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Unreimbursed Care to 55 Gunshot Victims Among Bad Debt Costing Schneider Hospital Millions in Lost Revenue

Health / **Published On August 16, 2022 01:21 PM /**

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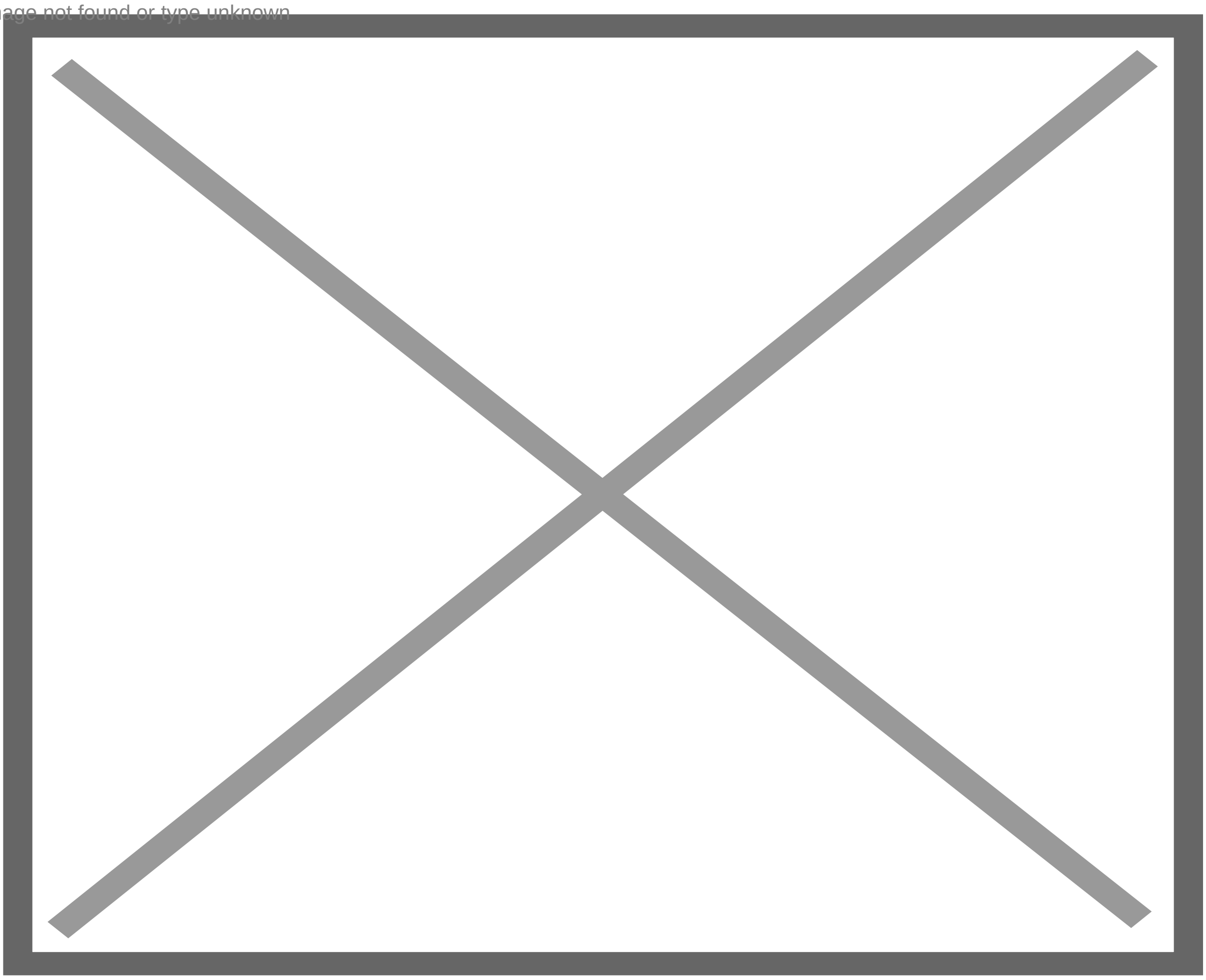

The Schneider Regional Medical Center. **By. V.I. CONSORTIUM**

Underpayment and unpaid hospital bills, largely for patients on Medicare, Medicaid, or who have no insurance, are costing the Schneider Regional Medical Center to lose millions in revenue each year.

Tina Comissiong, the chief executive officer at SRMC said the hospital is being reimbursed below cost for these patient encounters which accounts for over 76 percent of its work load.

In 2021, Medicare and Medicaid paid the hospital approximately $24.8 million below the cost of providing care. This means that on average SRMC only receives $0.55 cents on every dollar it spends caring for Medicare and Medicaid. It also receives less than 0.10 cents on every dollar it bills self-pay patients for care.

“Our gross monthly patient billing now averages $10 Million to $12 Million. However, due to the high contractual adjustments made to our rates by Medicare and Medicaid, our high self-pay population, and with our added challenges with collections, SRMC only collects between $4 Million and $5 Million per month."

According to Ms. Comissiong’s testimony, charges for Medicaid patients for 2021 totaled $37.4 million but based on the daily rate allowed by Medicaid, the hospital was only eligible to collect $12.6 Million. “We were not even able to fully collect the $12.6 million due to delays in claims being processed and claims not crossing over to their system,” she added.

She provided lawmakers with an inpatient example, where she explained that SRMC provided inpatient care to one Medicaid patient totaling $17,061 in charges but only received the daily rate of $1,654.

“To give an outpatient example, SRMC performed a knee replacement surgery for a Medicaid patient and billed $34,000 but received $402,” she continued.

To further exacerbate the situation, the CEO said that much of the insured business has left the hospitals and gone to the private centers and off-island facilities, which has worsened the payor mix at the hospital. SRMC’s payor mix consists of Medicare (39.3%), Medicaid (25.6%), Self Payors (12%). Payor mix refers to the percentage of hospital revenue coming from private insurance companies versus government insurance programs like Medicare and Medicaid.

“The payor mix is unfavorable because so many persons who can afford to go off-island and who have good insurance (like government CIGNA), choose to have their care performed off-island. Significant revenue leaves the territory every year rather than being expended on-island and circulating in our economy,” she said.

Despite the existence of the Hospital Presumptive Eligibility (HPE) Program, which is offered through the Department of Human Services and allows some persons who present to the hospitals as self-pay an opportunity be enrolled in the Medical Assistance Program, a high numbers of true self-pay individuals present to the hospital. That is because many of these patients do not qualify for the eligibility program, mostly due to not being a resident of the Virgin Islands for five or more years, not having a social security number, being undocumented, or because their income threshold exceeds a certain level.

“If you make more than $15,654 as a single individual, you cannot qualify for Medicaid. Twenty-nine percent of persons who presented to SRMC for care without insurance did not qualify for HPE. There are very few private insurance options available in the VI. Many persons who live and work here do not have access to an affordable health insurance plan and opt to go without insurance because it is too costly to participate. It can cost more than $3,000 a month for an individual to get a private health plan, which is not a reality for many people,” the hospital CEO shared.

In addition, the Schneider Hospital receives little to no reimbursement for uncompensated care, a component of which is bad debt. From January 2021 through June 2022, SRMC lost $1.6 million in revenue by providing unreimbursed care to approximately 55 gunshot wound victims.

The CEO said these cases often require a full call team of clinical professionals to come in after hours, the administration of expensive blood products and use of significant supplies, and many days of inpatient post-operative care.

“Most of these cases were uncompensated care for which SRMC received no reimbursement,” she noted.

Bad debt which the hospital is not expected to recover, amounts to almost $11 million for fiscal year 2022.

To make matters worse, the Covid-19 pandemic has forced vendors who provide support to the hospital to not only increase their cost of doing business but request payment upfront. To date, SRMC has paid $22 million to vendors compared to $15.8 million at the end of the 2021 fiscal year.

Of its 143 active contracts, 40 agreements are fee-based, and over half of those are with staffing agencies. None payment of these vendors causes the hospital’s operating costs to fluctuate, forcing it to rely on expensive temporary and agency staffing.

“These staffing agreements require pre-pay and/or prompt pay and it is affecting our ability to pay our other critical vendors," Ms. Comissiong said. "It has led to SRMC expenses exceeding revenues. Market variables such as runaway inflation, high cost of imported materials and supplies, and vendor demands for up-front payments have also come into play over the past 12 months and have had a tremendous impact on SRMC's accounts payable and cash position. The financial condition has affected our vendor relationships and our ability to procure other needed supplies on time.”

Still, SRMC is projecting that its revenue collection in 2023 will increase even with these adverse factors causing the center to earn far less than it could. “We are projecting to generate approximately $59 million by the end of FY 2022. We forecast $59.5 million in revenue for FY 2023,” Ms. Comissiong noted.

The figure is $12.2 million more than collections in 2020; and $11.2 million more than collected in 2021. So far for 2022, through May, the hospital generated approximately $43 million in revenue.