The Effect of the ACA on Charity Care Expenditures

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INTRODUCTION

Illinois hospitals have long accommodated indigent patients. Current law obligates that the majority of hospitals within Illinois are required to provide free and reduced cost emergency care for the uninsured and underinsured. Anyone, regardless of their immigration status, can qualify for this care known as "Charity Care". Charity care is care provided by a healthcare provider for which the provider does not expect to receive payment from the patient or a third-party payer and must qualify for charity care. After the enactment of the Affordable Care Act, or the ACA, these hospitals are obligated to provide a charitable discount of 100% to any of the uninsured, inpatient or outpatient, who applies and has a family income 125% or more below the poverty line. We hypothesize charity care expenditure rates will decline due to the expansion of Medicaid, unemployment rates declining, and the increase in preventative care.

METHOD

• The counties observed include Champaign County, Coles County, Edgar County, Ford County, Macon County, McLean County, Piatt County, and Vermilion County.
• We analyzed trends from 2008-2010 and 2014-2016 to assess charity care prior to and after the Affordable Care Act.
• With that data, we calculated inpatient/outpatient expenses to find the hospitals overall total net percentage.

RESULTS

INPATIENT

OUTPATIENT

TOTAL REVENUE

ANALYSIS

• Charity care amounts declined as Medicaid expanded during the implementation of the ACA as it mandated nonprofit hospitals to refine their tax-exempt standings.
• The Affordable Care Act lowered the amount of charity care reimbursements by increasing preventative care and decreasing unemployment rates.
• In 2015 alone charity care decreased from $414 million to $272 million.
• We plan to continue our research to find correlation between socioeconomic factors and charity care expense.

CONCLUSIONS

Overall, our research shows a general decline in charity expenditure after the ACA. We plan to continue our research to find direct correlation with unemployment rates declining, increase in Medicaid and the implement of preventative care.

REFERENCES