Policy Terms for Pediatrics

By Jean Raphael, MD, MPH

Given the dynamic landscape of health and health care policy, child advocates may feel challenged in understanding and responding to the major issues that impact children. We created Policy Terms for Pediatrics (PTP) to empower individuals invested in improving child health through policy and advocacy.

SAFETY-NET INSTITUTION

WHAT DOES IT MEAN

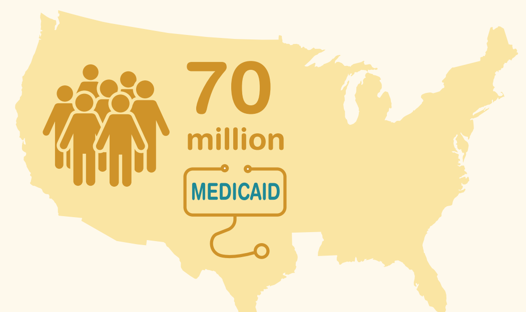
Safety-net Institution: a hospital or other provider that organizes and delivers a significant level of health care services to patients with Medicaid, CHIP, or no insurance. They provide care to all patients, regardless of their ability to pay, and provide services that other hospitals in the community may not. Safety-net institutions are usually non-profit health care entities and provide medical training to health professionals. Their operating margins (i.e., profitability from patient care) are substantially lower than other health care organizations, placing these entities in jeopardy of financial distress in the event of additional stressors, such as reimbursement reductions, increased reporting requirements, and health coverage changes to the populations they serve. In 2014, safety-net health systems averaged a 0% operating margin as compared to the 6.4% average of all U.S. hospitals.

Distinguishing Features of Safety-Net Institutions

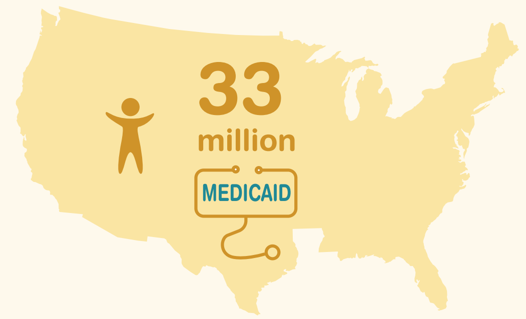
Characteristic	Description
Population served	• Children • Uninsured • Racial/ethnic minorities • Immigrants • Undocumented individuals • Geographically disadvantaged • Economically disadvantaged
Provider types	• Children's hospitals • Public hospitals • Teaching hospitals • Federally qualified health centers • School based clinics • Public health departments • Large urban hospitals
Additional clinical services provided	• Trauma care • Burn care • Neonatal intensive care • Inpatient behavioral health
Additional support services provided	• Interpreter services • Transportation • Outreach • Nutrition • Social work • Child Life
Primary source of funding	• Medicaid • CHIP • Medicare • Grants • Taxes • Philanthropy

WHY DO WE CARE

The viability of safety-net institutions relies heavily on Medicaid as one of its biggest sources of funding. Medicaid covers nearly 70 million Americans, 33 million of whom are children. Therefore, any reforms to Medicaid may have substantial impact on entities providing care to children. Children under the age of 18 years constitute 21% of hospitalizations at safety-net hospitals compared with only 13% of hospitalizations at non safety-net hospitals. Children's hospitals may



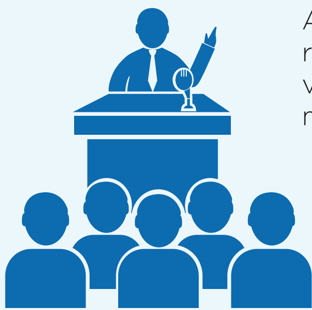
CONTINUED ON NEXT PAGE



be especially impacted by Medicaid reform. Approximately 57% of the patient days at children's hospitals are covered by Medicaid.

Under the Better Care Reconciliation Act (BCRA), a recent proposal to replace the Affordable Care Act, per-capita limits on Medicaid spending would be enacted. Under BRCA, it is estimated that funding for children's Medicaid would be cut by at least 43 billion dollars over 10 years. If Medicaid spending at the state level exceeds per capita limits, the state would be left with a larger burden of the cost. To control spending, states would have to implement cost-cutting measures such as stricter eligibility limits, decreased provider reimbursement, and reduced coverage of health care services for children. Any combination of these measures would lower revenues and result in increased uncompensated care costs for safety-net institutions as they would care for a growing population of uninsured children.

WHAT DO WE DO



As the future of Medicaid continues to be debated, child advocates have a responsibility to understand how and where the health care needs of the most vulnerable children are met. Those invested in the well-being of children can maximize their impact by:

1. Becoming familiar with the different ways to define a safety-net institution
2. Learning which hospitals and clinics in their local community function as safety-net institutions
3. If working at a safety-net institution, identifying its major sources of funding
4. Inquiring how their senators and representatives plan to support and/or protect safety-net institutions

Safety-net institutions, collectively a backbone of health care for vulnerable children and their parents, face uncertainty with Medicaid reform. Child advocates must strive to preserve their essential role in the US health care system.

START BY READING MORE...

https://www.hcup-us.ahrq.gov/reports/statbriefs/sb213-Safety-Net-Hospitals-2014.pdf

http://catalyst.nejm.org/health-reform-changing-safety-net/

http://www.commonwealthfund.org/publications/fund-reports/2017/jun/financial-impact-ahca-on-safety-net-hospitals

https://www.childrenshospitals.org/Newsroom/Press-Releases/2017/Childrens-Hospitals-Patient-Families-to-Congress--Protect-Medicaid-for-Children

http://go.avalere.com/acton/attachment/12909/f-0483/1/-/-/-/-/Avalere%20-%20Childrens%20Hospital%20Association%20Report%20on%20Medicaid%20Capped%20Funding%20embargo.pdf

Baylor College of Medicine