

In the Face of Crippling BBA Cuts, Healthcare Providers Need Strategies for Maintaining Mission



Sr. Geraldine M. Hoyler, CSC

All across the country, hospitals are reeling from the effects of unprecedented cuts in Medicare payments to hospitals and other providers resulting from the Balanced Budget Act of 1997 (BBA). Not surprisingly, more than a third of assembly-goers attending an interactive membership assembly cited ministry issues raised by BBA cut-backs as the most pressing challenge for the future of the ministry.

"We've simply got to learn to be more direct with representatives of Congress," one audience member said during an assembly session on the impact of the BBA. The audience member, a woman religious from Alabama, said her congressman recently told her, "Even though we won't increase Medicare reimbursements, you still have to find a way to take care of Medicare patients." "And I told him," the sister said, "the world doesn't work like that!"

The outspoken sister, and others like her, were responding to a presentation on Medicare cuts by Sr.

Geraldine M. Hoyler, CSC, senior vice president for finance and treasury, Catholic Health Initiatives (CHI), Denver. The cuts have already forced CHI to freeze staffing and capital spending, close some services, and combine some overhead costs, Sr. Hoyler said.

CHI is particularly vulnerable to Medicare cuts because, although it has \$6 billion in assets and 130 sites, many of those sites are long-term care centers, assisted care facilities, and home health agencies, Sr. Hoyler said. "We have relatively few big hospitals. A large proportion of our patients and clients are Medicare recipients."

The BBA cuts are reminiscent of President Richard M. Nixon's "economic stabilization" of 1971, she argued. "That program hurt because it froze the rate of reimbursements to hospitals. But the BBA cuts are worse because they are occurring at the same time as other big healthcare changes, such as the coming of managed care."

Still another complicating factor is a change in the government's system of coding illnesses for reimbursement purposes, Sr. Hoyler argued. "By April 2000 they'll have implemented APCs [ambulatory patient classifications]. To accommodate the government, healthcare organizations will have to update their information systems—and that will be expensive."

Sr. Hoyler predicted the BBA cuts will result in reduced staffs, consolidated agencies, and closed facilities across the nation. "I'm afraid we're going to see some parts of the United States go without home health altogether," she said.

Felicien "Fish" Brown, the session's moderator, reminded the audience that original estimates put the BBA's Medicare cuts at \$110 billion a year. "New estimates say the figure is closer to \$190 billion," said Brown, CHA's director for public policy. Sr. Hoyler said that, because of BBA cuts, CHI will lose \$80 million to \$100 million in revenue this fiscal year.

Brown urged CHA members to let Congress know that Medicare cuts are adversely affecting their ability to serve patients. "They'll increase reimbursements—but only if you push them," he said. However, a woman religious from Louisiana suggested that healthcare advocates should instead complain to congressional representatives about healthcare job losses caused by BBA cuts. "People in Congress tend not to get excited about lost services," she argued. "But talk about lost jobs gets their attention pretty fast."