Health Care Reform
and Alameda County Hospitals
Hospital Council of Northern and Central California

Who We Are

The Hospital Council of Northern and Central California is a nonprofit hospital and health system trade association established in 1961, representing 185 hospitals in 50 of California’s 58 counties, and 13 systems—from Kern County to the Oregon border.

Our Mission

To help our members to provide high quality health care and to improve the health status of the communities they serve:

“Effective, Efficient, Safe, Timely, Patient Centered, Equitable and Affordable”
National Health Expenditures
By Category


(1) Excludes medical research and medical facilities construction.
(2) CMS completed a benchmark revision in 2009, introducing changes in methods, definitions and source data that are applied to the entire time series (back to 1960). For more information on this revision, see http://www.cms.gov/nationalhealthexpenddata/downloads/benchmark2009.pdf.
(3) "Other" includes net cost of insurance and administration, government public health activities, and other personal health care.
(4) "Other professional" includes dental and other non-physician professional services.

Source: American Hospital Association
Hospitals Treat Sicker Patients That Require Specialized Care

Inpatient Case-mix\(^{(1)}\) Index (CMI) for the Medicare Population, 2000-2007

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\(^{(1)}\) Case-mix is defined as the mix of patients across diagnosis-related groups (DRGs) in a hospital.

Source: American Hospital Association
National Wage Index

2011 Medicare Hospital Wage Index - the Top 11 in the Nation

Santa Cruz (over two times higher than the national mean than NYC)

Wage Index - National Average is 1.00

New York City
Sacramento
Shasta
Napa
Solano
Monterey
Marin, S.F., San Mateo
Sonoma
Alameda/Contra Costa
Santa Clara
Santa Cruz

Total Geographies = 372
Implementing Reform Will Create Financial Challenges For Hospitals

Expected Medicare Shortfall Over the Next 10 Years

<table>
<thead>
<tr>
<th>Year</th>
<th>$ Billions</th>
</tr>
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<tbody>
<tr>
<td>2009</td>
<td>$3.6</td>
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<td>2010</td>
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<tr>
<td>2019</td>
<td>$8.8</td>
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Hospitals face more than $17 billion in Medicare payment reductions over the next ten years, creating massive financial burdens on top of historical payment shortfalls.
Annual ratio of hospital profit to costs by payor category

Reductions in Medicare and Medi-Cal reimbursement have required hospitals to increase charges to private payors to maintain overall profitability

1 Profit-to-cost ratio calculated by payor category in each year using the formula: (Net Patient Revenue – Hospital Costs) / (Hospital Costs)

SOURCE: OSHPD Quarterly Data Files, 2000-09
Ready for the Challenge

Strategic Issues for Hospitals:

- Enhance efforts to improve quality
- Increase clinical and operational efficiencies
- Increase efforts to improve patient satisfaction
- Reduce avoidable readmissions
- Assess and strengthen planning for HIT
- Examine physician alignment and clinical integration
Alameda County Hospitals

- Collaborating together to improve quality and patient safety
- Creating networks and integrated delivery models of care
- Testing innovations to reduce avoidable readmissions
- Making progress on HIT
THANK YOU

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