



NEWS ARTICLE

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It Matters

By Sam W. Cameron

A Wall Street Journal Online/Harris Interactive health care poll conducted in September found that providing health insurance coverage for more Americans is a top priority for U.S. adults and that a majority (65%) believe it is the government's duty to ensure all Americans have adequate coverage. The poll also asked how much Americans trusted policy makers to come up with good policies for improving and reforming U.S. health care. Overall, the Democrats are more trusted than the Republicans (39% vs. 26%), the poll shows. Across party lines, there is widely held belief that the U.S. health care system works better for the very poor and the wealthy than it does for the middle class.

For most U.S. adults, the top health-related issue they would like to see the presidential candidates address is providing coverage for the uninsured. This is the top issue for Democrats and Independents, while Republicans feel containing medical care costs is the No. 1 priority. Ironically, the two are directly connected.

The cost of uncompensated hospital care in the U.S. totaled \$31.2 billion in 2006, up from \$28.8 billion in 2005 and \$21.6 billion in 2000, according to the latest data from the American Hospital Association's Annual Survey of Hospitals. Underpayment by Medicare and Medicaid reached nearly \$30 billion in 2006, up from \$25.3 billion in 2005 and \$4 billion in 2000. The cost of care rises to balance out the effect of these uncompensated dollars and underpayments. Insurers raise rates. Businesses pay for less premiums or quit offering company-sponsored insurance. This increases uninsured and underinsured rates. The vicious circle continues.

The Mississippi Hospital Association and our 118 member hospitals have launched a communications campaign, My Care Matters, to explain to the business community how many of the issues that affect our state's hospitals also affect the bottom line of your business eventually. The costs of the taxes, assessments, and increased regulatory requirements are passed down to businesses, and the business community needs to become more aware of how issues that indirectly affect you today can directly affect you tomorrow.

The National Federation of Independent Business in December unveiled 10 reform principles advocated by small business to increase access to quality, affordable health care. The principles call for a health care system that is universal, predominantly private, affordable, unbiased, competitive, portable, transparent, efficient, evidence-based and realistic. The first principle is that all Americans should have access to quality care and protection against catastrophic costs, with a government safety net for the neediest to obtain coverage.

Another of the principles is that health care costs to individuals, providers, governments and businesses must be reasonable, predictable and controllable. Again, the business community also needs to help the health care industry keep their own costs “reasonable, predictable and controllable.” When taxes or assessments can be levied at whim on a business, whether it be a grocery store or a hospital, it is impossible for that business to control costs. Uncertainties paralyze long-term financial planning.

In our upcoming state legislative session, there will be much discussion on how to fund the growing deficit in our state’s Medicaid program. It is going to be critical that the business industry in our state understands how the outcome of these discussions will affect their bottom lines. In the past, the state has increasingly called upon providers – through increased assessments and fees - to balance that deficit. Considering that almost half of the hospitals in our state are operating in the red, it’s just no longer possible. Medicaid is a state program that needs to be funded with state dollars, not provider dollars. (After all, we don’t ask grocery stores to fund our food stamp program.)

A common misconception is that a hospital can operate at a break-even point as long as it is covering its day-to-day cash needs. The reality is that, to keep clinically and structurally up-to-date and to be able to borrow money when a hospital needs it, the hospital must have sound fiscal health — just like any other business. Hospitals with significant financial strains and significant debt burdens may have access to capital, but from a more limited number of sources and at a higher cost than hospitals with limited debt burdens and healthier margins. According to a 2004 study by the Healthcare Financial Management Association (HFMA) along with GE Healthcare Financial Services, Mississippi is one of the top five states (#4) with the highest percentage of hospitals with limited access to capital.

In the past, we have considered issues like this health care “industry” matters. It’s becoming increasingly obvious though that these issues matter to businesses too. And we are working to do a better job to explain just how much it matters. For more information, visit www.mycarematters.com. Together, we can make a difference.