

Senate Finance Health and Human Resources Subcommittee

September 27, 2010

UVA Medical Center Today



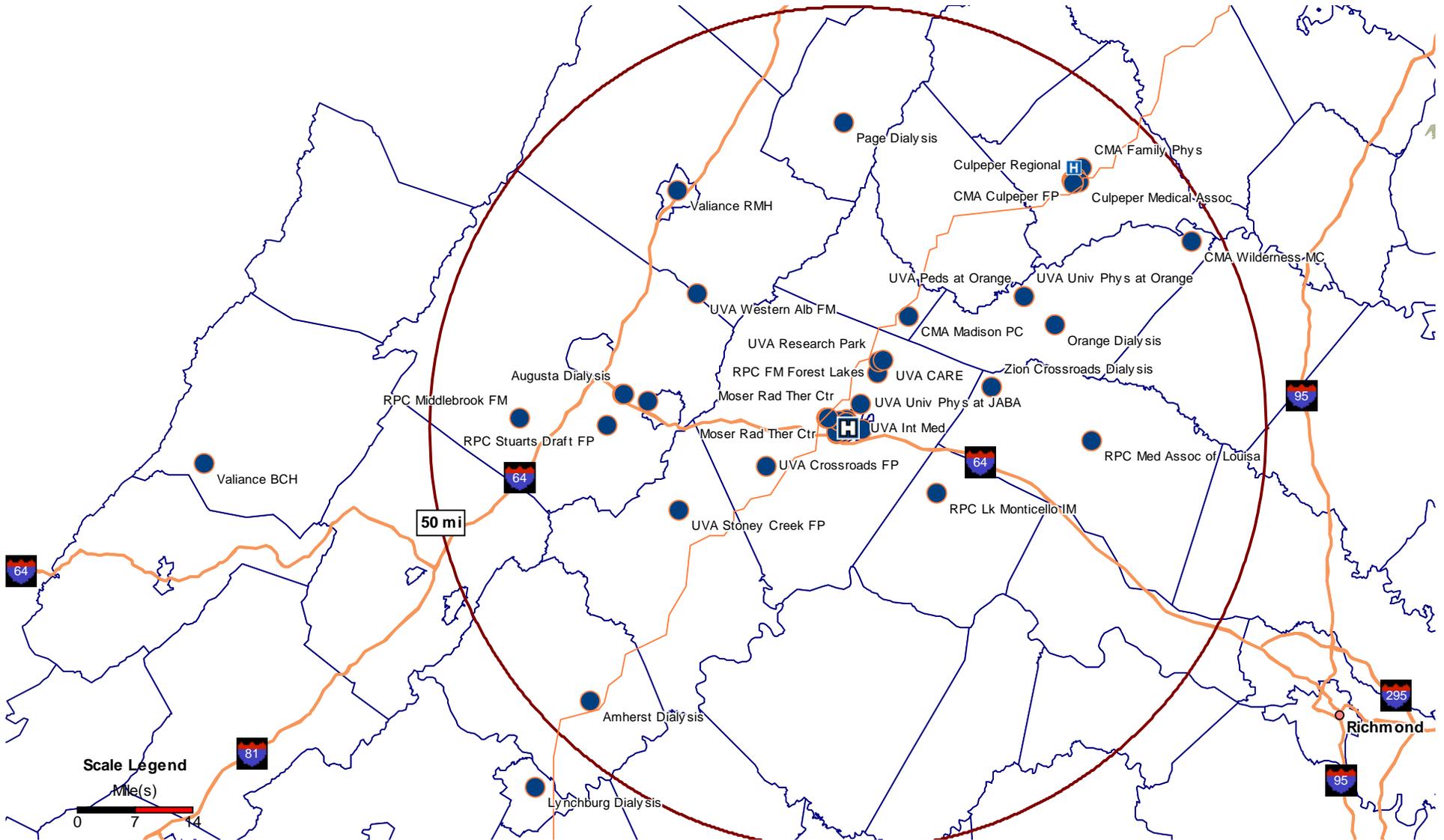
- Triple Mission – Patient Care, Medical Education and Research
- Over 570 staffed inpatient beds with 27,049 admissions
- More than 65 Outpatient Clinics with 683,750 annual visits
- Level 1 Trauma Center & Emergency Department with 58,207 annual visits
- Gross square footage of ~6.0 million with clinical capacity of 4.2 million
- Affiliation with Culpeper Regional Hospital
- Transitional Care Hospital (long term acute care)
- HealthSouth Rehabilitation Hospital
- Ancillary services including Imaging and 8 Dialysis Centers

UVA Medical Center Today

- UVA patient case mix index* of 1.88 with an average length of stay of 6.19 days
- Average percent occupancy of 81.4%
- Over 2,500 transfer patients annually
- 27,049 surgical cases in Main OR and Outpatient Surgery Center
- 6,050 FTEs (excluding contract labor)
- More than 780 Residents and Fellows with 68 ACGME-approved programs

*Case mix index is a measure of the intensity of illness of a patient population

UVA Medical Center Patient Care Sites

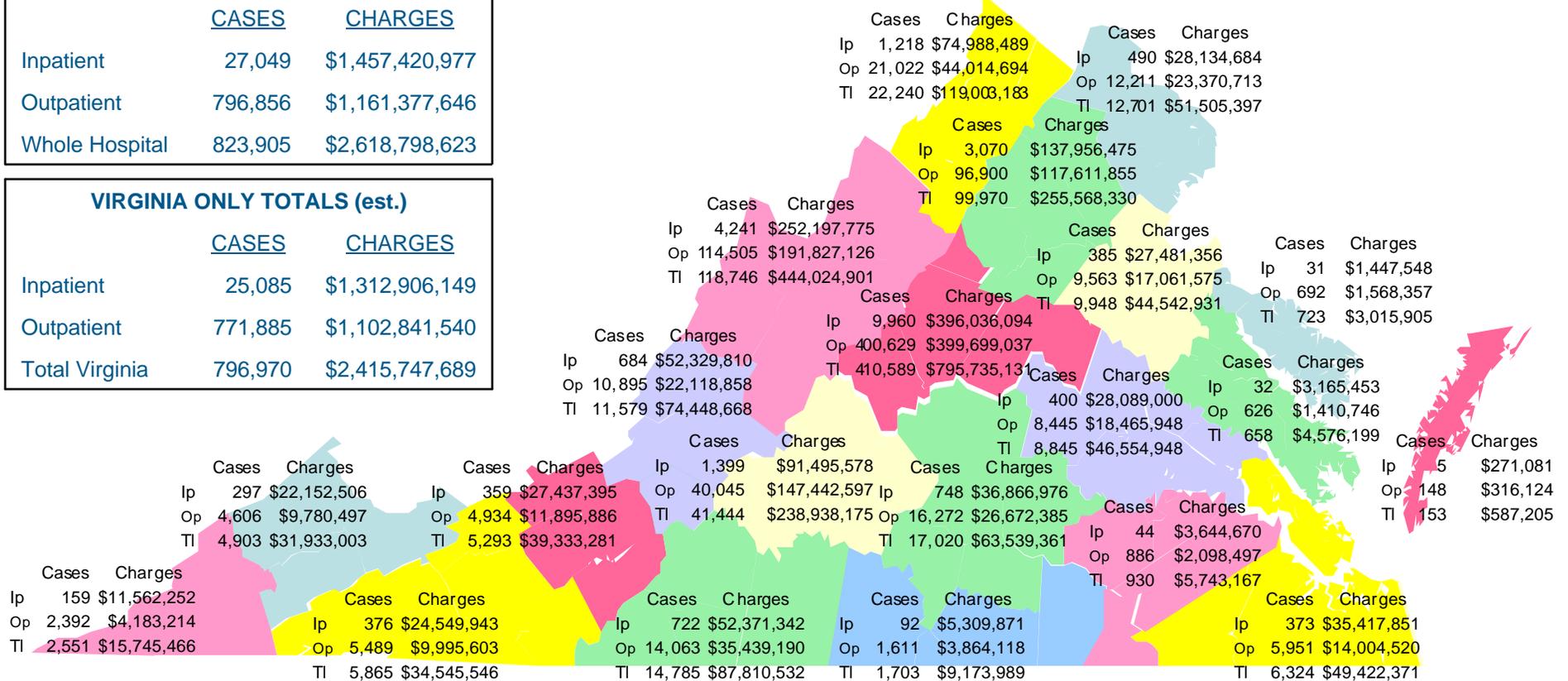


UVA Medical Center and Affiliates by Virginia Health Planning Districts, FY2010

Inpatient / Outpatient Cases and Charges
(preliminary and unaudited)

TOTALS (est.)		
	<u>CASES</u>	<u>CHARGES</u>
Inpatient	27,049	\$1,457,420,977
Outpatient	796,856	\$1,161,377,646
Whole Hospital	823,905	\$2,618,798,623

VIRGINIA ONLY TOTALS (est.)		
	<u>CASES</u>	<u>CHARGES</u>
Inpatient	25,085	\$1,312,906,149
Outpatient	771,885	\$1,102,841,540
Total Virginia	796,970	\$2,415,747,689



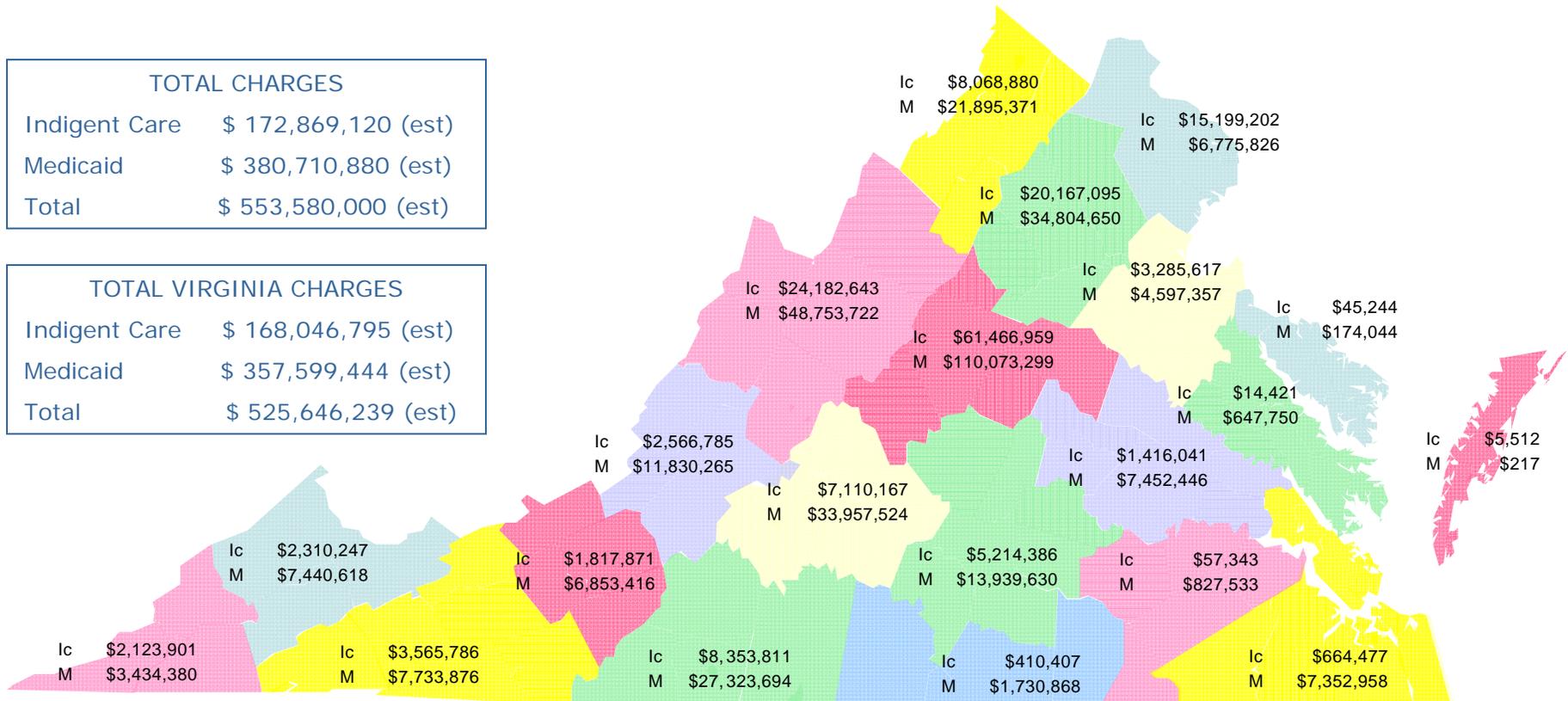
Numbers are for Medical Center Consolidated, and include Community Medicine and Imaging
Produced by UVA MC Finance, Aug 2010 (preliminary and unaudited)

UVA Medical Center and Affiliates by Virginia Health Planning Districts, FY2010

Indigent Care (Ic) and Medicaid Charges (M)
(preliminary and unaudited)

TOTAL CHARGES	
Indigent Care	\$ 172,869,120 (est)
Medicaid	\$ 380,710,880 (est)
Total	\$ 553,580,000 (est)

TOTAL VIRGINIA CHARGES	
Indigent Care	\$ 168,046,795 (est)
Medicaid	\$ 357,599,444 (est)
Total	\$ 525,646,239 (est)



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Overview of UVA Health System Clinical Enterprise

UVA Medical Center, School of Medicine, Health Services Foundation, School of Nursing, Claude Moore Health Sciences Library

Inpatient

UVA Medical Center
UVA Children's Hospital
UVA Health South Rehabilitation Hospital
UVA Transitional Care Hospital
Culpeper Regional Hospital, an affiliate of UVA Health System
Telemedicine

Outpatient

Primary and Specialty Care On Grounds
Community Medicine
Regional Primary Care
Primary and Specialty Care Outreach Clinics
Culpeper Medical Associates
Continuum Home Health
UVA Dialysis Network (7)
Telemedicine

Clinical Joint Venture Partnerships

UVA Imaging Center
VaLiance Radiation Oncology
Riverside Radiosurgery Center
UVA/VCU Congenital Heart Surgery Program
In Development
 Mary Washington UVA Radiosurgery Center
 Culpeper Tomotherapy

Education and Clinical Research

School of Medicine
School of Nursing
Graduate Medical Education
Hospital Administration Fellowship
Allied Health Training Partnerships for Therapies,
Pharmacy, Dental
Continuing Medical Education
Clinical Trials

Challenges Facing UVA Medical Center

- Financial implications of health reform
- Further reduced reimbursement for safety net hospitals
- Lack of funding for physician training
- Healthcare provider shortages
- Increased demand for services

Financial Implications of Healthcare Reform

- Under health reform, between 275,000 and 425,000 Virginians will be newly eligible for Medicaid under this expansion
 - FY 10 the Medical Center's payor mix contained ~28% Medicaid & Indigent – Pays below the cost of providing care
- Based on the state funding formulas currently in effect, UVA will be paid \$9.5 M and \$15.3 M below cost for treating Medicaid and state definition charity patients in 2011 and 2012
 - A move back to the cost based reimbursement established in 2002 is necessary
- Medical Center calculated that combined reductions in Patient Protection and Affordable Care Act **will total \$142 M over 10 years** (FY 2010 through FY 2019)
- **Bottom line** – These reductions will challenge UVA in fulfilling mission of providing excellence and innovation in the care of patients, the training of health professionals, and the creation and sharing of health knowledge.

Disproportionate Share Hospital Payments (DSH)

- UVA receives DSH payments for treating an unusually high volume of Medicare and Medicaid patients; these payments will also be decreasing
- **Medicare DSH** (Cuts begin in 2014)
 - Nationally includes \$22.1 billion in payment reductions over 7 years
 - Medicare DSH reductions alone will **cost Virginia providers \$328.4 million**
- **Medicaid DSH** (Cuts begin in 2014)
 - Nationally includes \$14 billion in payment reductions over 7 years

If DSH funding decreases further, UVA will:

- 1) Be forced to re-evaluate care services/programs provided
- 2) Not maintain capital infrastructure needed to support all patient types
- 3) Limit educational and research support

Funding of Graduate Medical Education (GME)

- GME is the education of trainees who have completed primary education in a field of healthcare, such as medicine or dentistry
 - UVA trains more than 780 residents and fellows per year and has over 68 GME programs
 - During past 4 years ~ **75% of these individuals who trained at UVA have stayed in VA following training**
- GME payment includes complex formulas to determine DME (direct) and IME (indirect) payments for resident training and care they provide to patients
 - Medical Center is reimbursed only 48% of cost for training residents and fellows that are in CMS-reimbursed positions
- 1997 Balanced Budget Act limited, or 'capped' the number of residency slots based on 1996 CMS cost report
 - UVA is over its cap by ~100 positions; thus the **Medical Center assumes full financial obligation for their training and education**

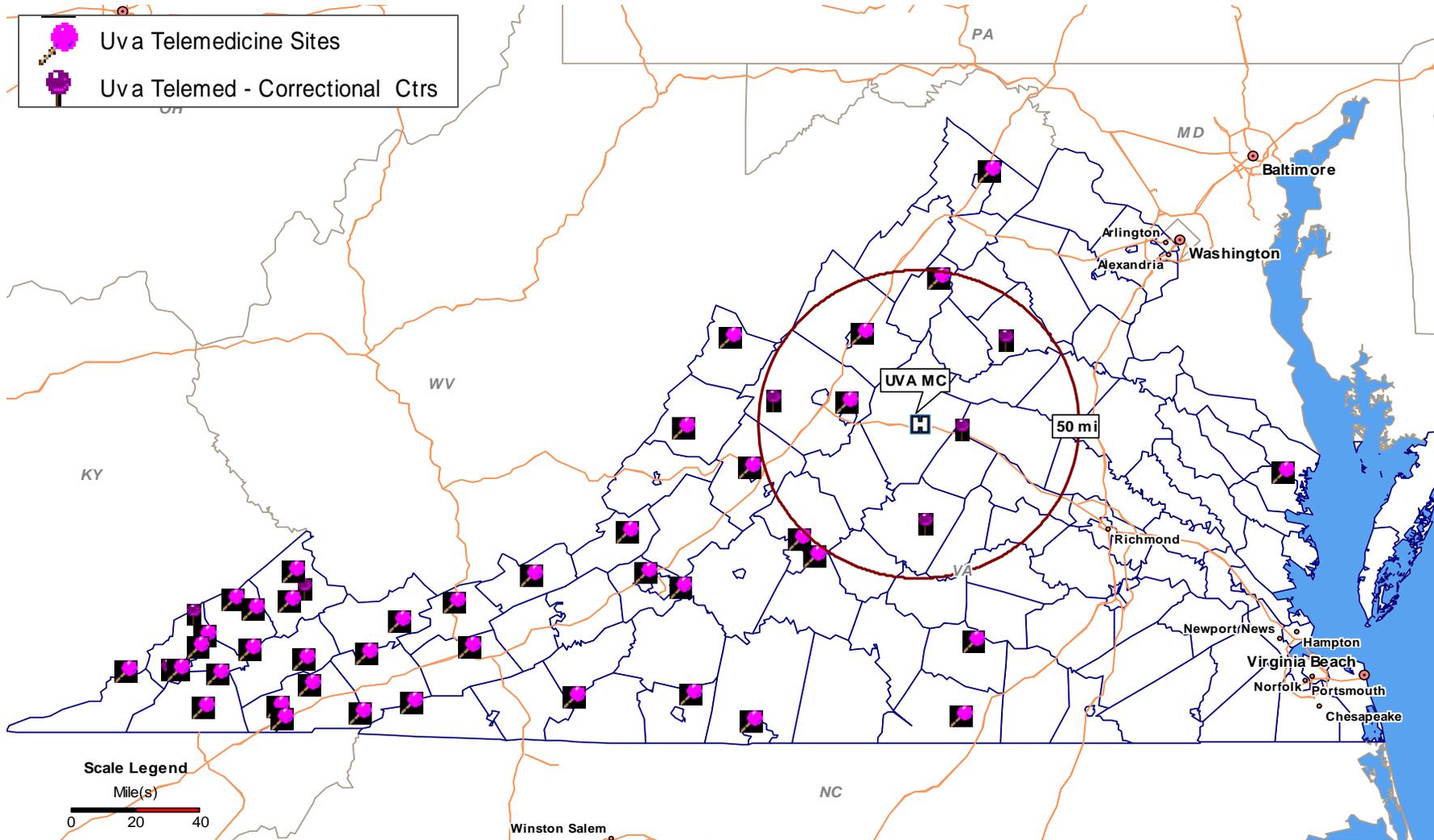
Healthcare Provider Shortages

- The United States is expected to face a shortage of 124,000 – 159,000 physicians by 2025
 - Virginia estimates a shortage of 2,700 physicians, while only 35% of graduates from Virginia’s medical schools remain in state
 - Healthcare reform efforts are projected to **increase the shortfall by 25%**
- The data is powerful and telling
 - One in three physicians is currently over the age of 55
 - While it takes **at least 11 years** of education after high school **to train a physician**
- Patient Protection and Affordable Care Act – has provision to redistribute residency slots based upon population ratios and predicted shortages, but **Virginia is not eligible**
- Nursing shortages exist as well
 - Projected shortfall of ~500,000 nurses by 2025

Telemedicine

- Started in 1993
- 70 site network including rural hospitals, federally qualified health centers
 - 20,000th patient expected to be treated this week
- Mandated coverage is instrumental for growing network
 - VA is 12th state with mandated coverage and is leading the nation
- Benefits
 - Provides access to specialty care; allows for home monitoring; is proven to reduce costs and readmissions; enhances patient education

UVA Medical Center – Telemedicine Sites



What does it all mean?

- A real game changer, not business as usual
- Less uncompensated care and more undercompensated care
- Concern over adequate number of physicians to provide care, with physician shortages predicted by 2013
- Provider integration will be encouraged; but no clear direction on structure
- Quality vs. volume and traditional fee for service
- No overall increase in GME slots, with projection of Medical School graduates exceeding GME slots by 2016
- No real tort reform
- Decreased capitalization

Potential Benefits of Reform

- More insured individuals
- Increased emphasis on quality and outcomes
- Increased emphasis on value of electronic medical records and information technology
- Increased emphasis on coordination of care