



## Nevada Medicaid Budget: Impact of Projected Growth and Budget Request

(As it relates to hospitals)

Despite Nevada hospitals holding costs to a lower level than the surrounding states, our hospitals have experienced a continuous decline in the percentage of cost covered by Medicaid because Medicaid has not increased rates in 15 years. This has necessarily led to reductions in services available to our citizens. Now that the Medicaid program has grown by 80%, there is an even greater pressure on the hospital industry. The governor's budget proposes a modest increase in rates, and the Nevada Hospital Association is proposing a reasonable alternative. The following compares these proposals.

### Governor's Recommended Hospital Rate Increase

The Governor is proposing a 2.5% rate increase for hospitals to be implemented in SFY 2017 and the following is the estimated impact:

|                      | <b>SFY 2016:<br/>0% Rate Increase</b> | <b>SFY 2017:<br/>2.5% Rate Increase</b> | <b>Total for Biennium</b> |
|----------------------|---------------------------------------|---|---------------------------|
| State Funds          | \$0                                   | \$4,425,776                             | \$4,425,776               |
| Federal/County Funds | 0                                     | 9,993,787                               | 9,993,787                 |
| <b>Total</b>         | <b>\$0</b>                            | <b>\$14,419,563</b>                     | <b>\$14,419,563</b>       |

### Nevada Hospital Association's Requested Hospital Rate Increase

Nevada hospitals recognize the underfunding of Medicaid cannot be corrected in one budget cycle. However, with the significant growth in Medicaid, we must prevent further erosion of access to care by moving Medicaid rates closer to the cost of the care. Otherwise we put the health care delivery system that we all rely upon at risk. NHA proposes the following first step:

|                      | <b>SFY 2016<br/>10% Rate Increase</b> | <b>SFY 2017 Additional<br/>10%Rate Increase</b> | <b>Total for Biennium</b> |
|----------------------|---------------------------------------|---|---------------------------|
| State Funds          | \$17,703,104                          | \$35,406,209                                    | \$53,109,312              |
| Federal/County Funds | 39,975,148                            | 79,950,296                                      | 119,925,444               |
| <b>Total</b>         | <b>\$57,678,252</b>                   | <b>\$115,356,504</b>                            | <b>\$173,034,756</b>      |

### Impact to Hospitals

|                          | <u>% of cost covered</u> | <u>Projected Medicaid Uncompensated Cost</u> |                 |                       |
|--------------------------|--------------------------|--|-----------------|-----------------------|
|                          |                          | <u>SFY 2016</u>                              | <u>SFY 2017</u> | <u>Total</u>          |
| <b>2013 (Actual)</b>     | <b>53.0%</b>             | NA   | NA              | NA                    |
| <b>No rate increase</b>  | <b>47.0%</b>             | \$532 M                                      | \$557 M         | <b>\$1.09 Billion</b> |
| <b>Governor's budget</b> | <b>47.7%</b>             | \$532 M                                      | \$542 M         | <b>\$1.07 Billion</b> |
| <b>NHA proposal</b>      | <b>55.4%</b>             | \$475 M                                      | \$441 M         | <b>\$916 Million</b>  |

**Conclusion:** Nevada Hospitals request a Medicaid rate increase of 10% in SFY 2016 and an additional 10% in SFY 2017. We believe this step towards moving Medicaid rates closer to the cost of care will help our hospitals retain much needed health care services for all Nevadans.