NATIONAL ASSOCIATION OF URBAN HOSPITALS
Private Safety-Net Hospitals Caring for Needy Communities

Urban Safety-Net Hospitals and the American Health Care Safety Net

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The Special Role of Urban Safety-Net Hospitals

The U.S. today has a vast, multi-part health care safety net. Among the major participants in this safety-net are public and children's hospitals; federally qualified health centers and other government-sponsored clinics; sole-community, Medicare-dependent, and critical access hospitals; and others. Urban safety-net hospitals are a vital part of this health care safety net as well. These private, non-profit, mission-driven institutions are key providers for many uninsured, under-insured, low-income, and Medicare- and Medicaid-dependent residents of urban areas throughout the country. Without urban safety-net hospitals, millions of Americans would have very limited access to medical care.

Typically, private urban safety-net hospitals serve alongside public hospitals in their communities, providing the same services to the same patients for the same reimbursement – if they are paid at all. Most urban communities do not have any public hospitals, leaving urban safety-net hospitals standing alone as the providers of last resort for people who have nowhere else to turn for care.

Urban safety-net hospitals benefit the entire nation. Many have teaching programs through which they train our next generation of physicians. They also are deeply involved in medical research, playing a pivotal role in developing the medical breakthroughs that will improve the quality of life for millions in the years to come.

Urban Safety-Net Hospitals: Going Above and Beyond

Hospitals generally only provide services if they feel they can make money on those services – but not private urban safety-net hospitals. These hospitals routinely provide money-losing services – maternity and neonatal intensive care, behavioral health and substance services, care for AIDS patients, burn and trauma services, and more – for the simple reason that their communities need these services and no one else is willing to provide them. Their emergency rooms are among the busiest in the country, with vast numbers of those emergency patients having no way to pay for the care they receive.

Many urban safety-net hospitals are much more than ordinary community hospitals: they are tertiary-care institutions that offer cutting-edge treatment that takes advantage of the latest in health care technology and knowledge. They are pioneers in new ways of treating injuries and diseases and are the hospitals to which other hospitals transfer their most complicated cases. For these reasons, they attract patients from well beyond the borders of their own communities, making them a vital resource for entire regions of insured and uninsured patients alike.

While caring for disproportionate numbers of low-income and disadvantaged patients, urban safety-net hospitals regularly provide services that no payment system in the world recognizes and for which no payment system in the world will compensate them. Their patients benefit greatly from help with transportation, social work services, on-site translators, child care, instruction in nutrition, visits and telephone calls to the homes of young,

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pregnant women from nurses and other health care professionals, classes on raising children, special programs for low-income seniors, and much, much more.

Private urban safety-net hospitals are almost always the economic engines that drive their communities – a key source of jobs for residents, customers and contracts for small businesses, and tax revenue for local governments. They often are the only institution of great size in their communities – communities that other businesses have long abandoned for more lucrative markets elsewhere.

While many suggest that "the market" should be left to address access to health care, time has proven that there is no market for providing health care to people who have no health insurance and no means of paying for care. Time and time again, however, mission-driven urban safety-net hospitals have stepped into this void and gone where markets never go, providing care to the low-income residents of their communities because others have abandoned those communities and the residents who remain and need care have nowhere else to turn. Urban safety-net hospitals recognize that they do so at their own peril and that they are risking their financial viability and perhaps their very futures. They do it anyway.

Urban Safety-Net Hospitals and Health Care Reform: Recommendations

NAUH offers the following four recommendations for health care reform policies that specifically address the distinct needs and mission of urban safety-net hospitals:

1. While NAUH enthusiastically supports reforms that make health insurance available to all Americans, it recognizes that such reforms, no matter how carefully crafted, will still leave some people behind. When they do, those people will continue to turn to urban safety-net hospitals for care. For this reason, health care reform policies should recognize the special role these hospitals will continue to play in the health care safety net – and the special financial challenges they will face because of this role. Those policies can do so by ensuring the adequacy of Medicare and Medicaid payments to providers and by preserving the current Medicare DSH and Medicaid DSH programs until such time as careful analysis shows that those programs are no longer necessary.
2. Private safety-net hospitals need to be included in Medicare demonstration projects that involve new approaches to the delivery of integrated care to test whether such models can be employed successfully in urban areas where access to medical and other support services may be limited.
3. Medicare should continue making supplemental medical education payments to teaching hospitals. Private safety-net hospitals should be given priority status for the distribution of new medical residency slots.
4. Any attempt to limit Medicare payments for patients readmitted to hospitals within a specified time of their discharge should be risk-adjusted to reflect the distinct nature of the patients served by private safety-net hospitals. This risk adjustment should encompass the age of patients, the severity of their illness, the community resources available to serve them after their discharge, and their socio-economic status.