



Cincinnati Children’s Hospital

Budget Request for the Kentucky 2024/25 Biennial Budget

Cincinnati Children’s Hospital Medical Center (CCHMC) serves over 60,000 Kentucky kids in an average year through inpatient, outpatient, clinic and physician services. We serve as not only the pediatric hospital for children in Northern Kentucky, but as a medical provider and critical care option for children throughout Kentucky. We are a safety-net hospital, and treat all kids regardless of their insurance coverage. Fifty-four (54%) of these Kentucky kids are covered by Medicaid.

With eighteen (18) Kentucky physician and clinic offices, a critical partnership with University of Kentucky Children’s Hospital, 3,000+ Kentucky employees, \$173 million in Kentucky wages, and \$8.3 million in Kentucky taxes, CCHMC is an important piece of the Kentucky medical landscape. While we do not have a hospital location in Kentucky, we are a hospital that serves and provides positive outcomes for many Kentucky families and children.

WHY is CCHMC seeking funding in the Kentucky Budget?

While CCHMC provides critical care for Kentucky children, as an out-of-state pediatric hospital, CCHMC’s Medicaid reimbursement rate differs from in-state pediatric hospitals. Most medical providers who accept Medicaid are often reimbursed at rates less than their costs; however, with the methodology Kentucky utilizes for reimbursement, our deficits are exacerbated by both our costs and ineligibility for other supplemental payments received by in-state hospitals. In 2022, our loss from KY Medicaid payments totaled over \$98 million.

CCHMC Cost of Care /KY Medicaid Uncompensated Care in 2022

Total Cost of Care	\$222,083,130.22
Total Payments	-\$123,565,664.83
Total Uncompensated Care to CCHMC	\$98,517,465.39

907 KAR 10:830

(4) The department shall reimburse for inpatient acute care provided by an out-of-state children's hospital located in a Metropolitan Statistical Area as defined by the United States Office of Management and Budget and whose boundaries overlap Kentucky and a bordering state, and except for Vanderbilt Medical Center, the average operating rate and average capital rate paid to in-state children's hospitals.

(6) The out-of-state hospitals referenced in subsections (4) and (5) of this section shall not be eligible to receive indirect medical education reimbursement, organ acquisition cost settlements, or disproportionate share hospital payments.

907 KAR 10:015

Section 3. Out-of-State Outpatient Hospital Service Reimbursement. Excluding services provided in a critical access hospital and laboratory services, reimbursement for an outpatient hospital service provided by an out-of-state hospital shall be ninety-five (95) percent of the average in-state outpatient hospital cost-to-charge ratio

We realize these disproportionate share hospital payments are essential for in-state hospitals, and thus we are not seeking to access to funding from those supplemental allocations.





WHAT is CCHMC requesting in the Kentucky Budget?

CCHMC requests that our Medicaid reimbursement rate be increased to 120% of the Kentucky Medicaid rates for inpatient and outpatient services. We estimate this would equate to approximately \$6 million annually from the Kentucky budget, based on the details provided below. As noted above, we are not requesting eligibility for the supplemental funds in-state hospitals receive. This would be in lieu of those funds.

Based on FY22 patient volumes, CCHMC received \$109 million for hospital services from Kentucky Medicaid, including Medicaid HMOs (Wellcare, Aetna Better Health, Anthem, Passport Health Plan by Molina Healthcare, United, and Humana).

Breakdown of the 20% increase based on FY22 patient volumes:

Federal Medicaid portion	\$15 million annual
Kentucky Medicaid match	\$6 million annual
Additional estimated reimbursement:	\$21 million annual

Please note, this is not a direct allocation request. These additional funds would only be realized if and when Kentucky Medicaid patients received inpatient and outpatient medical services from CCHMC.

The state of Indiana recently enacted similar legislation, by increasing their out of state children's hospital reimbursement rate to 130% of their Medicaid reimbursement rate, as many of their children receive pediatric services at hospitals in bordering states.

Doesn't CCHMC already receive supplemental funding from Ohio Medicaid and Hamilton County?

This is a common misconception. CCHMC only receives supplemental payments for Ohio Medicaid patients. The Hamilton County tax levy is only for Hamilton County Ohio uncompensated care.

The assessments CCHMC pays for the Ohio Franchise Fee and HCAP are based on total adjusted facility costs and those costs are our costs for serving all patients regardless of where they reside – so our assessment includes our costs for serving Kentucky patients.

The payments back to us from both programs are based solely on Ohio Medicaid patients.

So we provide care to Kentucky Medicaid patients, are taxed on our cost to do so by Ohio, but do not receive any DSH or Franchise Fee payments back for those patients.

We appreciate your consideration of this request and are available to provide additional details on our costs, services, partnerships and any other information that would be beneficial.

