# Charity Care in New Jersey: Issues in Research and Public Policy

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# New Jersey's Hospital Charity Care Program

- Key source of funding for uninsured hospital care
- State subsidies to hospitals

- Free care for income < 200FPL
- Sliding scale for 200-300FPL

- Federally matched by Medicaid DSH
- Hospitals paid for CC claims
  (with complex & changing formula)

- Small portion of funding distributed to FQHC's
  Uninsured PC visits

## Outline of presentation

1. Data on charity care users, costs, & trends
   (Old data/same issues)

2. Implications

3. Policy ideas

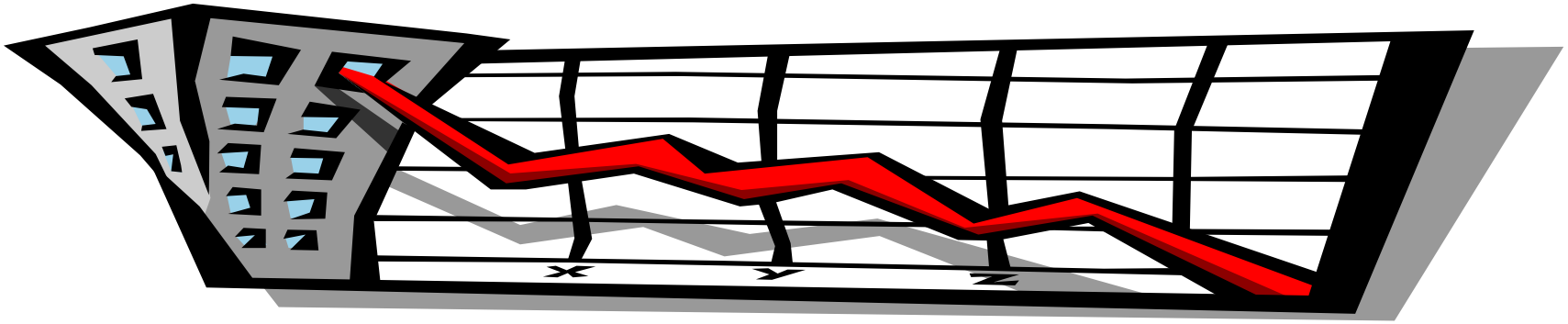
4. Discussion

# Data analysis

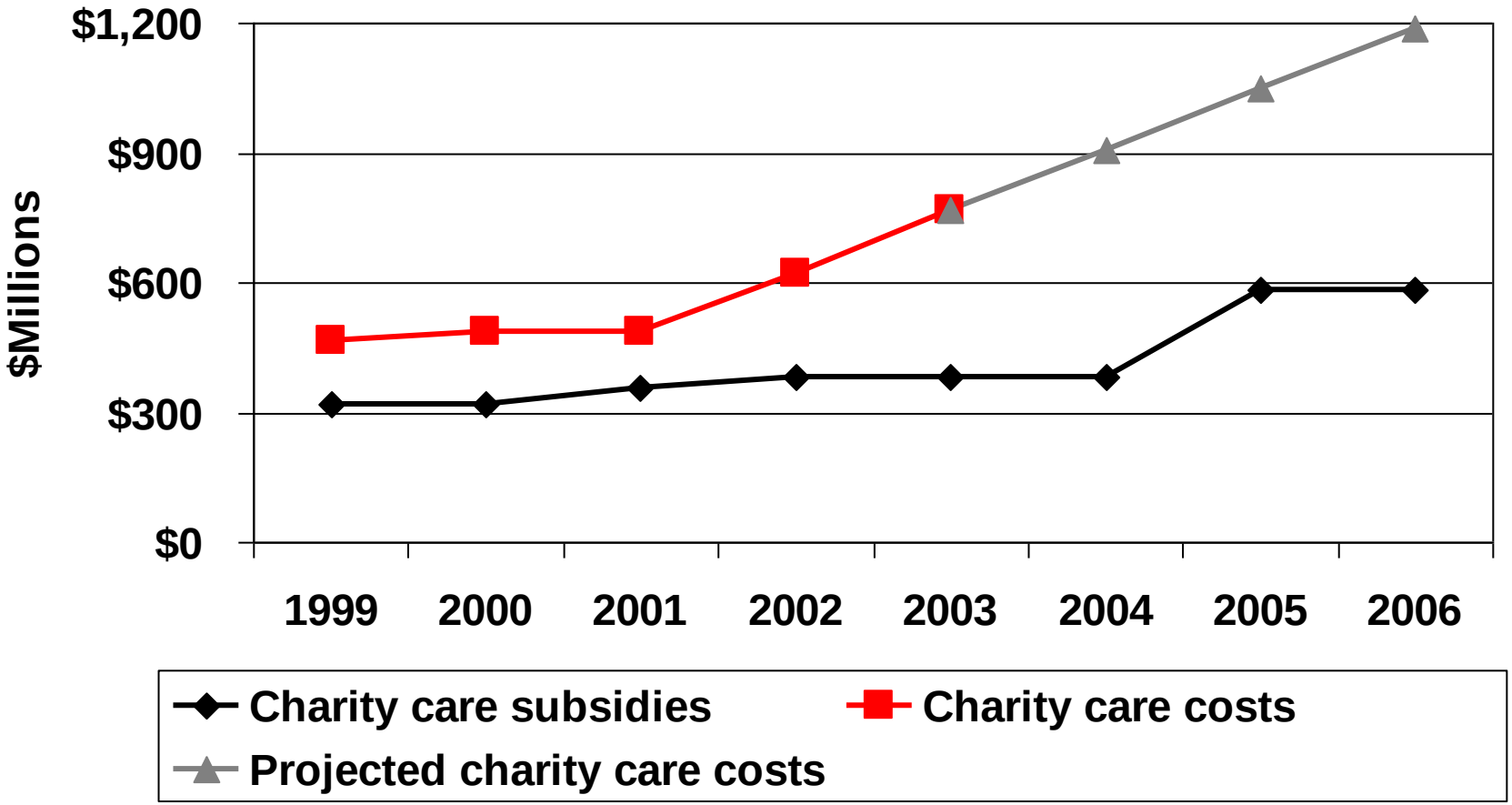
- Charity care claims, 1999-2003 (or 2004)
- Costs = Medicaid charges (w/out GME)

- Hospital uniform billing (UB) data

- Avoidable costs
  Ambulatory care sensitive (ACS) admissions
  Potentially avoidable emergency department (ED) visits



# Charity care costs & subsidies




Sources: NJ Charity Care Claim Records, NJDHSS
Dollar values are not inflation-adjusted. Subsidies based on state fiscal years.

# Most common diagnoses in charity care claim records, 2003 (Top 10)

| ICD-9-CM | Diagnosis | %Claims | Cum% |
|---|---|---|---|
| V22.1 | Supervision of other normal pregnancy | 5.5% | 5.5% |
| 401.9 | Unspecified essential hypertension | 2.7% | 8.2% |
| V22.2 | Pregnant state, incidental | 2.2% | 10.4% |
| 042 | HIV | 2.0% | 12.4% |
| 250.00 | Diabetes mellitus (w/out complication) | 2.0% | 14.4% |
| 789.00 | Abdominal pain, unspecified site | 1.9% | 16.3% |
| V72.3 | Gynecological examination | 1.7% | 18.0% |
| 786.50 | Unspecified chest pain | 1.2% | 19.1% |
| V57.1 | Other physical therapy | 1.2% | 20.3% |
| 599.0 | Urinary tract infection, site not specified | 1.1% | 21.4% |

Source: NJ Charity Care Claim Records

# Most costly diagnoses in charity care claim records, 2003 (Top 10)

| ICD-9-CM | Diagnosis | %Costs | Cum% |
|---|---|---|---|
| 414.01 | Coronary atherosclerosis of native coronary artery | 1.7% | 1.7% |
| 304.01 | Opioid type dependence, continuous abuse | 1.4% | 3.1% |
| 486 | Pneumonia, organism unspecified | 1.3% | 4.4% |
| 042 | HIV | 1.3% | 5.7% |
| 428.0 | Congestive heart failure, unspecified | 1.3% | 7.0% |
| V58.1 | Antineoplastic chemotherapy and immunotherapy | 1.2% | 8.2% |
| 786.59 | Other chest pain | 1.2% | 9.4% |
| 789.00 | Abdominal pain, unspecified site | 1.1% | 10.5% |
| V22.1 | Supervision of other normal pregnancy | 1.0% | 11.5% |
| 786.50 | Unspecified chest pain | 1.0% | 12.5% |

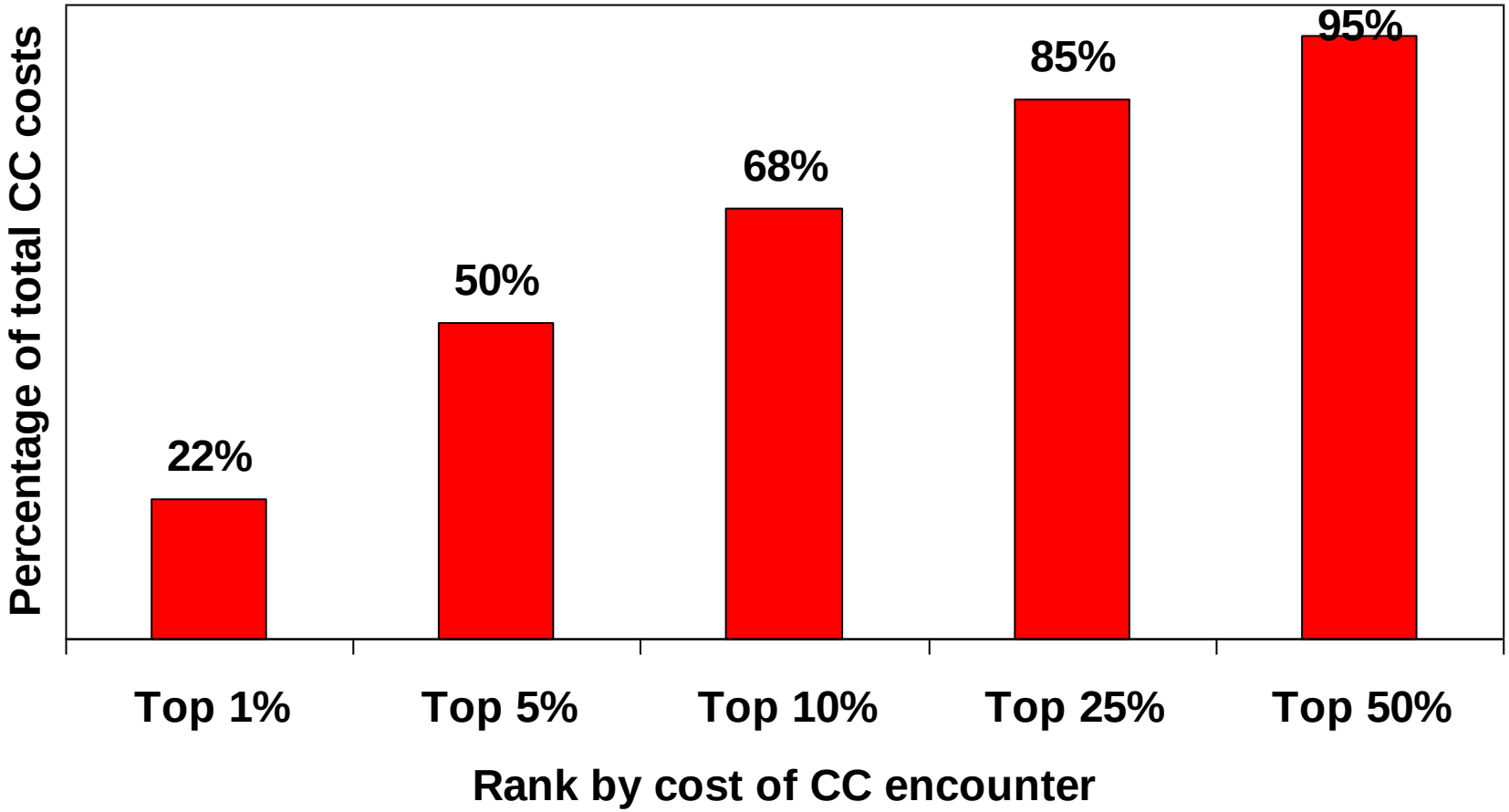
Source: NJ Charity Care Claim Records

# Major Diagnostic Categories: Charity care vs. other patients (Top 8)

| MDC | Charity | Medicaid | Medicare | Private | Self-pay |
|---|---|---|---|---|---|
| **Alc/drug** | **17%** | **3%** | **<1%** | **1%** | **10%** |
| Circulatory | 14% | 7% | 27% | 11% | 11% |
| **Psych** | **11%** | **10%** | **2%** | **1%** | **8%** |
| Digestive | 8% | 6% | 13% | 13% | 9% |
| Respiratory | 8% | 8% | 12% | 5% | 6% |
| **Preg/birth** | **5%** | **20%** | **0%** | **14%** | **11%** |
| Hepa/Gen | 5% | 2% | 2% | 3% | 4% |
| Nerve | 5% | 4% | 7% | 4% | 4% |

Sources: NJ Charity Care Claim Records, NJ Uniform billing records
Note: Medicare & Medicaid HMO may be included under private.

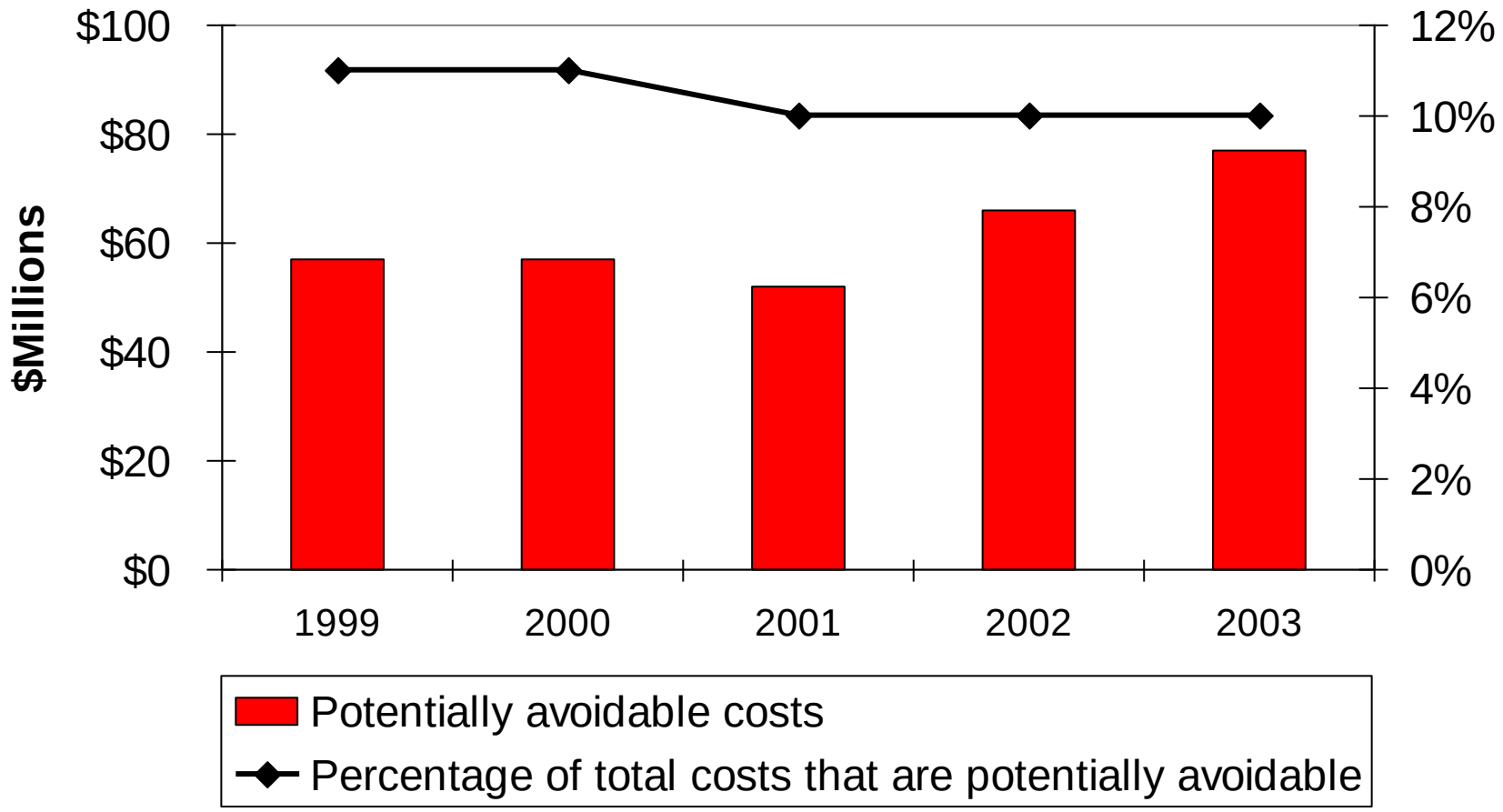
# Concentration of charity care costs among the most expensive encounters, 2003




Source: NJ Charity Care Claim Records

Encounters defined as the sum of inpatient admissions & outpatient visits

# Potentially avoidable charity care costs



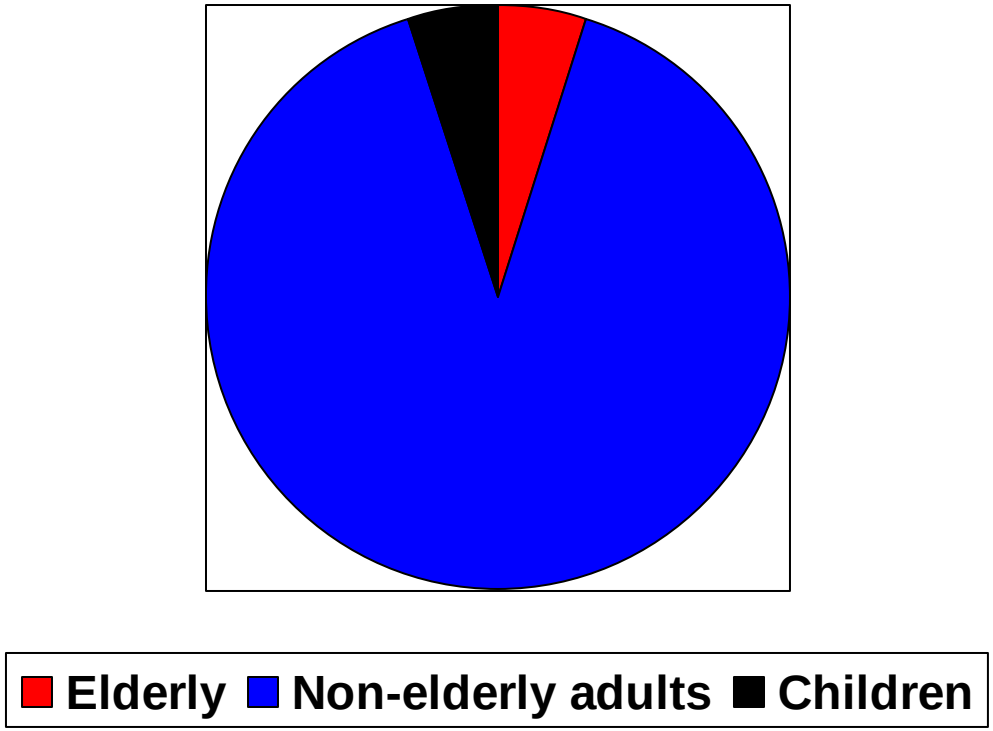

Source: NJ Charity Care Claim Records

Avoidable costs are defined as costs generated by ACS admissions and emergent ED visits (without admission) that are ambulatory care sensitive.

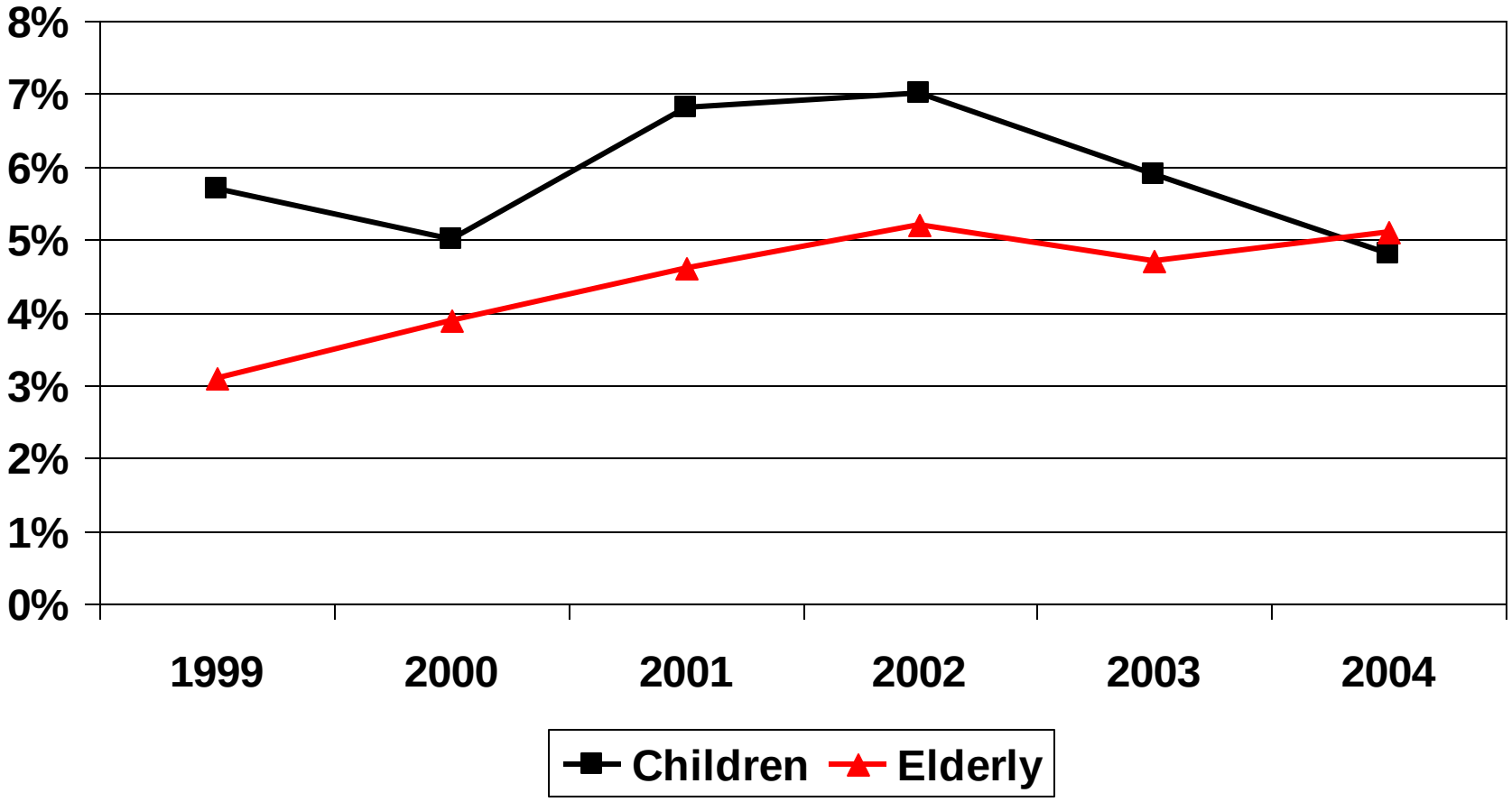
Dollar values are inflation-adjusted using 2003 CPI

# Age distribution of CC patients

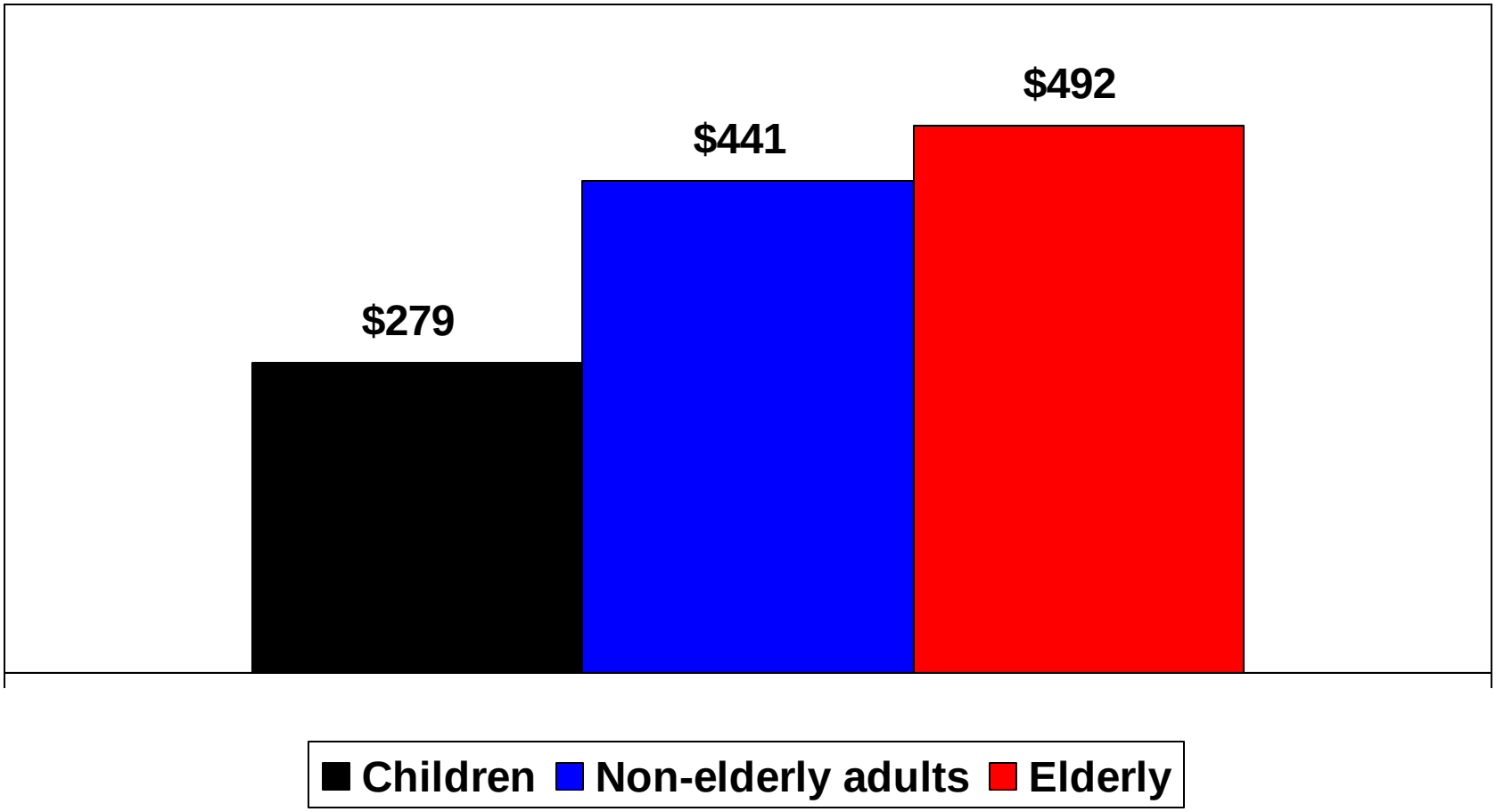
**"Typical" division of CC use by age**



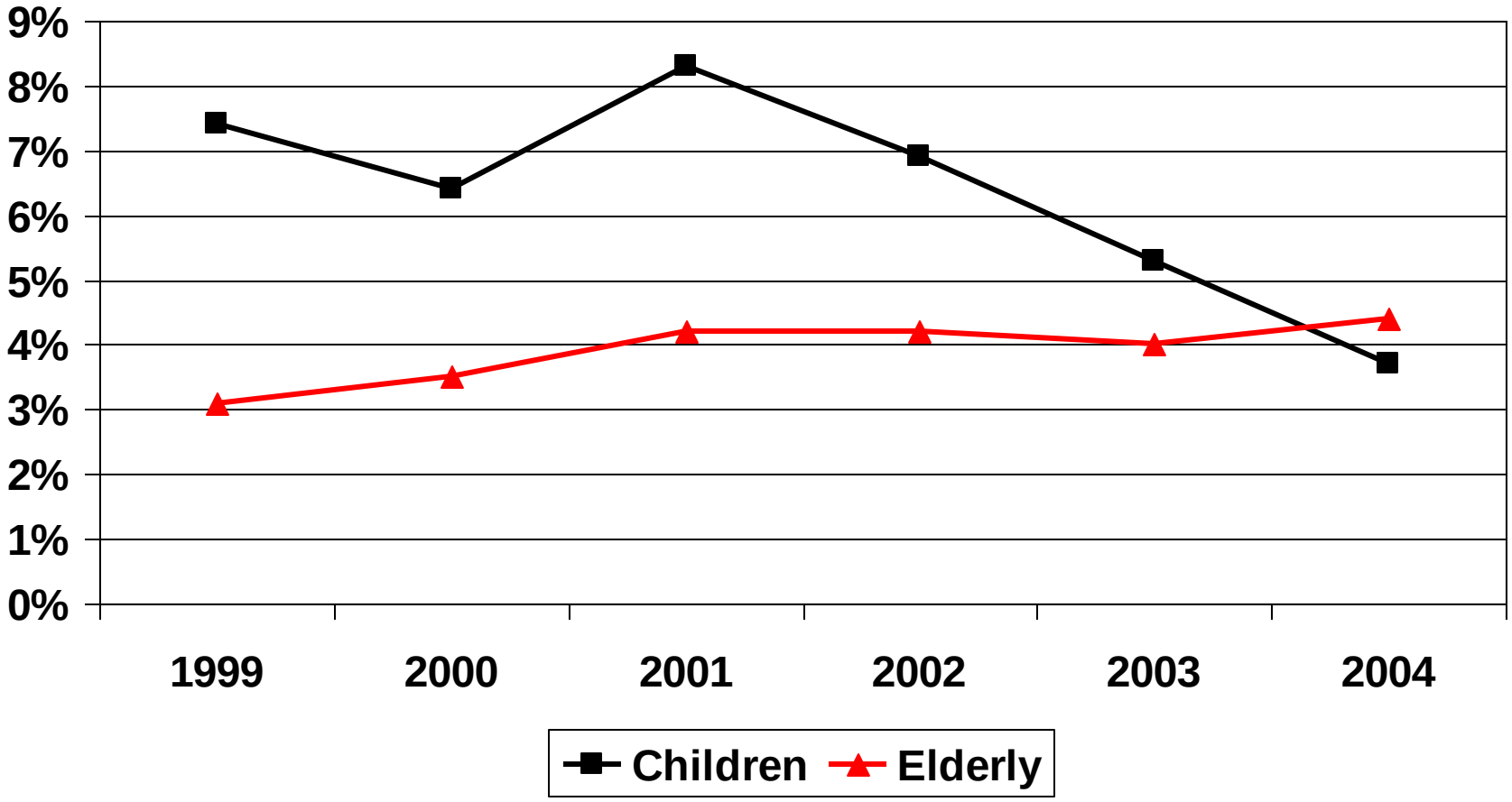
# Percentage of outpatient CC visits attributable to children & elderly adults in NJ, 1999-2004



# Average costs per outpatient CC visit by age group, 2004



# Percentage of inpatient CC admissions attributable to children & elderly adults



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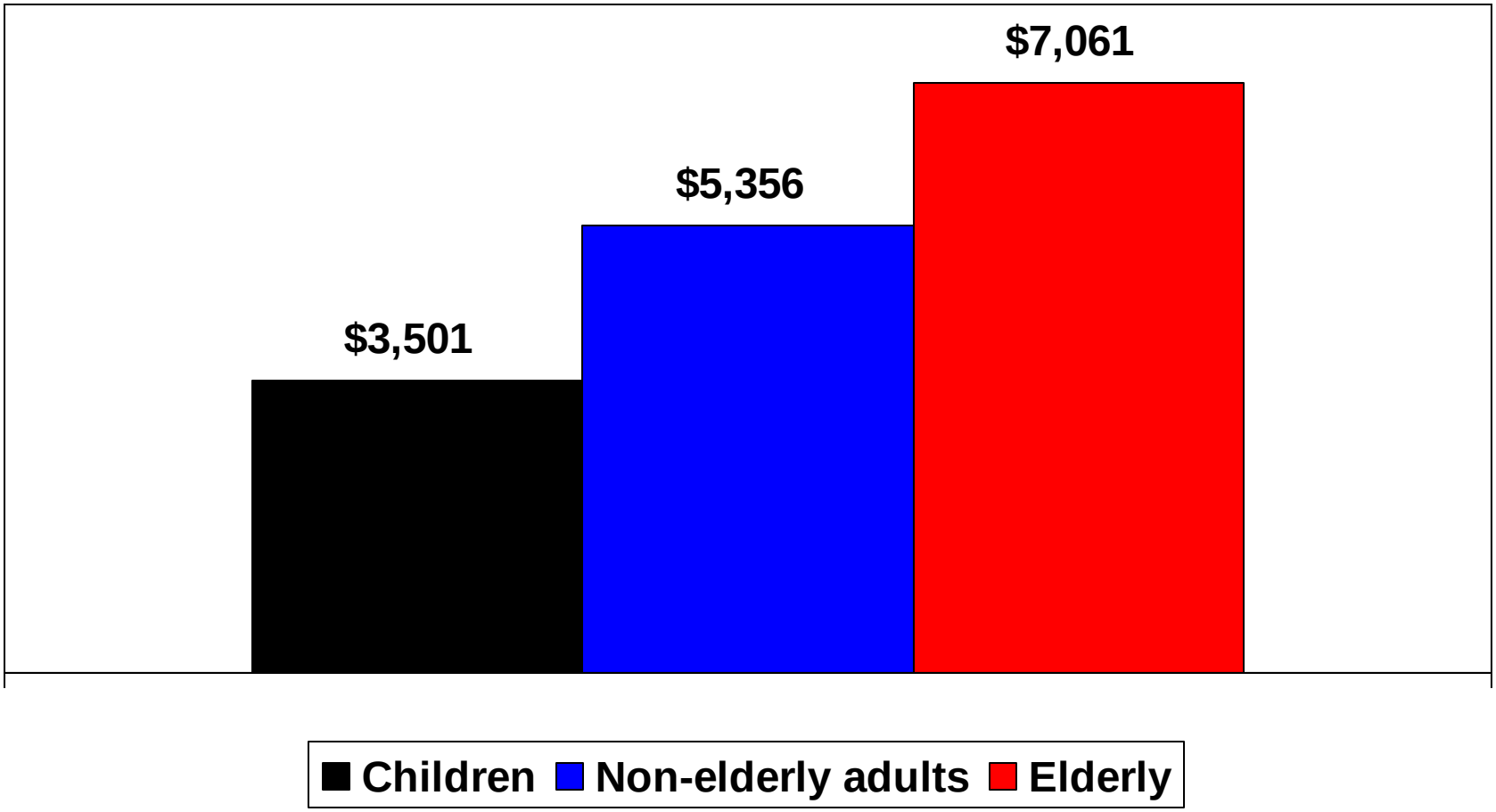
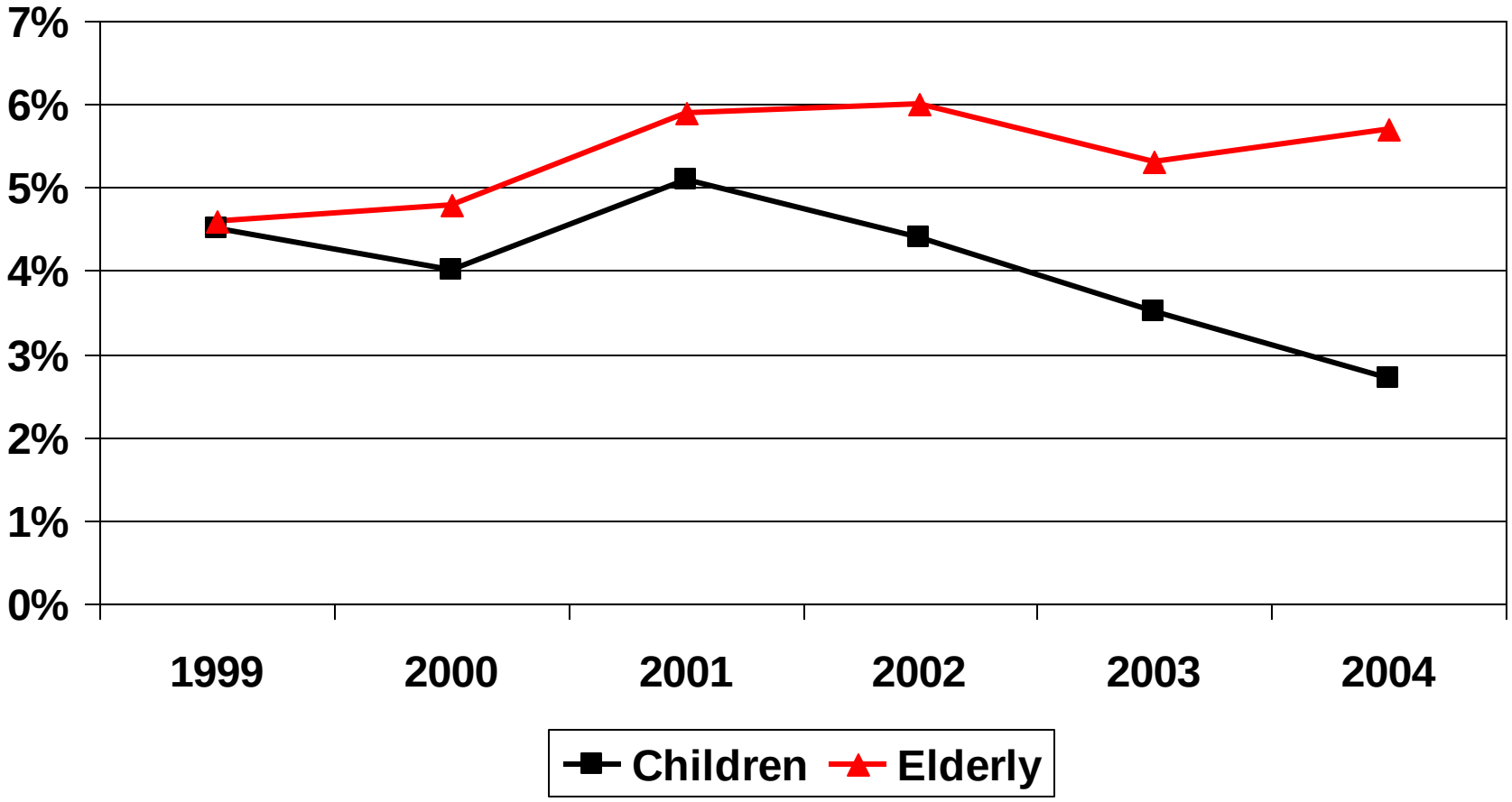


# Percentage of CC costs attributable to children vs. elderly patients



# Implications

- CC problem is a coverage problem
- Interest in covering kids (Vitale Plan, some nationally)
- Kids small/shrinking share of CC costs

  FamilyCare/Medicaid

- Most CC is for adults

  Coverage politically & economically harder

  Elderly CC users ==> emerging challenge (immigrants?)

- Financial/economic mess ==> strong CC demand
- Need to improve CC financing & delivery

  Assume scarce resources

# Improving CC financing & delivery

- Targets
  - High-cost users (10-70 pattern)
  - Avoidable use (10-12%)

- Some efforts underway
  - Uninsured super-users, ED frequent fliers, etc.
  - Medication access/compliance (↓ hospital use)
  - Documentation/evaluation needed
  - Coordination needed

- Targeting CC $
  - Office-based physicians, health centers, hospitals

# Other ideas

- Turn CC claims into a surveillance system

  Consistent ID to track patients

  Track care management programs

- Coordinate funding for CC, HRSF, HRSFMIDD, Stabilization Fund, & related subsidies

- Leverage federal $

  Creative use of DSH funds (not too creative)

  Support for CC case management, medical homes, etc.

# Let’s talk!