from the early edition

Highlight from hfm’s online companion (hfma.org/earlyedition).

LEAD STORY

Creating Value in the Medicaid Expansion: A Strategic Framework for Academic Medical Centers

Amid the ebb and flow of efforts by congressional Republicans to repeal and replace the Affordable Care Act (ACA), the nation’s hospitals can reasonably expect that the Medicaid expansion initiated with the passage of the ACA will for the most part remain intact. Regardless of the final outcomes of the repeal and replace efforts in Congress, however, the nation’s hospitals, and academic medical centers (AMCs) in particular, need to be more strategic in their approach to serving the underserved. This is true whether Medicaid is larger or smaller within a larger segment of the uninsured.

Although the direct financial impact of the expansion on providers has been positive, the more indirect effects on various classes of providers have not always been straightforward, particularly in the case of AMCs. In some of the markets that AMCs serve, Medicaid is now the single biggest insurer, and one that AMCs, for the first time, need to approach deliberately and strategically. Similarly, many states, now contending with burgeoning budgets and enrolled populations, are looking for ways to innovate to improve value for both enrollees and taxpayers and to improve the condition and performance of care delivery in their states. At this juncture, it is useful to consider the specific impact of the expansion on and the strategic implications for AMCs and for state Medicaid policymakers contemplating a role for AMCs in their Medicaid systems.

AMCs and state policymakers have myriad opportunities to work together to create value and innovate in the context of the expansion. A structured approach is recommended for the two sides to work together for mutual benefit.

See the infographic on the next page for more information about this topic.

COMMENTARY

Rethinking the Triple Aim
By Jim Evans

HEALTHCARE MATTERS

Health Insurance and Hospital System Financing at a Glance
By Kurt Wroebel
**INFOGRAPHIC**

**rising to the Medicaid challenge**

an innovation strategy for academic health centers

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31 states including 17 led by GOP governors

accepted new federal funds to expand eligibility for Medicaid under the Affordable Care Act

+ 15% of discharges for a typical academic health center (AHC) are Medicaid discharges.
+ 40% of an AHC’s population will qualify for Medicaid or CHIP.
+ 20% reducing rate of uninsured among non-elderly from 16.6% in 2013 to 10% today
+ Increasing the ranks of the insured by 14 million

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72 million

people enrolled in Medicaid today—making it is the largest health insurer in the United States

545 billion

state and federal medicaid spending—17% of national health expenditures

350 billion

federal government’s total yearly share

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77%

of the 71 million Medicaid beneficiaries are enrolled in some kind of managed care program.

60%

of Medicaid beneficiaries are enrolled in a comprehensive, risk-based managed care program.

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**Making Medicaid Sustainable:**

Financial Goals for AHC Medicaid Innovation Strategy

1. Reduce or reverse Medicaid losses
2. Free up capacity for more profitable patients
3. Protect or even gain share as the market shifts

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*According to 2014 CMS data

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