

HEALTH CARE FOR AMERICA **NOW!**

Democratic Health Reform Legislation Will Save Millions of Dollars For Hospitals in North Dakota

Currently, hospitals in North Dakota, represented by Congressman Earl Pomeroy, do not get paid for millions of dollars worth of care they provide to the uninsured. About 12 percent of the state's residents have no health insurance coverage today.¹ That erodes hospitals' profit margins, making it harder for them to operate. The Democratic health reform legislation pending before Congress² would change this.

Passage of the Democratic proposal means most people will be insured. It also means millions more dollars in revenue and greater stability for hospitals.

- Hospitals that serve North Dakota and report uncompensated care listed \$74.9 million in annual uncompensated care costs in recent years.³
 - This level of uncompensated care represents an average of 6.8 percent of net patient service revenue, compared with an average of 5.8 percent for hospitals nationally.⁴
 - The hospitals in recent years had a combined operating margin of 0.02 percent, compared with the national aggregate total hospital margin of 6.9 percent in 2007.⁵ (Hospitals in this state that have not reported uncompensated care costs are not included in these figures.)
- **Under the Democratic health reform legislation, the Congressional Budget Office (CBO) projects that when fully implemented the number of uninsured nationwide will fall from 50 million to between 18 million and 23 million, at least a 54 percent decline.⁶ By one estimate, in North Dakota, the number of uninsured is projected to drop from 66,000 to 33,000.⁷**
 - The reduction in uninsured – and the corresponding increase in paying patients – will improve significantly the financial health of hospitals, particularly those serving the greatest share of the uninsured in North Dakota.
 - Assuming conservatively that hospitals will get paid for half of the uncompensated care they now provide,⁸ **hospitals in North Dakota will get paid \$37.5 million more per year, reducing uncompensated care to 3.4 percent of revenues from 6.8 percent today.⁹**
- Statewide in North Dakota, 56 percent of residents are covered through employer plans, 10.3 percent through the individual market, 8.7 percent through Medicaid, 12.5 percent through Medicare and 1.3 percent through other public insurance programs. That leaves 11.2 percent of residents uninsured.¹⁰
 - Except for coverage of the uninsured, the distribution of insurance coverage is projected to remain largely unchanged under Democratic health reform legislation.¹¹

Democratic Health Reform Legislation Enhances Hospital Stability in North Dakota

Under the health reform plan before Congress, the number of uninsured in North Dakota is projected to plunge to as low as 33,000 from 66,000, a 50 percent decline.¹² As a result, a large portion of uncompensated care costs will be eliminated, as shown in Table 1 below. Based on the conservative assumption that hospitals would be paid for 50 percent of current uncompensated care costs, hospitals throughout the state would gain at least \$37.5 million per year from health reform.

Table 1: Estimated Impact on Hospitals in North Dakota From Reduction in Uncompensated Care Costs (Under Democratic Health Reform Legislation)

Conservative Estimate of a 50 Percent Decline in Uncompensated Care Expenses

Hospital	Net Patient Service Revenue (in millions)	Net Income (in millions)	Uncompensated Care (in millions)	Operating Margin	Reduction in Uncompensated Costs Under Democratic Bill (in millions)
Altru Hospital	\$317.9	-\$0.5	\$11.4	-0.2%	\$5.7
Heart of America Medical Center	\$5.0	-\$0.7	\$1.1	-14.3%	\$0.5
Innovis Hospital	\$79.5	\$0.9	\$5.3	1.1%	\$2.6
Jamestown Hospital	\$22.1	\$0.9	\$1.6	4.3%	\$0.8
MedCenter One Inc	\$215.9	\$1.1	\$14.2	0.5%	\$7.1
Mercy Hospital-Devil's Lake	\$7.2	-\$0.5	\$1.2	-6.4%	\$0.6
Mercy Medical Center	\$38.3	-\$2.4	\$6.0	-6.3%	\$3.0
MeritCare Hospital	\$379.7	\$4.6	\$29.1	1.2%	\$14.5
St. Joseph's Hospital & Health Center	\$29.6	-\$2.3	\$3.3	-7.7%	\$1.7
Towner County Medical Center	\$10.7	-\$0.9	\$1.8	-8.0%	\$0.9
TOTAL	\$1,106.0	\$0.2	\$74.9	0.02%	\$37.5

Sources: Center for Medicare & Medicaid Services, Hospital Cost Reports & U.S. House Energy and Commerce Committee District-by-District Analysis of Democratic health reform legislation. See endnotes 2, 6, & 8 for explanations and links to sources.

Notes: Thirty-eight hospitals with an additional \$721.9 million in annual revenues serve North Dakota but did not report figures for uncompensated care. These hospitals are not included in this table.

Hospitals in North Dakota

Altru Hospital	Mercy Hospital – Devil’s Lake	Southwest HealthCare Services
Ashley Medical Center	Mercy Hospital – Valley City	St. Alexius Medical Center
Carrington Health Center	Mercy Medical Center	St. Aloisius Medical Center
Cavalier County Memorial Hospital	MeritCare Hospital	St. Andrew’s Medical Center
Cooperstown Medical Center	Mountrail County Medical Center	St. Joseph’s Hospital & Health Center
First Care Health Center	Nelson County Health System Hospital	St. Luke’s Hospital
Garrison Memorial Hospital	North Dakota State Hospital	Tioga Medical Center
Heart of America Medical Center	Northwood Deaconess Health Center	Towner County Medical Center
Hillsboro Medical Center	Oakes Community Hospital	Trinity Hospitals/St. Joseph’s
Innovis Hospital	Pembina County Memorial Hospital	Triumph Hospital – Central Dakotas
Jacobson Memorial Hospital	Prairie St. John’s	Triumph Hospital – Fargo
Jamestown Hospital	Presentation Medical Center	Turtle Lake Community Hospital
Kenmare Community Hospital	Richard P. Stadter Psychiatric Center	Union Hospital
Linton Hospital	Richardton Health Center	Unity Medical Center
Lisbon Area Health Services	Sakakawea Medical Center	West River Regional Medical Center
McKenzie County HealthCare System		Wishek Community Hospital
MedCenter One, Inc.		

¹ U.S. House Energy and Commerce Committee. Accessed at http://energycommerce.house.gov/index.php?option=com_content&view=article&id=1802:hr-3962-the-affordable-health-care-for-america-act-district-by-district-impact&catid=169:legislation&Itemid=55.

² H.R. 3590 and a companion reconciliation bill.

³ Center for Medicare & Medicaid Services, “Hospital Cost Reports,” 2006-2008. Accessed at <http://www.cms.hhs.gov/CostReports/CostReportsFY/>. Figures are taken for most recent year for which hospital reported in 2006, 2007, or 2008. Not all hospitals report uncompensated care costs. Only those hospitals reporting uncompensated care costs are included in the figures provided here.

⁴ American Hospital Association, “Uncompensated Hospital Care Cost Fact sheet,” November 2008. Accessed at <http://www.aha.org/aha/content/2008/pdf/08-uncompensated-care.pdf>.

⁵ American Hospital Association, “Trends Affecting Hospital and Health Systems, Appendix 4: Supplementary Data Tables 4.1 - 4.5” 2009. Accessed at <http://www.aha.org/aha/research-and-trends/chartbook/ch4.html>.

⁶ Congressional Budget Office, Preliminary Analysis of HR3962, October 29, 2009. Accessed at <http://cbo.gov/ftpdocs/106xx/doc10688/hr3962Rangel.pdf>.

⁷ U.S. House Energy and Commerce Committee. Accessed at http://energycommerce.house.gov/index.php?option=com_content&view=article&id=1802:hr-3962-the-affordable-health-care-for-america-act-district-by-district-impact&catid=169:legislation&Itemid=55.

⁸ Given the projection of a 50% decline in the number of uninsured persons, uncompensated care could decline by even more than the amount cited here.

⁹ The following figures are calculated for only those hospitals within the district that report on uncompensated care. Total current uncompensated care costs and reduction after reform would likely be much higher if all hospitals reported these data.

¹⁰ Kaiser Family Foundation, State Health Facts, “Health Insurance Coverage of the Total Population, states (2006-2007), U.S. (2007).” Accessed at <http://statehealthfacts.org/comparebar.jsp?typ=2&ind=125&cat=3&sub=39>.

¹¹ Congressional Budget Office, Preliminary Analysis of HR3962, October 29, 2009. Accessed at <http://cbo.gov/ftpdocs/106xx/doc10688/hr3962Rangel.pdf>.

¹² U.S. House Energy and Commerce Committee. Accessed at http://energycommerce.house.gov/index.php?option=com_content&view=article&id=1802:hr-3962-the-affordable-health-care-for-america-act-district-by-district-impact&catid=169:legislation&Itemid=55.