



The influential voice of Nebraska's hospitals

For Immediate Release

For more information, contact:

Kim Larson, Director of Marketing
(402) 742-8143 or klarson@nebraskahospitals.org

July 25, 2017

Nebraska's hospitals are rich in compassion and quality health care

LINCOLN, NEB. – Nebraska's non-profit hospitals are rich. Rich in quality care, skills, expertise, caring, compassion, innovation and many other things, but not revenue.

As a result of the Affordable Care Act (ACA), the percentage of Nebraskans covered by insurance (including HIP 2.0) has risen. Even though more Nebraskans have coverage, financial assistance provided by hospitals has increased. From 2012 to 2015 the cost of charity care in Nebraska has increased 11% to over \$120 million. Even though more families and individuals have coverage, the coverage offered comes with high out-of-pocket costs that most of these beneficiaries cannot cover themselves and thus hospitals absorb these costs under their financial assistance policies.

Charity care is only one of the many activities within the broader realm of community benefit, which includes services like health screenings, medical education, immunizations, support groups, community health improvement and much more. For the same four-year period, the cost of these services has grown by 15% to nearly \$231 million.

In 2015, Nebraska's hospitals provided nearly \$351 million in community benefits, which state law defines to include activities like free health screenings, immunizations and charity care to our community's most needy residents. That number doesn't include the \$573 million in Medicare and Medicaid shortfall. Combining those numbers brings the amount to nearly \$925 million.

Over the years, most Nebraska hospitals have experienced strong bottom lines from operations. This is important so that these facilities can continue to have the resources required to reinvest in their facilities, their technology and their people so that Nebraskans can receive the best care possible.

Since the adoption of the ACA, Nebraska hospitals have experienced significant reimbursement cuts through both legislative and regulatory actions at the federal level. From 2010-2025, Nebraska hospitals will incur nearly \$2.7 billion in cuts to Medicare payments and additional cuts are also currently under consideration.

Nebraska's hospitals are substantial contributors to the state's economy by employing nearly 41,000 Nebraskans and creating the demand for an additional 2,900 jobs due to hospitals buying goods and services from other local businesses.

The Nebraska Hospital Association supports the response by Rick Pollack, CEO of the American Hospital Association, regarding the July 18, 2017, POLITICO article on the impact of affordable care on hospitals titled "How Hospitals Got Richer off Obamacare." Mr. Pollack wrote the following on the AHA's blog, AHA Stat:

"How Hospitals Are Benefiting the Communities They Serve"

By Rick Pollack, CEO, American Hospital Association
July 18, 2017

"POLITICO's recent piece on the impact of the Affordable Care Act on non-profit hospitals is an incomplete and inaccurate understanding of the situation hospitals currently face and the benefits they provide.

First and foremost, the piece takes a narrow view of community benefits and fails to account for the full array of programs and services hospitals provide to their communities. Per the June 2016 IRS report to Congress, hospitals' financial assistance and community benefit activities reached \$157 billion—far more than the value of their tax exemption—a comparison the article neglected to include. The billions that hospitals spend on an array of activities, such as wellness programs, transportation and housing assistance among other community-oriented projects, are not accounted for in basic financial reports. The bottom line: Hospitals continue to provide tremendous benefits to the communities they serve.

Hospitals also use their resources to reinvest in new models of care that go well beyond the traditional hospital walls, finding new ways to help improve the health of their communities—from providing access to medical care for patients in rural areas to supporting cutting-edge medical research and innovations. Hospitals are also working tirelessly to address and combat the social determinants of health, such as poverty and violence, that harm individuals' ability to achieve well-being.

POLITICO's piece also omits a comprehensive picture of the fragile financial state of many hospitals nationwide. One out of every four hospitals in America operates in the red. Since 2010, hospitals have absorbed numerous payment reductions for services, estimated as high as \$148.75 billion. The fact that the CBO estimates that between 40-50 percent of hospitals could have negative overall margins by 2025 underscores our belief that this piece fails to understand the financial pressures affecting hospitals.

Despite these daunting financial challenges that many hospitals face, our commitment to our mission remains unshakable: to provide a wide array of benefits tailored to the particular needs of the communities we proudly serve."

For 90 years, the Nebraska Hospital Association has been the unified voice for Nebraska's hospitals and health systems. The Association offers collaborative leadership, assisting its members to provide comprehensive care to their communities, improving the health status of those communities. For more information, visit the NHA website at www.NebraskaHospitals.org.

####