

Issue Brief

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Expanding Health Care Access with DSH: Georgia's Indigent Care Trust Fund

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Between 2001 and 2003, the Georgia Health Policy Center, under contract to the Department of Community Health and by request of the Budgetary Responsibility Oversight Committee of the Georgia General Assembly, reviewed the primary care requirement of Georgia's Indigent Care Trust Fund (ICTF) - Georgia's mechanism for administering federal disproportionate share hospital (DSH) dollars. While the primary goal of the review was to determine regulatory and programmatic compliance, a story of innovation in the use of federal DSH dollars to increase access to health care services for uninsured individuals at the community level has emerged.

Background

The ICTF was created in 1990 by the Georgia General Assembly to compensate hospitals that provide a disproportionate amount of free or reduced charge care to Medicaid recipients and the medically indigent. Two additional goals of the ICTF are to expand primary care services to the medically indigent and to expand Medicaid eligibility and services. Georgia is the only state that statutorily requires hospitals to spend 15 percent of their total DSH payment adjustment on community-based primary care services. Primary care dollars in FY04 totaled \$63,588,916.

Hospitals qualify for participation in the ICTF by satisfying two federal requirements and at least one of nine state requirements (Figure 1). In most instances, hospitals make an intergovernmental transfer approximately equal to the value of the previous year's uncompensated care as a match to draw down federal DSH dollars. A formula taking into account the hospital's transferring status (publicly or privately owned),¹ location (urban or rural), and size determines how much each hospital receives from the fund. Because the Department also uses ICTF funds for Medicaid eligibility expansions, administration, and other programs, the portion of funds available to hospitals that are not small and rural changes from year-to-year (small, rural hospitals are eligible for a 100 percent DSH allocation).

A review of 91 hospitals' uses of ICTF primary care funds demonstrates that the program is a vital component of the state's health care safety net, improving access to primary care services for Georgia Medicaid clients and those who are medically indigent.

Figure 1: ICTF Requirements

Federal Requirements

- Provide non-emergency obstetrical services to Medicaid recipients (if those services were provided on December 22, 1987)
- Have a Medicaid inpatient utilization rate of at least 1%

and

One of the following State Requirements

- Inpatient utilization rate greater than the mean rate plus one standard deviation
- Low-income inpatient utilization rate greater than 25%
- Medicaid charges greater than 15% of total charges
- Hospital with the largest number of admissions in its area
- Children's hospital
- Hospital designated as a regional perinatal center
- Hospital designated as a Medicare rural referral center and a Medicare DSH provider
- State-owned and operated teaching hospital
- Small, rural public hospital with a Medicaid inpatient utilization rate of at least 1%

Policy to Practice

ICTF primary care projects deliver health care services at a less intense level and reduce the overall cost of care that would have otherwise been received through emergency departments. The most common example of the effective use of primary care dollars is disease management programs that allow individuals to thrive without expensive inpatient hospital admissions. Another example is the delivery of prenatal care to women who would not otherwise qualify financially and whose pregnancies might result in high cost, complicated deliveries.

Some of the more outstanding examples of the delivery of community-based primary care services through ICTF supported projects are detailed below:

- Smith Northview Hospital in Lowndes County took a community-wide approach to primary care improvement in 2001, contributing the largest portion of its funds to a community partnership for health. That year, the partnership counted more than 10,000 individuals in its programs to monitor diabetes, cholesterol, and high blood pressure and increase exercise. The partnership extends its educational reach by training lay health care workers in local churches to work with congregations in low income neighborhoods.
- Dorminy Medical Center in Fitzgerald used a portion of its funding in 2001 to expand a rural health clinic adjacent to its emergency department. Over time, residents have learned to use the clinic, rather than the emergency room, for non-emergent care.
- In 2002, Tift Regional Medical Center contributed a large portion of its ICTF primary care funding to a community health clinic with a patient population that was 87 percent either uninsured or on Medicaid. Clinic staff compared inpatient hospital costs of a sample of clinic patients pre- and post-enrollment in the clinic and demonstrated that once patients were enrolled in disease management programs, both emergency room visits and inpatient stays for those clients fell dramatically, reducing uncompensated costs to the hospital.
- In 2002, Athens Regional Medical Center supported a nurse midwifery program that provided prenatal care to over 1,000 women not eligible for Medicaid and without private insurance.

- Phoebe Putney Memorial Hospital in Albany operated a chronic disease management program in 2003 that could demonstrate 55 percent fewer hospitalizations for those enrolled in the program versus those who did not accept the program's services.
- The Medical Center, Inc., in Columbus supported a mobile unit to care for the city's homeless. In FY03, the unit provided 10,430 primary care visits to homeless individuals.

The Multiplier Effect

ICTF primary care dollars often act as seed money to create a larger impact than what might have been accomplished with DSH money alone. One of the most effective ways in which ICTF dollars are multiplied is in partnership with private industry in the support of indigent drug programs. Because each drug manufacturer has its own paperwork that must be updated as often as quarterly, most physicians are unwilling to take on the burden of managing the benefit for their patients. Using ICTF dollars to support indigent drug program management removes the burden from private physicians and improves patient access to drugs they could not otherwise afford.

While most hospitals do not attempt to quantify the value of the drugs they obtain for patients through pharmaceutical industry indigent drug programs, The Medical Center, Inc., in Columbus showed it obtained almost \$500,000 in free drugs, University Hospital in Augusta obtained \$1.1 million in free drugs, and Grady Memorial Hospital in Atlanta stated it had obtained more than \$5 million in free drugs over the previous year.

Conclusion

The Indigent Care Trust Fund primary care requirement plays a vital role in Georgia's health care safety net. Without it or comparable funding, fewer Georgians would have access to primary health care services, and uncompensated hospital expenses would most likely increase due to individuals going without routine care and seeking hospital emergency room care once an illness progressed. Georgia's primary care requirement serves as an innovative model for other states that wish to expand access to uninsured individuals.

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¹ Due to federal regulations, private hospitals may not transfer funds to the ICTF.