

**An Assessment of Hospital-Sponsored
Health Care for the Uninsured in
Polk County/Des Moines, Iowa
Executive Summary**

By

**Lea Nolan, MA
Marsha Regenstein, PhD
Marisa Cox, MA**

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Executive Summary

Health care providers in Polk County are faced with increasing numbers of low-income, uninsured patients who do not have the resources to pay for their health care out-of-pocket. At the same time, state and local funding sources are limited, and are insufficient to ensure that these individuals have access to the health services that they require. Community leaders are extremely interested in developing information to understand the magnitude of the uninsured problem in Polk County and to identify health care delivery strategies to better serve this population.

A Blue Ribbon Steering Committee was convened in October 2004 to examine how hospital-sponsored health care is currently delivered to the uninsured in Polk County. The Committee's goal was to create a participatory process to plan an effective and sustaining model to deliver core safety net services to the County's uninsured. To assist them with these tasks, researchers from The George Washington University's School of Public Health and Health Services, Department of Health Policy, were retained to conduct an assessment of hospital-sponsored health care services delivered to Polk County's uninsured. This assessment is designed to highlight key issues affecting access to care for uninsured and underinsured residents, and to present potential policy options for restructuring hospital-based services in the county.

This assessment was conducted between October 2004 and January 2005. It draws upon information from multiple sources. The research team visited Des Moines from October 18-20, 2004, touring hospital facilities and speaking with numerous key stakeholders in the community. During the site visit, the Blue Ribbon Steering Committee convened and was briefed on this assessment and the key issues under review. This meeting was held on October 20, 2004, at Broadlawns Medical Center (BMC). Through the site visit and a series of telephone conferences held prior to and following the visit to Des Moines, the assessment team interviewed more than 30 informants. These key stakeholders included senior leaders at hospitals and health systems, primary care providers serving the uninsured, public health and other service agencies and mental health agencies. Individual providers or provider groups, advocates, and current and former policymakers were interviewed as well. The research team also conducted focus groups with residents who use safety net services and with physicians who worked in the Des Moines safety net. The team also drew upon secondary data sources to provide demographic information on the population in Polk County as well as data on health service utilization and coverage.

KEY FINDINGS AND PUBLIC POLICY OPTIONS

After examining key components of the Polk County's health care safety net, we offer the following key findings:

- **Des Moines' community-wide effort to focus on the safety net is extraordinary.** Key stakeholders and representatives from nearly all facets of the community have come together to address the needs of the Polk County health care safety net. The composition of the Blue Ribbon Steering Committee reflects the wide interest in and

commitment to the health care needs of the County's uninsured. The community appears to be serious about addressing the pressing needs of the safety net and developing a meaningful set of solutions. We received tremendous cooperation from the community in undertaking this study and were granted unlimited access to many key stakeholders. We were encouraged to provide the Committee with a candid and objective assessment of hospital-sponsored health care services for the uninsured. In addition, the Committee has also requested a set of public policy options that offer solutions on how best to reorganize the County's health care safety net.

- **Des Moines' health care market is mature and sophisticated, and those with insurance generally have substantial access to care.** Des Moines has a number of outstanding health care facilities and providers with tremendous expertise. It appears that those with private health insurance or those on Medicare generally have access to a broad range of health care services delivered by numerous providers in the community. In many communities across the country, this is not the case, where even those with health insurance encounter barriers for some types of services. Polk County's safety net, however, is not as robust as the private health care market for insured patients. Nor is it as robust as safety nets in many other parts of the country. Uninsured Polk County residents have a limited set of options to receive health services. They can pay for care out-of-pocket; they can gain entry to health services through the emergency room; or they can access care through established safety net providers. With demand for services far outstripping supply, each of these options falls short of meeting the needs of County residents. Because many of the County's uninsured residents are low-income, accessing care through the private sector is generally beyond their reach. Accessing care through the emergency department is a poor substitute for coordinated care from primary care medical homes. And relying on the safety net in Des Moines offers extremely limited access to specialty services and is often fragmented and poorly coordinated.
- **The community's large non-profit hospital systems provide an important community benefit.** Both of the major non-profit health care systems in Des Moines provide a modest amount of charity care and incur unreimbursed costs providing services to Medicaid patients. In 2004, Iowa Health Des Moines (IHDM) provided more than \$10 million in charity care and bad debt to patients in Polk County, which was 1.8 percent of the system's gross revenues associated with care for patients in Polk County. During the same period, Mercy Medical Center – Des Moines provided just under \$19 million in charity care and bad debt to county residents, which represented 2.6 percent of the system's gross revenues for Polk County patients. In addition, like most hospitals in the US, both of these Des Moines hospital systems experience significant shortfalls in Medicaid reimbursements. Clearly, these hospital systems deliver an important community benefit. Any contributions on behalf of uninsured residents on top of those already made by the systems would be extremely beneficial to uninsured residents in the County.
- **BMC is widely seen as a core safety net provider in Des Moines.** Broadlawns patients who participated in focus groups for this study spoke of their devotion to

BMC and its providers, highlighting Broadlawns' commitment to serve the uninsured with dignity and respect. Some patients reported that when they were insured, they avoided BMC because of its reputation as a "poor person's hospital." However, after they become uninsured and sought care there, they were impressed with the staff's professionalism, the depth of their dedication, and their kindness towards patients. Many patients maintained that they would continue receiving care at BMC even if they obtained private health insurance. Nearly all the patients we spoke with said they would be devastated if BMC were to close because they would have no other source of affordable care.

- **The other hospital systems in Des Moines are not currently acculturated to take on a core safety net mission.** Although the other Des Moines hospital systems are outstanding medical institutions that could provide care to BMC's inpatients, they are not currently prepared to assume BMC's role as a safety net provider. Iowa Health Des Moines and Mercy Medical Center offer many of the same types of services that Broadlawns provides that are designed to support care for vulnerable patients. For example, Iowa Health and Mercy operate outstanding case management and care coordination programs designed to support patients in need of complex human and social services. Still, while they provide supportive services, their core business is not designed around a low-income and uninsured patient population. The majority of the patients at these hospitals are covered by Medicare or commercial insurance. BMC's core clientele is uninsured and low-income. If one of the other hospital systems in Des Moines were to build a viable partnership with BMC, core safety net services, including supportive and enabling services, would have to be explicitly addressed in the partnership so that they could be sustained.
- **The community wants BMC to survive but not thrive.** There is clear consensus among nearly all key stakeholders, patients, and providers that a safety net hospital must survive in order to provide essential care for uninsured residents of Polk County. Most people associate this function with Broadlawns and therefore speak about the need for Broadlawns to maintain its existence and its mission as a safety net hospital. Even with this commitment to Broadlawns, however, there is widespread resistance to providing BMC with enough capital, resources, and infrastructure development to allow it to thrive as a financially stable health care provider in the community.

- **The separation between BMC and Primary Health Care, Inc. (PHC) has resulted in more limited access to services for undocumented patients.** When PHC was part of BMC, undocumented immigrants were able to access services at BMC. However, since the separation between the two organizations, this is no longer the case. Under federal law, public hospitals are precluded from providing free services to undocumented immigrants. BMC's existing primary care clinics are also prohibited from providing free or reduced price services to undocumented residents of Polk County. Although undocumented residents can still access free or low-cost services at clinics such as Mercy Clinics, Inc, and a number of area free clinics including La Clinica del Esperanza and House of Mercy, there is limited supply even across the sum of all of these providers. In addition, although services were widely regarded as high quality, the majority of these clinics provide only episodic care and are not medical homes. (The exception to this is PHC, which operates as a full-service FQHC and offers a medical home to patients in need of primary and preventive health services.) As a result of the separation between BMC and PHC, undocumented residents of Polk County who cannot cover the costs of health care out of pocket have fewer access points for health care.
- **The safety net in Des Moines lacks adequate access to specialty services for uninsured and underserved residents, who cannot afford to cover the costs of specialty services out of pocket.** Even with the elimination of the State Papers program, Polk County residents will still be required to access specialty services at the University of Iowa hospital campus in Iowa City. Further study is required to understand the full implications of the Iowacare Medicaid expansion program, its effects on the delivery of specialty care, and patients' access to these services.
- **Des Moines' safety net is insufficient and extremely fragmented.** Health care safety nets are fragmented in their nature, but Des Moines' is more fragmented than most. In addition, the need for safety net services sharply exceeds existing supply. There are several reasons for this: 1) BMC, a primary care hospital, is limited in the amount of subspecialty and tertiary care it can provide; 2) a very lean community health center network limits opportunities for uninsured and underserved patients to have a medical home that can identify referral arrangements and serve as an advocate; 3) the way in which specialty care is provided in Des Moines further fragments the care provided to the uninsured; and 4) the large non-profit systems play a very limited role in the safety net. Several communities have tried to address some of these issues by creating an electronic system that follows patients as they navigate through a complex and fragmented system. To date, no such system exists in Des Moines; however the Healthy Access Partnership (HAP) is working towards developing this type of system.
- **Radical changes are needed to avoid BMC's further decline.** The challenges facing BMC are monumental. The organization faces ever-increasing demands to serve more uninsured Polk County residents; much of the medical center's physical plant is aging and in need of renovation; its medical equipment needs updating; and BMC's revenues are extremely limited. Unfortunately, there are no easy and readily

available solutions to address these financial and infrastructure challenges. For example, improving efficiencies is unlikely to provide sufficient resources to ameliorate BMC's situation. Radical changes are necessary to maintain BMC's presence (and the tax levy funds associated with it) in the community.

Public Policy Options

Option One: Strengthen BMC through increased public support.

Under this option BMC remains as it is – a primary care hospital that treats a majority of the county's uninsured patients. This option assumes that no additional services will be developed or expanded. If this option is undertaken, the community must come to grips with the fact that BMC will not generate enough funds to be self-sufficient. BMC faces increasing numbers of uninsured patients who have moderate to severe health conditions. Simultaneously, BMC does not have service lines (e.g., trauma center, high volume labor/delivery, cardiac care) that may generate sufficient revenues to offset losses in other types of care. Furthermore, BMC's infrastructure requires serious attention and renovation. The community must embrace the reality that its public hospital is a public good that requires a greater commitment of public funds.

Public policy considerations must be examined to determine how BMC can improve its share of disproportionate share hospital (DSH) and upper payment level (UPL) payments. Careful analysis should also be given to the impact that the new Medicaid reform legislation will have on patient referral and utilization patterns at BMC. Given the fact that BMC is one of only two hospital systems that are covered providers for the Medicaid expansion's 30,000 potential eligibles, analysis should be undertaken to determine whether payments under the program are adequate to cover the costs associated with caring for these patients. Safety net financing is complicated and always requires strong relationships with state and county legislators and other key stakeholders. Some communities have created health authorities to consolidate and maximize Medicaid funding; others go directly to the tax payer and seek enhanced revenues through tax supports. The precise strategy for Des Moines depends on many different factors including political feasibility, local preferences, and availability of federal or state sources of revenue.

Option Two: Strengthen BMC through targeted growth in its training programs.

Under this option efforts would be undertaken to build-up and expand BMC's teaching programs. BMC's family practice residency program has been a strong asset to BMC, and the institution should integrate other specialties into its existing training programs. There appear to be enormous opportunities to increase BMC's teaching programs by including more specialty physicians, nurses, pharmacists, and dentists. We recommend commissioning a comprehensive assessment of "Specialty Care in the 21st Century" to examine how specialty residency and other training programs should be integrated into BMC's already successful family practice residency program specifically; and

reorganized across Iowa generally. This study should also examine the costs associated with medical education and what funding is required to sustain such a program. Based on the results of this study, targeted efforts should be undertaken to enhance BMC's residency and teaching programs.

Option Three: Develop partnerships with one of the existing Des Moines hospital systems.

The community could consider a public-private partnership that could result in giving patients access to a full complement of specialty and tertiary care. It would also allow BMC to share in economies of scale. BMC's inpatient capacity could easily be served by one of these hospitals; however, that hospital would face challenges in delivering services to BMC's patients. A substantial portion of BMC's patients require a comprehensive set of health, psycho-social, and supportive services delivered in a culturally and linguistically appropriate manner. In order to retain the tax levy funding and keep the governmental entity intact, a clearly articulated charter would need to be written emphasizing the hospital's responsibility to maintain a safety net mission. This is especially true of mental health services, a primary strength of BMC. Many other public hospitals have successfully converted or partnered with other health care systems. Such a conversion/partnership requires that the new hospital entity reorient its culture and expectations to appropriately serve low-income underserved patients.

Option Four: Expand and Strengthen Community Health Center Networks.

Any type of reorganization of the Des Moines safety net should consider and support an expansion of FQHCs in Polk County and surrounding areas. A consolidated effort to develop a network of FQHCs in cooperation with Primary Health Care, Inc. (PHC) should be led by a community-wide coalition of providers, state and local agencies, community based-organizations, business interests, advocates, patient representatives and others. Additional FQHCs will provide medical homes for the delivery of preventive and chronic disease management care that requires less expensive inpatient, emergent and specialty care. They also provide opportunities to share resources and reduce service duplication. Obtaining FQHC designation and Section 330 grant funding could help to maximize Medicaid revenue and provide funding to offset at least a portion of the costs associated with serving uninsured, underserved and undocumented patients. Since FQHCs are generally limited to providing only primary care services, it will be essential to evaluate potential sources of funding for FQHC patients' specialty care needs which are addressed by other providers.

Conclusion

In Polk County, a group of providers have come together to address hospital-sponsored care for uninsured and underserved residents in their community. Their efforts have been extraordinary, but there are no easy answers to the serious issues that they confront. This report is only the beginning of a longer process to consolidate support for the safety net and strengthen opportunities for care for Polk County's uninsured and underserved residents.