



STRONG HOSPITALS. STRONG COMMUNITIES.

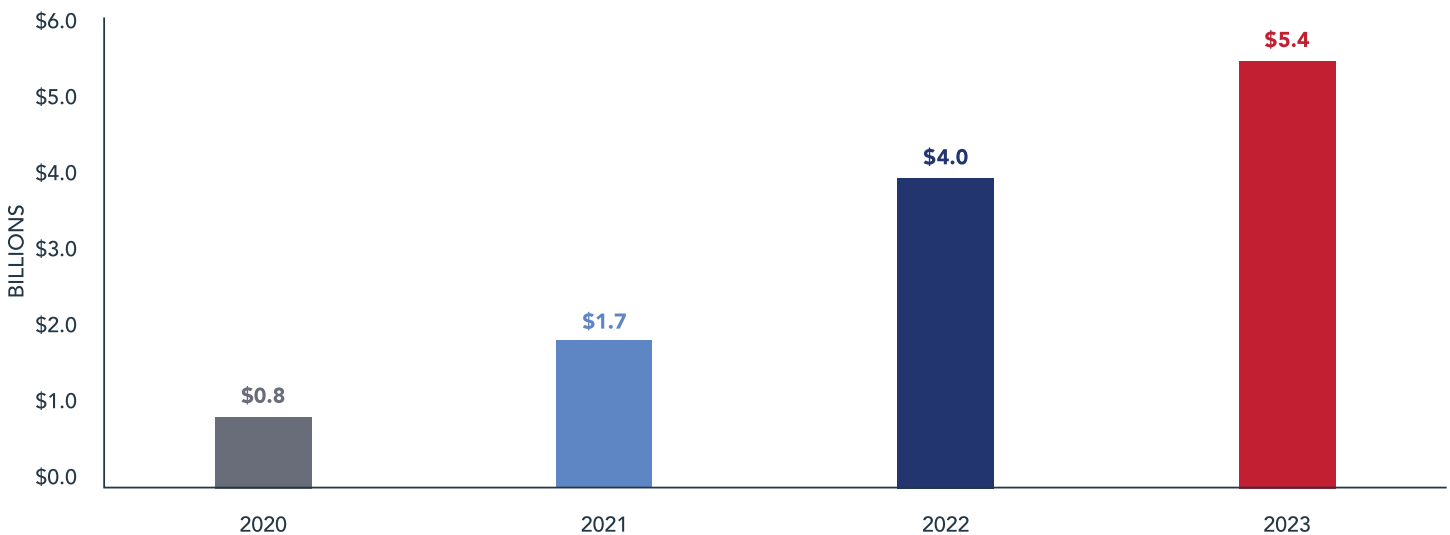
TENNESSEE HOSPITALS ARE FACING A FINANCIAL CRISIS

CURRENT FUNDING MECHANISMS DO NOT COVER THE COST OF CARE

Nearly 50 percent of hospitals operated at a financial loss last year while expenses continued to climb. Expenses increased more than \$5 billion since 2019. Because of this financial strain, Tennessee hospitals have been forced to cut services and postpone capital projects.

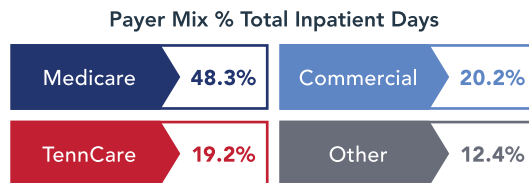
NEARLY 50% OF HOSPITALS OPERATED AT A FINANCIAL LOSS IN 2023

TOTAL EXPENSES DRAMATICALLY HIGHER THAN PRE-PANDEMIC



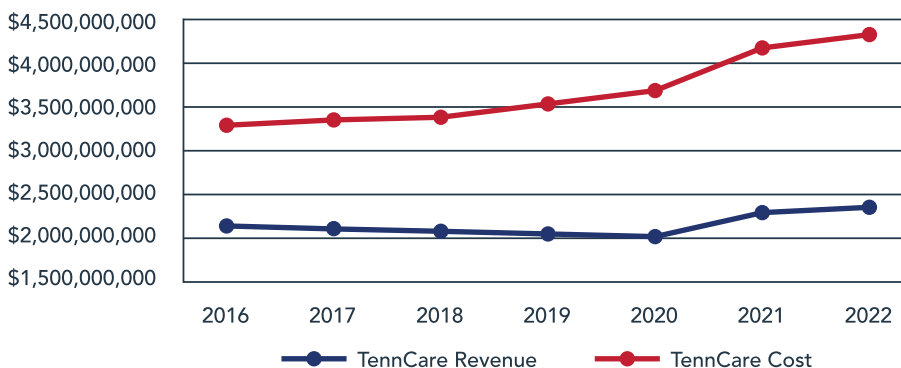
LOW REIMBURSEMENT RATES THREATEN ACCESS TO HOSPITAL CARE

Hospital revenue comes primarily from third-party payers, including commercial insurers and government programs like Medicare and Medicaid. Unfortunately, these government programs rarely cover the actual cost of patient care. Commercial insurance reimbursement rates have not kept pace with inflation and increasing workforce costs.



In 2022, the Medicaid and Medicare shortfall was approximately **\$4 BILLION**

2016-2022 TENNCARE PAYMENT VS. TENNCARE COSTS (ALL TN HOSPITALS)



Actual cost of care is significantly greater than TennCare's reimbursements.

In 2016, TennCare base rates covered 61 percent of costs.

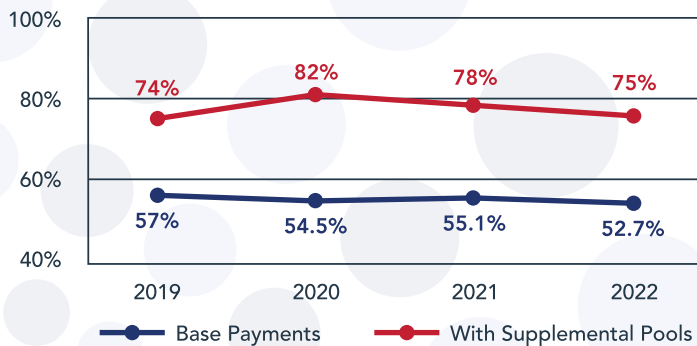
In 2022, it only covered 52 percent. Hospitals are at greater risk as this gap continues to widen.

TENNESSEE MUST REINVEST IN TENNCARE

TENNCARE REIMBURSEMENT

TennCare reimbursement to hospitals falls short, even when coupled with supplemental pool payments. The total amount only covers 75 percent of costs. It is critical that TennCare reimbursement is adjusted to strengthen provider networks and ensure Tennesseans continue to have access to quality hospital care.

% of TennCare Cost Covered by Revenue – All Hospitals



CORE TENNCARE BENEFITS PAID FOR BY HOSPITALS

During the Great Recession, TennCare proposed significant benefit and rate reductions. Tennessee hospitals agreed to a voluntary assessment, which included funding to prevent those drastic cuts. This was meant to be temporary – a way to maintain the program until state finances improved. State finances have significantly improved, and hospitals are now facing a financial crisis of their own. It is important for the state to reassume responsibility for fully funding TennCare benefits. This will allow hospital assessment dollars to be redirected to support hospitals.

Hospital assessment currently funds \$291 million of the state share of the TennCare program including:



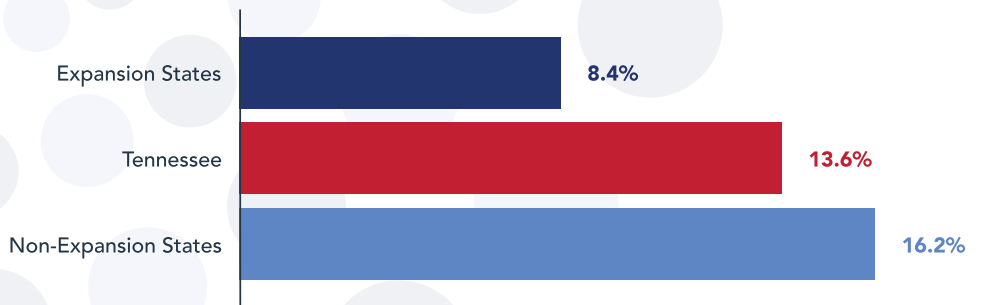
LACK OF INSURANCE COVERAGE CONTRIBUTES TO HOSPITAL FINANCIAL STRAIN

Federal EMTALA laws require hospitals to treat all patients regardless of their ability to pay. In 2023, Tennessee hospitals provided more than a billion dollars in charity care for uninsured and underinsured patients. As one of only 10 states that hasn't expanded Medicaid, Tennessee has a higher percentage of uninsured individuals than the national average. Fewer uninsured Tennesseans would reduce the amount of unpaid hospital care.

Due to the COVID-19 health emergency, TennCare's annual eligibility review process was put on hold. This process resumed in early 2023. Approximately 300,000 are estimated to lose coverage adding to the uninsured numbers in Tennessee.

GAP IN UNINSURED RATES BETWEEN MEDICAID EXPANSION AND NON-EXPANSION STATES IS LARGE

Uninsured Rate for Adults Aged 19-64



Note: Medicaid Expansion Status as of January 1, 2022. Source: U.S. Census Bureau, Current Population Survey, 2023 Annual Social and Economic Supplement

**NEARLY
700,000
UNINSURED IN TENNESSEE**

**ANOTHER
300,000
COULD LOSE TENNCARE
COVERAGE**



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