



Ohio Children's Hospital Association

Saving, protecting and enhancing children's lives

Ohio Children's Hospitals Medicaid Funding Fact Sheet

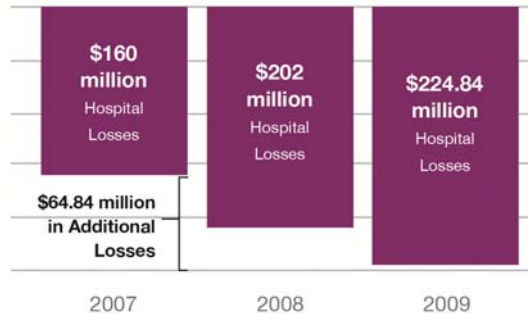
Ohio's children's hospitals are an essential part of the health care safety net for Ohio's children, providing care to all Ohio children, regardless of their ability to pay. One in three Ohio children rely on Medicaid.

OHIO CHILDREN'S HOSPITALS HAVE A DISPROPORTIONATELY HIGH SHARE OF MEDICAID PATIENTS

When compared to general hospitals (which average 12 percent Medicaid caseload), Ohio's children's hospitals have a disproportionately high share of Medicaid patients, and the caseload continues to grow.

Consider that in 2007, 43 percent of children's hospital patients were reliant on Medicaid, growing to more than 50 percent in 2009. This shift contributed to an additional \$64.84 million – a 40.6 percent increase – in annual children's hospital Medicaid losses, which totaled \$224.84 million in 2009. Combined with uncompensated care losses (\$18.74 million), children's hospitals lost \$243.58 million in 2009. This loss occurred even after accounting for beneficial funding programs such as the children's hospital line item payments and the Hospital Care Assurance Program (see below).

Children's Hospitals Medicaid Losses Continue to Increase
Losses increased by \$64.84 million in just two years



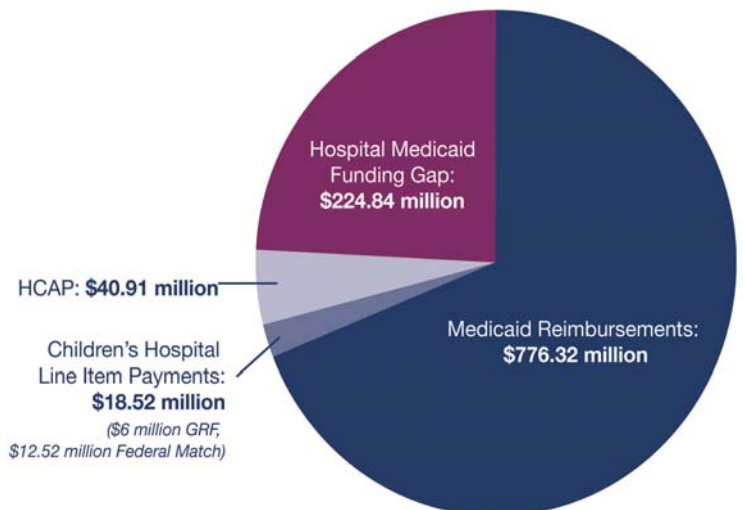
Every one percent shift in patient caseload from commercial insurance to Medicaid represents an additional \$2 million to \$7 million annual loss for a children's hospital in Ohio, depending on hospital caseload. Without stable public sector funding, Medicaid payment shortfalls will make it impossible to continue to provide high quality and cost effective health care to all Ohio children.

MEDICAID LOSSES FOR OHIO'S CHILDREN'S HOSPITALS TOTALED NEARLY \$225 MILLION IN 2009

There are three critical Medicaid funding mechanisms for children's hospitals in Ohio: Medicaid reimbursement rates, children's hospital line item payments, and the Hospital Care Assurance Program. The cost to children's hospitals of providing care to Ohio's Medicaid-reliant children was \$1.06059 billion in 2009, but the current funding mechanisms reimburse children's hospitals only \$835.75 million for this care (approximately 21 percent below cost).

- **Medicaid reimbursement rates:** These are the rates at which the state reimburses providers for the services they provide. Generally, these rates remain well below the actual cost of providing care in Ohio, and are on average 40 percent less than Medicare reimbursement rates. (\$776.32 million – 2009)
- **Children's hospital line item payments:** Recognizing the unique role Ohio's children's hospitals play in providing critical care for Ohio's children, the state's legislative and executive bodies have provided annual line item funding since 2005. This funding helps to defray some of the higher costs associated with devastating illnesses (such as childhood cancer, premature birth, autism and cystic fibrosis) and is paid to hospitals based on caseload data. (\$6 million GRF, drawing approximately \$12.52 million in matching federal dollars, for a total of \$18.52 million per year - 2009)
- **Hospital Care Assurance Program (HCAP):** HCAP funding, which is Ohio's Disproportionate Share funding mechanism, provides partial relief for the significant Medicaid losses and uncompensated care incurred for service to this vulnerable population of children. (\$40.91 million – 2009)

Ohio's Children's Hospitals – Medicaid Care Funding Gap (2009)
Total Children's Hospital Medicaid Losses: \$224.84 million



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