CHILDREN'S
HOSPITAL
ASSOCIATION OF TEXAS

The Children's Hospital Association of Texas Supports an Increase in Outpatient Reimbursement Rates

The Children's Hospital Association of Texas (CHAT) supports an increase in outpatient hospital reimbursement rates so that hospitals are paid more appropriately for providing these services.

Outpatient services are medical procedures or tests that can be done in a medical center without an overnight stay. Not all medical services could or should be provided in an outpatient setting; however, many medical services are properly delivered in an outpatient setting. More than 2 million outpatient visits occurred at CHAT member hospitals in 2014. Medicaid reimburses hospitals only part of what it costs them to provide these services – between 70% and 76% of allowable costs. Children's hospitals incur substantial Medicaid shortfalls because of low Medicaid payment rates for outpatient services. A recent survey of CHAT member hospitals indicated a total annual loss of $58 million in Medicaid-allowable costs that were not reimbursed. Hospitals could provide more outpatient capacity if appropriately reimbursed for these services.
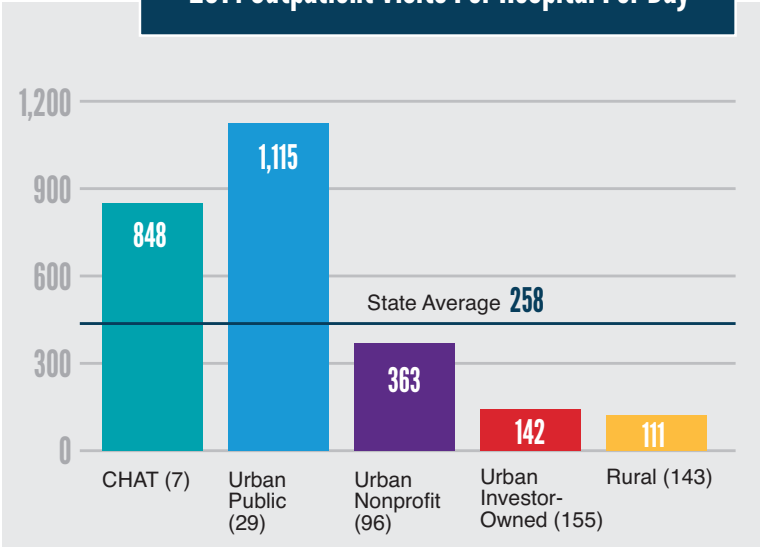
Why Outpatient Services Are Important

Outpatient services are:

- Often closer to people's homes, meaning less time away from work or school to receive services; and

- Provided at a lower cost than inpatient services.

Using outpatient services:

- Ensures capacity in the inpatient setting for those who need that level of care; and

- Meets the triple aim of the Institute for Healthcare Improvement to (1) improve patient experience of care (including quality and satisfaction); (2) improve the health of populations; and (3) reduce the per capita cost of health care.

2014 Outpatient Visits Per Hospital Per Day

1,200	
900	
600	State Average 258
300	
0	

CHAT (7): 848
Urban Public (29): 1,115
Urban Nonprofit (96): 363
Urban Investor-Owned (155): 142
Rural (143): 111

Source: 2014 Cooperative DSHS/AHA/THA Annual Survey of Hospitals, State Center for Health Statistics, DSHS, Revised.

The state should increase the amount of outpatient reimbursement in Medicaid to incentivize additional appropriate use of outpatient services.