NHA | NEBRASKA HOSPITALS

Hospital Resource Guide

for elected officials

Executive Summary

Nebraska hospitals are the cornerstone of health and wellness for individuals in the communities they serve. Hospitals also drive economic growth within these communities. The information presented in this publication highlights the impact that Nebraska hospitals have on their communities. By investing in local communities, Nebraska hospitals make the state a better place to live, work, learn and grow.

It is no longer just about patients coming through the doors of the hospital. While Nebraska hospitals have consistently been leaders and partners to help build strong, healthy communities, hospitals are now being called upon to increase their accountability and contributions to their communities.

Hospitals care for the sick and injured, regardless of their ability to pay or the net cost to the hospital. Beyond charity care, bad debt and unpaid costs of public programs (Medicare and Medicaid), Nebraska hospitals also support professional medical education, subsidize health services, medical research and more inside their walls. Beyond the brick and mortar, hospitals also provide community health improvement services, community building activities, cash and in-kind donations to local organizations.

Nebraska hospitals stimulate the state's economy by providing essential jobs throughout the state, contributing millions of dollars to the state's economy. They employ more than 49,000 Nebraskans, resulting in more than 50,000 additional jobs in the state created due to hospitals buying goods and services from other local businesses.

Nebraska hospitals are available 24/7 to meet the needs of individuals in our communities whether it be illness, injury, treatment, rehabilitation, education, wellness care, prenatal care or palliative care. Hospitals contribute significantly to the goal of improving the overall health of Nebraskans while aiding the less fortunate. This is done from a sense of mission and purpose.

The hospital and health care industry continues to face challenges and obstacles. Nebraska hospitals and health systems have faced both challenges and have celebrated successes. Nebraska hospitals consistently provide nationally recognized, award-winning excellence in quality, patient care, patient satisfaction and state-of-the-art technology.

Hospitals are well-versed in adapting and doing more with less, all the while focusing on providing better quality and better patient outcomes and experiences in the pursuit of more efficient, cost-effective care — and doing it with kindness and compassion.

Nebraska hospitals and health systems remain committed to providing access to high-quality, affordable health care while innovatively transforming Nebraska into a center of excellence. The NHA remains committed to empowering you and other health care leaders with the knowledge, information and support that enables you to act boldly and decisively to benefit patients, employees, communities and future generations.

We are Nebraska Hospitals.

Jeremy Nordquist
NHA President

Purpose

The Nebraska Hospital Association (NHA) represents 92 hospitals and health systems — providing acute care, rehabilitative, behavioral, psychiatric and pediactric care. Our members provide a broad range of services — not just within their walls, but across the health care continuum and within their communities.

This guide is intended to provide an overview of the health care system and the issues faced by our hospitals.

From regulatory requirements to provider relations, the state of health care today is dynamic and complex and spans local, state and federal boundaries.

We hope this publication is educational and informative and we look forward to working together to improve the health and well-being of Nebraskans.

DID YOU KNOW?

We see them frequently, but maybe we don't give them much thought. Whether driving down the road and passing the blue-and-white "H" symbol or driving by the brick-and-mortar hospital building, both are signs that hospitals are integrated into their communities. Unfortunately, many do not fully appreciate hospitals until we need the services behind the H.

This publication provides an easy understanding of a complicated health care industry, and our hope is that this resource will provide a better understanding of hospitals and health care.

The Unique Role of a Hospital

Nebraska hospitals are vital to meeting the health care needs of the communities they serve by providing a wide range of acute care and diagnostic services, supporting public health needs, and offering a myriad of other services to promote the health and well-being of the community.

Other types of health care providers may also deliver some of these services; however, three things make the role of the hospital unique:

- **24/7 ACCESS TO CARE:**
The provision of health care services, including specialized resources, 24 hours a day, seven days a week (24/7), 365 days a year;
- **THE SAFETY-NET ROLE:**
Caring for all patients who seek emergency care, regardless of ability to pay; and
- **DISASTER READINESS AND RESPONSE:**
Ensuring that staff and facilities are prepared to care for victims of large-scale accidents, natural disasters, epidemics and terrorist actions.

These critical roles, collectively known as the "standby" role, represent an essential component of our nation's health and public safety infrastructure. The standby role of hospitals is not explicitly funded; instead, the funding is built into a hospital's overall cost structure and supported by certain revenues received from providing direct patient care.

Types of Hospitals

Nebraska law defines health care institutions, including hospitals; however, the classification of a health care institution as a hospital is determined by rules promulgated by the Nebraska Department of Health & Human Services

Hospital Classifications

GENERAL ACUTE CARE

hospital provides treatment for a brief but severe injury, episode of illness, conditions that result from disease or trauma, or during recovery from surgery. Acute care is generally provided by a variety of clinical staff.

PROSPECTIVE PAYMENT SYSTEM (PPS) HOSPITALS

acute care hospitals that are reimbursed by Medicare and Medicaid based on a predetermined, fixed amount. The payment amount for a particular service is derived based on the classification system of that service (for example, diagnosis-related groups for inpatient hospital services).

CRITICAL ACCESS HOSPITALS (CAH)

limited-service, acute-care hospitals located in rural areas. CAH is a special Medicare designation for payment that is limited to hospitals with no more than 25 beds and an average length of stay fewer than four days. There is a state and federal approval process required by the Nebraska Department of Community Health and the Centers for Medicare and Medicaid Services for this designation. Under Medicare and Medicaid, CAHs are paid on a cost basis instead of a diagnosis-related group (DRG).

SPECIALTY HOSPITALS

acute care hospitals that provide a limited service for one of the following types of care: children's medical; long-term acute care; psychiatric; or rehabilitative.

STATE HOSPITALS

owned by the State of Nebraska. Likewise, federal hospitals, such as veterans' hospitals, are owned by the federal government. Nebraska owns one state regional hospital for behavioral health; one acute care hospital and one specialty hospital. Nebraska has two correctional facility hospitals.

CHILDREN'S HOSPITALS

Children's Hospitals are hospitals with inpatients predominantly age 18 or younger. Children's Hospitals provide vital health care to all children, regardless of ability to pay. There are 3 Children's hospitals in Nebraska.

REHABILITATION HOSPITAL

also known as an inpatient rehabilitation facility (IRF), is a hospital that means to provide therapeutic and restorative services to individuals seeking to maintain, reestablish, or improve motor-skills and other functioning deemed medically necessary for daily living, that have been lost or impaired due to sickness and/or injury.

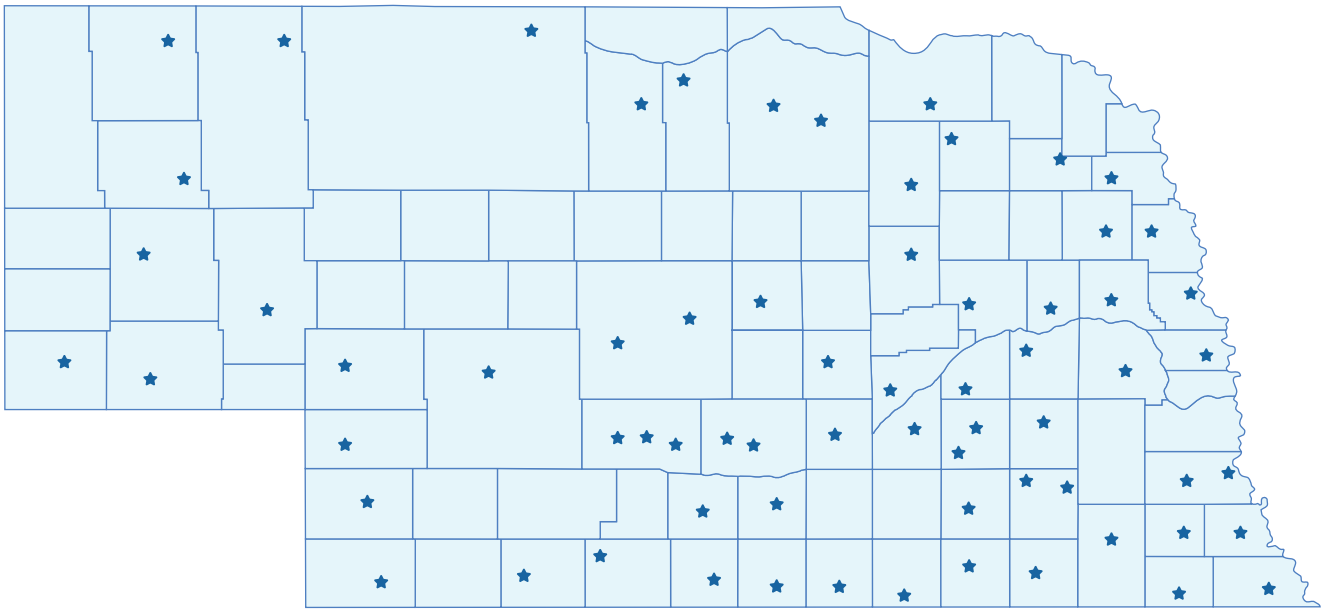
LONG TERM CARE HOSPITALS (LTCHS)

provide care to patients with medically complex problems. These complex diagnoses include, but are not limited to – Traumatic Brain Injury, conditions requiring prolonged mechanical ventilation, paralysis, very significant wound care, and other conditions resulting in organ failure – resulting in the patient requiring a hospital-level of care for an extended period. To qualify as a Long-Term Care Hospital for Medicare payment, a facility must meet Medicare's conditions of participation for acute care hospitals and have an average length of stay greater than 25 days for its Medicare patients. Medicare is a major payer for most LTCHs, accounting for about two-thirds of LTCH discharges.

RURAL EMERGENCY HOSPITALS (REHS)

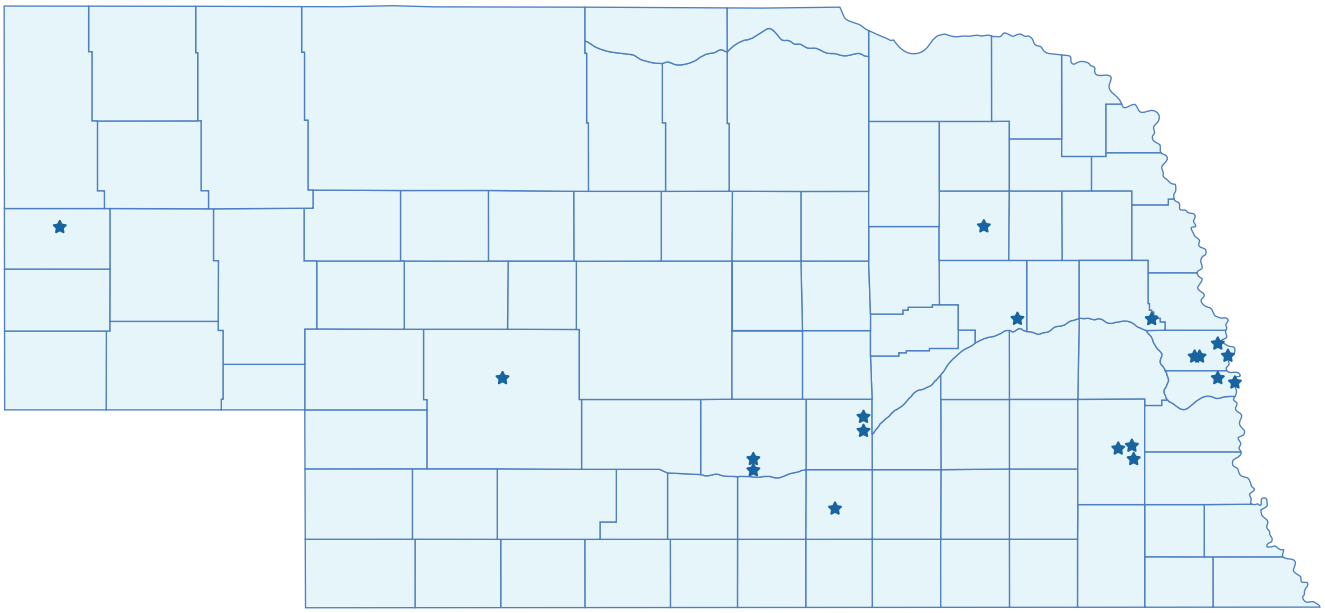
a new provider type established by the Consolidated Appropriations Act, 2021 to address the growing concern over closures of rural hospitals. The REH designation provides an opportunity for Critical Access Hospitals (CAHs) and certain rural hospitals to avert potential closure and continue to provide essential services for the communities they serve. Conversion to an REH allows for the provision of emergency services, observation care, and additional medical and health outpatient services, if elected by the REH, that do not exceed an annual per patient average of 24 hours. This new provider type, effective January 1, 2023 will promote equity in health care for those living in rural communities by facilitating access to needed services.

Critical Access Hospitals



Annie Jeffrey Memorial County Health Center	Osceola
Antelope Memorial Hospital	Neligh
Avera Creighton Hospital	Creighton
Avera St. Anthony's Hospital	O'Neill
Beatrice Community Hospital & Health Center	Beatrice
Boone County Health Center	Albion
Box Butte General Hospital	Alliance
Brodstone Healthcare	Superior
Brown County Hospital	Ainsworth
Butler County Health Care Center	David City
Callaway District Hospital	Callaway
Chadron Community Hospital & Health Services	Chadron
Chase County Community Hospital	Imperial
Cherry County Hospital	Valentine
CHI Health Plainview	Plainview
CHI Health Schuyler	Schuyler
CHI Health St Mary's	Nebraska City
Community Hospital	McCook
Community Medical Center, Inc	Falls City
Cozad Community Health System	Cozad
Crete Area Medical Center	Crete
Dundy County Hospital	Benkelman
Fillmore County Hospital	Geneva
Francisian Healthcare	West Point
Franklin County Memorial Hospital	Franklin
Friend Community Healthcare System	Friend
Genoa Medical Facilities	Genoa
Gordon Memorial Health Services	Gordon
Gothenburg Health	Gothenburg
Harlan County Health System	Alma
Henderson Health Care	Henderson
Howard County Medical Center	St Paul
Jefferson Community Health & Life	Fairbury
Jennie M Melham Memorial Medical Center	Broken Bow
Johnson County Hospital	Tecumseh
Kearney County Health Services	Minden
Kimball Health Services	Kimball
Lexington Regional Health Center	Lexington
Memorial Community Health	Aurora
Memorial Community Hospital & Health System	Blair
Memorial Healthcare Systmes	Seward
Merrick Medical Center	Central City
Morrill County Community Hospital	Bridgeport
Nemaha County Hospital	Auburn
Niobrara Valley Hospital	Lynch
Ogallala Community Hospital	Ogallala
Osmond General Hospital	Osmond
Pawnee County Memorial Hospital	Pawnee City
Pender Community Hospital	Pender
Perkins County Health Services	Grant
Phelps Memorial Health Center	Holdredge
Providence Medical Center	Wayne
Regional West Garden County	Oshkosh
Rock County Hospital	Bassett
Saunders Medical Center	Wahoo
Sidney Regional Medical Center	Sidney
Syracuse Area Health	Syracuse
Thayer County Health Services	Hebron
Tri Valley Health System	Cambridge
Twelve Clans Unity Hospital	Winnebago
Valley County Health System	Ord
Webster County Community Hospital	Red Cloud
West Holt Medical Services	Atkinson
York General	York

Non-Critical Access Hospitals



GENERAL ACUTE CARE

Bryan Medical Center	Lincoln
CHI Health CUMC - Bergan Mercy	Omaha
CHI Health Good Samaritan	Kearney
CHI Health Immanuel	Omaha
CHI Health Lakeside	Omaha
CHI Health Midlands	Papillion
CHI Health Nebraska Heart	Lincoln
CHI Health St. Elizabeth	Lincoln
CHI Health St. Francis	Grand Island
Columbus Community Hospital	Columbus
Faith Regional Health Services	Norfolk
Grand Island Regional Medical Center	Grand Island
Great Plains Health	North Platte
Kearney Regional Medical Center	Kearney
Mary Lanning Healthcare	Hastings
Methodist Fremont Health	Fremont
Methodist Women's Hospital	Omaha
Nebraska Medicine - Bellevue	Bellevue
Nebraska Medicine	Omaha
Nebraska Methodist Health System	Omaha
Regional West Health Services	Scottsbluff

CHILDRENS

Boys Town National Research Hospital	Omaha
Children's Hospital & Medical Center	Omaha

REHABILITATION

Madonna Rehabilitation Hospital	Lincoln
Madonna Rehabilitation Hospital	Omaha

LONG TERM ACUTE CARE

Select Specialty Hospital	Omaha

SPECIALTY

OrthoNebraska	Omaha
Nebraska Spine Hospital	Omaha

Hospitals are Economic Engines

Hospitals are economic engines, providing stability and growth in the state. In addition to their direct economic impact on our state's economy, the business and household needs of hospitals and their employees create a "multiplier" effect that supports thousands of additional jobs and billions in additional economic activity.

Nebraska hospitals inject billions into state and local economies. According to the 2019 AHA survey, Nebraska hospitals were directly responsible for nearly $7.4 billion in hospital expenditures and over $3.5 billion in salaries and benefits.

In addition to providing competitive salaries and benefits, hospitals contribute to the tax base of communities through payroll and other taxes. The direct impact of hospitals as employers and purchasers is only part of the story. A strong health care network, in which hospitals play a key role, adds to the attractiveness of a community as a place to locate a business, settle or retire. Hospitals are needed to expand and attract business, keep young people and families in Nebraska and ensure the future economic vitality of our state's communities.

Nebraska hospitals are diverse, ranging from small, rural hospitals to large, teaching hospitals in urban areas. Every hospital in Nebraska is important to the economic vitality of the communities they serve.

Nearly all of Nebraska hospitals are nonprofit. In exchange for the benefits of nonprofit status, hospitals are required to fulfill a unique role in their communities, which consists of three parts:

- *Reinvesting the assets of the organization in a way that expands and improves access to health care for the community.*
- *Investing resources to educate and train health care professionals.*
- *Providing care to all regardless of their ability to pay.*

Nebraska hospitals serve as the safety net of the state's health care system, providing services regardless of an individual's ability or willingness to pay. In 2020, Nebraska hospitals incurred $737 million in uncompensated care through unpaid costs of charity care, Medicare and Medicaid and other public programs. Coupled with their contributions to educating Nebraska's future health care workforce, research and community building and health education activities, Nebraska hospitals shouldered nearly $1.4 billion of the state's efforts to improve the health of all Nebraskans.

Government-sponsored health care

Hospitals receive reimbursement from the government that are less than the costs incurred by the hospital for providing medical care to Medicaid and Medicare patients. The shortfall is considered a community benefit because hospitals reduce the government's financial burden by covering the shortfall.

In many instances, Medicare and Medicaid payments are based on outdated information that does not accurately reflect the changing nature of health services, such as new equipment, new technologies and the rising cost of supplies. Despite the fact that Medicare and Medicaid do not pay hospitals enough to cover the costs incurred by the hospitals caring for patients, hospitals welcome Medicare and Medicaid patients and provide the same quality care for all patients.

In 2020, Nebraska hospitals lost $594 million because of the shortfall in Medicare, Medicaid and other public program payments.

A STRONG HEALTH CARE SECTOR IMPROVES QUALITY OF LIFE AND HELPS NEBRASKA ATTRACT AND RETAIN BUSINESSES AND JOBS.

MAJOR EMPLOYERS FROM OTHER ECONOMIC SECTORS WILL NOT LOCATE NOR STAY IN COMMUNITIES THAT LACK STRONG HEALTH CARE SERVICES.

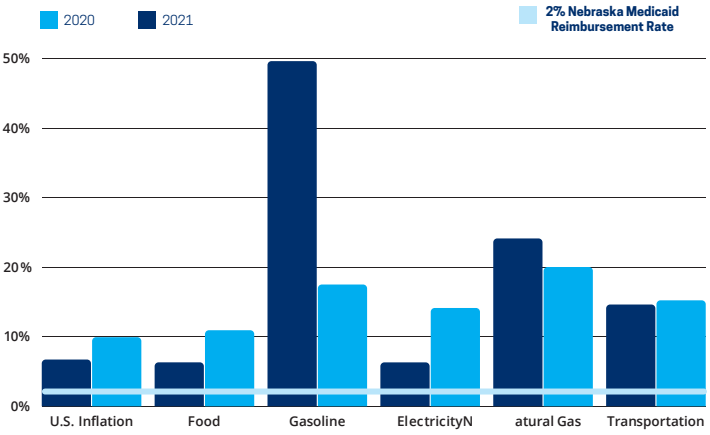
Hospital Financial Management

Hospitals in Nebraska are facing some of the strongest financial headwinds in decades, and inaction by public officials will limit access to health care services. While our hospitals remain steadfast in their commitment to compassionately care for every Nebraskan and to turn no one away, these facilities cannot weather the current workforce and inflation crisis without financial support.

Unfortunately, the dynamics of the labor force and overall economy are putting hospitals and the health care services they provide in serious jeopardy. This year, half of the hospitals across the country will operate in the red

In the last two years alone, our hospitals reported labor costs up over 20%, supplies up 15% to 20%, food and utilities up 10%, and the cost of drugs up more than 35%. Nationally, overall hospital costs per patient grew more than 20% from pre-pandemic levels.

Nebraska hospitals receive anywhere from 60% to 80% of their revenue from government payers, like Medicare and Medicaid. Reimbursement rates for these programs are set by federal and state government. For 2023, the Centers for Medicare and Medicaid Services increased the Medicare inpatient payment rate 3.2% and the State of Nebraska increased the Medicaid reimbursement rate only 2%. So, Nebraska hospitals will receive a minimal payment increase while costs have soared. Hospitals in Nebraska are facing some of the strongest financial headwinds in



INFLATION IMPACTS

DID YOU KNOW?

- Hospitals charge the same prices to all patients as a requirement of Medicare participation.
- While charges are the same regardless of the patient being served, the hospital receives different payment amounts depending on the payer source.
- Hospitals negotiate actual payments with some payers and receive predetermined amounts from programs like Medicare and Medicaid.
- 60-80% of hospital revenue comes from government services like Medicare and Medicaid.

Payer Types

• Non-governmental or private (commercial) health plans pay rates that are negotiated between the payer and the hospital through contracts, thus creating a network of providers thatoffer health services to patients who are insured by a particular health plan.

• Government payers usually pay the lowest rates and often do not cover the cost of the service. Types of government payers include Medicare, Medicaid, the U.S. Department of Veterans Affairs, and state and local correctional agencies.

• Patients who have no insurance coverage (i.e., the uninsured) are considered self-pay. Patients who have insurance that does not cover the entire cost of their care (e.g., deductibles or co-payments) or that does not cover a particular service may also be considered self-pay. These types of patients are often referred to as “under-insured.”

Hospitals may work out payment plans with self-pay patients to receive some payment for the cost of care that was provided. A self-pay patient may qualify for the hospital’s indigent and charity care policy based on family income. In these cases, the hospital may cover the entire amount of the patient’s bill or will subsidize the cost of the bill and require the patient to pay some amount based on his or her income and a pre-established sliding scale.

Community Benefits Defined

SUBSIDIZED HEALTH SERVICES

Subsidized health services are necessary health services provided for the community, despite a financial loss to the hospitals. Many hospitals operate a 24-hour emergency room, 365 days per year, which is open to all individuals regardless of ability to pay. Other examples of their subsidized services that qualify as community benefits include burn units, specialty services for women and children, trauma care, behavioral health services, palliative care, community clinics and neonatal intensive care units.

In 2020, Nebraska hospitals experienced a financial loss of over $134 million to provide necessary health services to their communities.

HEALTH PROFESSIONS EDUCATION

Through medical instruction, internships, residencies, fellowships and allied health education programs, our state's hospitals are striving to ensure that high-quality care is accessible throughout Nebraska. Nebraska hospitals invested over $105 million to educate current and future health care providers and help close the provider gap in rural areas of the state.

In 2020, Nebraska hospitals invested in the education of current and future health care providers to the tune of over $105 million.

CHARITY CARE

Charity care is free or discounted health and health-related services offered to individuals who cannot afford health care because they have inadequate resources and are either uninsured or under-insured. Charity care is reported in terms of costs, not charges.

As the number of uninsured and under-insured grows, so does the need for charity care. Because of the high costs of health care and insurance, hospitals are bearing a significant portion of the financial burden imposed by this population — nearly $142.7 million in 2020.

Recognizing this increasing need, Nebraska hospitals have established financial aid policies to assist patients who cannot afford hospital care.

In 2020, Nebraska hospitals provided care at a discount to those uninsured and under-insured amounting to nearly $142.7 million.

RESEARCH

Medical research is the cornerstone of advancements in the technology and practice of medicine. Nebraska hospitals are actively engaged in research studies and clinical trials in an effort to advance medical treatments and improve outcomes for patients locally and around the world..

In 2020, Nebraska hospitals committed $7.9 million to help contribute to research that will ultimately improve quality of care.

BAD DEBT

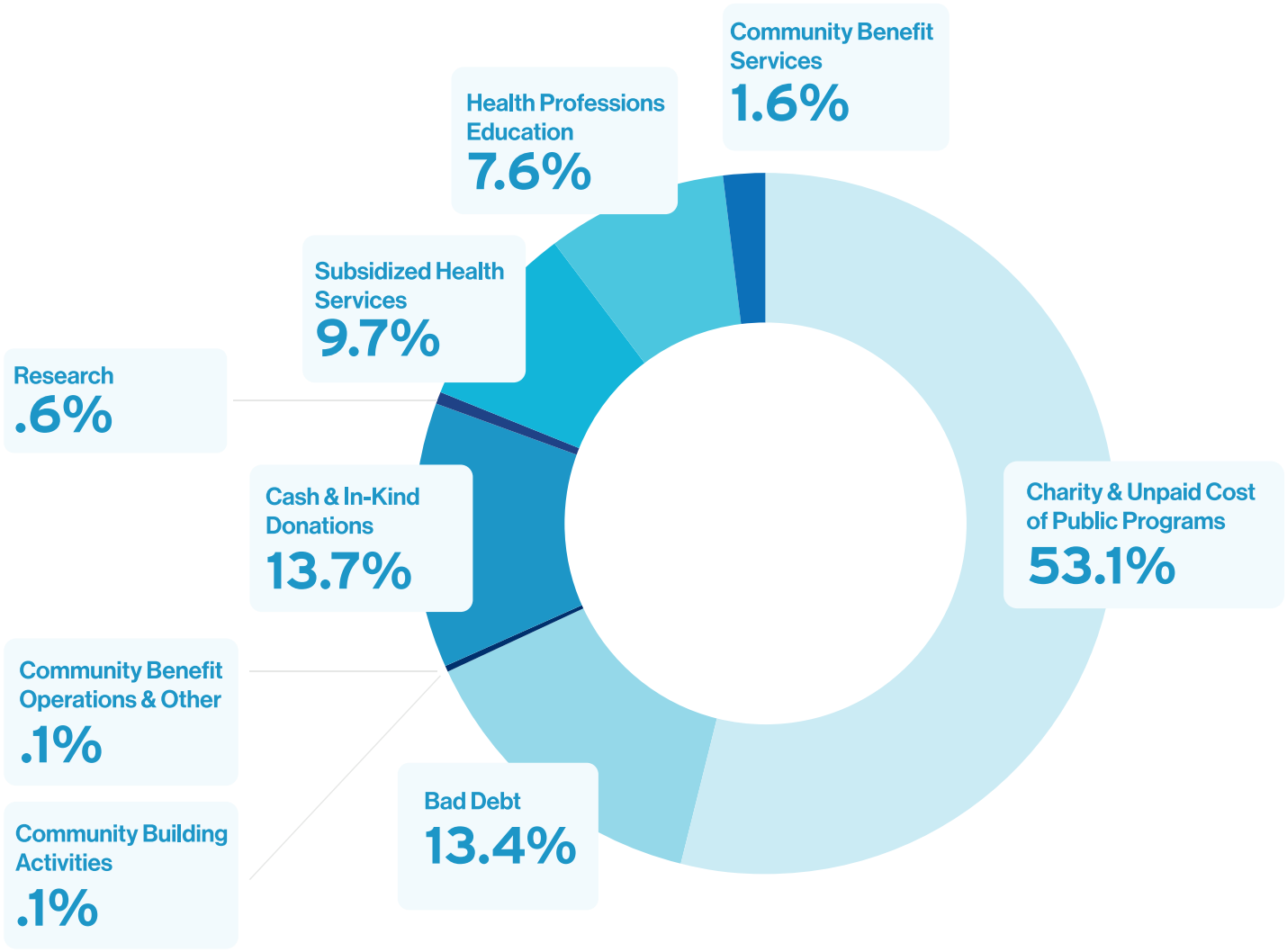
Businesses generally consider bad debt as a cost of doing business. However, hospitals face a challenge at the time of admission to identify those who need care, but (for whatever reason) cannot or will not pay for it. In 2020, bad debt incurred by hospitals was over $186 million. Hospitals serve as the safety net of the health care system and must provide many services regardless of an individual's ability or willingness to pay. In contrast, other industries can refuse to provide a service or product.

With rising numbers of uninsured, increases in health insurance premiums and greater use of plans with high deductibles and co-payments, bad debt is the fastest-growing segment of uncompensated care for hospitals. Due to the uncertainty of many variables associated with the implementation of the Patient Protection and Affordable Care Act, the majority of Nebraska hospitals have more than doubled their budgets for bad debt.

Nebraska hospitals accrued over $186 million in bad debt due to unfavorable situations.

Community Benefits Summary

The contribution of Nebraska hospitals to their communities extends far beyond their role as cornerstones of health care. They are economic engines, providing stability and growth in the state—even when the economic recession is affecting their own financial stability.



Community Benefits Provided by Nebraska Hospitals

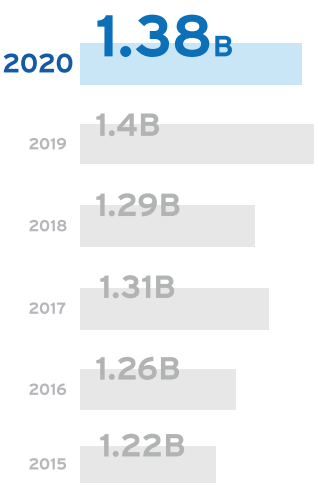
Every year the Nebraska Hospital Association conducts a survey of its member hospitals to measure the amount of community benefits that have been provided statewide. However, what do the numbers really mean? The fact is that the impact of the community benefits that are provided by Nebraska hospitals goes far beyond the numbers. The true impact of these programs is personal and positively impacts the lives of individuals across the state.

Nebraska hospitals serve as the safety net in each of their communities and strive to improve the health and wellness of their patients.

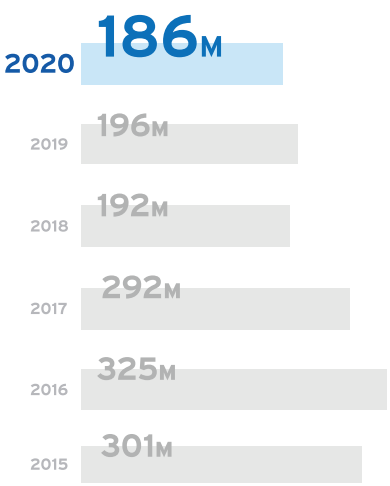
In 2020, Nebraska hospitals contributed nearly $1.38 billion (over $186 million of that in bad debt) to support programs that benefited their communities.

These programs included providing free care to individuals that were unable to pay, absorbing the unpaid costs of public programs such as Medicare and Medicaid, offering community education and outreach, providing scholarships and residencies for health professionals, subsidizing health services that are reimbursed at amounts below the cost of providing the care, conducting research and incurring bad debt from individuals that choose not to pay their bills.

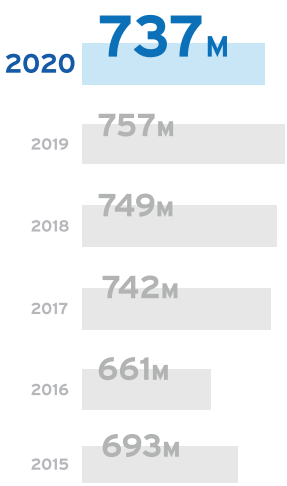
Community Benefits & Bad Debt



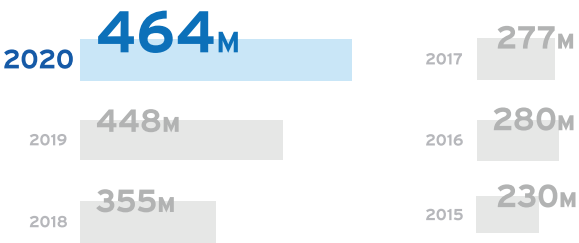
Bad Debt



Charity & Unpaid Cost of Public



Other Community Benefits



Quality and Patient Safety

Ensuring quality and patient safety is a never-ending job in a hospital. Hospitals continually strive to provide quality care and keep patients safe.

Hospitals spend significant resources on identifying, implementing and monitoring the quality and safety of care provided to patients. While quality and safety programs are mandated by both state and federal entities, many hospitals also seek accreditation from entities recognized in the health care industry as having developed exceptional standards to which a hospital can be compared.

Quality in hospitals can be divided into these areas:

- Clinical quality and outcomes
- Patient safety, including infection prevention
- Patient satisfaction
- Cost efficiency

CLINICAL QUALITY

Clinical quality is the actual medical care that a patient receives. Process measures are one way to measure this type of quality. Measures are founded on proven evidence-based medicine and assess the process of care a patient receives based on a disease-specific category. For example, did a sepsis patient receive certain care within the accepted time frame? Clinical quality also considers outcome measures such as readmissions and mortality.

PATIENT SAFETY AND INFECTION PREVENTION

Patient safety in a hospital is defined as keeping the patient safe from harmful events such as errors, complications and infections. Hospitals have extensive programs in place to prevent these potential complications.

PATIENT SATISFACTION

Patient satisfaction is the perception of care that the patient received while in the hospital. Patient satisfaction is measured by the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) survey. The survey includes 27 questions in seven areas. Some examples include: doctor communication, cleanliness of the hospital and pain management.

COST EFFICIENCY

Cost efficiency is a measure of resources used in an episode of care related to a specific condition. These resources can be Medicare program costs and beneficiary payments. For example, the amount Medicare paid a hospital for care provided to a hip replacement patient while in the hospital and for any care provided within 30 days of the surgery?

Mandated Quality and Safety Programs

State

While hospitals spend many of their resources voluntarily participating in activities that ensure patient safety and quality care, regulatory entities provide oversight of the hospital industry. At the state level, the Nebraska State Department of Health licenses hospitals and continually monitors all aspects of delivering safe care. This includes requirements regarding the environment, medical records, education and training of physicians and staff, infection control, and monitoring the quality of care provided.

Federal

In order for hospitals to treat Medicare patients and receive Medicare funds, they must comply with "Medicare Conditions of Participation." These conditions include many aspects of hospital administration and requirements for care, similar to the state licensure requirements.

Medicare continually monitors and reviews certain aspects of care and manages patient complaints. It is required that hospitals participate in the Medicare Care Review programs and processes related to these activities.

DID YOU KNOW?

Proprietary Voluntary Quality and Safety Programs Hospitals utilize accreditation organizations to show that:

- they have passed a rigorous external inspection; and,
- the care they provide meets the highest and most current quality and patient safety standards.

Two examples of these kinds of organizations are The Joint Commission, the nation's oldest and largest standards-setting and accrediting health care body, and DNV Healthcare, a Centers for Medicare and Medicaid Services (CMS)-approved company conferring the National Integrated Accreditation for Healthcare Organizations to qualified health care providers.

Voluntary Quality and Safety Programs

Accreditation - Hospitals utilize accreditation organizations to demonstrate that they have passed a rigorous external inspection and the care they provide meets the highest and most current standards. While some accreditation organizations survey the overall hospitals, many also specialize in a specific area such as the laboratory and radiology. Hospitals pay thousands of dollars, depending on their size, for this external review and/or educational opportunities.

CMS HQIC & Telligen Partnership

The Nebraska Hospital Association along with partners, Great Plains QIN & Telligen, were selected by CMS as a Hospital Quality Improvement Contractor (HQIC) – previously known as HIIN (Hospital Innovation Improvement Network). NHA was one of nine national contracts awarded.

This work will address the most challenging healthcare issues facing hospitals and communities including:

- Improving Behavioral Health Outcomes, with a focus on decreased opioid misuse;
- Increasing Patient Safety with a focus on reduction of harm as well as readmissions; and
- Increasing the Quality of Care Transitions to achieve high quality outcomes in the acute care setting and across the care continuum.

The NHA is committed to working with all eligible Nebraska rural hospitals on this quality work over the next four years.

Proprietary Voluntary Quality and Safety Programs

Many hospitals seek voluntary accreditation from national entities recognized in the health care industry as having developed exceptional standards to which a hospital can be compared.

Hospitals also voluntarily participate in the CMS Medicare Quality Improvement Program (QIP). The Medicare Quality Innovation Network – Quality Improvement Organizations (QIN - QIOs) are organizations that contract with Medicare to set goals and implement new data-driven quality improvement projects with health care providers.

Quality, Patient Safety and Regulatory Oversight

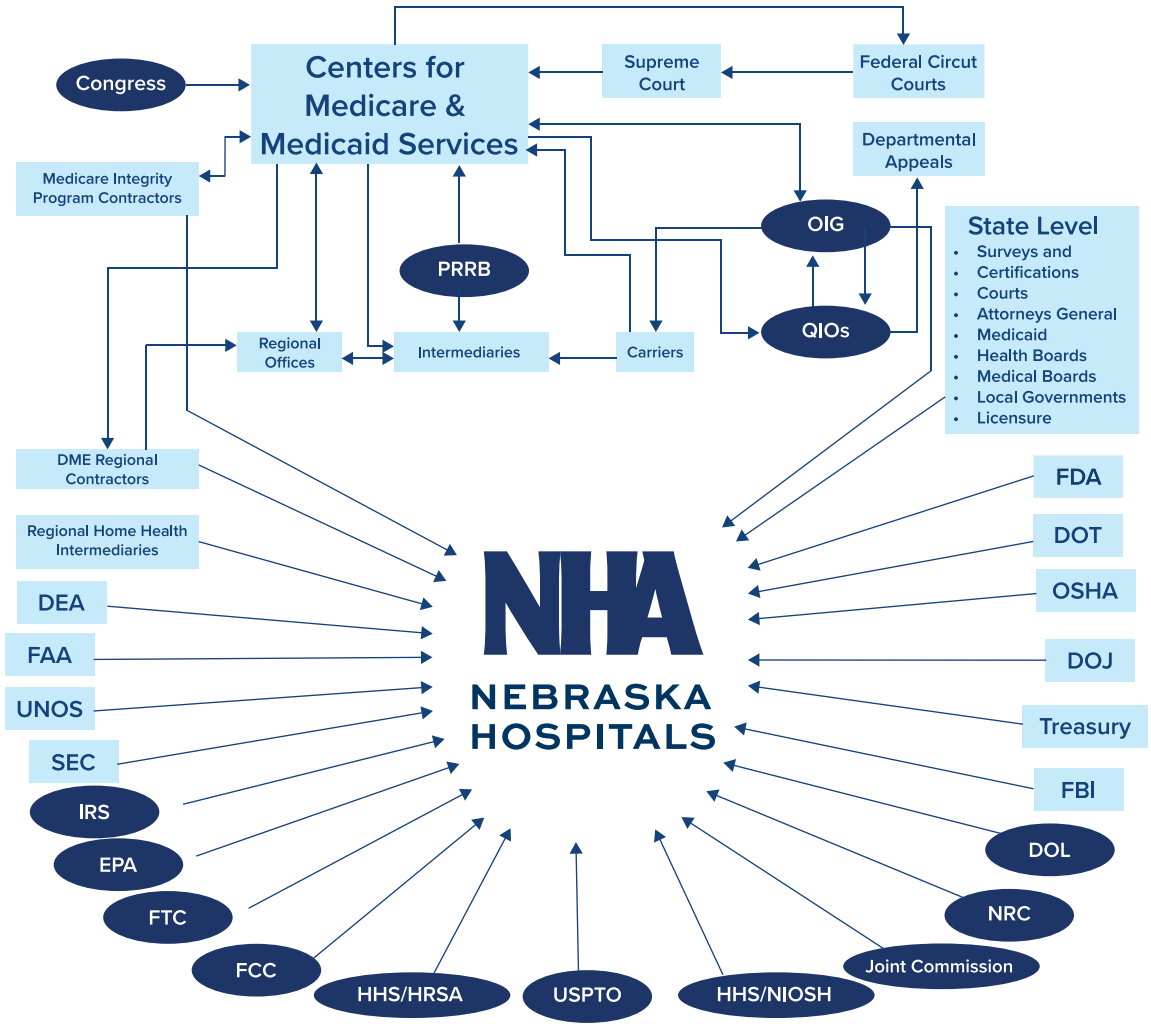


Figure 1: Regulatory entities providing oversight of the hospital industry

DEA: Drug Enforcement Adminstration

FAA: Federal Avation Adminstration

OPOS: Organ Procurement Organizations

SEC: Securities and Exchange Commission

IRS: Internal Revenue Service

EPA: Enviormental Protection Agency

FTC: Federal Trade Commission

FCC: Federal Commerce Commission

HHS: Health and Human Services

HRSA: Health Resources and Services Administration

NIOSH: National Institute for Occupational Safety and Health

JOINT COMMISSION: Joint Commission on Accreditation of Healthcare Organizations

NRC: Nuclear Reglatory Commission

DOL: Department of Labor

FBI: Federal Bureau of Invenstigation

DOJ: Department of Justice

OSHA: Occupational Safety and Health Administration

DOT: Department of Transportation

FDA: Food and Drug Administration

OIG: Office of Inspector General

QIOS: Quality Improvement Organizations

PRRB: Provider Reimbursement Review Board

Infection Control and Prevention

Hospitals are continuously alert for patients who enter the hospital with communicable diseases and infections. They are under federal and state regulations to identify, report, prevent and treat many types of infections.

Communicable diseases are reported to the Nebraska State Department of Health (NSDH), which then uses the information for public health purposes. This includes the notification of others who may have been exposed and the prevention of further disease in the community. Examples of these are Ebola, measles, pertussis and influenza.

Infections (beyond the above reportable list) discovered or acquired in the hospital are reportable to the CDC. Medicare requires the reporting of these infections and they affect hospital reimbursement in several ways:

1. If a Medicare patient acquires an infection while in the hospital, the hospital will not be reimbursed for the resources required to treat the infection. Some of the reportable hospital acquired infections are included in the CMS value-based purchasing program for hospitals.

2. Some of the reportable hospital acquired infections are included in two of the CMS payment incentive programs for hospitals.

Federal and state governments both have specific guidelines hospitals are required to follow for infection control and prevention. These guidelines include the development of a hospital wide infection control and prevention plan, specific resources allocated to these activities, and the internal and external reporting methods. Hospitals are surveyed by the NSDH and other accrediting bodies to monitor compliance.

A significant aspect of the prevention, management and treatment of infections includes the physical environment, staff education and resources. Many hospitals have patient rooms that are designed specifically to isolate and manage infections. All hospitals maintain a supply of personal protective equipment for the staff to use as a barrier precaution or protection.

Quality Public Reporting and Transparency

To monitor the quality of care in a hospital and to make information about the care that a hospital gives transparent to the public, Medicare monitors and publicly reports certain aspects of care. This includes whether or not the hospital has followed evidence-based standards of care for certain types of patients and the rate at which certain events occur. The number of indicators that are monitored and/or reported grows yearly. In 2021, 61 measures were monitored related to inpatient and outpatient care.

In addition, acute long-term care hospitals are monitored on 18 measures, psychiatric hospitals on 20 measures, rehabilitation hospitals on 17 measures, ambulatory surgery centers on 14 measures, and cancer hospitals on 21 measures. Medicare uses these indicators to determine the level of payment a hospital receives. To view this hospital quality data, go to www.medicare.gov/care-compare.

Pay for Performance

Through Medicare's payment incentive program, hospitals are at risk to lose reimbursement in several different areas including:

- Clinical outcomes
- Customer satisfaction
- Mortality (death rate in certain conditions)
- Efficiency indicator (cost per Medicare beneficiary)
- Hospital readmissions
- Hospital adverse safety events (i.e. hospital acquired infections)

Hospitals can lose up to 6% of their reimbursement from Medicare depending on how they perform compared to other hospitals in the U.S. in the areas listed above. The number of conditions and measures that are included in the payment incentive program changes each year. These measures and how hospitals have performed are available at www.medicare.gov/care-compare.

Patient Satisfaction

Hospitals are required to report on 27 patient satisfaction indicators and are now being paid according to their level of rating. These rates are available for public viewing at www.medicare.gov/care-compare.

COVID-19 Impact

WHEN COVID-19 HIT, OUR HOSPITALS SPRANG INTO ACTION TO RESPOND TO THIS DEADLY PANDEMIC.

- Creating testing facilities and COVID units
- Expanding ICU capacity
- Suspending services and elective procedures
- Hiring specialized staff
- Procuring PPE and medical equipment
- Purchasing drugs
- Disinfecting, decontaminating, buying additional and new cleaning supplies
- Implementing new training for environmental services and all staff
- Refurbishing infrastructure to comply with social distancing
- Providing childcare and housing for staff

Drug Shortage Costs

Every year, hospitals expend financial resources to cope with ongoing drug shortages, with one estimate putting this cost at nearly $400 million per year. Due to the pandemic, lower than normal drug supply due to fractured pharmaceutical supply chains has been met with increasing demand for certain drugs necessary to treat the surge of patients with COVID-19 infections. This situation has created a perfect storm in drug shortages with many vital drugs being unavailable or in short supply resulting in higher costs for hospitals.

Non-PPE Medical Supplies and Equipment Costs

Hospitals experienced increased costs for non-PPE medical supplies and equipment. For example, many hospitals acquired ventilators in anticipation of a surge of COVID-19 patients. There is limited data available to understand the additional burden hospitals face as they acquire non-PPE medical supplies and equipment in preparation for COVID-19 patients.

Capital Costs

As the demand for hospital services has increased due to the pandemic, many hospitals and health systems around the country have worked to expand their treatment capacity by incurring costs to set up additional space for COVID-19 testing tents, ICU beds and other treatment beds.

Wage and Labor Costs

Salary and wage costs have risen during the COVID-19 pandemic. Many hospitals are experiencing increased overtime costs as a surge in patients and front-line workers become sick. Some hospitals implemented bonus pay for front-line workers. Some have turned to staffing firms to address health care worker shortages or to meet surge demand and staffing firms have increased their prices due to an increase in demand for health care workers. The effect of the virus on hospital wages and labor costs is clear. However, it is not evenly distributed across the country and there is no reliable data that can be analyzed to understand the magnitude of the effect.

Telemedicine

Telemedicine is the use of medical information exchanged from one site to another via electronic communications to improve a patient's clinical health status. Telemedicine includes a growing variety of applications and services using two-way video, email, smartphones, wireless tools, apps and other forms of telecommunications technology. The use of telemedicine is becoming integrated into the ongoing operations of hospitals, specialty departments, home health agencies, and private physician offices, as well as consumers' homes and workplaces.

Virtual visits direct to consumer are also now being offered by Nebraska hospitals. A virtual visit is an internet-based episode of physician-patient interaction. Virtual visits can provide health services online and help in the management of chronic diseases, including diabetes, asthma, hypertension, heart failure, HIV, and high-risk pregnancies.

Telehealth

When telemedicine is discussed, the term telehealth is often used interchangeably. Telehealth is different from telemedicine because it refers to a broader scope of remote health care services than telemedicine. While telemedicine refers specifically to remote clinical services, telehealth is a broader term and can refer to remote non-clinical services, such as provider training, administrative meetings, and continuing medical education, in addition to clinical services.

Examples of Telehealth Services Provided in Nebraska

Burn	Cardiology	Child Abuse Exams & Forensic Interviews
Dermatology	Emergency	Endocrinology
Geriatrics	Hospitalist	Intensive Care Unit
Infectious Disease	Internal Medicine	Mental Health/Substance Abuse
Neonatology	Neurology	Perinatology
Pulmonolgy	Second Opinions	Speech Language Pathology
Stroke	Corrections	Radiology

Nebraska Hospital Association

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Glossary of Terms

340B
Section 340B of the federal Public Health Service Act requires pharmaceutical manufacturers participating in Medicaid to sell outpatient drugs at discounted prices to health care organizations, including certain hospitals that care for many uninsured and low-income patients. For more than 25 years, the 340B Drug Pricing Program has provided financial help to hospitals serving vulnerable communities to manage rising prescription drug costs.

ACCREDITATION
Certification by a recognized organization that an individual, a service or a facility has met a set of standardized criteria, typically determined by a process set by the certifying organization.

ACUTE CARE HOSPITAL
A facility that provides services designed to meet the needs of patients who require short-term care for a period of less than 30 days.

ALLIED HEALTH PROFESSIONAL
Persons who are not nurses or physicians and who have special training and are licensed when necessary, who work under the supervision of a health professional and provide direct patient care. These include, but are not limited to, respiratory, physical and occupational therapists; radiology technologists and technicians; medical laboratory technologists and technicians; and surgical technologists.

AMBULATORY CARE
Health care services provided on an outpatient basis, where no overnight stay in a health care facility is required.

AMBULATORY SURGICAL CENTER
A facility equipped and operated primarily for the purpose of performing surgical procedures, with continuous physician services available on call, and registered professional nursing services available on site while patients are in the facility. Provides services for patients to recover for a period not to exceed 23 hours following surgery.

AMERICAN HOSPITAL ASSOCIATION (AHA)
The nation's principal trade association for hospitals with offices in Washington, D.C., and Chicago.

ANCILLARY CARE SERVICES
Diagnostic or therapeutic services, such as laboratory, radiology, pharmacy and physical therapy, performed by non-nursing departments.

ANY WILLING PROVIDER
Terminology relating to legislation that would require managed care plans to allow any individual physician or other provider to participate on the provider panels they do business with.

BAD DEBT
The costs absorbed by hospitals or physicians for care provided to patients from whom payment was expected but no payment was received. Differs from charity care.

CERTIFICATE OF NEED
A method of controlling the expansion of health care facilities, services and technology in which the approval of a government agency or other empowered entity is required for a health care organization to engage in a construction or remodeling project, make a significant capital expenditure or provide a new service. Nebraska does not currently have a Certificate of Need requirement for hospitals.

CHARGE
The dollar amount that a health care provider assigns to a specific unit of service to a patient. A "charge" may not be totally reflective of the actual cost involved in providing that service.

CHARITY CARE
The unreimbursed cost to a hospital or health system for providing free or discounted care to persons who cannot pay and who are not eligible for public programs.

CMS
Centers for Medicare & Medicaid Services.

COMMUNITY BENEFIT
Programs or services that address community health needs, particularly those of the low income, minorities, and other under-served groups, and provide measurable improvement in health access, health status and use of health care resources.

COST SHIFTING
A phenomenon occurring in the U.S. health care system in which providers are inadequately reimbursed for their costs by some payers and subsequently raise their prices to other payers in an effort to recoup costs.

CREDENTIALING
Generally used as the basis for appointing health care professionals to an organization's staff, it is the process used to analyze the qualifications of a licensed practitioner's education, training, experience, competence and judgment. A credentialed staff member is permitted to perform clinical duties within the organization.

Glossary of Terms

CRITICAL ACCESS HOSPITAL (CAH)
Established under the Balanced Budget Act of 1997, CAHs are limited-service hospitals located in rural areas with no more than 25 acute-care beds. They receive cost-based reimbursement for Medicare patients and are relieved from some Medicare regulations.

DIAGNOSIS RELATED GROUP (DRG)
A method of classifying inpatients into groupings based on common characteristics, each of which can be expected to require similar services. Used as the basis of the Medicare inpatient prospective payment system (PPS).

DISPROPORTIONATE SHARE HOSPITAL
A hospital with a disproportionately large share of low-income patients. Under Medicaid, states augment payment to these hospitals. Medicare inpatient hospital payments are also adjusted for this added burden.

HERITAGE HEALTH
Name for Nebraska's Medicaid program administered by the Nebraska Health Care Authority (NHCA).

HIPAA
Health Insurance Portability and Accountability Act

HOSPITAL ACQUIRED CONDITION
A condition that develops while a patient is in the hospital, such as an infection, a pressure ulcer or some type of injury.

LICENSED BEDS
The maximum number of beds authorized by a government agency for a health care organization to admit patients.

LONG-TERM ACUTE CARE HOSPITAL (LTAC)
A hospital providing specialized care to medically complex patients who usually require an extended hospital stay.

LONG-TERM CARE FACILITY (LTCF)
Any residential health care facility that administers health, rehabilitative or personal services for a prolonged period of time.

MRSA
An acronym for methicillin resistant staphylococcus aureus. This is a microscopic organism that causes infections in many places in and on the body. While "staph" is a common organism, it has evolved so that many MRSA strains are currently resistant to several different antibiotics. S. aureus is sometimes termed a "superbug" because of its ability to become resistant to several antibiotics. MRSA is found worldwide.

MANAGED CARE
A system of health care in which patients are able to visit only certain doctors and hospitals, and in which the cost of treatment is monitored by a managing company.

OUTPATIENT PROSPECTIVE PAYMENT SYSTEM (OPPS)
A determined payment rate for a Medicaid outpatient procedure regardless of services rendered or the intensity of the services.

PAYER
An organization (such as the federal government for Medicare or a commercial insurance company) or person who directly reimburses health care providers for their services.

PROSPECTIVE PAYMENT SYSTEM (PPS)
A system in which payment for services is determined before the services are actually provided and that amount is reimbursed to the provider regardless of the actual cost of services.

QUALITY MEASURE
Also called a quality indicator, this is a specific process or outcome that can be measured.

RURAL EMERGENCY HOSPITAL
Rural Emergency Hospitals (REHs) are a new provider type established by the Consolidated Appropriations Act, 2021 to address the growing concern over closures of rural hospitals. The REH designation provides an opportunity for Critical Access Hospitals (CAHs) and certain rural hospitals to avert potential closure and continue to provide essential services for the communities they serve. Conversion to an REH allows for the provision of emergency services, observation care, and additional medical and health outpatient services, if elected by the REH, that do not exceed an annual per patient average of 24 hours. This new provider type, effective January 1, 2023 will promote equity in health care for those living in rural communities by facilitating access to needed services.

RURAL HEALTH CLINICS
The Rural Health Clinic Service Act of 1977 addressed an inadequate supply of physicians serving Medicare beneficiaries in rural areas and increased the use of nurse practitioners (NPs), physician assistants (PAs), and certified nurse-midwives (CNMs) in these areas. Medicare pays RHCs an all-inclusive rate (AIR) for medically necessary, face-to-face primary health services and qualified preventive health services furnished by an RHC practitioner. There are hospital-based rural health clinics in Nebraska that provide primary care and preventive health services in under served rural areas.

Glossary of Terms

SERIOUS ADVERSE EVENT
An unexpected event that happens during a hospital admission that results in harm or injury to a patient.

SPECIALTY HOSPITAL
A limited-service hospital designed to provide one medical specialty such as orthopedic or cardiac care.

SWING BEDS
Acute care hospital beds that can also be used for long-term care, depending on the needs of the patient and the community. Only those hospitals with fewer than 100 beds and located in a rural community, where long-term care may be inaccessible, are eligible to have swing beds.

TELEMEDICINE
The use of medical information exchanged from one site to another via electronic communications to improve a patient's clinical health status. Includes a growing variety of applications and services using two-way video, email, smartphones, wireless tools and other forms of telecommunications technology. Telemedicine is not a separate medical specialty.

TELEHEALTH

The use of electronic information and telecommunications technologies to support long-distance clinical health care, patient and professional health-related education, public health and health administration. Telehealth is different from telemedicine because it refers to a broader scope of remote health care services, such as provider training, administrative meetings, and continuing medical education, in addition to clinical services.

TRAUMA

An injury or injuries caused by external force or violence. Trauma injuries may range from minor to severe, from obvious to non-apparent, and may include single or multiple injuries.

TRAUMA SYSTEM
An organized approach to facilitating and coordinating a multidisciplinary system response to severely injured patients.

UNCOMPENSATED CARE
Care given for which payment is not received, or for which only a portion of the cost is reimbursed. Includes charity care, Medicaid underpayments, legislated care underpayments and bad debt.

VBP
Value-Based Pricing. A key element of the Affordable Care Act was a push for "value-based pricing," using the authority of the Centers for Medicare & Medicaid Services (CMS) to experiment with pricing incentives to reduce overuse in clinical care. In essence, the plan consisted of CMS and private insurers trying to transfer the actuarial risk of patient care to providers, counting on the new financial incentive to change behavior.

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