

# Health Care Reform and Alameda County Hospitals



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# Hospital Council of Northern and Central California

## Who We Are

The Hospital Council of Northern and Central California is a nonprofit hospital and health system trade association established in 1961, representing 185 hospitals in 50 of California's 58 counties, and 13 systems— from Kern County to the Oregon border.

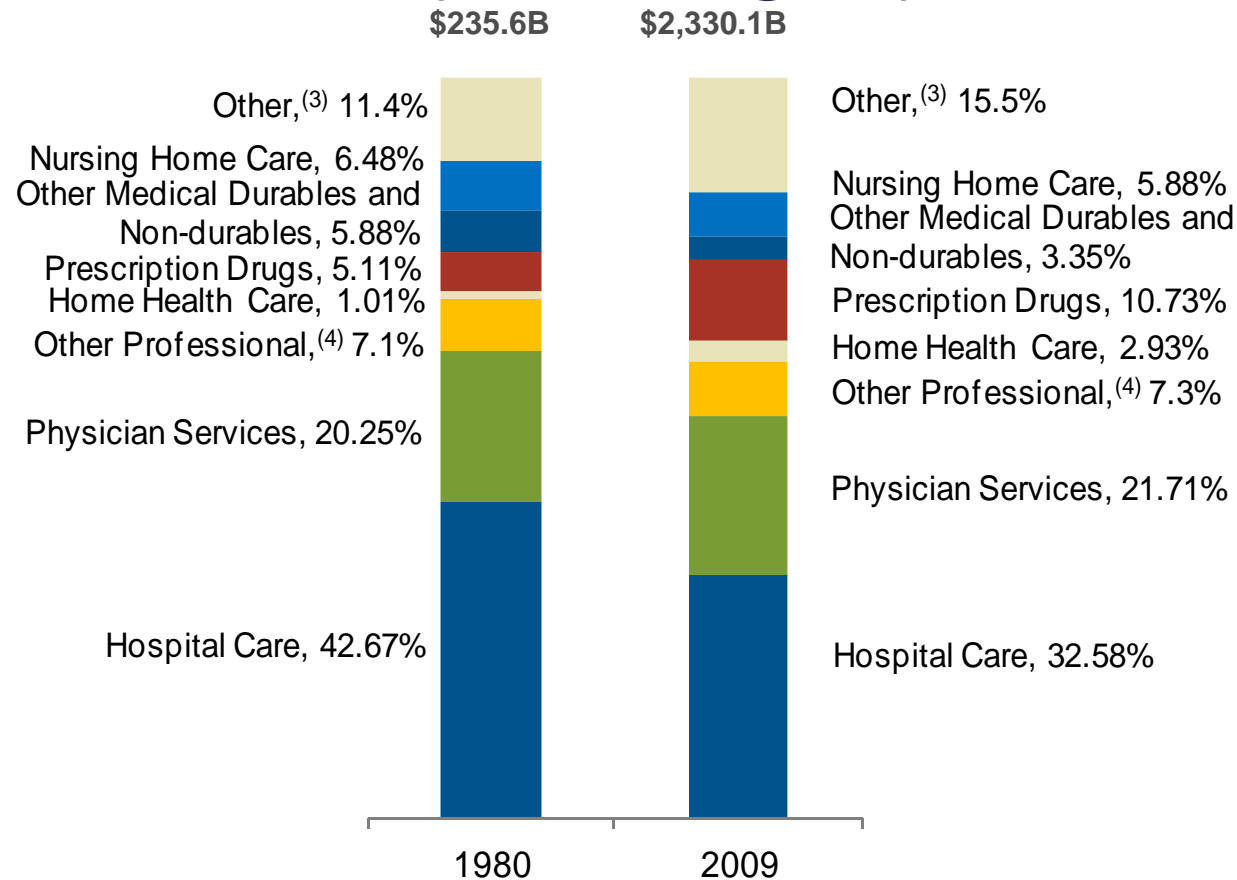
## Our Mission

To help our members to provide high quality health care and to improve the health status of the communities they serve:

*“Effective, Efficient, Safe, Timely, Patient Centered, Equitable and Affordable”*



# National Health Expenditures By Category



Source: Centers for Medicare & Medicaid Services, Office of the Actuary. Data released January 6, 2011.

(1) Excludes medical research and medical facilities construction.

(2) CMS completed a benchmark revision in 2009, introducing changes in methods, definitions and source data that are applied to the entire time series (back to 1960). For more information on this revision, see <http://www.cms.gov/nationalhealthexpenddata/downloads/benchmark2009.pdf>.

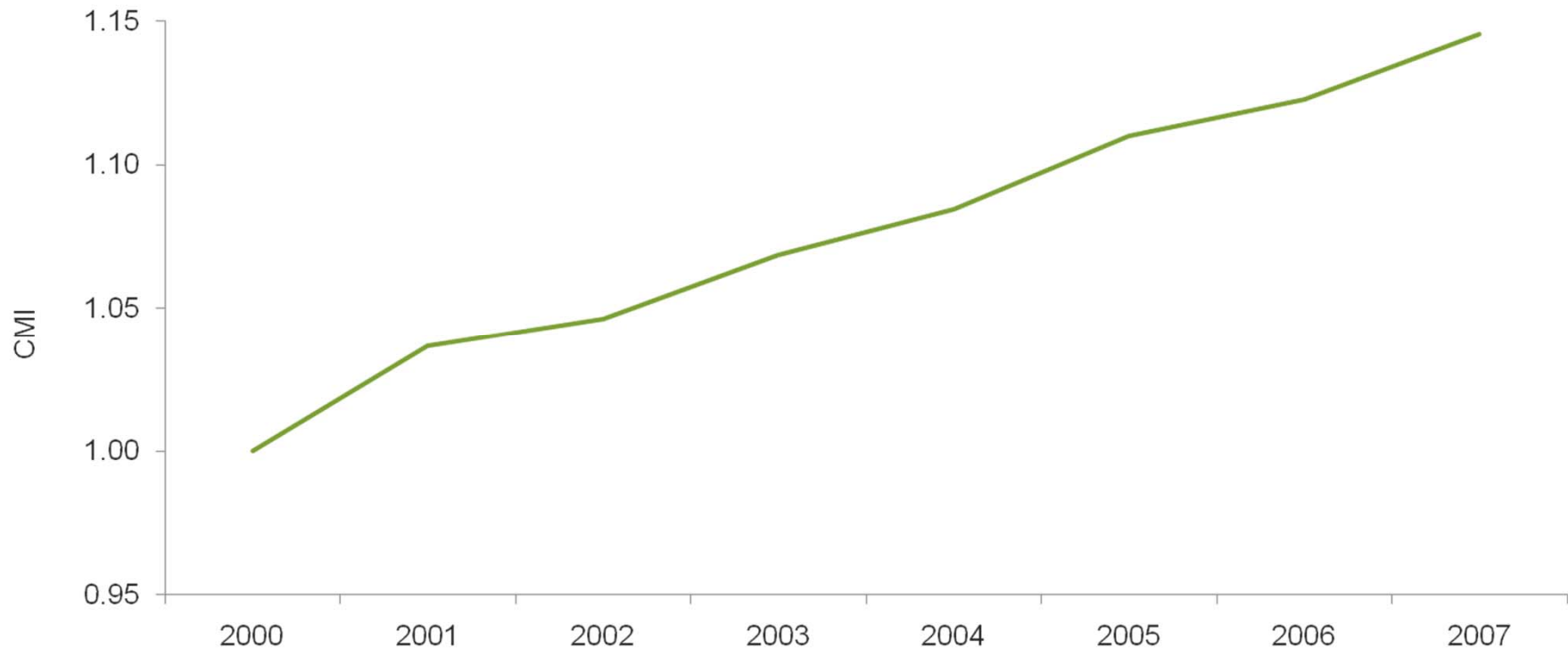
(3) "Other" includes net cost of insurance and administration, government public health activities, and other personal health care.

(4) "Other professional" includes dental and other non-physician professional services.

Source: American Hospital Association

# Hospitals Treat Sicker Patients That Require Specialized Care

## Inpatient Case-mix<sup>(1)</sup> Index (CMI) for the Medicare Population, 2000-2007

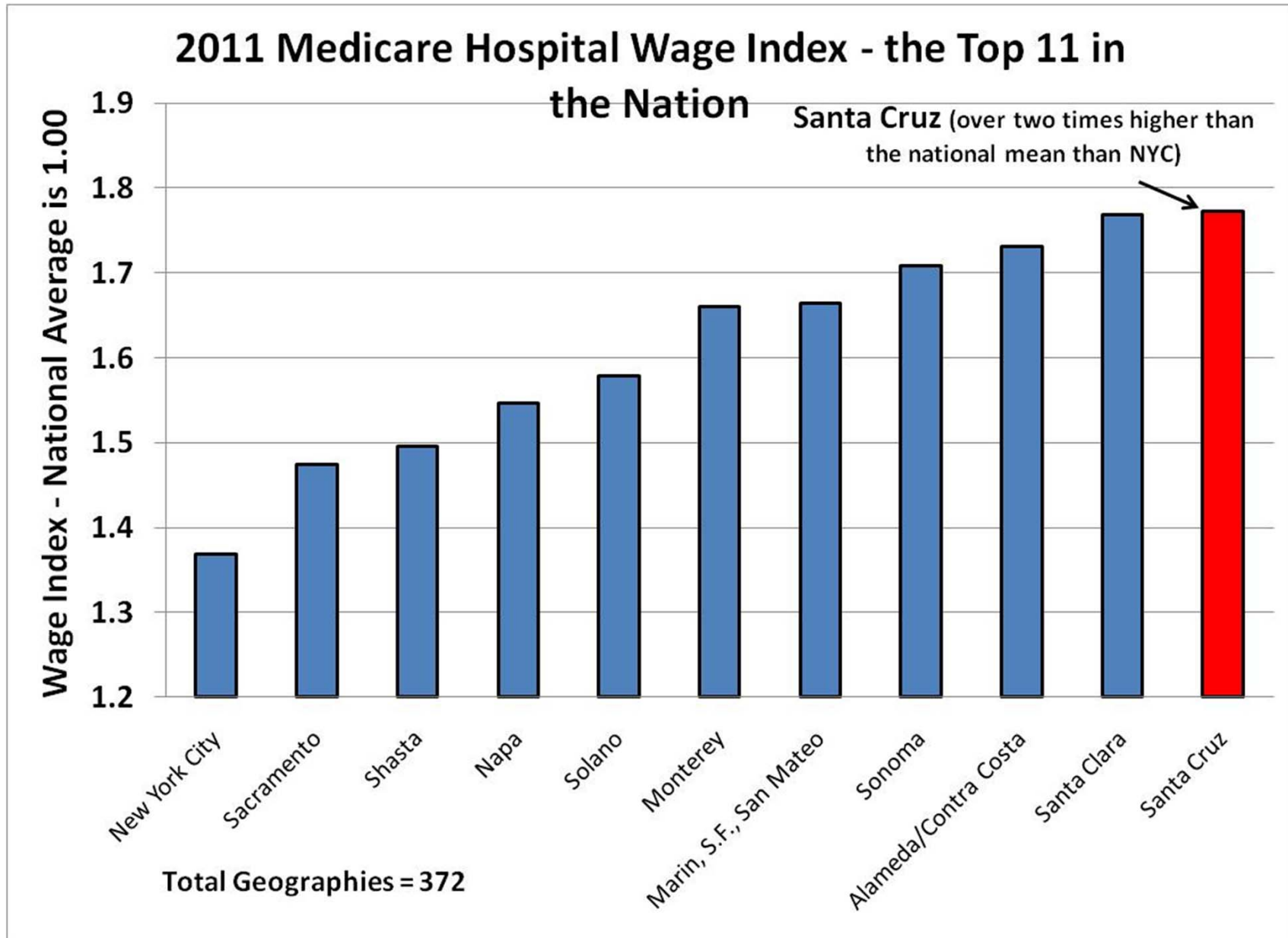


Source: Deb, P. (2010). *Trends in Case-mix in the Medicare Population*. Paper presented to the American Hospital Association, Federation of American Hospitals, and Association of American Medical Colleges.

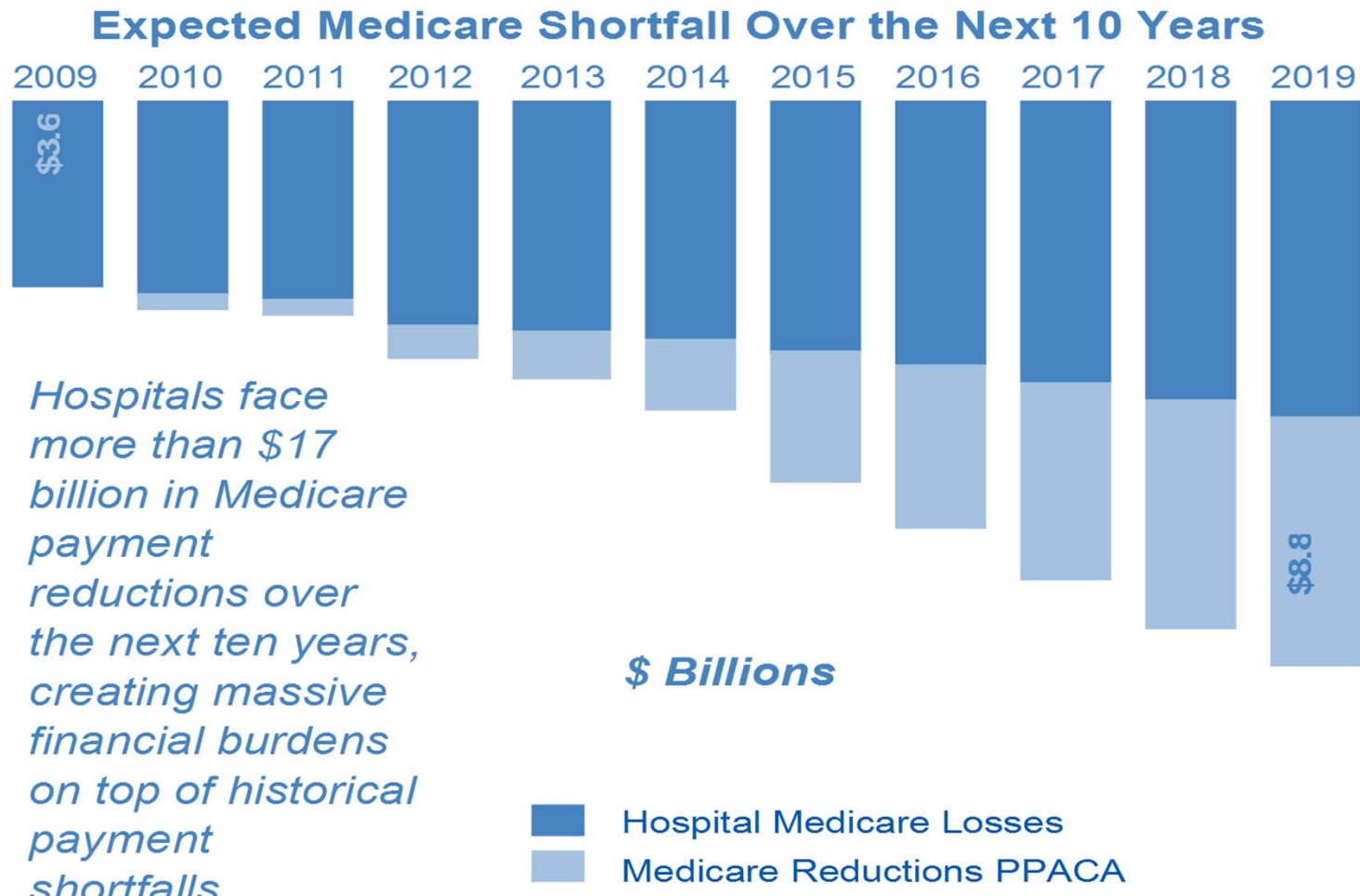
<sup>(1)</sup> Case-mix is defined as the mix of patients across diagnosis-related groups (DRGs) in a hospital.

Source: American Hospital Association

# National Wage Index



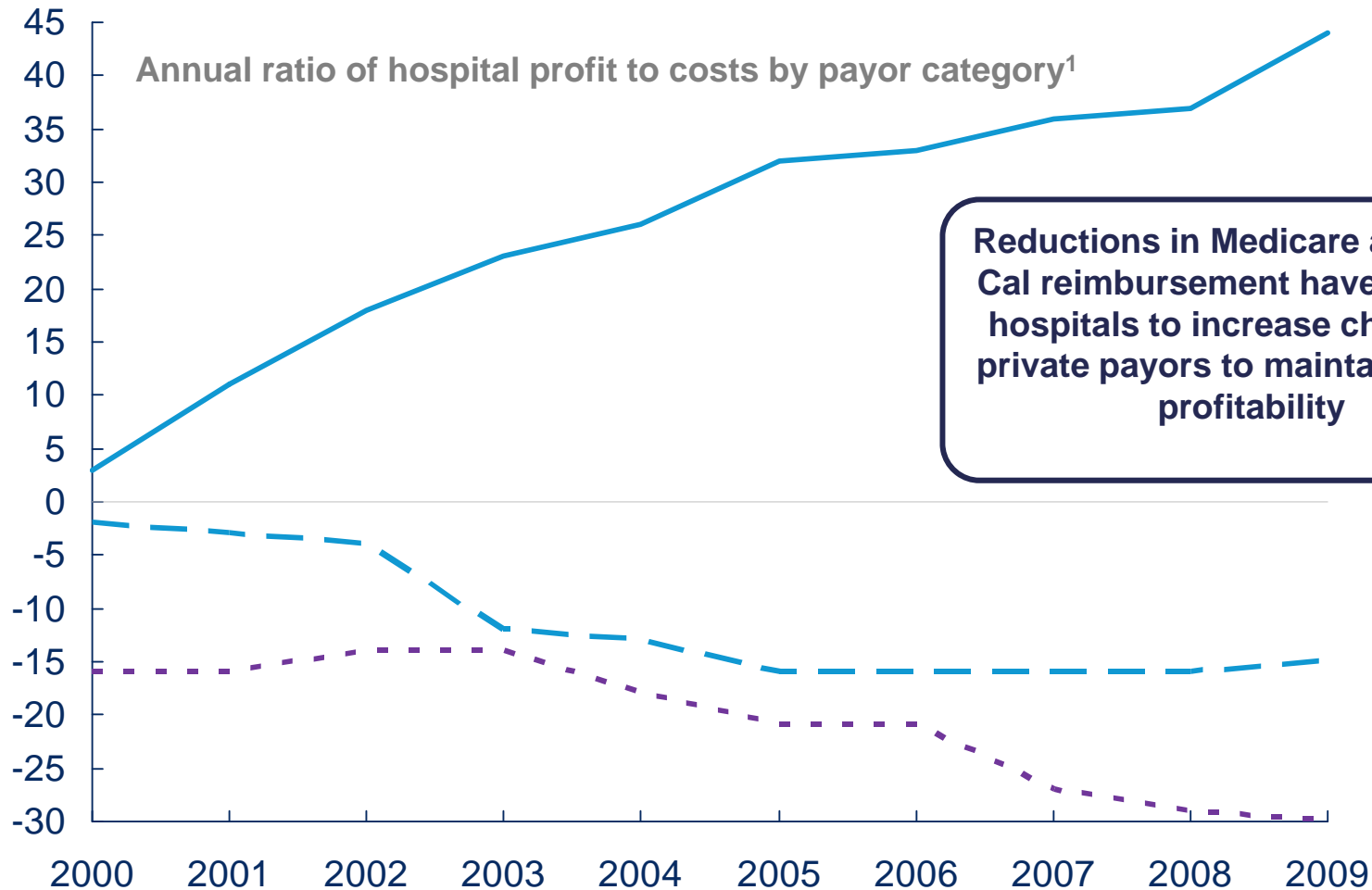
# Implementing Reform Will Create Financial Challenges For Hospitals





# Cost Shift In CA

- Private payor
- - Medicare
- - - Medi-Cal (including DSH)



**Reductions in Medicare and Medi-Cal reimbursement have required hospitals to increase charges to private payors to maintain overall profitability**

1 Profit-to-cost ratio calculated by payor category in each year using the formula:  $(\text{Net Patient Revenue} - \text{Hospital Costs}) / (\text{Hospital Costs})$

SOURCE: OSHPD Quarterly Data Files, 2000-09

# Ready for the Challenge

## Strategic Issues for Hospitals:

- Enhance efforts to improve quality
- Increase clinical and operational efficiencies
- Increase efforts to improve patient satisfaction
- Reduce avoidable readmissions
- Assess and strengthen planning for HIT
- Examine physician alignment and clinical integration





# Alameda County Hospitals

- Collaborating together to improve quality and patient safety
- Creating networks and integrated delivery models of care
- Testing innovations to reduce avoidable readmissions
- Making progress on HIT

THANK YOU

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