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Introduction

Local health and mental health services are beginning to feel the effects of the national economic downturn. Most agencies feel they are “weathering the storm” well, but believe that the true impact will not be felt for some time. However, agencies also discussed some significant impacts of the recession. In this report, key health care organizations¹ in Larimer County were contacted to share their perspectives on the economy and the current status of their agencies.

It should be noted that some agencies were unable or reluctant to provide actual data at the time they were contacted (late March- April, 2009). The reasons for this included: agencies noting that data should be viewed only in totality to prevent misinterpretation, agencies not having appropriate methods in place for capturing important outcomes and agencies being unable to share data because of corporate rules. For this reason, most of the information presented in this report is anecdotal in nature.

Findings

When comparing notes from discussions and communications with area health and mental health providers, five important themes emerged.

1. There is an increased demand for services. Larimer Center for Mental Health (LCMH) has seen their client numbers almost double in Loveland, from 636 between October 2007 and December 2007 to 1201 between October 2008 and December 2008. The number of total substance abuse clients more than doubled in the same period (472 to 1070). Salud Family Health Center also reports a significant increase in patients, serving 832 since mid October 2008. Poudre Valley Health System (PVHS) reports admissions for inpatient care continue to rise, ER visits are at a high rate, Urgent Care has been “filled to the brim” and the Family Medicine Center is full. Additionally, the demand for non-emergency services at the Health District’s Family Dental Clinic appears to have increased, with the monthly waitlist filling within two days in April 2009 (compared to upwards of two weeks in the past). The Health District also reports that Calls to Connections, the mental health and substance abuse resource center operated jointly by the Health District and LCMH, increased their clientele from the first quarter 2009 compared to fourth quarter 2008.

¹ Poudre Valley Health System, Salud Family Health Center (Fort Collins), Larimer Center for Mental Health, McKee Medical Center, Associates in Family Medicine, Sav-On Pharmacies, and the Health District of Northern Larimer County.

2. The number of uninsured/self-pay clients in the area is increasing. Larimer County has traditionally been an area with low numbers of uninsured patients. However, this appears to be steadily changing. For instance, McKee Medical Center estimates 6.8% more self-paying clients in January and February 2009 than during the same period last year (and has provided 37% more charity care during this time). Also, PVHS reported an 8% increase in the number of uninsured clients, beginning in late 2008. Furthermore, Associates in Family Medicine reports that they have been seeing a “slight increase in self-pay clients over the last couple of years, but the increase has been more dramatic lately.”

One result of an increase in self-paying clients could be clinics and hospitals incurring bad debt. In a report, by the [Colorado Blue Ribbon Commission for Health Care Reform](#), the uninsured pay for only half of their health care costs, while the other half is uncompensated, with care costs being absorbed by the health care agency. This cost is then passed along to insurance companies, and ultimately affects premiums. While no cause and effect relationship has been determined, bad debt at McKee is up 9.2% for the first two months of 2009, compared to the same time frame last year. Furthermore, PVHS commented that many small physicians groups in the area are struggling to keep their doors open. As the number of self-pay clients rises, the greater the toll it takes on local agencies and insurance premiums in the area.

Increasing numbers of Medicaid clients also present a challenge to the health/ mental health care community in Colorado, because Medicaid reimburses providers at [less than 55%](#) for the costs associated with care. In fact, because of this, some providers choose not to provide services to Medicaid patients. LCMH, an agency that must serve Medicaid patients as a priority, reports that they had an 11% increase in the number of Medicaid admissions between December 2007 and December 2008, and that Larimer County as a whole has had an increase of 15% during the same period.

3. The funding environment has been altered and the future is uncertain. The change and uncertainty in the funding environment stem from anticipated budget cuts from the State of Colorado, growing competition for funds from private foundations, and decreasing investment portfolios. The bright spot appears to be the expected arrival of stimulus funds; however, as the amount and the date of arrival are unknown, it is difficult for agencies to understand their situation.

Salud anticipates significantly less funding from the state this year due to a 30% reduction in most of their foundation grant programs and other budget cuts designed to balance the state budget. Furthermore, LCMH reports less foundation money in 2009 as a result of “an increased demand for funds and diminished foundation portfolio values.” PVHS also reports that competition has increased for corporate dollars, large grants, and larger individual contributions. Additionally, the Health District is projecting reduced investment income in 2009 and is anticipating that foundations and other granting agencies may have fewer resources available.

4. Many patients with serious/chronic conditions are having greater difficulty taking care of their conditions and their basic needs. Salud reports they are having greater difficulty helping patients who are uninsured or underinsured access specialty care (cardiologists, endocrinologists, etc.). One potential reason for the greater decline in specialty access may be related to the economic hardships of some physician groups, who may have provided some charitable or low cost care in the past and now have to cease this practice or risk closing their doors.

Additionally, PVHS discussed a block treatment grant that helps with medical care for women with breast cancer. Before the economic downturn they already saw patients losing financial

stability. Many patients “have now entered a much more desperate period. There are not enough resources to help them through. They may have to contend with personal job loss or loss of a spouse’s job leading to a lack of basic needs. Person after person is struggling... and no one knows how the extra stress is affecting them.” For this reason, PVHS has shifted the focus of their sponsorships to address these basic needs (like food and shelter).

5. There is an increased demand on staff. Most organizations do not report that they are eliminating staff, but instead report they are finding other methods for “tightening their belts”, which may impact staff and services in more indirect ways. For instance, one local clinic (who wished to remain anonymous) stated that they are focusing on building staff morale because the organization had to eliminate pay increases and 401K matches, and staff are helping more patients, who are irritable and stressed. PVHS reports they have not cut any employees, although they now evaluate whether a position needs to be refilled when staff leaves. Finally, the Health District stated that they have not eliminated any positions, but have reduced hours for two positions and had to move funds from reserves to the operational budget to avoid the need for reductions in the prescription assistance program. They also reported that they had to cut back spending to “bare bones” levels in areas such as supplies, education and training.

It should be noted that prescription drug costs, an area that is traditionally a major driver of rising health care costs, appears to be in relatively stable condition locally. For instance, the Sav-On Pharmacy in North Fort Collins stated that they felt essentially no impact from the downturn and had no change in their emphasis because of the downturn. Meanwhile, the Prescription Assistance Program with the Health District recorded modest gains between the last quarter of 2008 and the first quarter of 2009. However, they are currently under capacity. They stated that their clientele dropped below capacity after Medicare Part D was instituted. Additionally, two reports found that prescription drug spending slowed drastically in 2007.²

Conclusion

Most agencies in Larimer County agree that they are faring well in light of the current economic crisis. This appears to be true. Agencies are utilizing resourcefulness to maintain their staff and keep their services functioning. However, a number of troubling themes (such as increased overall demand, increased uninsured and underinsured patient numbers, funding cuts, very sick people unable to access care and obtain assistance with basic needs, and overburdened staff) are emerging and if we do not act now to minimize these effects, we may all experience more severe problems in the years to come.

Opportunities for Action and Resources

- [Health Info Source](#) - A free resource for consumers and healthcare professionals, providing health information in the greater Fort Collins area.
- [Poudre Valley Health System](#) - The mission of Poudre Valley Health System (PVHS) is to be an independent, non-profit organization and to provide innovative, comprehensive care of the highest quality, always exceeding customer expectations.
- [Salud Family Health Centers](#) - Salud's ultimate goal is to provide quality, comprehensive primary health care services, and to improve the overall health of the communities it serves by reducing barriers to health care, including: ability to pay, transportation, and language. Salud provides health care services without regard to age, sex or disease process.

² State Legislatures. April, 2009. Prescription Drug Costs Slow. P. 9.

- [Larimer Center for Mental Health](#) – LCMH’s mission is to deliver high quality mental health treatment, education and support services to promote improved quality of life for persons with emotional and stress-related disorders and mental illness.
- [McKee Medical Center](#) - Local Banner affiliate whose mission is, “We exist to make a difference in people’s lives through excellent patient care.”
- [Associates in Family Medicine](#) - Team of local providers whose mission is to deliver the best possible care experience for every member of your family.
- [The Health District of Northern Larimer County](#) - The mission of the Health District of Northern Larimer County is to improve our community’s health status.
- [Sav-On Pharmacy](#) - Pharmacy that operates in numerous grocery stores nationwide.
- [America's Health Insurance Plans \(AHIP\) Hi-Wire Website](#) - Provides health information and data (by State and Congressional District).
- [Gallup-Healthways Well-Being Index](#) - Provides a daily “pulse” of the nation’s well-being and provides solutions for a healthier world.
- [Colorado Health Institute](#) - Provides analysis and research information, acts as a resource information clearinghouse and aspires to do so in an objective manner.
- [Department of Health Care Policy and Financing](#) - The Department of Health Care Policy and Financing administers the Medicaid and Child Health Plan *Plus* programs as well as a variety of other programs for Colorado's low-income families, the elderly and persons with disabilities.
- [Colorado Department of Public Health & Environment](#) - The mission of the Colorado Department of Public Health and Environment is to protect and improve the health of Colorado’s people and the quality of its environment.