The Effects of Early Medicaid Expansions in California on Inpatient Utilization of Safety Net Hospitals

Peter Cunningham, Ph.D.
Department of Health Behavior and Policy
Virginia Commonwealth University
Acknowledgements

Co-authors:
Lindsay M. Sabik, Ph.D.,
Ali Bonakdar, PharmD, M.P.H.,
Virginia Commonwealth University

Funded by the Robert Wood Johnson Foundation,
State Health Access Reform Evaluation initiative
What is the Effect of Expanding Medicaid on Inpatient Utilization at Safety Net Hospitals?

Implements payer mix -- Medicaid admissions increase, while uninsured admissions decrease

Reduces the proportion of inpatient admissions that are “preventable”

Possible “cherry-picking” of healthier Medicaid patients by non-safety net hospitals
California’s “Bridge to Reform”

Expanded coverage through the Low Income Health Program (LIHP) beginning in July, 2011

Eligibility for adults up to 200% of poverty, but eligibility varied across counties

700,000 persons enrolled in LIHP by end of 2013
Importance for Safety Net Hospitals

Pending reductions in Medicaid DSH assume increase in insured patients, fewer uninsured patients that require subsidized care

Newly insured patients will have more options to get care at non-safety net hospitals

Payment and delivery system reforms changing patterns of care utilization at hospitals
Research strategy

Examine changes in inpatient utilization in California between 2010 and 2013

Compare changes to three neighboring states that did not expand coverage (AZ, NV, WA)

Compare changes at safety net hospitals to changes at non-safety net hospitals
Data

Healthcare Cost and Utilization Project (HCUP) State Inpatient Databases

Inpatient Data from California Office of Statewide Health Planning and Development

American Hospital Association Annual Survey
Key Methods

Safety net hospitals defined as those with either “high market share” of uninsured patients or “high burden” of uninsured.

Include only hospitals in metropolitan areas

Employed difference-in-differences analysis

Compare the “pre-LIHP” period (before July 1, 2011) to:
  • First post-implementation period (7/1/11 to 9/30/12)
  • Second post-implementation period (10/1/12 to 12/31/13)
Medicaid Inpatient Admissions at Safety Net Hospitals

California
- Pre-LIHP: 607
- Post-LIHP: 612

Comparison states
- Pre-LIHP: 527
- Post-LIHP: 454

Quarterly admissions
Uninsured Inpatient Admissions at Safety Net Hospitals

California

- Pre-LIHP: 187
- Post-LIHP: 176

Comparison states

- Pre-LIHP: 170
- Post-LIHP: 218

Quarterly admissions
Quarterly inpatient admissions

Change in second post-implementation period relative to comparison states

SAFETY NET HOSPITALS

NON-SAFETY NET HOSPITALS

*Change from pre-LIHP period is statistically significant at .05 level
Percent of admissions that are uninsured

Change in second post-implementation period relative to comparison states

<table>
<thead>
<tr>
<th></th>
<th>SAFETY NET HOSPITALS</th>
<th>NON-SAFETY NET HOSPITALS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-LIHP</td>
<td>10.2</td>
<td>3.7</td>
</tr>
<tr>
<td>Post-LIHP 1</td>
<td>9.1*</td>
<td>[VALUE]*</td>
</tr>
<tr>
<td>Post-LIHP 2</td>
<td>[VALUE]*</td>
<td>[VALUE]*</td>
</tr>
</tbody>
</table>

*Change from Pre-LIHP period is statistically significant at .05 level
Quarterly preventable admissions

Change in second post-implementation period relative to comparison states

SAFETY NET HOSPITALS

[VALUE]*

NON-SAFETY NET HOSPITALS

[VALUE]*

*Change from pre-LIHP period is statistically significant at .05 level

[IMAGE OF BAR CHART]
Other Key Findings

Acuity level of Medicaid admissions increased, while acuity of uninsured decreased.

Acuity level of Medicaid admissions increased more at safety net hospitals.

Preventable admissions for uninsured patients decreased to a greater extent at safety net hospitals.

So far, no evidence that residual uninsured becoming increasingly concentrated at safety net hospitals.
Policy implications

Will change in payer mix be enough to offset potential loss of Medicaid DSH funds?

How will payment and delivery reforms affect key assumptions about reducing public subsidies to safety net hospitals?

Will Medicaid payment levels be sufficient for Medicaid patients that have higher acuity?