



VCU Health and the Department of Corrections

Presentation to Virginia Senate Finance
Committee
August 25, 2016



VCU Health and DOC: Background

- VCU Health provides nearly 80% of all off-site care for DOC offenders
- DOC Inpatient Care = VCUHS represents **77%** of care in Virginia (\$16.7M)
 - Next largest provider is UVA Medical Center, at 5% of inpatient care (\$1.05M)
- DOC Outpatient Care = VCUHS represents **77%** of care in Virginia (\$21.9M)
 - Next largest provider is UVA Medical Center, at 4% of outpatient care (\$1.2M)

Source: VA DOC data, CY2015

VCU Health and DOC: Background

- VCU Health Secure Care Unit
 - Formerly located in West Hospital – 6 inpatient general beds
 - New unit opened October 2008 – 20 beds providing acute and progressive care for more than 23 Medical/Surgical services
 - Unit includes: 4 exam rooms and a procedure room
 - Offers complex care (procedures, chemotherapy and dialysis) limiting the need for offenders to go off-unit
 - Outpatient clinics located adjacent for ambulatory services
 - Secure access through sally port with DOC Correctional Officers on duty 24/7
 - Cost to VCUHS = **\$8.5M**

Critical Care Hospital

Opened 2008; total cost \$184M (\$175 from debt)



View from I-95

Floor	Critical Care Hospital	Main Hospital	Add'l Sq. Ft.
Roof	Elevator Lobby/Storage	–	9,051
11	Neuroscience ICU	Patient beds	24,825
10	Heart ICU	Patient beds	24,825
9	Surgical Trauma ICU	Patient beds	24,834
8	Burn Unit	Patient beds	24,834
7	Acute Care	Patient beds	24,791
6	Neonatal ICU	Labor and Delivery	24,804
5	Surgical Suite	Operating Room Suite	24,832
4	Medical Respiratory ICU	Remodel	24,832
3	Acute Care	Radiology	24,829
2	Medical/Surgical Oncology	Offices	26,367
1	Concourse	Lobby	25,407
G	Emergency Department expansion	Emergency Department	23,348
B	Central Sterile Department	Clinical Support	21,119
SB	Secure Care Unit	–	20,129
SSB	Mechanical, Electrical and Plumbing space	–	18,967
Total			367,792

- \$8.5M for new unit
- \$3M investment for other units occupied by inmates*
- \$11.5M of total capital required for inmates in new hospital

*This takes into account those patients in other specialized areas of the hospital including ICU, burn unit, women's center, or cancer treatment areas.

Unique Modifications on the Unit for an Offender Population



Unique Modifications on the Unit for an Offender Population

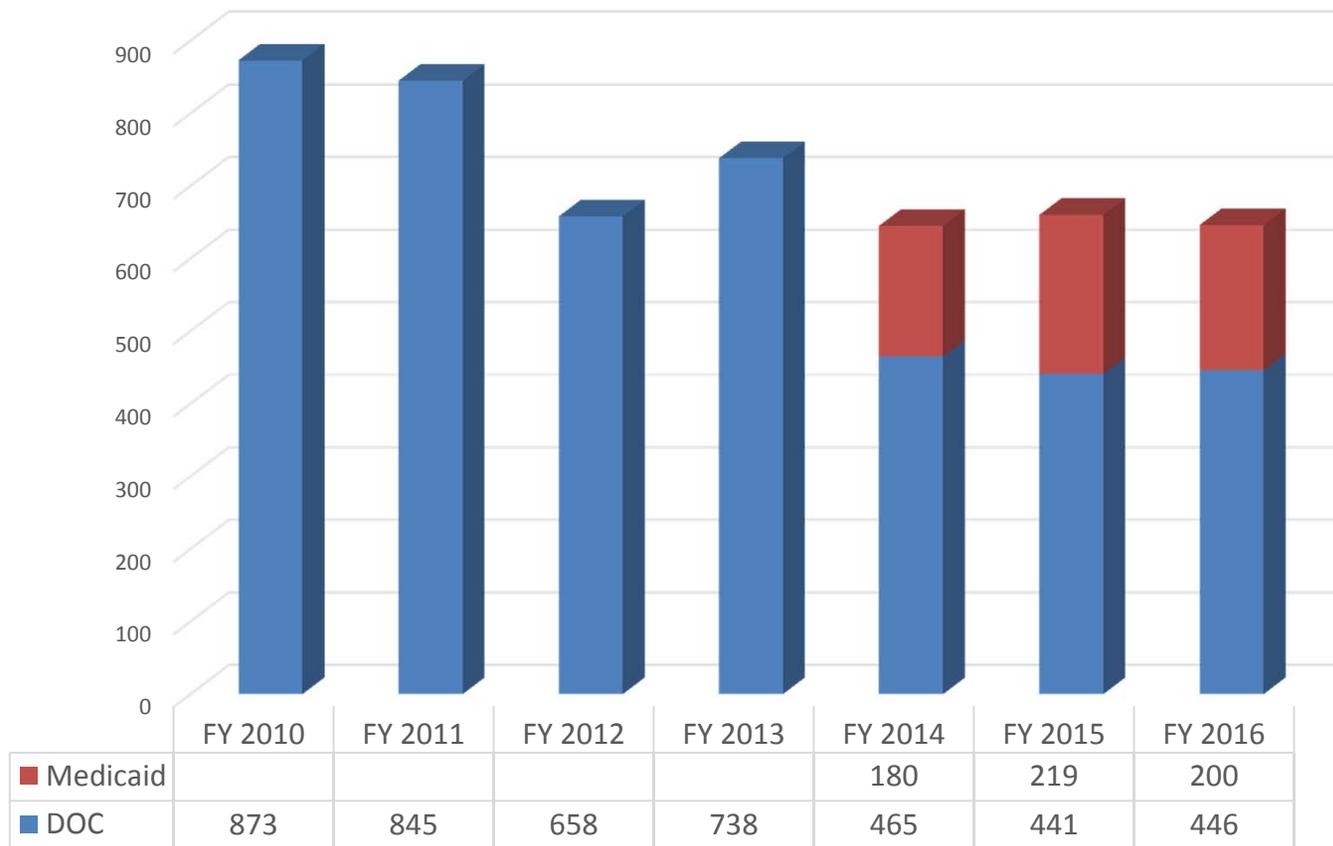


DOC *Inpatient* Discharge Volume

(Up to 31% of Discharges Reclassified as Medicaid)

DOC Medicaid eligibility, authorization and billing introduce complex admin processes

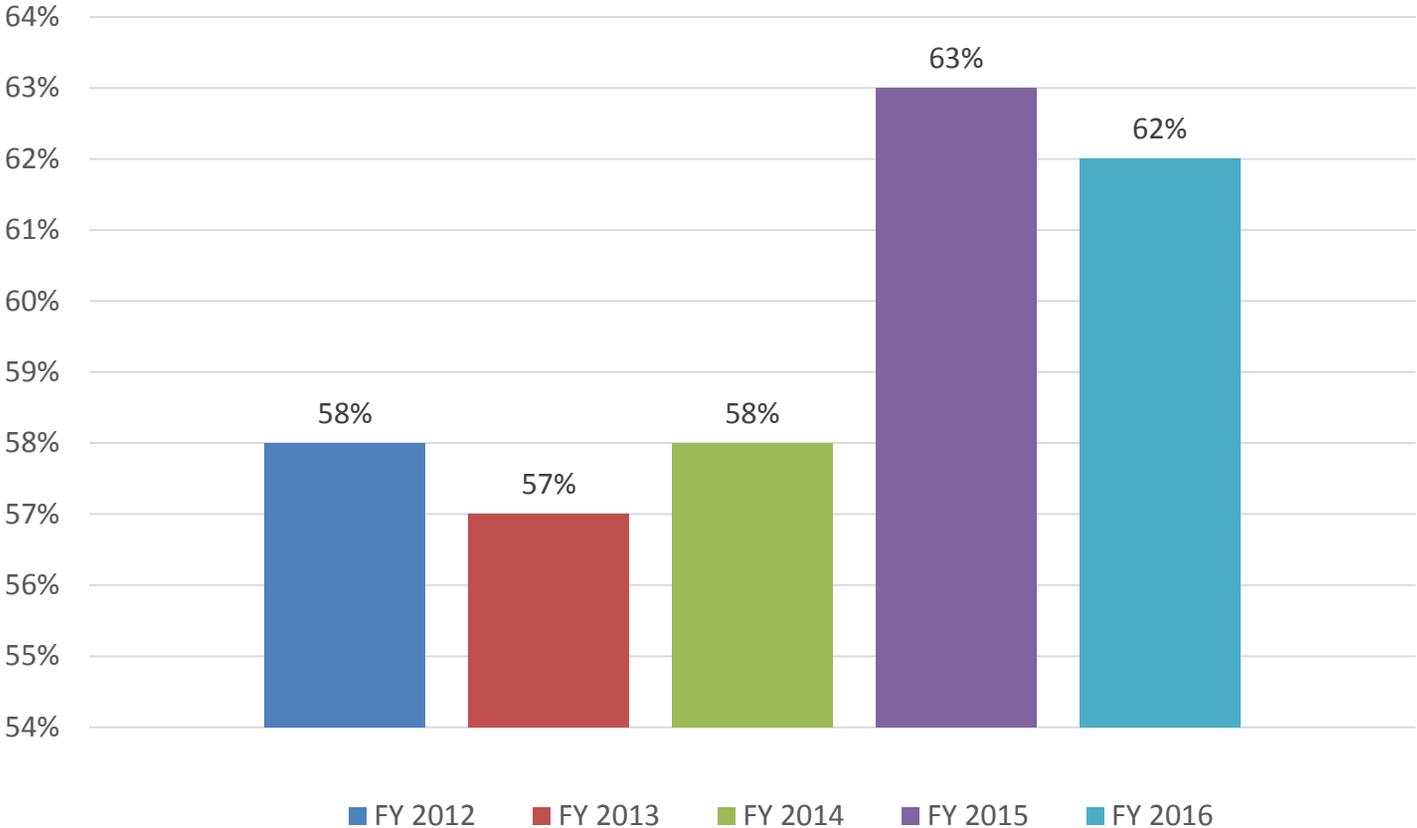
VCUHealth: DOC Discharges by Fiscal Year



DOC Inpatient Volume Shows Significant Percentage of Unplanned Admissions

The majority of DOC patients are admitted through the ED

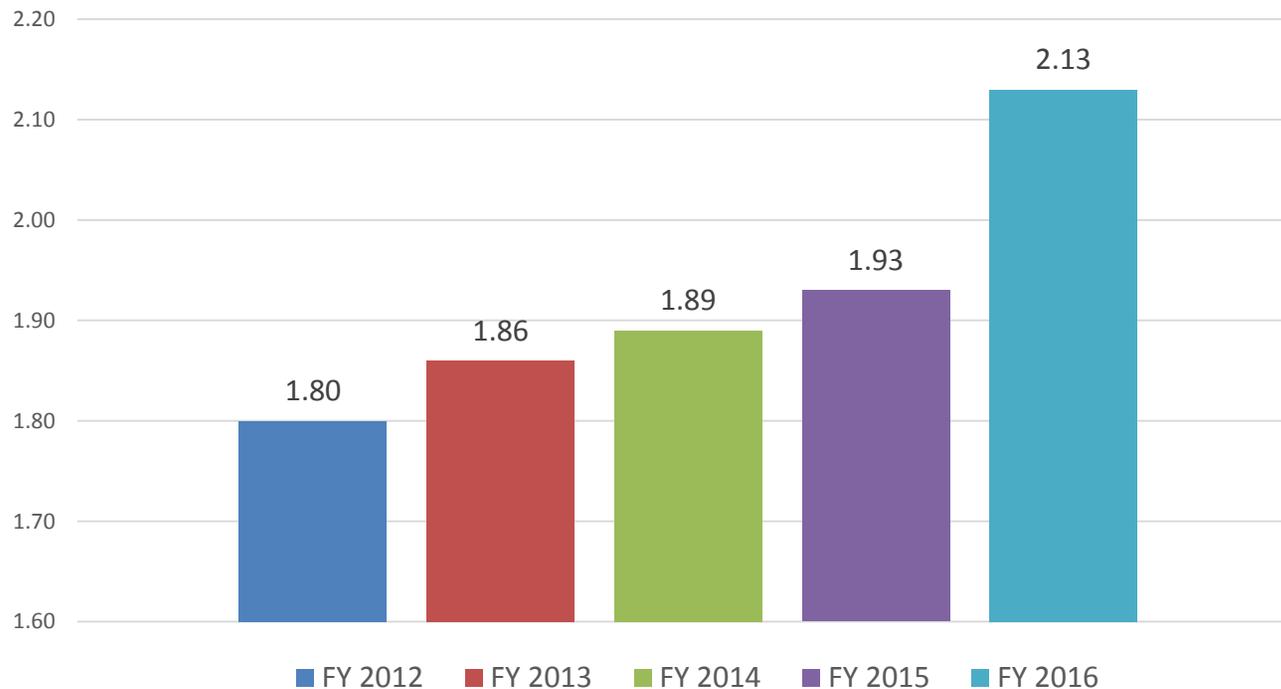
Percentage of DOC Admissions Entering Through ED by Fiscal Year



DOC Inpatient Complexity Continues to Climb

Avg CMI for DOC (2.13) is higher than VCUHS avg CMI for Medicare Duals Plan members (2.04) and roughly equivalent to Medicare CMI (2.16)

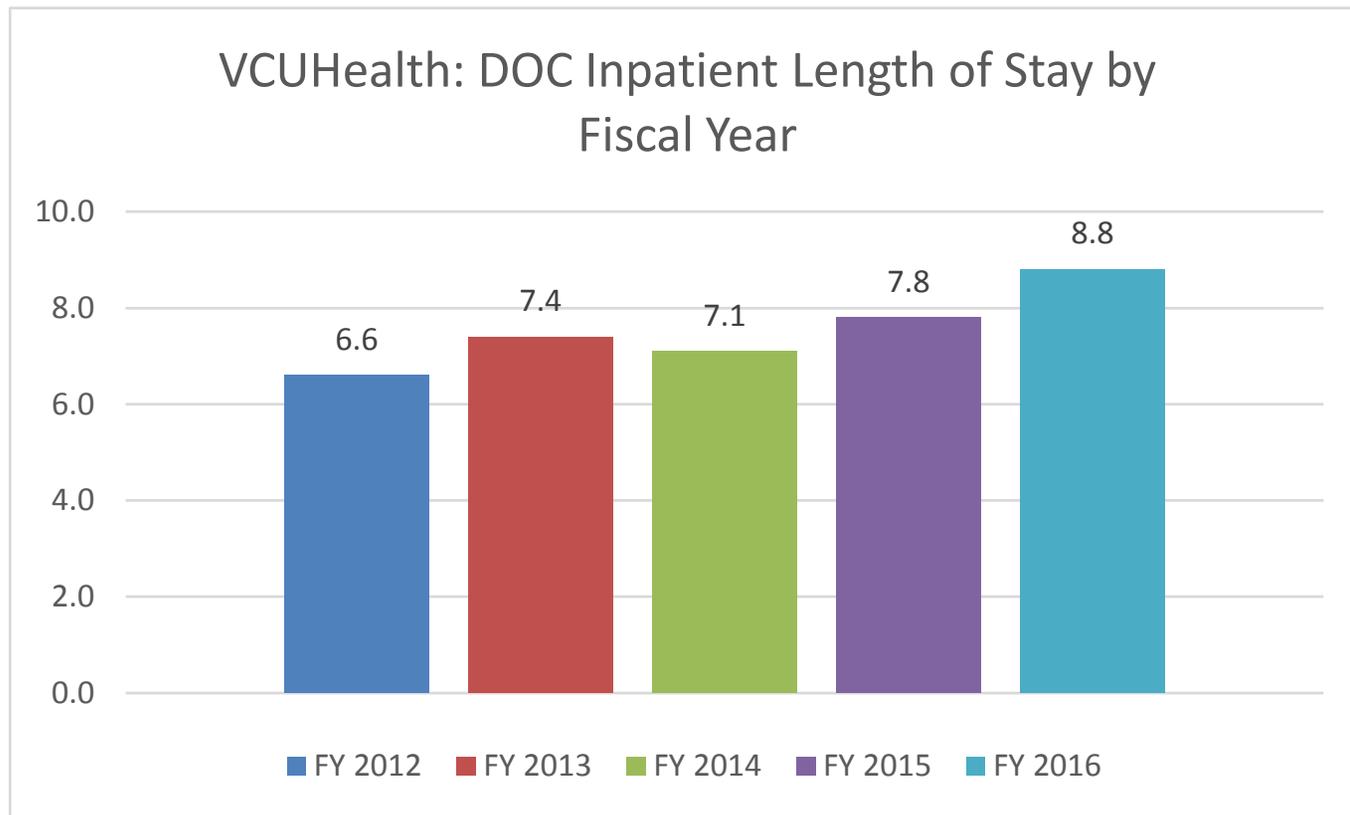
VCU Health: DOC Case Mix Index by Fiscal Year



- **Case mix index (CMI)** is a relative value assigned to a diagnosis-related group of patients in a medical care environment. The CMI value is used in determining the allocation of resources to care for and/or treat the patients in the group.

Higher Acuity is Reflected in Longer Length of Stay Dramatic Increase FY 2016

Note: Beginning 8/1/15 inpatient per diems were discontinued and reimbursement moved to a DRG case rate where longer stays may not result in increased payment



VCU Health and DOC: Background

FY16 Data:

- Total VCUHS DOC inpatient discharges = 646
- Total DOC discharges from Secure Unit = 563
 - 87% of total discharges occur from SCU
- Expected revenue from Secure Unit = \$22.2M

- Total VCUHS DOC discharges (Medicaid only) = 200
- Total DOC discharges from Secure Unit (Medicaid only) = 174
 - 87% of total Medicaid discharges occur from SCU
- Expected Medicaid revenue from Secure Unit = \$4.4M

VCU Health and DOC: Background

- Historical Reimbursement for Services at VCUHS
 - Traditionally had long-standing, separately negotiated Memorandum of Agreement (MOA) with DOC
 - In summer 2015, the DOC terminated the MOA, moving all healthcare reimbursement to Anthem HealthKeepers (HMO rates)
 - Approx. **\$8M overall reduction** in payment for VCUHS
 - Parties agreed to execute a modified supplemental MOA – **“Pay for Efficiency” Model**
 - VCUHS receives a “stipend” (\$4M annually), renewable for up to 5 years
 - However, VCUHS was charged to work with DOC to implement \$4M in offsetting savings/cost avoidances.
 - DOC/VCUHS Workgroups were established to identify health care delivery efficiencies and cost savings for both organizations.

VCU Health and DOC Workgroups

- Workgroups have been meeting actively since August 2015:
 - Deployed Video Tele-Conferencing to support participation from multiple DOC infirmaries as well as DOC Headquarters.
 - Over 60 participants to date, including representatives from VCU Health, DOC, Armor and Anthem.
 - Four Key Subgroups were created and have been meeting since August:
 - **Pharmacy Workgroup**
 - **Clinical Strategies, Appointment Scheduling and Telemedicine Workgroup**
 - **Discharge Planning and Receiving Facility Workgroup**
 - **Security and Transportation Workgroup**

1. Pharmacy Workgroup

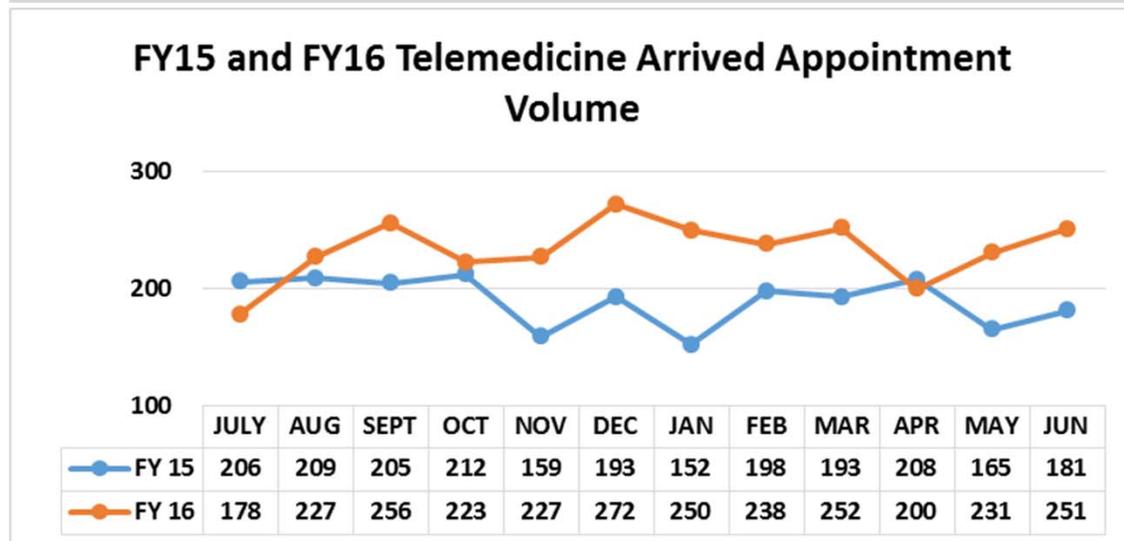
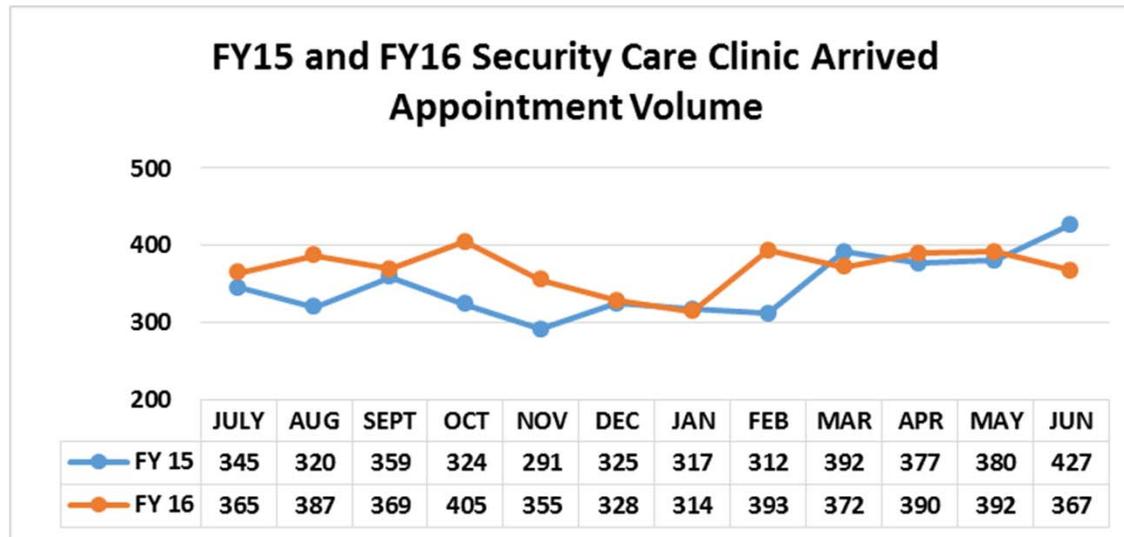


- Recommendations and Accomplishments
 - Inpatient offenders are now discharged with a 7 day supply of medications.
 - VCUHS has an electronic copy of DOC formulary to assist in dispensing drugs readily available at the DOC.
 - VCUHS has expanded the MOA for the 340B drug purchasing program with the DOC:
 - HIV and Hepatitis C medications are currently generating an **annualized savings of nearly \$11M to the DOC.**
 - More recently, VCUHS was able to extend 340B MOA to include Hemophilia Factor 8 drugs.

2. Clinical Strategies, Appointment Scheduling and Telemedicine Workgroup

- Recommendations and Accomplishments
 - Clarified and documented: “Steps to Making an Appointment for Department of Corrections Offender”
 - Co-located telemedicine and clinic schedulers, added two new telemedicine clinics
 - 34% increase in Telemedicine, and 19% increase in on-site clinic volumes over prior fiscal year
 - Transportation cost avoidance through telemedicine estimated at \$500 per trip or \$935K annually
- Next Steps:
 - Enhance communication process for notifying the DOC of OR First Cases.
 - Investigate “no-show” appointments to isolate breakdown in process.

DOC Outpatient Appointment Activity is Outpacing Prior Year



3. Discharge Planning and Receiving Facility Workgroup

- Recommendations and Accomplishments
 - VCUHS invested by hiring a 0.5 FTE RN Care Coordinator position dedicated to managing throughput on the SCU, **start date 4/4/16**.
 - Collaborates with workgroups to facilitate smooth and timely transitions of care.
 - DOC provided detailed listing of clinical competencies at each DOC facility with contact information.
 - Work closely with receiving facilities to expand clinical competencies and use of telemedicine as a teaching tool for post acute needs and as a tool for managing care/decreasing readmissions.
- Next Steps:
 - Work together to provide more timely notice of pending discharges to support transportation and logistics.

4. Security and Transportation Workgroup

- Recommendations and Accomplishments
 - **Shortage of officers** is an increasing impediment to efficient care management and throughput
 - Transport occurs, but often there are **no officers to escort the patient to their appointments/procedures**
 - Explore opportunities to return some inmates to local providers/closer to DOC facilities - reduce transportation needs/distance
 - Evaluate the distribution of appointments to target fewer peaks and valleys; Communicate timely and accurately regarding any changes, cancellations or rescheduling of appointments – address no shows.
 - Consolidate transports to maximize efficiencies.

Summary Of Workgroup Activity:

- Workgroup collaboration between DOC and VCUHS has been extremely positive with both parties committed to finding solutions to longstanding issues.
- Activities to date have delivered efficiencies and savings to the DOC well in excess of the original \$4M target objective.
- Many additional savings opportunities exist. Examples: expanded use of telemedicine, reduce avoidable inpatient days, and explore care delivery “closer to home.”
- VCUHS has seen a significant increase in inpatient complexity, emergency admissions and length of stay, all the while operating under a new fixed DRG payment methodology.
- Officer shortages have become an increasing impediment to efficient care delivery and throughput.

Challenges Ahead



- May 3, 2016 CMS Letter to State Surveyors
 - Regarding care for “justice-involved” individuals and a provider’s compliance with the CMS Conditions of Participation
 - Appears to significantly restrict the use of “specialized” or secure units within the provider setting
 - “Restrictions on admission or placement of a hospital patient in a unit of the hospital must have a **clinical basis...**”
 - “A Medicare or Medicaid participating hospital is **not permitted to establish a unit for the exclusive use of caring for justice involved individuals**. A participating hospital is not permitted to establish a unit or part of the hospital that is not fully available for the care of Medicare/Medicaid beneficiaries.”
 - VCUHS is working with many stakeholders to understand how CMS will interpret, and what the possible implications may be:
 - DOC, DMAS, VDH, Governor’s Administration
 - Pew Charitable Trusts –facilitated introductions to other states (e.g., Connecticut)
 - National professional organizations – American Hospital Association, American Correctional Association

Questions?

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