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Better Health Policy

# The Resilience of the Health Care Safety Net

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# Principal Findings

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- Safety net stable or improved in most cities
- Pressures increasing
- Customized strategies could help bolster safety net and bridge remaining gaps

# Health of the Safety Net

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- Tracked at the local level between 1996-2001
- Focus on care for the low-income uninsured
- Provider and policy maker perspective
  - ▶ Public hospitals
  - ▶ Not-for-profit hospitals with charity care focus
  - ▶ Community health centers and free clinics
  - ▶ Local health departments

# Health of the Safety Net, cont'd

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- Pressures and strategies
- Changes in capacity and viability
  - ▶ Expansions and contractions in services
  - ▶ Gains and losses in financial position

# Positive and Negative Changes for Safety Net, 1996-2001

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- Positive Forces
  - ▶ Booming economy
  - ▶ SCHIP revenues
  - ▶ Tobacco money
- Negative Forces
  - ▶ Decreased reimbursement
  - ▶ Competition for Medicaid patients
  - ▶ 1997 Balanced Budget Act cuts

# Safety Net Stable or Improved in Most Communities

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	Improved or Stable	Deteriorated
Strong Baseline	Boston Indianapolis Lansing Miami Seattle Syracuse	Cleveland
Weak Baseline	Greenville Phoenix Orange County	Northern New Jersey Little Rock

# Characteristics of Improving and Stable Safety Nets

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- Conditions
  - ▶ Community support
  - ▶ Ongoing, generous funding streams
  - ▶ Strong leadership
- Strategies
  - ▶ Improve financial management
  - ▶ Expand capacity

# Strategies to Improve Financial Management

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- Streamline operations (e.g., Phoenix)
- Merge or affiliate (e.g., Boston)
- Attract insured patients (e.g., Seattle)

# Strategies to Expand Capacity

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- Expand facilities and services
- Extend pool of providers
- Encourage appropriate use of services
  - ▶ Managed care for the uninsured

# Characteristics of Deteriorating Safety Nets

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- Closure of significant providers (e.g., Cleveland)
- Greater difficulty attracting insured patients (e.g., Northern New Jersey and Little Rock)
- Limited funding

# Impact on the Uninsured

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- Improvements in many communities
  - ▶ Better access to primary and preventive care
  - ▶ More appropriate care (e.g., reduced ER use)
- Some serious problems remain
  - ▶ Inadequate access to specialty care
  - ▶ Barriers to care (e.g., cost sharing)

# Recession Poses New Threats

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- Rising unemployment and uninsurance likely to increase demand for safety net services
- State budget crises likely to reduce funding
  - ▶ Little support expected from federal government

# Lessons Learned

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- Many communities effectively bolstered, but gaps and pressures remain
- Targeted aid needed in some communities
- Customized approaches to leverage resources could help bridge gaps