



Paying For Hospitals' Community Service

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Future Hospital Care: How Will We Pay the Bill?

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 **ERNST & YOUNG**

Quality In Everything We Do

COMPONENTS OF 'COMMUNITY SERVICE'

- Health Professions Education
- Maintaining Unprofitable Services
 - EDs
 - Burn Units
 - NICUs, etc.
- Community Health Services
- Existential Being
- ***Uncompensated Care??***

MAGNITUDE OF 'COMMUNITY SERVICE' *(\$billions/year – approximately)*

Health Professions Education:	25-30
Unprofitable Services	10
Community Health Services	6-8
Existential Costs	10
Uncompensated Care	30-35

SOME GENERAL CONSIDERATIONS

- Long History of Cross-Subsidization
- Problem of Joint Costs
- Revenue is Fungible
- Community Service Not Randomly Distributed
 - The rich get richer

POLICY OPTIONS

- I. Medicare GME, DSH, Rural Subsidies +
Whatever You Can Get on Charges (status
quo)
- II. Mandatory Pooling (New York NYPHRM,
HCRA/Maryland)
- III. Direct Public Subsidy

WHY THE POLICY OPTIONS ARE UNSATISFACTORY

- I. Status Quo: Not Enough Money to the Right Places, Too Much to the Others
- II. New York/Maryland: Don't Ask
- III. Direct Public Subsidy: Chronic Underfunding (see Public Hospitals);
Lack of Political Appetite