

The hospital collects 20 to 22 percent on its Medicare bills to the federal government and 12 to 15 percent on its Medi-Cal bills to the state, Green said.

The contractual allowance — the difference between what a hospital bills and what it collects — was 30 to 40 percent in the 1980s, he said, which meant a 60 to 70 percent collection rate.

“If you collect 50 percent, you’re doing well,” he said.

Also, the ACA changes the definition of an inpatient visit, Green said, which brings its own set of challenges.

Before the ACA, one overnight stay at the hospital qualified for an inpatient admission. Under the ACA, a patient must stay at a hospital for two midnights to gain inpatient status, and doctors must justify their reasons why. Those who don’t qualify for inpatient status will be admitted as “observation patients” and billed as if they’re outpatients, Green said.

He could not say what kind of impact this new definition would have on the hospital’s bottom line, but the implication from city and hospital officials is that a corporate partner would be better suited to deal with these challenges than an independent hospital.

Many of the new regulations have complicated the administrative side of the business, Green contends.

“It takes so many resources to do what we need to do,” Green said.