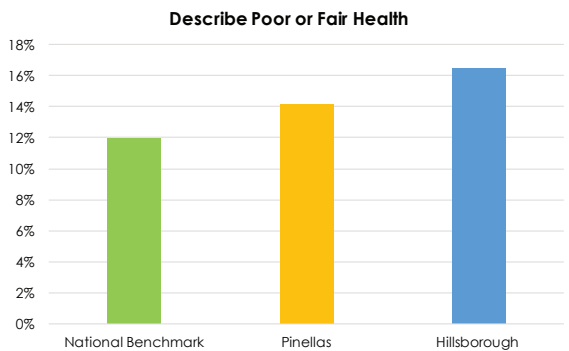
More than two-thirds of Floridians today recognize the economic and health values that the coverage program offers<sup>6</sup>. It is time for the elected representatives in Tallahassee to listen to their constituency and implement the coverage program.

## ■ Health Status in the Tampa Bay Region

In the most recent national rankings for health outcomes by counties<sup>7</sup>, Hillsborough County ranks in the bottom half of Florida's 67 counties at forty-first, while Pinellas County has an overall better showing in the top third at number 22. Behind the composite numbers however, there are multiple breaches of health status and access to care that plague the residents of both counties in the Tampa Bay area. Both counties rank significantly higher than the state average for the premature deaths before age 75. Substance use or binge drinking is a problem for nearly one out of every five adults. The rates of sexually transmitted infections in the region soars 52 to 89 percent above the state and national averages. These ills are apparent as 17 percent of Hillsborough residents and 14 percent of Pinellas residents describe themselves as having poor

or only fair health, while the best performing counties in the country have only 10 percent of their population with similarly poor outlooks on their health status<sup>7</sup>. The area also ranks below the national benchmarks for monitoring of chronic health conditions like diabetes.

There is a remedy for the sub-par health showing of the Tampa Bay area. Experiences from states that have expanded coverage eligibility show significant increases in self-reported health status and health care access among low-income non-elderly adults. There is 63 percent greater likelihood that a newly eligible adult will receive key





health services under expansion of eligibility than in the current program in place in Florida<sup>4</sup>. These services are critical to improving the health conditions under which low-income working-age bay area resident live.

There are nearly 110,000 uninsured adults 18 to 64 years living in Hillsborough and Pinellas counties who could be eligible for coverage if Florida accepted the expanded eligibility program.

## ■ The ACA Has the Power To Improve Health Care Access for 186,000 Veterans Who Live in the Tampa Bay Area<sup>8</sup>

Many veterans receive health care through the Department of Veterans Affairs (VA). The determination of VA health benefit eligibility is by priority groups and the VA permits access based on service-related disabilities, income level, and other factors<sup>9</sup>.

Of the 101,000 veterans under 65 years living in the Tampa Bay area; more than 8,600 of them have no health insurance coverage including no VA health benefits<sup>10</sup>. Uninsured veterans are much more likely to have difficulty accessing health care than uninsured people who are not veterans as a result of costs and service availability and are 70 percent more likely to use emergency departments for health care than uninsured non-veterans<sup>11</sup>. The ACA health plan could have tremendous impact for the uninsured veterans in the region as more than a third of them (3,024) live below the federal poverty level and would be eligible for the expanded health coverage.

Expanding eligibility for access to care has the potential to benefit not only the uninsured veterans who gain insurance coverage, but also would improve access to the VA health services for more than 68,000 veterans of all ages in the two counties who use the VA for some or all of their health care. Simultaneous to the implementation of the ACA several high profile media reports surfaced detailing long waits for care at Veteran Administration (VA) health centers 12-15. Expanding coverage will reduce the demand for VA health services in a system that is already stretched beyond its limits. A recent rigorous study determined that implementing the coverage plan in Florida would reduce the demand for VA Health services substantially. Current hospital days would decrease by five percent and outpatient clinic appointment demand would drop by 10 percent. These reductions would open more resources for use by veterans of all ages and likely reduce the backlog of requests for services<sup>16</sup>.

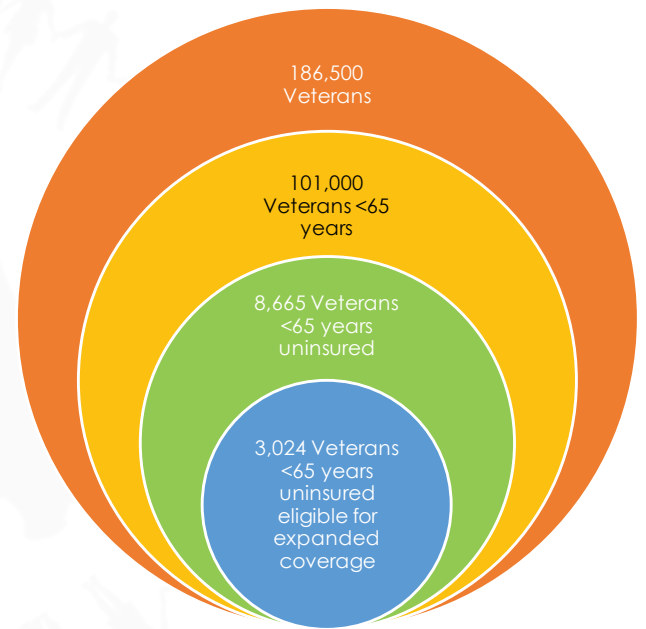
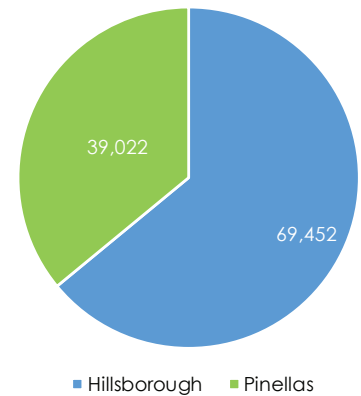
## ■ The Cost of Uncompensated Hospital Care

Across the country expanded health insurance coverage since 2014 under the ACA has created more patient revenues for hospitals. But hospitals in states that did not fully implement the expanded access programs have not reaped the same kinds of rewards as those in expansion states. Hospital systems report decreases of 32 to 72 percent in the numbers of uninsured patients they care for in expansion states. The very same systems report only two to three percent decreases in uninsured patient care in non-expansion states like Florida<sup>3,17</sup>. One of the largest national hospital systems that did not experience significant reductions of uninsured patients in Florida is the HCA system, with several hospitals in the Tampa Bay region<sup>17</sup>.

Ninety-three percent of the uncompensated care delivered by hospitals in Hillsborough and Pinellas counties goes to people between the ages of 18 and 64 years old<sup>18</sup>; precisely the population that could be eligible for the expanded coverage program.

The Health Cost and Utilization Project (HCUP) developed through a federal-state-industry partnership and sponsored by the Agency for Healthcare Research and Quality (AHRQ) provides a charge to cost ratio (CCR) file with data from all hospitals that participate in the State Inpatient Database (SID)<sup>19</sup>. Florida hospitals participate in the SID. The CCR file is constructed using all-payer, inpatient cost and charge in-

Adults Who Would Be Eligible for Coverage Program (<138% FPL)





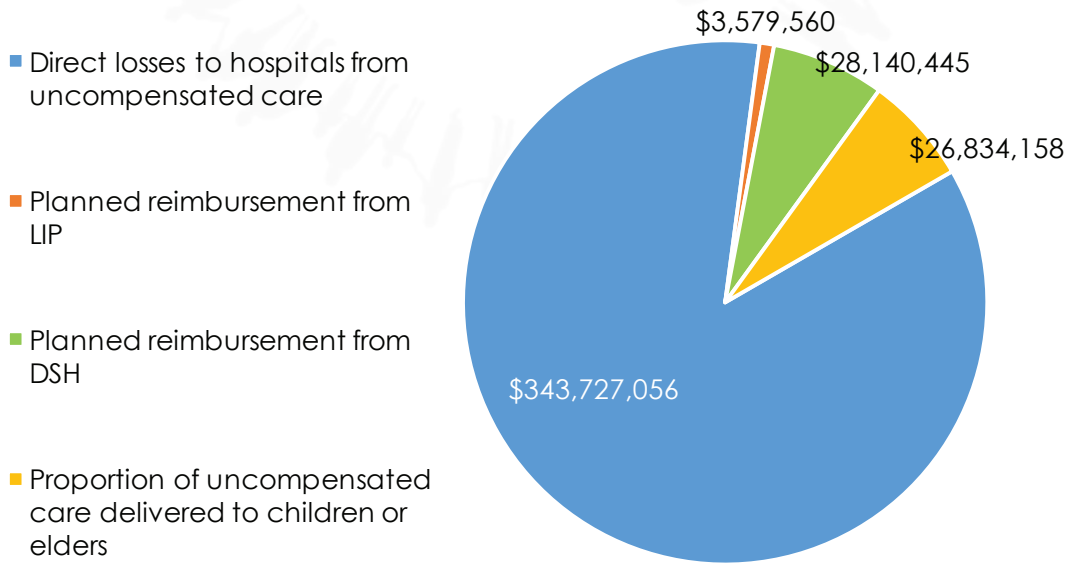
formation from the detailed reports by hospitals to the Centers for Medicare and Medicaid Services (CMS). The hospital-specific CCRs are calculated from the all-payer inpatient cost as compared to billed hospital charges.

By matching the HCUP Hospital ID number to the Florida Agency for Health Care Administration File Number with the aid of the American Hospital Association Linkage files<sup>20</sup>, we are able to apply the hospital-specific CCR to the reported non-payment and self-payment inpatient and emergency patient charges at each Tampa Bay area hospital\*. This method allows us to estimate that the Tampa Bay area hospitals' costs for uncompensated care provided to all uninsured patients between 18 and 64 years old was \$373,151,063 for 2014. Providing health care coverage to low-income adults would significantly reduce this amount of uncompensated care.

There are limited Medicaid funds designed to "make hospitals whole" for the uncompensated care they provide to uninsured people. The major reservoir for these funds in Florida is the Low Income Pool (LIP). These funds come from the traditional state/federal partnership mechanism such that for every dollar in the fund, Florida contributes 39 cents and the federal government contributes 61 cents. The Florida funds come from intergovernmental transfers contributed by local taxing authorities such as counties and special districts. Prior to October 2015, local governments designated to which safety net facilities their contribution and the corresponding federal matching dollars went. In October 2015 the federal CMS adjusted the terms and conditions of the federal Medicaid waiver that authorizes the LIP due to ongoing lack of fiscal integrity and transparency<sup>21</sup>. Previously, CMS could not tell if their majority 61 percent contribution was proportionately reaching the hospitals that provided a large portion of uncompensated care. Additionally, because CMS determined that uncompensated care pools should not pay for costs of care for people who could be covered under Medicaid provisions of the Affordable Care Act, the total amount of LIP funding is reduced to \$608 million for FY2016-17. The LIP waiver expires completely in 2017 with the full Statewide Medicaid Managed Care waiver. It is unclear if CMS will continue the LIP program with a new waiver. Under the current apportionment scheme, \$31.7 million are planned for disbursement to Bay area facilities from the LIP and the Disproportionate Share Hospital fund<sup>22</sup>. The net effect of the changing LIP payment structure will leave Tampa Bay area safety net hospital providers with a loss of \$344 million for the actual cost of the care provided to uninsured adults in Hillsborough and Pinellas Counties.

Nearly all of this shortfall can be avoided if the state legislature and governor would close the coverage gap and draw down \$71 billion over the next ten years in enhanced matching funds for low-income health care. During the first three years of this offer (2014 through 2016), the federal "match" to the state contribution for the program was 100 percent. The federal match rate stair-steps down for the next four years at 95 percent in 2017, 94 percent in 2018, 93 percent in 2019, and finally 90 percent in 2020 — where it will remain thereafter.

### Total Uncompensated Care \$402,281,219



\*Each of the hospitals in Florida report their billed charges for every patient visit to the Florida Agency for Health Care Administration. The agency publishes the details of all charges on FloridaHealthFinder.gov. Considering that the charges the hospitals report as non-payment and self-payment charges. This analysis considers the charges identified as "self-payment" and "non-payment" as care that was delivered to patients but uncompensated to the hospitals.



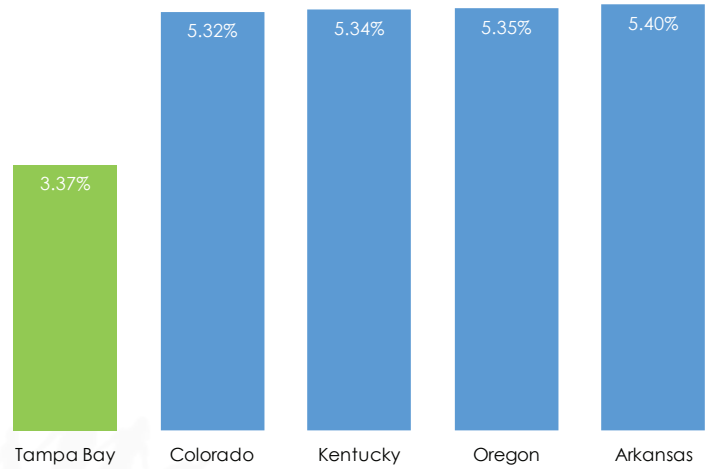


## ■ The Effect of Coverage on Financial Stability

### JOBS AND WAGES

Florida businesses and residents currently contribute to the federal coffers that provide states their matching funds, despite that, none of these monies have returned to Florida. Bringing Florida tax dollars back to the state would deliver a boon to state and local economies. Expansion programs in other states generate positive fiscal impacts on state and local economies. The influx of federal dollars flows through all economic sectors creating jobs and increasing wages<sup>1</sup>. There was a \$634 increase in average household wages stemming from expansion dollars in Colorado in fiscal year 2015-16. That state projects a continuance of household earnings growth to \$1,033 over the next 20 years<sup>2</sup>. The Tampa Bay region has not seen income increases at the same level enjoyed by residents of expansion states (see chart at right)<sup>23</sup>.

Percent Increase in Per Capita Income 2013 to 2014



Economists in Kentucky developed an elegant model that identifies the direct and indirect impact of federal health care expansion dollars on the statewide economy<sup>24</sup>. Applying the Kentucky experience of job growth seen through the expansion in Kentucky of 34,507 new jobs with a total payroll of \$1.34 billion in the first year of the program from 2014 on the Tampa Bay region<sup>25</sup>, we could expect the Bay area to see 23,000 new jobs in the first year of the program<sup>4</sup>.

### DEBT

People without health insurance are especially vulnerable to financial disadvantages of debt for medical and non-medical bills. When low-income people without insurance have difficulty paying for their health care expenses they become delinquent on medical and non-medical bills. This debt limits their future access to credit and reduces their ability to save and spend on goods and services that fuel local and regional economic growth<sup>5</sup>. Studies indicate that when low-income people gain health coverage through expanded eligibility they are 44 percent less likely to borrow money to cover routine living expenses or not pay non-medical bills<sup>26</sup>. Low-income adults living in expansion states have seen significant declines in the number of outstanding non-medical debts sent to collection agencies and the debts that to collection agencies have lower balances<sup>5</sup>.

## ■ Coverage Plan Saves the State and County Money

### INMATE HOSPITALIZATIONS

Although Medicaid benefits cannot apply to any person while they are an inmate of a public facility, the benefits could cover services while an inmate is hospitalized for at least 24 hours<sup>7</sup>. In 2009, Hillsborough County spent a \$2 million dollars on hospital care for county jail inmates<sup>27</sup> and a local hospital sued the Pinellas County sheriff for \$807,000 for services rendered to inmates<sup>28</sup>. The insurance carriers would pay the hospital bills rather than county taxpayers if the state expands coverage eligibility.

Furthermore, under the expanded eligibility, directly upon release from incarceration, inmates would gain access to immediate health care coverage. The coverage would provide broad range of services for chronic and infectious illnesses and for mental health and substance use disorders<sup>1</sup>. Immediate and effective health care treatment has demonstrated significant reductions in recidivism rates and repeated incarceration. Implementing the expanded health plan will reduce costs to the county corrections systems<sup>29</sup>.

### MENTAL HEALTH CARE GAINS

Florida law requires counties to contribute 25 percent matching funds to finance Baker Act acute care services. The projected annual public cost of crisis care for 2017 to 2019 in the Tampa Bay area is \$13.8 million with Hillsborough and Pinellas Counties contributing more than \$3.4 million combined<sup>30</sup>. Crisis care services are billable to health insurance. Many individuals using the publicly funded crisis care would be eligible for coverage if the state provided the benefit to low-income adults. This would shift much of the cost the county now pays for mental health crisis stabilization to the federal match of health coverage programs. The state Substance Abuse and Mental Health Office in the Department of Children and Families has contracted to pay an additional \$5.7 million annually for mental health services in the Tampa Bay area that are

Δ Metropolitan area information includes Tampa-St. Petersburg-Clearwater, FL according to the U.S. Bureau of Economic Analysis. The Kentucky GDP for 2014 was \$187,788 million; the Tampa-St. Petersburg-Clearwater, FL GDP for 2014 was \$128,201 million.

<sup>4</sup> 42 U.S.C. 1396a(a)(29)(A).



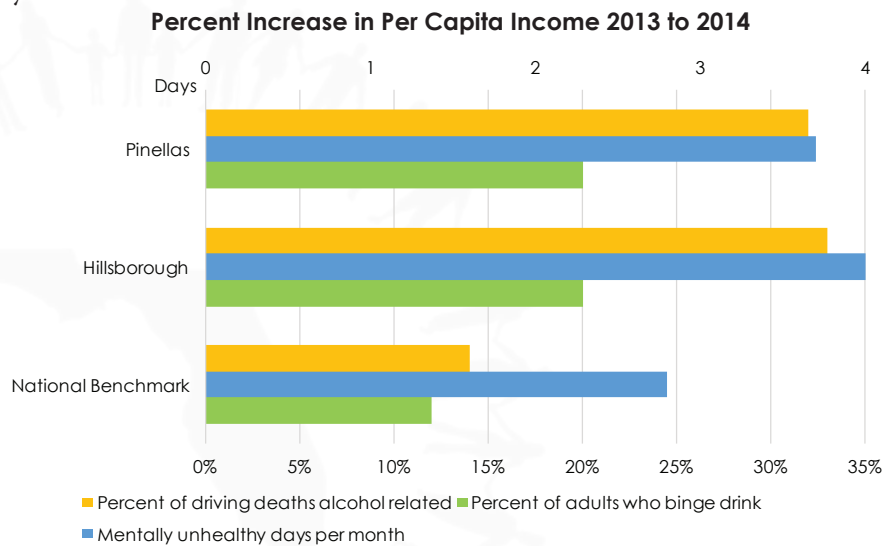
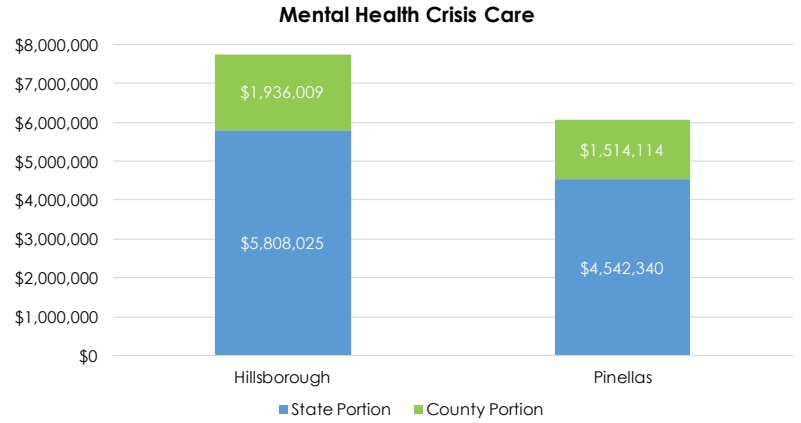


billable to health insurance companies<sup>30</sup>. Drawing down the federal match for health care coverage would bring revenue into the community-based agencies that provide these services. The additional revenue stream could allow the mental health providers to enrich the level of mental health care they deliver to the community.

There are nearly 110,000 uninsured adults with incomes less than 138 percent FPL in the Tampa Bay area. According to the National Survey of Drug Use and Health (NSDUH), more than one-fourth (27.7 percent) have a mental illness or substance use disorder. But the County Health Rankings places substance use as a higher burden on the Tampa Bay area than the national norms, indicating this is a much larger problem locally than nationally. The adversity of greater incidence of mental illnesses increases unemployment rates<sup>31</sup> and causes significant loss of on-the-job productivity<sup>32</sup>. People with mental illnesses are up to 15 percent more likely to develop chronic health conditions<sup>33</sup>. Without coverage, this population risks greater odds of having complex and advanced health problems that results in more uncompensated hospital care and loss of economic productivity.

### Answer the Opportunity Call

Despite the improvements made since the 2010 passage of the ACA, Florida and Tampa Bay continues to lag behind the nation in health outcomes and access to health care. The expansion program made possible by the ACA would make substantial improvements to the physical, mental, and financial health of individuals, communities, and governments in the Tampa Bay region. Not only will the low income adults eligible for the coverage receive direct benefits, but the veterans in the region will have improved access to VA health services, hospitals will have increased revenue to bolster their community health initiatives, and working people in the area will see a boost in their household earnings. Elected representatives must heed the call to bring Floridians' tax dollars back to Florida to provide health care and economic growth for the people of Tampa Bay.



To join the Florida Health Alliance campaign to close Florida's Medicaid coverage gap, visit [FLHealthAlliance.org](http://FLHealthAlliance.org) or text FLGAP to 864237.

## OUR PARTNERS





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