

# Overview of the Indigent Patient Care Program

*Presented to the*

Board of Regents, State of Iowa

December 16, 2004

## Principles Governing UIHC's Care for Patients Regardless of Their Ability to Pay

- All patients are treated with dignity and respect.
- All patients receive high quality care.
- No patient is refused emergency care.
- We expect payment for services rendered but are willing to provide discounts and payment plans under the terms of the UIHC uncompensated care policy.
- We remain committed to providing our fair share of charity care.

# **History and Background of the Indigent Patient Care Program and its Importance to the UIHC, CCOM and the State of Iowa**

# Key Points

## Overview - Indigent Patient Care Program

- Created in 1915 to provide a safety net for low income lowans who do not meet categorical eligibility for other programs while simultaneously helping to assure a sufficient patient base exists at UI Hospitals and Clinics to permit health professions education and research to occur.
- Important part of our mission.
- Care must be provided at the UI Hospitals and Clinics.
- Enables every Iowa county to refer patients for care at the UI Hospitals and Clinics at no cost to the patient or the county.
- Number of patients eligible from each county is determined by the county population.
- State institutions can refer patients too.

## Key Points (continued)

### Overview - Indigent Patient Care Program

- UI Hospitals and Clinics compensated through a fixed, annual appropriation.
- No reimbursement for physician services.
- UI Hospitals and Clinics annually provides services valued in excess of the appropriation received.
- Unique arrangement enables federal dollars to be leveraged to support the Program.
- Indigent patients receive same high level of care as everyone else.
- Multiple innovations have been made to the Program over time.
- Program has been studied numerous times and has been broadly endorsed.

# Select Endorsements of the Indigent Patient Care Program

- Iowa Medical Society\*
- Iowa State Associations of Counties\*\*
- Iowa Hospital Association\*\*\*

\* October 9, 1997 correspondence from Dr. Harold (Hal) Miller, President of the IMS, to Mr. R. Edward Howell, Director and CEO of the UIHC.

\*\* December 3, 1997 correspondence from Ms. Barbara Martley, President of Community Service Affiliate, to Mr. R. Edward Howell, Director & C.E.O. of the UIHC.

\*\*\* The then Iowa Hospitals & Health Systems (now Iowa Hospital Association) Board of Trustees adopted seven principles regarding the Indigent Patient Care Program at its April 1998 meeting.

# Indigent Patient Care Program Resolution

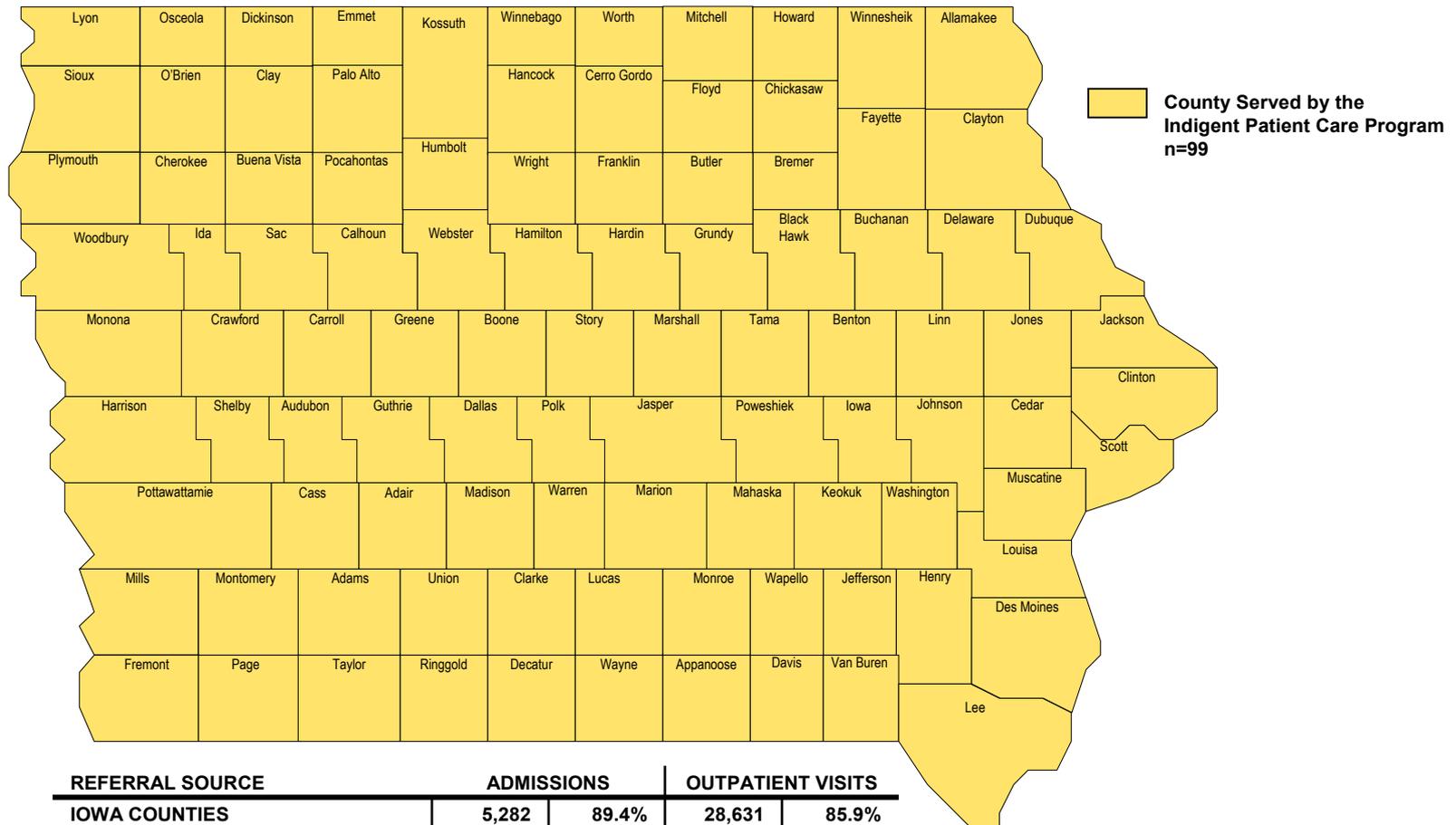
## Approved by the Board of Regents in December 2003

- WHEREAS the Indigent Patient Care Program provides access to high-quality health care at the University of Iowa Hospitals and Clinics for Iowans who otherwise might not have access to care;
- WHEREAS patients referred to the University of Iowa Hospitals and Clinics via the Indigent Patient Care Program have access to comprehensive services at a single location;
- WHEREAS the University of Iowa Hospitals and Clinics and the University of Iowa Carver College of Medicine provide all patients with a single standard of high-quality care;
- WHEREAS counties are protected from health care costs by being able to refer patients to the University of Iowa Hospitals and Clinics at no cost to the counties or the patients;
- WHEREAS the University of Iowa Carver College of Medicine and other University of Iowa health science programs benefit from having the Indigent Patient Care Program population available for academic purposes;
- WHEREAS the physicians at the University of Iowa Carver College of Medicine provide care to Indigent Patient Care Program patients without charge;
- WHEREAS the University of Iowa Hospitals and Clinics is able to leverage federal dollars to reduce the cost of the Indigent Patient Care Program to the state;
- WHEREAS state appropriations for the program have consistently and increasingly been less than the costs of operation;
- WHEREAS state institutions, including the Iowa Department of Corrections, are permitted to refer an unlimited number of patients to the University of Iowa Hospitals and Clinics without cost, and the number of such patients and the cost of these patients to the University of Iowa Hospitals and Clinics and the University of Iowa Carver College of Medicine have been dramatically increasing;
- WHEREAS increases in costs and decreases in state support have made providing benefits of the Indigent Patient Care Program more challenging, and the projected gap between state revenues and projected expenditures threatens further reductions in state support for the program;
- THEREFORE;
- **The University of Iowa Hospitals and Clinics Board of Trustees, exercising its governance authority:**
  - **Expresses its intent to seek budgetary, regulatory, and statutory relief necessary to permit the Indigent Patient Care Program to continue to provide high-quality care to Iowans, while simultaneously enhancing the health and medical education programs at the University of Iowa.**

# Board of Regents Most Recent Support for Indigent Patient Care Program Appropriation Funding

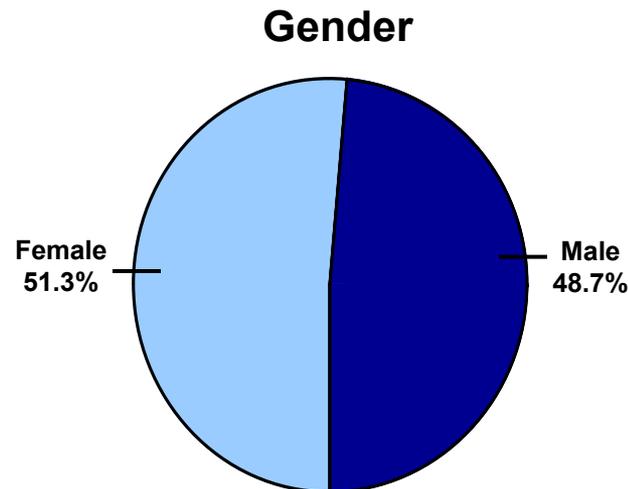
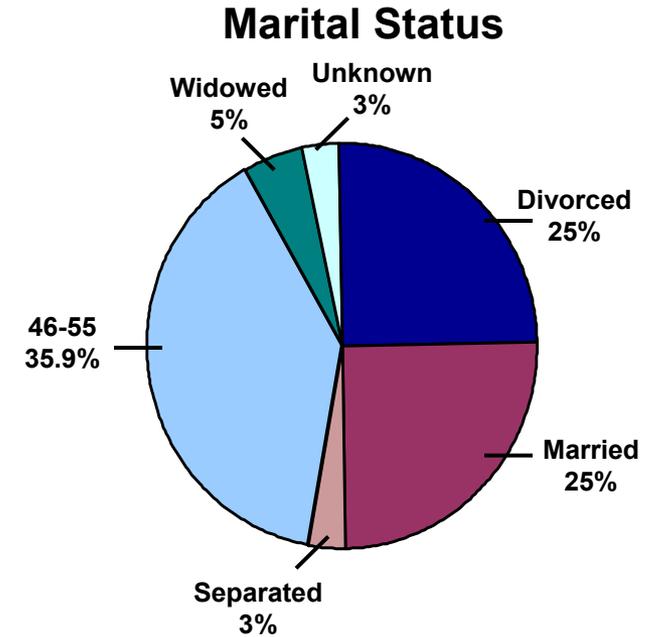
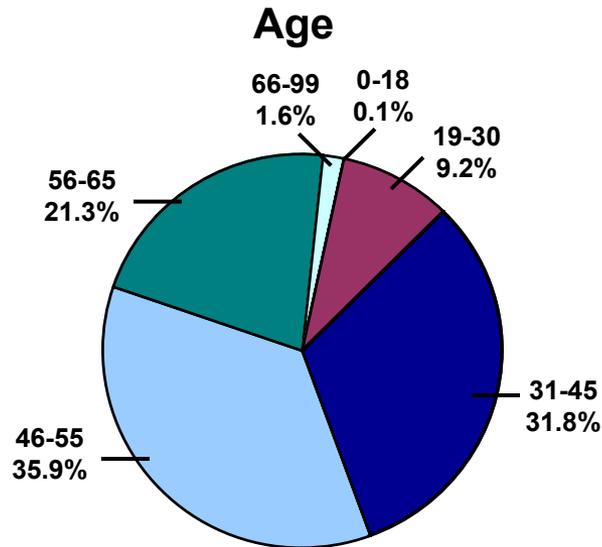
- Included in Regents' FY 06 Request to Governor Vilsack
  - Key component of Health Bid submitted by the Regents

# All 99 Counties Served by the Indigent Patient Care Program FY 2004



REFERRAL SOURCE	ADMISSIONS		OUTPATIENT VISITS	
<b>IOWA COUNTIES</b>	<b>5,282</b>	<b>89.4%</b>	<b>28,631</b>	<b>85.9%</b>
<b>STATE INSTITUTIONS:</b>				
<b>DEPARTMENT OF CORRECTIONS</b>	<b>565</b>	<b>9.6%</b>	<b>4,317</b>	<b>12.9%</b>
<b>OTHER</b>	<b>58</b>	<b>1.0%</b>	<b>393</b>	<b>1.2%</b>
<b>TOTAL</b>	<b>5,905</b>	<b>100.0%</b>	<b>33,341</b>	<b>100.0%</b>

# Demographic Information on the Indigent Patient Care Program Population Served in FY 04



## **Indigent Patients Referred To and Cared For at the UI Hospitals and Clinics Receive a Level and Quality of Care That Few, If Any, States Have Been Able to Match**

- The vast majority of patients granted a State Paper have been referred to the UIHC by community physicians in recognition of the patients' undiagnosed complaints or state of disease process and the unique and highly specialized diagnostic and therapeutic capabilities available here, rather than for economic reasons alone.
- Iowa's less affluent citizens have full access to the UIHC's vast array of patient care services via UIHC's policy of one-class care delivery.
  - A full range of clinical services in all specialties and subspecialties of medicine and dentistry.
  - Staff who represent a broad array of health professionals who are sensitive to the personal, as well as the physical, needs of all patients.
  - The latest in medical knowledge, technology and quality health services.

# The Vast Majority of Indigent Patient Care Program Patients\* are Hospitalized with Multiple Concurrent Conditions

# Co-morbidities	Percentage
0	4.48%
1-2	13.53%
3-4	19.56%
5-19	62.43%
<b>TOTAL</b>	<b>100.00%</b>

\*Excludes state institution patients, OB, and Ortho

## UI Hospitals and Clinics' Top 5 Services Engaged in the Care of the Indigent Patient Care Program Population in FY04

Inpatients	
Service	% of total IPCP patients
Medicine	25.5%
Orthopaedics	19.9%
Family Care Center	12.6%
General Surgery	9.5%
Neurology	7.0%
<b>Total</b>	<b>74.5%</b>

Outpatients	
Service	% of total IPCP patients
Family Care Center	22.0%
Medicine	22.0%
Radiology	8.6%
Orthopaedics	7.6%
Ophthalmology	5.6%
<b>Total</b>	<b>65.8%</b>

## Multiple Innovations to the Indigent Patient Care Program have Occurred Over Time

- Patient transportation service
- Care management program
- Prescription drug refill program

## **All Patients in the Indigent Patient Care Program Have Easy Access to Care at the UI Hospitals and Clinics**

- A Statewide Patient Transportation System was established by the UI Hospitals and Clinics in 1932.
- State Paper patients are provided free transportation between their homes and the UI Hospitals and Clinics via a fleet of vans operated by the UI Hospitals and Clinics.
- State Institutions provide transportation to and from the UI Hospitals and Clinics for their residents.

## Care Management Program of the University of Iowa (CMPUI)

- Multidisciplinary care management program designed to care for indigent patients with State Papers
- Program provides comprehensive care coordination to ensure high quality and cost effectiveness
- Design insures access to broad range of behavioral, medical, and surgical services
- CMPUI incorporates key concepts of care, case, and disease management to meet the needs of a medically complex population

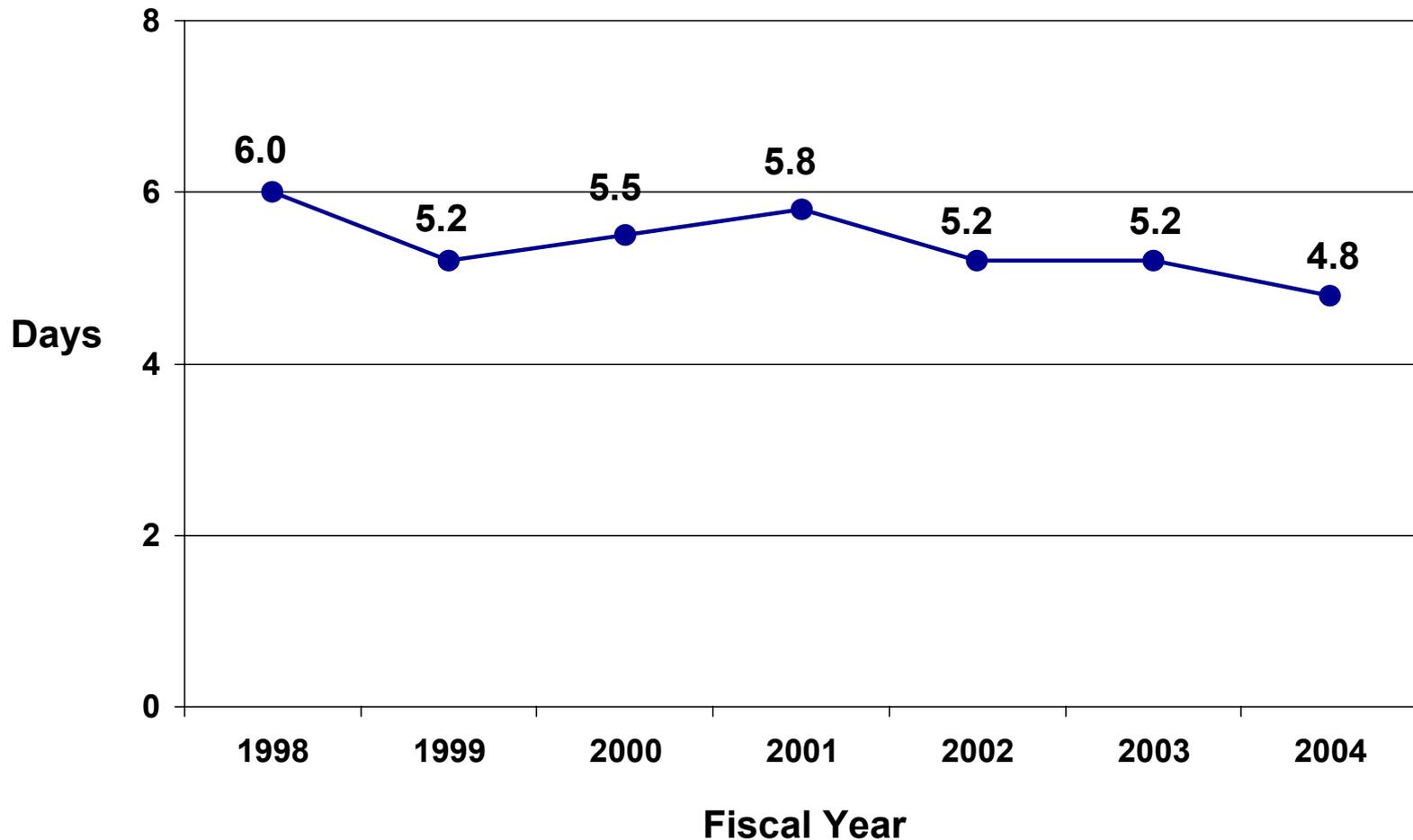
# Care Management Program Phone Triage System

- Patients often have questions regarding their health
- CMPUI has a 24/7 phone triage system via a toll free number that allows patients to have questions answered

## Care Management Program Success in Improving Efficiency and Effectiveness

- Care Management Program has reduced acute care days and length of stay
- Inpatient utilization review assures that patients receive:
  - Access to medications
  - Supply provision
  - Health education
  - Community services referrals
- Access to these services reduces need for Emergency Treatment Center visits, thus controlling costs

# Trend Line of Care Management Program Success Reducing Indigent Patient Care Program Patients' Average Acute Length of Stay



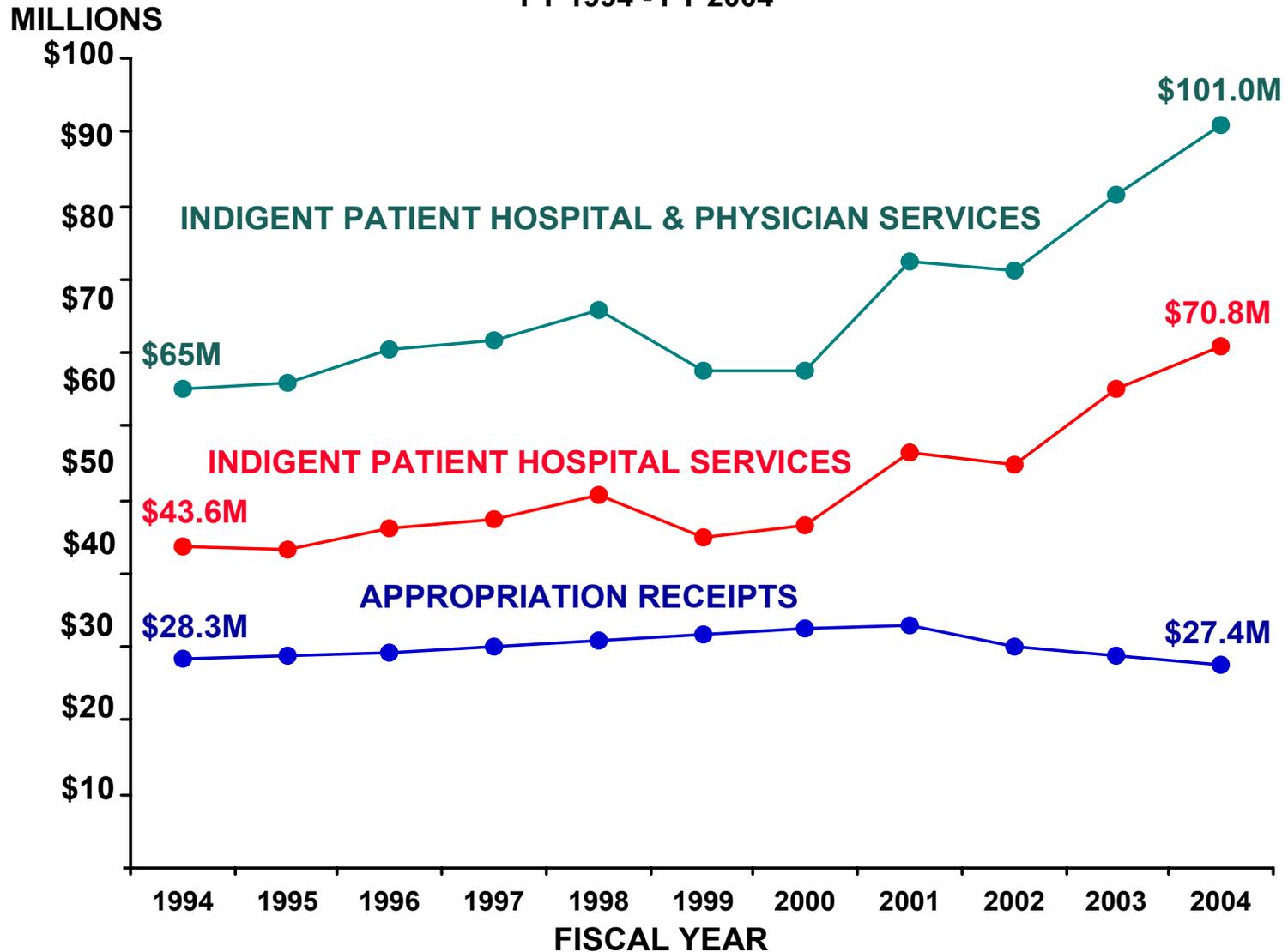
## Medication Access

- The Care Management Program has limited rising medication costs by working with the UIHC Department of Pharmaceutical Care
- The UIHC Department of Pharmaceutical Care mails medications when necessary and provides access to specialty medications not available at local pharmacies

# **Funding and Value of Services Provided as Part of the Indigent Patient Care Program**

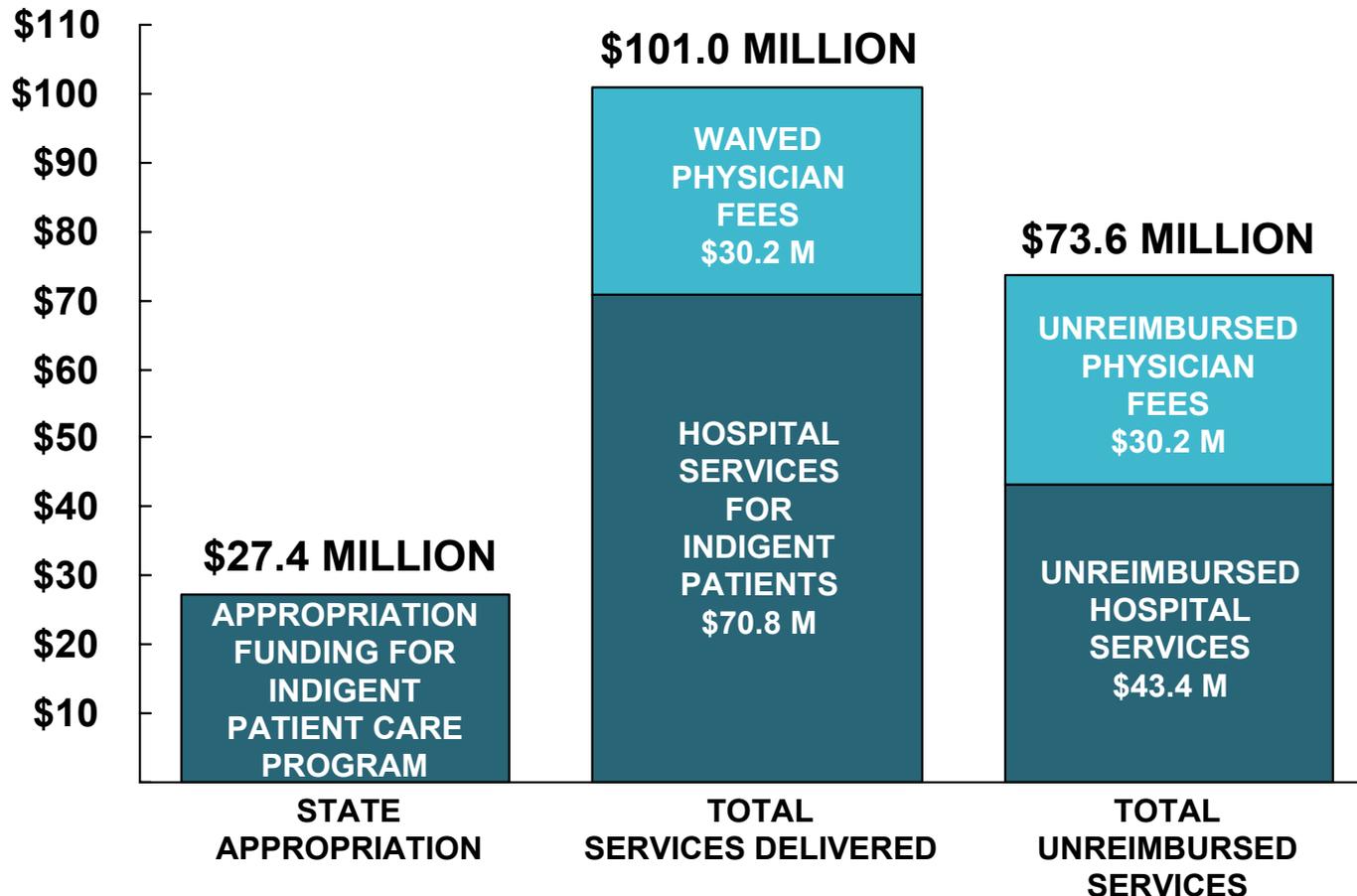
## UNIVERSITY OF IOWA HOSPITALS AND CLINICS

### Appropriation Receipts and Charges for the Indigent Patient Care Program FY 1994 - FY 2004



# CHAPTER 255 INDIGENT PATIENT CARE PROGRAM APPROPRIATION VS. VALUE OF TOTAL SERVICES PROVIDED FOR FY 2003 - 2004

MILLIONS



Based on associated charges for services rendered to Chapter 255 Indigent Patient Care Program Patients.

## **The State of Iowa, Through a Unique Arrangement with the UI Hospitals and Clinics, Is Able to Leverage the Indigent Patient Care Appropriation to Secure Federal Matching Dollars**

- Since FY 93, the Iowa General Assembly has provided for supplemental disproportionate share and indirect medical education adjustments, comprised of state and federal matching Medicaid dollars, payable only to the UI Hospitals and Clinics.
- This adjustment was created to generate payments back to the state equal to its appropriation for indigent patient care at the UI Hospitals and Clinics.
- UI Hospitals and Clinics payments back to the state are comprised of approximately 2/3rds federal dollars and 1/3rd state dollars.
- This leveraging mechanism would be lost if the indigent patient care appropriation was distributed to other non-state-owned hospitals.

## Medicaid Payments Returned to State of Iowa FY 1993-2004

	Chapter 255 Indigent Patient Care Program Appropriation*	Medicaid Payments		
		Supplemental Indirect Medical Education	Supplemental Disproportionate Share	Total Returned Dollars
1992-93	\$28,295,767	\$15,417,764	\$667,523	\$16,085,287
1993-94	28,377,653	24,241,442	-	24,241,442
1994-95	28,722,559	21,105,730	1,489,079	22,594,809
1995-96	29,401,487	21,865,536	7,979,877	29,845,413
1996-97	30,114,593	22,521,502	11,802,297	34,323,799
1997-98	30,965,308	23,174,625	15,465,802	38,640,427
1998-99	31,812,568	26,344,519	6,023,836	32,368,355
1999-2000	32,515,915	24,110,881	7,629,698	31,740,579
2000-01	33,040,152	24,834,208	6,730,254	31,564,462
2001-02	29,995,476	25,639,653	20,843,909	46,483,562
2002-03	28,833,500	26,383,203	22,269,589	48,652,792
2003-04	27,354,545	27,227,465	18,897,638	46,125,103
<b>Total</b>	<b>\$359,429,523</b>	<b>\$282,866,528</b>	<b>\$119,799,502</b>	<b>\$402,666,030</b>

\* Less any reversions

## Summary of New Provisions in SF 2298 Related to Leveraging and the Indigent Patient Care Program

- The UIHC received a line-item appropriation (\$27,284,584) for the Indigent Patient Care Program (this is the same amount as last year after the 2.5% across-the-board cut).
- A significant portion of the Indigent Patient Care Program appropriation (\$25,950,166) is encumbered until January 1, 2005.
- The UIHC is required to cash-flow the Indigent Patient Care Program for up to the first six months of FY 05 (the UIHC only has  $\$27,284,594 - \$25,950,166 = \$1,334,428$  available to it during this time period).

## Summary of New Provisions in SF 2298 Related to Leveraging and the Indigent Patient Care Program (continued)

- The Iowa Department of Human Services is to submit a State Plan amendment to the Centers for Medicare and Medicaid Services (CMS) to be permitted to adjust Medicaid inpatient payments to the UIHC up to the lesser of the categorical upper payment limit or the hospital-specific limit.
- If CMS approves the State Plan amendment, to the extent DHS pays the UIHC the additional Medicaid payments, an equal amount of the encumbered funds will revert to the State General Fund (this has the effect of leveraging Federal dollars for the State since the encumbered appropriation dollars are 100% State funds and Medicaid payments that cause them to revert are roughly 33% State dollars and 67% Federal dollars).
- If CMS does not approve the State Plan amendment, or if DHS does not provide additional payments sufficient to cause all of the encumbered funds to be reverted, the encumbered funds will be available to the UIHC.

# **The Indigent Patient Care Program and Patients from the Department of Corrections**

# Iowa Code Reference to Service to Residents of State Institutions

## **255.28 Transfer of patients from state institutions.**

The director of the department of human services, in respect to institutions under the director's control, the administrator of any of the divisions of the department, in respect to the institutions under the administrator's control, the director of the Iowa department of corrections, in respect to the institutions under the department's control, and the state board of regents in respect to the Iowa braille and sight saving school and the Iowa school for the deaf, may send any inmate, student, or patient of an institution, or any person committed or applying for admission to an institution, to the hospital of the medical college of the state university for treatment and care as provided in this chapter, without securing the order of court required in other cases. The department of human services, the Iowa department of corrections and the state board of regents, shall respectively pay the traveling expenses of a patient thus committed, and when necessary the traveling expenses of an attendant for the patient, out of funds appropriated for the use of the institution from which the patient is sent.

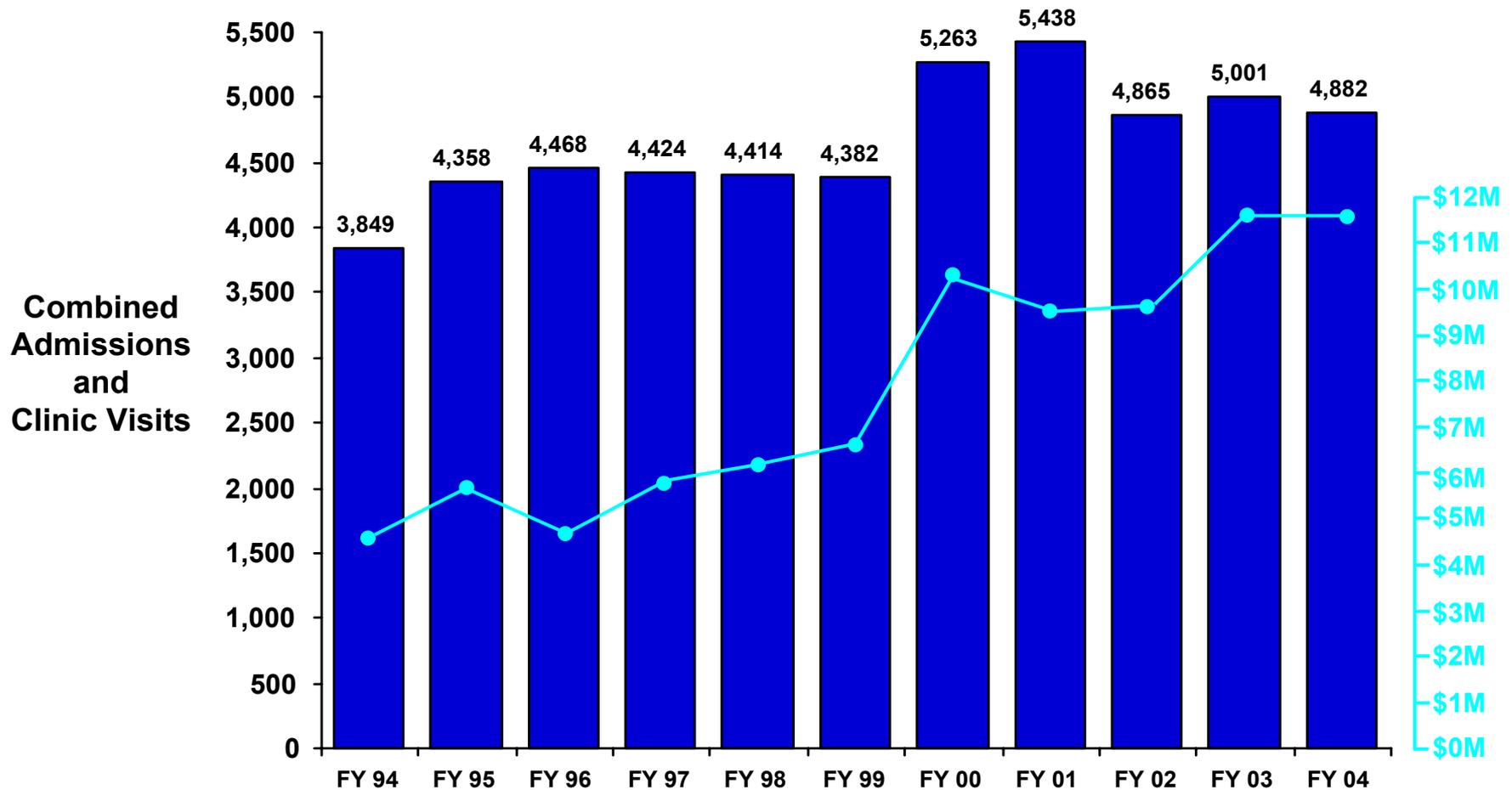
### **Section History: Early form**

[SS15, § 254-k; C24, 27, 31, 35, § 4030; C39, § **3828.159**; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, 79, 81, § 255.28]

### **Section History: Recent form**

83 Acts, ch 96, § 109, 159; 84 Acts, ch 1067, § 25

## The Volume of Department of Corrections Patients Treated Via the Indigent Patient Care Program and the Value of the Services Provided has been Growing



# **Proposal By the Iowa Department of Human Services to the Centers for Medicare & Medicaid Services Regarding Intergovernmental Transfers and Related Items and its Possible Implications**

# Background on the Department of Human Services' Proposal To the Center for Medicare & Medicaid Services Regarding Intergovernmental Transfers and Related Issues

- Earlier this year legislative leaders and the Iowa Department of Human Services approached the Centers for Medicare & Medicaid Services (CMS) with a proposal regarding intergovernmental transfers (IGTs) and related issues.
  - Members of Iowa's U.S. Congressional delegation were also briefed at this time.
- The proposal was developed as a result of concerns about the continuing existence of IGTs and the serious loss of revenues and negative consequences that would occur in Iowa if IGTs were suddenly ended.

## Intergovernmental Transfers in Iowa

- The State of Iowa will receive an estimated \$67.7 M in federal revenue during FY 05 through IGTs. This includes:
  - \$29.0 M through the Hospital Trust Fund
  - \$7.4 M through the Senior Living Trust Fund
  - \$18.1 M through Supplemental IME
  - \$13.2 M through Supplemental DSH
- The \$67.7 M in federal funds is over and above the normal matching federal rate for Medicaid and is built into the base Medicaid budget estimates for FY 05.

Source: Legislative Fiscal Bureau, February 20, 2004

## Intergovernmental Transfers in Iowa (continued)

- CMS categorizes IGTs as “appropriate” or “inappropriate”
  - “Inappropriate” IGTs involve recycling and are used to change the state/federal match rate
- CMS’s goal is to end all “inappropriate” IGTs by the end of a state’s FY05
  - 16 states have negotiated with CMS to end “inappropriate” IGTs
- Congress could influence CMS action related to IGTs
- Iowa’s IGTs could be changed to become appropriate

## Iowa Department of Human Services' Proposal to CMS Regarding Intergovernmental Transfers and Related Items

- Eliminates the following Intergovernmental Transfers:

### Beginning July 1, 2005

- Hospital Upper Payment Limit transfer from Franklin General Hospital
- Supplemental DSH transfer from UIHC
- Supplemental IME transfer from UIHC
- Nursing Facility Upper Payment Limit transfer

### Beginning July 1, 2006

- Enhanced Physician Payment transfer from the UIHC
- Enhanced Hospital Medicaid Payment transfer from the UIHC

- Treats the four state hospitals and two state resource centers as a “Single Medical Institution” eligible for Medicaid and DSH payments as a hospital.
- Permits Iowa to provide Medicaid benefits to adults ages 21 to 64 with family incomes at or below 200% of the Federal Poverty Level.
  - Permits benefit limitations to physician services and inpatient and outpatient hospital services.
  - Permits the provider network to be limited to Broadlawns, UIHC, and the SMI.
  - Permits an enrollment cap on the expansion population.
- Increases the level of care required to qualify for nursing facility services.
- Permits Medicaid coverage for the provision of mental health services to children who could not receive such services unless they were determined Children in Need of Assistance.
- Gains approval of Iowa’s family planning waiver.

## Select Questions the UI Hospitals and Clinics Has Raised with the Iowa Department of Human Services

- How large is the population in Iowa that will potentially be eligible for expanded Medicaid?
- What is anticipated to happen to the appropriation for the Indigent Patient Care Program given annually to the University of Iowa Hospitals and Clinics?
- Is it the Department of Human Services' intention that the expanded Medicaid population subsume patients formerly cared for in the Indigent Patient Care Program?
  - If yes, what proportion is projected to be subsumed?
- What type of patients currently eligible for care under the Indigent Patient Care Program would be excluded?
- How, specifically, will care for residents of state institutions (in particular, the Department of Corrections and the Department of Human Services) be provided for and reimbursed?

## Select Questions the UI Hospitals and Clinics Has Raised with the Iowa Department of Human Services

- Will access to care for patients switched to expanded Medicaid from the Indigent Patient Care Program be decreased in any way because they will no longer get the free transportation provided by the University of Iowa Hospitals and Clinics yet may be forced to go to Cherokee, Clarinda, Des Moines, Glenwood, Independence, Iowa City, Mt. Pleasant, or Woodward, or a combination thereof, for care?
- What plans does the Department of Human Services have for assisting people with lodging, meals, transportation costs, supplies, and pharmaceuticals?
- Does the Department of Human Services plan to engage in case management in any way to reduce the burden on people having to make multiple trips for care or to cut down on duplicative testing?

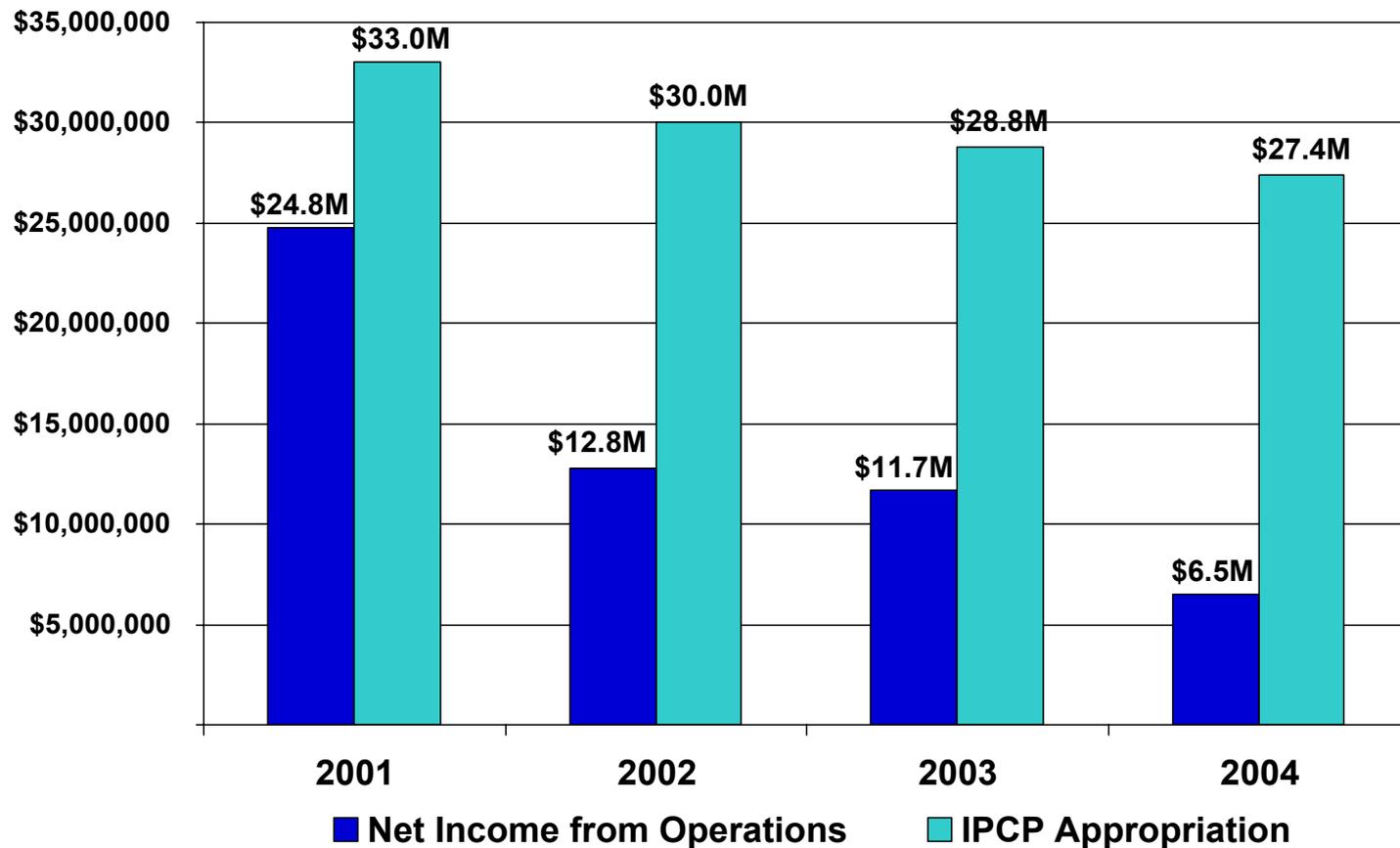
## Select Questions the UI Hospitals and Clinics Has Raised with the Iowa Department of Human Services

- What will be the implications for the patient base at the University of Iowa Hospitals and Clinics that is used to support the health professions education programs that supply the state of Iowa with providers?
- What happens when the cap on enrollment is reached but demand continues to exist?
- What is anticipated to happen after July 1, 2010 when the waiver for expanded Medicaid benefits expires?

## Observations

- DHS's IGT proposal is unique among states
- Elimination of IGTs is not a certainty – particularly given many other states with large congressional delegations are heavily dependent on IGTs
- Many questions remain unanswered regarding the positive and negative implications of this proposal

## Comparison of the Net Income from Operations at the UI Hospitals and Clinics with the Appropriation for the Indigent Patient Care Program



# Contingent Legislative Strategy if the Indigent Patient Care Program Appropriation is Significantly Cut or Eliminated

- The Board of Regents, State of Iowa, should consider seeking relief of the regulatory responsibilities in Chapter 255 of the Code of Iowa.

## **Responsibilities for the UI Hospitals and Clinics Contained in Chapter 255 of the Code of Iowa**

- Treatment and care of non-Indigent Patient Care Program patients shall not in any way interfere with the care of IPCP patients.
- Care for Iowa residents granted a State Paper by their county without charge to the resident or county (unless the county exceeds its allotment of State Papers by more than 10 percent).
- Care for any inmate within the Iowa Department of Corrections system, any student at the Iowa Braille and Sight Saving School or the Iowa School for the Deaf, or any patient of an institution under the Iowa Department of Human Services without charge.
- Physicians employed by the University of Iowa shall not charge or receive any compensation for their services to people covered under this Chapter except for their salary.

# Reasons why the Indigent Patient Care Program is Important

- Dependable
  - Serves lowans in good times and bad times
  - Stable, but not stagnant
- Valuable
  - Services provided exceed state cost
  - Counties are protected from huge financial outlays and higher property taxes
  - Patients are guaranteed transportation to and from high quality care
  - Health professional education programs are supported
  - Leverages federal dollars
- Manageable
  - State makes a single annual appropriation to the UIHC, which then assumes all the financial risk of operating the program
  - Control by counties
  - Known liability exposure for State of Iowa