



Cuts Have Consequences

Why Medicaid Reform Is Imperative For Missouri's Communities



In 2013, Missouri hospitals began experiencing federal cuts to payments for care through the Medicare program. These cuts will be further amplified by cuts to hospital payments through Medicare and Medicaid that help offset the cost of the uninsured and Medicare payment cuts resulting from federal budget sequestration. Statewide, these cuts will total \$4 billion between 2013 and 2019.

Without new revenue from expanding health insurance coverage through the health insurance marketplace and through Medicaid reform, hospitals' financial outlook is bleak. Missouri's hospitals provided nearly \$1.2 billion in uncompensated health care services in 2012, and charity care alone increased by 32 percent since 2010. These pressures are a significant factor in hospitals' decisions to reduce their workforce, delay or cancel capital investments and reduce services.

Based on decisions made within the last six months and anticipated actions considered within the next six months, hospitals participating in a recent survey expect the following reductions.



WORKFORCE

Throughout the last year, hospitals have announced layoffs and staff reductions. In many cases, hiring freezes have been put in place, as well. Hospital workers underpin the state's economy. In many communities, the hospital is the area's largest employer. As Missouri's economy recovers, hospitals are shedding employees rather than growing. More than one-third of layoffs and one half of hiring freezes have been **in rural areas where the need for health care workers is great** and **hospital jobs help support the economy.**

41 hospitals* have laid off **998** full-time equivalent employees

49 hospitals have implemented a hiring freeze that involve **2,145 FTEs**

*Includes St. Louis ConnectCare layoffs



CAPITAL INVESTMENT

Hospital investment in equipment and infrastructure helped support the state's economy throughout the recession. However, with significant cuts looming, many hospital capital projects are being delayed or canceled. This has a spillover effect on construction jobs and purchases of equipment, materials and supplies. Of the 37 hospitals reporting delayed or canceled capital projects, **70 percent are in rural areas, with 10 exceeding \$1 million hospital investment.** Statewide, capital investment projects on hold or canceled include the following.

12 hospitals (\$250,000 or less)

9 hospitals (\$250,000 – \$1 million)

8 hospitals (\$1 million – \$5 million)

8 hospitals (more than \$5 million)

\$50 million – \$102 million
Total State Financial Impact



SERVICE LINE

In response to financial pressures, 40 hospitals have implemented or are considering closing select non-profitable service lines. Without these services, **many rural communities will lose access to care entirely.** Service line cuts include but are not limited to the following.

- ✘ Rural Health Clinics and Satellite Clinics
- ✘ Inpatient and Outpatient Mental Health/Counseling Services
- ✘ Home Health, Hospice and Oncology
- ✘ Hospital Provided Ambulance Services
- ✘ Wound Care
- ✘ Diabetes Mobile Outreach