



Reform the Hospital Indigent Care Pool

\$847 Million: New York Should Get It's Money's Worth

BDCC and New York's Safety Net

New York's hospitals provide an important safety net for uninsured and underinsured New Yorkers. In 1983, the State legislature created the Hospital Bad Debt and Charity Care (BDCC) pool (or the Hospital Indigent Care Pool) to help hospitals cover the costs of providing this care.

Each year, New York's hospitals receive \$847 million in BDCC funds. But due to complicated and opaque accounting procedures, it is impossible to tell what New Yorkers are getting back in return.

The Executive Budget smartly seeks to reform the distribution of BDCC funds to make sure the dollars are spent on the patients and hospitals that need them most.

2007 Study: BDCC Needs Reform

In 2007, the Legislature created a Technical Advisory Committee (TAC) to evaluate the BDCC Pools. Chaired by Commissioner of Health Daines, members included Health Chairs Senator Kemp Hannon, Assemblymember Richard Gottfried and representatives of hospitals and the uninsured. The TAC found:

- No accountable link between BDCC dollars received & services provided to individual patients.
- No requirement to keep records for care provided to uninsured or underinsured patients with BDCC funds.
- No differentiation between payment for care provided to uninsured patients who cannot pay, and for co-pays or deductibles that should have been collected from insured patients.
- An unexplainable variability in the expense data used to allocate the pool money—something rarely present in other measures of hospital expenses and services.

The changes proposed in the 2008-2009 Executive Budget addresses these flaws by tying the annual allocation of BDCC hospital payments to actual services provided to uninsured patients.

More Stability

Some hospitals have said that the new formula could cause detrimental fluctuations in their provision of charity care. Yet BDCC funds under the current system fluctuate wildly (see Table 1)—for reasons that even the TAC was unable to discern. For example, New York Presbyterian's allocations fell from \$59.8 million to \$33.5 million (nearly 44%) in a single year. Tying payments to patient care and creating standardized accounting procedures will make payments more predictable—especially for hospitals caring for large numbers of uninsured—not less.

More Accountability

Some hospitals also have claimed these changes would create an administrative burden. However, hospitals are in the business of billing for services. Changing the BDCC accounting mechanism to match that of all other hospital services would simplify, not complicate, accounting of these funds, and create more transparency in the process.

Better for Patients

At a time of scarce resources and increasing numbers of uninsured, New York cannot afford to waste dollars that should be going to care for people in need. Why should hospitals located in poor communities (Wyckoff Heights Hospital) ever receive less than those in wealthy communities (Beth Israel Medical Center)?

The time for study is over. The Legislature should fix this loophole once and for all, and tie BDCC funds to real patient care.

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Table 1. Sample of NYC Hospital BDCC Distributions (Dollar amounts in millions)

	2003	% Change	2004	% Change	2005	% Change	2006	% Change	2007
Beth Israel Med. Ctr.	\$28.5	-9.6%	\$25.7	54.4%	\$39.7	-4.37%	\$38.0	-19.4%	\$30.6
Brooklyn Hospital	\$10.2	38.9%	\$14.1	-36.0%	\$9.0	-23.1%	\$7.0	30.4%	\$9.0
Interfaith Medical Center	\$12.3	76.2%	\$21.6	10.0%	\$23.8	-20.7%	\$18.9	-31.6%	\$12.9
New York Presbyterian Hosp.	\$59.8	-43.9%	\$33.5	19.3%	\$40.0	-24.7%	\$30.1	-1.9%	\$29.5
Woodhull Medical/Mental Hlth.*	\$7.6	0.0%	\$7.6	0.0%	\$7.6	0.0%	\$7.6	0.0%	\$7.6
NY University Med. Ctr.	\$4.7	2.5%	\$4.8	-17.5%	\$4.0	27.7%	\$5.1	-10.8%	\$4.5
Wyckoff Heights Hospital	\$17.7	-20.7%	\$14.0	-9.9%	\$12.6	9.3%	\$13.8	-5.5%	\$13.0

* Public hospitals receive a cap on BDCC funding

Source: NYSDOH 2008