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Colorado Hospital Association

# Impact of Uncompensated Care and Cost Shift on Private Insurance

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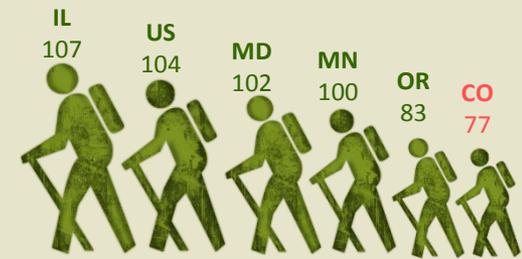
CHRIS THOLEN, VICE-PRESIDENT OF FINANCIAL POLICY

COLORADO HOSPITAL ASSOCIATION

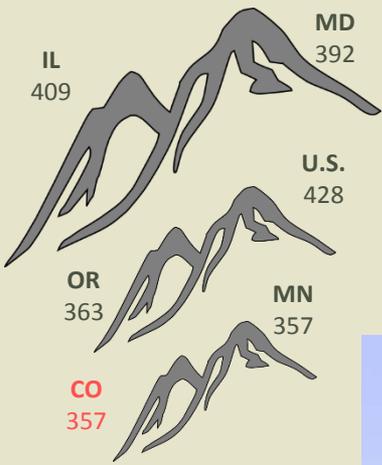
AUGUST 24, 2016

# Colorado spends less per capita on health care than the U.S. average or comparable states.

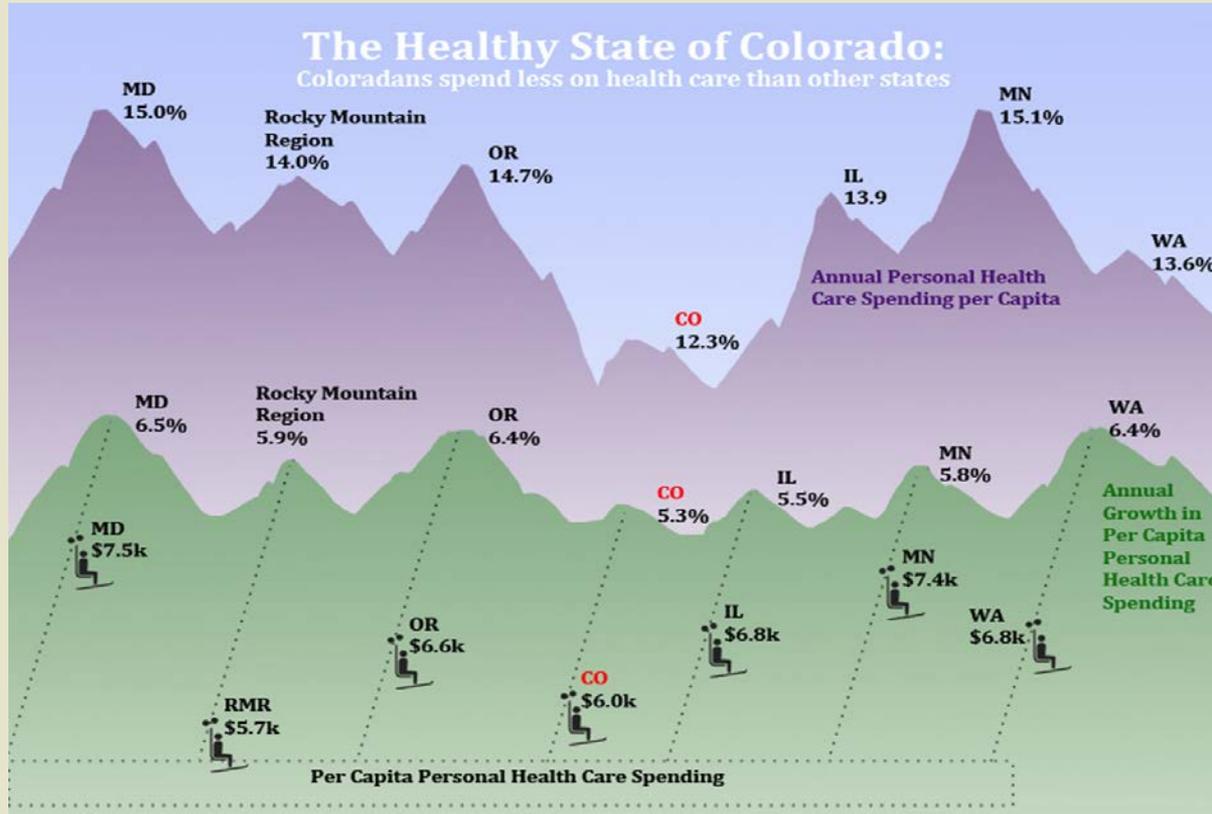
Here are a few reasons why --



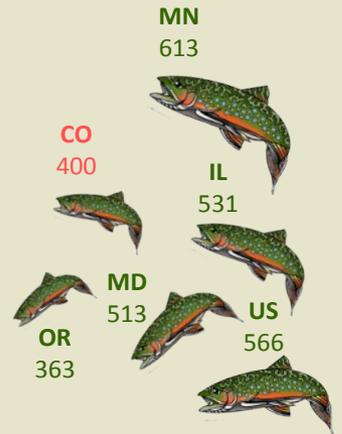
Hospital Admissions



ED Visits

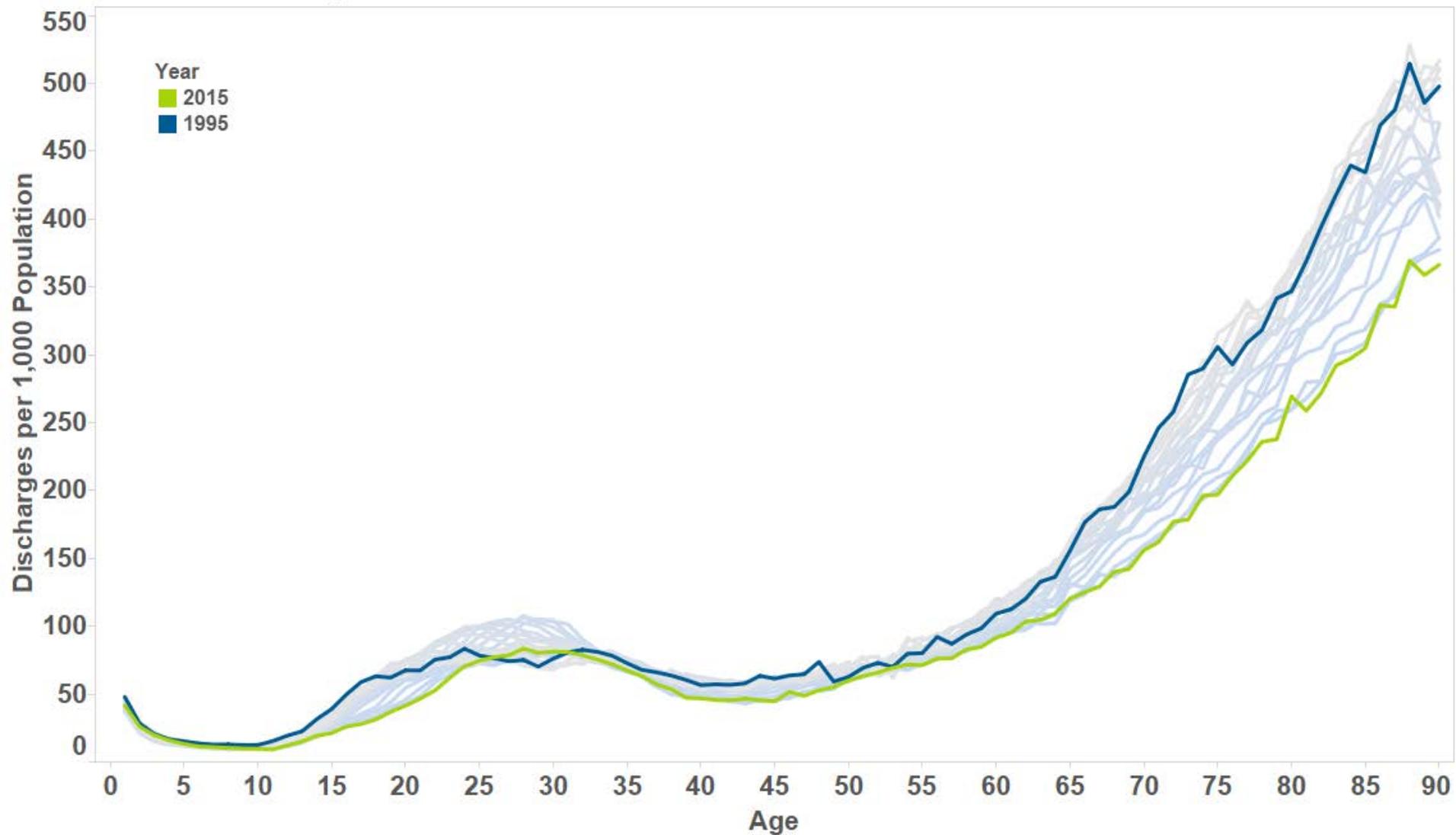


Outpatient Visits



Inpatient Days

# Change in Rate of Inpatient Utilization in Colorado, 1995 to 2015

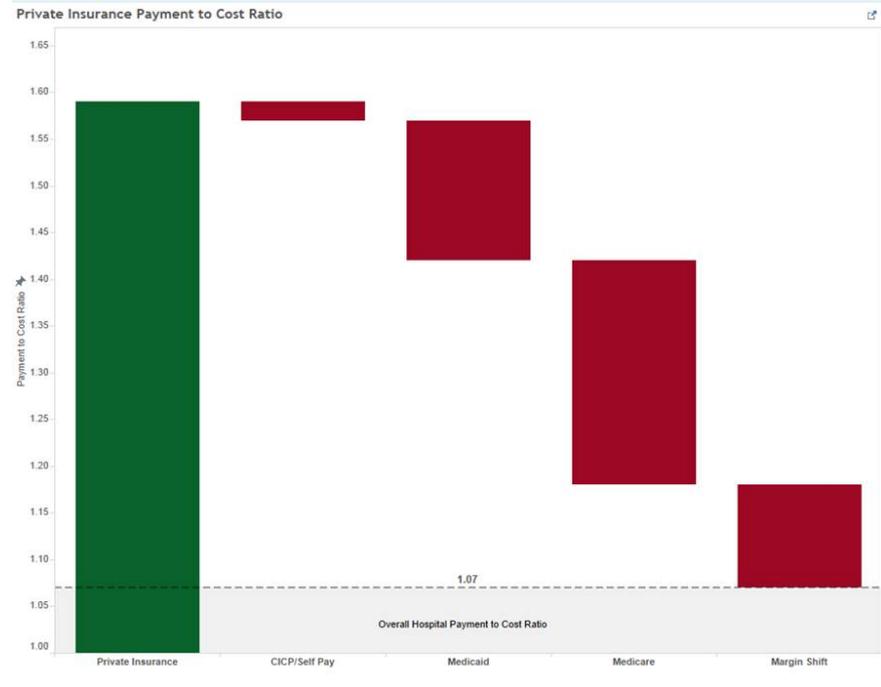


# The Impact of Cost Shift on Private Insurance

	CY 2009	CY 2010	CY 2011	CY 2012	CY 2013	CY 2014
Medicare	0.78	0.76	0.77	0.74	0.66	0.71
Medicaid	0.54	0.74	0.76	0.79	0.80	0.72
Insurance	1.55	1.49	1.54	1.54	1.52	1.59
CICP/Self Pay/ Other	0.52	0.72	0.65	0.67	0.84	0.93
Overall	1.05	1.06	1.07	1.07	1.05	1.07

Private insurance paid \$1.59 for each \$1.00 of cost for services provided. The additional 59 cents is for:

- 7 cents to hospital margin
- 11 cents to margin shift from other payers
- 41 cents to cost shift from reimbursement of other payers



# Impact of Uncompensated Care on Insurance

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The **Cost** to provide charity care was approximately \$320 million in 2014; or \$380 million lower than 2013

- 2014 statewide charity care cost was 2.5% of net patient revenue

The undercompensated **cost** of care was approximately \$1.9 billion in 2014; or \$68 million more than 2014

Change in Uncompensated Care	(\$380 million)
Change in Undercompensated Care	<u>\$ 68 million</u>
Over all change in Unreimbursed care	(\$328 million)
Change as percent of Net patient Revenue	(2.4%)

# Colorado Premium Trends 2015 & 2016

- Premiums on Colorado exchange have many drivers
  - Change in utilization, change in actuarial forecasts, changes in cost shift (provider and insurance), change in costs, and more

Rating Area Description	Individual		Small Group	
	2015	2016	2015	2016
Rating Area 1 (Boulder)	0.4%	5.8%	2.6%	2.5%
Rating Area 2 (Colo. Springs)	-0.2%	10.0%	1.3%	5.8%
Rating Area 3 (Denver)	0.8%	6.2%	2.8%	3.1%
Rating Area 4 (Fort Collins)	5.3%	10.0%	3.2%	4.6%
Rating Area 5 (Gr. Junction)	-3.6%	9.4%	-0.4%	3.8%
Rating Area 6 (Greeley)	4.6%	9.1%	3.3%	2.8%
Rating Area 7 (Pueblo)	-4.9%	6.2%	0.3%	2.1%
Rating Area 8 (East)	5.0%	9.0%	5.7%	3.7%
Rating Area 9 (West)	-7.4%	25.8%	1.1%	-0.8%