Talking Points

Background

The documentary film, INHOSPITABLE, is expected to focus on the following areas identified on its website: the financial health of hospitals, hospital margins, hospital prices, consolidation, and tax-exempt status, among other issues.

The following are talking points you can use and adapt to respond to media inquiries and talk about these issues with your community.

Topic Areas

Financial Health of Hospitals and Their Important Role in Communities

- Hospitals and health systems have stepped up in heroic ways during the pandemic to care for their patients and communities and to protect their workers. Throughout the course of the pandemic, hospitals' and health systems'crucial contributions to their respective communities has perhaps never been clearer. **Hospitals and health systems have cared for more than 3.2 million COVID-19 patients.**

- At the outset of the outbreak, hospitals and health systems across the country rapidly ramped up capacity to triage and care for patients, as well as help fill gaps in the public health infrastructure. Others, meanwhile, deployed their own research and innovation capabilities to develop in-house COVID-19 tests long before widespread molecular testing was available and stood up vaccination clinics for their communities.

- **Hospitals provide benefits to their communities in a multitude of ways.** For example, hospitals have contributed to expanding coverage, and covering the cost of providing care to patients without insurance, or patients who are underinsured. Many hospitals also are focused on providing non-clinical care, and have created or contributed to community programs to improve health outcomes that focus on housing and nutrition. Hospitals also use revenue to invest in innovation to meet changing patient needs.

- **Hospitals of all types have provided more than $702.51 billion in uncompensated care to patients since 2000.** Underpayments from government programs like Medicare and Medicaid continue to grow as hospitals treat a greater number of patients with multiple health needs. In 2019, hospitals faced a $75.8 billion shortfall from government payers, and provided an additional $41.61 billion in care for which no payment was received. No other part of the health care system must care for or provide coverage to the tens of millions of uninsured Americas or the many more underinsured Americans.

Hospital Margins

- **More than one third of hospitals are likely to end 2021 with negative margins.** Hospitals are seeing sicker patients, and hospital expenses, including wage and labor costs, prescription drugs, and medical supplies, have increased due to the lingering effects of the pandemic.

- **Kaufman Hall estimates that hospitals and health systems could lose at least $54 billion in net income 2021**, even with federal funding provided through the CARES Act. This comes on the heels of hundreds of billions of dollars in losses in 2020.

- **The initial crush of the pandemic resulted in historic spikes in hospital closures and bankruptcies**. According to the UNC Sheps Center, 19 rural hospitals closed in 2020, the highest number since they started tracking closures. At least three dozen hospitals filed for bankruptcy in 2020, according to tracking from Bloomberg Law. However, after temporary federal support from the Provider Relief Fund and through Medicare Advanced and Accelerated Payments, both closures and bankruptcies appeared to temporarily slow in 2021. That clearly demonstrates how important and timely that support was during those earlier surges.

Hospital Prices

- **Hospitals' price growth averaged 2.0% annually over the past decade,** according to the Bureau of Labor Statistics. Hospitals and health systems have worked hard to reduce costs and make operations more efficient. Health insurance premiums, however, have increased 4.4% per year on average since 2010. Whether hospitals' and health systems' efficiency and low price growth is translated into lower cost commercial insurance premiums for consumers is something the field cannot control.

- **Since the start of the pandemic, hospital price has been impacted by a combination of temporary factors.** It also is true that hospitals' costs have increased sharply across the board during the pandemic, particularly costs associated with drugs, supplies, nurse staffing and other labor costs.

- **Other factors also affect the costs that patients experience when they access care in a hospital**. Many health insurance plans include separate and overlapping cost-sharing obligations depending on where someone seeks care, such as general deductibles, coinsurance or copayments.

- The Kaiser Family Foundation found that 83% of covered workers were in plans that feature a deductible that must be met before the insurer will pay for certain services in 2020, and 84% of covered workers face a general deductible and additional cost-sharing obligations for hospital admissions. Enrollment in high deductible health plans has increased nearly three-fold since 2010, with average family deductibles averaging over $4,500 for families enrolled in these plans.

Consolidation

- While some focus on hospital mergers and consolidation, the fact is that **commercial health insurers dominate every market in the U.S.** and use that marketpower for their own enrichment, often at the expense of consumers.

- **Blaming hospital integration for increased costs is one-sided and relies on incomplete and often out-of-date data influenced by commercial health insurance companies.** This relationship between insurers has been shown to sometimes be cozy. For example, recently released emails show how UnitedHealthcare influenced research that was critical of hospitals in an apparent effort to deflect from its own conduct and attempts to dominate markets. The RAND Corporation also has released reports on hospital prices that rely on data-sharing agreements with health insurers but make no price comparisons between insurance companies.

- Commercial health insurance markets are increasingly concentrated and nearly every market is dominated by a single large commercial insurer. The American Medical Association found that nearly 73% of metropolitan commercial markets were highly concentrated in 2020. This is up from 71% in 2014. In addition, 46% of the country's metropolitan areas have one insurer that controls at least 50% of the market; and in 91%, at least one insurer held a commercial market share of 30% or greater.

- **Some commercial health insurers leverage market power to create barriers to providing care for patients or delay reimbursement to providers.** Most health insurers have deliberating confusing prior authorization policies in place that require clinicians to seek their approval before they can provide care. More importantly, prior authorizations can result in delays in care. These policies impose a tremendous burden on health care providers and is contributing to clinician burnout. In negotiations with employers and health care providers, insurers leverage their market power to include these policies in their contracts.

- In fact, 30% of physicians report that prior authorization has led to a serious adverse event for patients in their care, according to a 2021 survey by the American Medical Association. These policies increase the cost of health care and can result in dangerous delays for patients.

- **Health plan policies from UnitedHealthcare and Anthem are harming patients and burning out physicians.** This includes a proposal from United earlier this year and since temporarily paused that threatened to deny coverage to patients for emergency services if the insurer determined the patient did not need emergency-level care. Hospitals across the country have also reported substantial delays in payment from Anthem and mid-year restrictions on coverage**. These mega-insurers need to stop playing doctor and start paying the claims they owe on time.**

Quality and Access

- A recent study of rural hospital mergers and acquisitions found significant reductions in mortality for a number of common conditions—including acute myocardial infarction, heart failure, acute stroke, and pneumonia—among patients at rural hospitals that had merged or been acquired. **The authors concluded that "these findings suggest that rural hospital mergers were associated with quality improvement."**

- In a separate study, researchers found **that nearly 4 in 10 (38%) acquired hospitals added one or more services post-acquisition**. Moreover, patients at hospitals acquired by academic medical centers or large health systems also gain access to tertiary and quaternary services.

Tax-exempt Status

- **Hospitals as a field provide more benefit to their communities than any other sector of health care.** Tax-exempt hospitals provided more than $105 billion in total benefits to their communities in 2018 alone, the most recent year for which comprehensive data is available.

- Half of that amount was for free or reduced cost care for needy patients, filling the gaps left by Medicare and Medicaid underpayments and other means tested programs. The latest figures from Ernst & Young show that hospitals deliver $11 in community benefits for every $1 of forgone federal tax revenue. That is a great return by any standard.