

# The Economic Crisis and Medicaid Underfunding: Impact on Hospitals Rapid Response Survey



## INSTRUCTIONS

Please Fax to Carol Shoemake at (770)955-5801, or E-Mail completed survey to [cshoemake@gha.org](mailto:cshoemake@gha.org)  
By Close of Business Wednesday, January 21, 2009

**ALL INDIVIDUAL HOSPITAL DATA WILL REMAIN CONFIDENTIAL**

## Survey Questions

**WITH 63 HOSPITALS RESPONDING**

1. Has your hospital experienced any of the following effects of the economic crisis and Medicaid underfunding?  
Please check all that apply:

|  |              |
|--|--------------|
| Increased interest expense for variable rate debt  | 20.6 percent |
| Difficulty refinancing auction rate debt   | 7.9 percent  |
| Inability to rollover/renew credit   | 9.5 percent  |
| Acceleration of debt   | 14.3 percent |
| Increased collateral requirements  | 19 percent   |
| Inability to issue bonds   | 9.5 percent  |
| Inability to withdraw funds held by financial institutions (e.g. money market accounts, hedge funds) | 6.3 percent  |

2. Is your hospital reconsidering or postponing capital expenditures in any of the following areas?  
Please check all that apply.

|                               |              |
|-------------------------------|--------------|
| New capacity/renovations      | 60.3 percent |
| Clinical technology/equipment | 73 percent   |
| Information technology        | 66 percent   |

3. To what extent has the economic crisis and Medicaid underfunding affected your hospital's ability to meet day-to-day operating expenses?

|              |                |                 |                    |
|--------------|----------------|-----------------|--------------------|
| No effect    | Minimal effect | Moderate effect | Significant effect |
| 11.3 percent | 29 percent     | 35.5 percent    | 24.2 percent       |

4. Does your hospital anticipate having to increase the funding of its pension liability?

|              |              |  |
|--------------|--------------|--|
| Yes          | No           | (1 responded they had cut 401k match by 50%) |
| 25.5 percent | 74.5 percent | (DC plan in place, not DB)                   |

*Questions 5-12 are intended to help us understand the extent to which the economic crisis has affected hospital volume and patient mix relative to what your organization may have originally projected or budgeted for the current financial period.*

5. Has your hospital seen a decline in admissions in the past three months relative to projected levels?

|              |                |                 |                      |
|--------------|----------------|-----------------|----------------------|
| No decrease  | Minimal effect | Moderate effect | Significant decrease |
| 23.3 percent | 25 percent     | 41.6 percent    | 10 percent           |

6. Has your hospital seen an increase in the number of emergency department visits in the past three months relative to projected levels?

|              |                |                 |                      |
|--------------|----------------|-----------------|----------------------|
| No increase  | Minimal effect | Moderate effect | Significant increase |
| 26.3 percent | 26.3 percent   | 43.9 percent    | 3.5 percent          |

7. Has your hospital seen an increase in the number of patients with behavioral health needs in the past three months relative to projected levels?

|                             |                                |                                 |                                     |
|-----------------------------|--------------------------------|---------------------------------|-------------------------------------|
| No increase<br>25.9 percent | Minimal effect<br>44.8 percent | Moderate effect<br>20.7 percent | Significant increase<br>8.6 percent |
|-----------------------------|--------------------------------|---------------------------------|-------------------------------------|

8. Has your hospital seen a decrease in the volume of elective procedures in the past three months relative to projected levels?

|                             |                                |                                 |                                     |
|-----------------------------|--------------------------------|---------------------------------|-------------------------------------|
| No decrease<br>16.9 percent | Minimal effect<br>32.2 percent | Moderate effect<br>44.1 percent | Significant decrease<br>6.8 percent |
|-----------------------------|--------------------------------|---------------------------------|-------------------------------------|

9. Has your hospital seen an increase in the percentage that bad debt and charity care represent of total revenues in the past three months relative to projected levels?

|                             |                              |                               |                                      |
|-----------------------------|------------------------------|-------------------------------|--------------------------------------|
| No increase<br>11.7 percent | Minimal effect<br>15 percent | Moderate effect<br>45 percent | Significant increase<br>28.3 percent |
|-----------------------------|------------------------------|-------------------------------|--------------------------------------|

10. Has your hospital seen an increase in community needs for subsidized health services or other services to support low income populations in the past three months relative to projected levels?

|                            |                                |                                 |                                      |
|----------------------------|--------------------------------|---------------------------------|--------------------------------------|
| No increase<br>7.1 percent | Minimal effect<br>37.5 percent | Moderate effect<br>39.3 percent | Significant increase<br>16.1 percent |
|----------------------------|--------------------------------|---------------------------------|--------------------------------------|

11. Has your hospital seen a change in the level of charitable contributions/philanthropy in the past three months relative to projected levels?

|                                      |   |                                |  |                                     |
|--------------------------------------|---|--------------------------------|--|-------------------------------------|
| Significant decrease<br>11.5 percent | Moderate/Small decrease<br>42.3 percent | About the same<br>34.7 percent | Moderate/Small increase<br>3.8 percent | Significant increase<br>7.7 percent |
|--------------------------------------|---|--------------------------------|--|-------------------------------------|

12. Has your hospital experienced an increase in accounts receivable days (especially from public payers/Medicaid)?

|                             |                                |                               |                                   |
|-----------------------------|--------------------------------|-------------------------------|-----------------------------------|
| No increase<br>21.1 percent | Minimal effect<br>35.1 percent | Moderate effect<br>37 percent | Significant increase<br>7 percent |
|-----------------------------|--------------------------------|-------------------------------|-----------------------------------|

13. Has your hospital seen an increase in the degree to which physicians are seeking financial support from the hospital in the past three months?

|                     |                    |
|---------------------|--------------------|
| Yes<br>83.3 percent | No<br>16.6 percent |
|---------------------|--------------------|

If yes, what types of support are physicians seeking? (Please check all that apply.)

|   |              |
|---|--------------|
| Seeking hospital employment   | 75 percent   |
| Seeking to sell their practice to the hospital  | 25.4 percent |
| Seeking pay/increased pay for services provided to the hospital (e.g. on-call coverage) | 70 percent   |
| Seeking to partner on equipment purchases or other capital investments                  | 11.1 percent |
| Other, please specify:  |              |

- Seeking assistance for service call obligations.

- Income guarantees and recruiting support
- Extend stipend
- Requesting larger medical director stipends.
- ER call pay.
- Call coverage for ER (\*Increase in losses from hospital employee practices due to CMO payments to MDs and NO increases in reimbursements in last 6 years.
- Service line co-management arrangements.
- Seeking help to restructure lease arrangements.
- Increase in office based procedures, previously performed in a hospital
- Requested hospitalist for weekend on-call coverage and funding of practice..

14. What changes has your hospital made, or is it considering making, to weather the economic storm? Please check all that apply.

- |   |              |                  |
|---|--------------|------------------|
| Reducing staff,   | 60.3 percent | If so, how many? |
| <ul style="list-style-type: none"> <li>▪ 10%</li> <li>▪ 2-7%</li> <li>▪ 5-10%</li> <li>▪ Adjusting to Volume</li> <li>▪ 30-50 Staff Reduction</li> <li>▪ 10% reduction of exempt positions</li> <li>▪ 20</li> <li>▪ Already eliminated some positions</li> <li>▪ 10%</li> <li>▪ 10 FTEs</li> <li>▪ Staff reduction through attrition, intent on reducing 10% of work force.</li> <li>▪ 16-20 FTEs</li> <li>▪ Reducing staff is only under consideration at this time.</li> <li>▪ 5%</li> <li>▪ +/- 5% of 340 employees</li> <li>▪ 25</li> <li>▪ Being review</li> <li>▪ Approx 5% of 750 FTEs</li> <li>▪ Cutting overtime</li> <li>▪ TBD</li> <li>▪ &lt;1%</li> </ul> |              |                  |

23 Cutting services 37 percent If so, which ones?

- To be determined
- Looking all OB
- Those not self-sustaining
- Behavioral health
- Home health
- Indigent care clinic
- O/P Psych.
- School nursing for county school system.
- Athletic trainer for high schools.
- Lab, imaging, respiratory therapy.
- Eliminated hyperbaric oxygen – sold this equipment to raise cash for organization.
- Close one MD office, closed cardiac rehab program
- Anything non-core
- ICU

- Indigent elective procedures
- TBD

Considering merger 6.3 percent

Cutting administrative costs 66.6 percent

Divesting assets 14.3 percent

Other, please specify :

- Freezing staff
- Benefit reduction
- Suspend merit increases
- Freeze on employment hiring
- Freeze on capital expense and other projects.
- 10% reduction on operating expenses and a reduction of OT, locums and additional pay codes through payroll.
- More focus on meeting productivity targets and efficient staffing.
- Eliminating/delaying pay increases.
- Selective filling of vacant personnel positions.
- Eliminating all non-essential expenses, e.g. travel, dues
- Roll back on general wage increase on Mgr. Admin. Staff took a 5-6% voluntary pay cut.
- Deter capital expenditures
- Reducing purchases to an “as needed basis” as well as freezing capital except for emergencies.
- Looking to reduce its overall expense base by 5% which would include combination of staff services, benefits and physician contracts.
- Reducing overtime and changes in pay practices.
- Reducing non-labor expenses, reducing capital expenditures.
- Reduction of all discretionary spending, reduce capital spending.
- Reducing expenses \$10-15m (mix of HR/Supplies/contracts).
- \$40,000 to health dept., \$75,000 to Spring Creek Collab. for indigent services.
- +/- \$100,000 to scholarship programs.
- Implementing \$10-15m cost reductions, impacting staffing, supplies and contracts.
- Currently we are holding firm to budgeted expenses and deferring some that we find unnecessary and watching staffing levels closely to match up with service demand limiting OT to a bare minimum.
- Cutting hours.
- Flex staffing/reduce hours

15. If the Georgia General Assembly enacts another round of Medicaid cuts, what changes, if any, would your hospital be forced to make?

Reducing staff, 73 percent

If so, how many?

- 5-10% (30-60 FTEs)
- 2-7%
- Not sure at this time
- 1-2 FTE
- Depends on cuts
- 20
- 20
- 20

- 5 FTEs
- 40
- 10 FTEs
- 5 to 10%
- 5-10 employees
- Dependant on analysis
- 5-10%
- 100
- Dependent on cuts.
- Dependent on proposed cuts
- 2-5%

Cutting services          62 percent          If so, which ones?

- Outpatient rehab.
- NICU (possible)
- Those less mission critical.
- Some lab/physician clinics
- Care services
- Surgery, Emergency room
- Unprofitable ones
- ER/OR
- ER coverage
- Any program with Medicaid utilization
- Possibly limiting days certain services are offered.
- Still TBD
- Dependent on cuts.
- Dependent on proposed cuts.

Considering merger    12.7 percent  
 Cutting administrative costs    54 percent  
 Divesting assets    14.3 percent

Other, please specify :

- Seek an increase in county support
- Medicaid population at hospital is very small
- Raising rates on paying patients
- Depends on how much is cut and what else is happening in market place.
- CLOSURE will be a consideration.
- Cut non-medically necessary procedures for self-pay without payment in advance.
- Worst case scenario – reorganize under federal bankruptcy laws.
- We should be able to weather the cuts without drastic cuts in staff and services as long as department leaders are proactive with efficient staffing and accountable for their variable expenses.
- Dropping all dues including: GHA, AHA, Alliance
- Dropping consulting contracts
- Limiting indigent care to only county residents.
- Whether Medicaid or a revenue tax – for every \$50k decrease, we will reduce 1 FTE. Pretty simple math for Governor or Legislature.
- Limit the number of Medicaid patients accepted by physician practices.
- Closure
- 1 FTE per \$50k decrease

- We would probably consider a combination of all the above depending on the severity of the cuts.
- Defer capital acquisitions.