ACADEMIC MEDICAL CENTERS IN A SAFETY NET HEALTH CARE DELIVERY SYSTEM

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One of the largest challenges in the health care industry today is identifying ways to provide care for the 44 million uninsured in the U.S..

Who Are the Uninsured?

The Uninsured Represent a Broad Demographic Profile

Two-Thirds of Uninsured Americans Are Employed

According to the National Association for Public Hospitals and Health Systems (NAPH), the health care market is in turmoil due to several factors including fewer people working, increases in health care premiums, more employers shifting health care costs to their employees or not offering health insurance coverage at all.

Across the country initiatives are being developed to:

- Obtain coverage for the uninsured by changing institutional policies and programs
- Increase access to services at the local level
- Focus on prevention and public health

“In Action Where It Counts: Communities Responding To The Challenge of Healthcare for the Uninsured”

In March 2000, the Institute of Medicine released a study entitled “America’s Health Care Safety Net: Intact but Endangered” that defined a Safety Net as:

“Those providers that organize and deliver a significant level of health care and other health-related services to uninsured, Medicaid and other vulnerable patients.”


Safety Net Health Systems Have Two Distinguishing Characteristics:

- They maintain an “open door”, usually offering access to both inpatient and outpatient services to uninsured or under-insured patients
- They represent a significant proportion of the preventive, acute and chronic health care services delivered to uninsured, Medicaid and other vulnerable populations in their region

“In America’s Health Care Safety Net: Intact but Endangered”
Institute of Medicine Report, 2000

The nation’s health care safety net for low income and uninsured has grown somewhat stronger over the last 8 years. The safety net varies from community to community and can include various configurations of public and private hospitals, community health centers (CHC’s), local health departments, free and school-based clinics and physician charity care.


In 2000, hospitals across the country provided approximately $21.6 billion in uncompensated care.

“AHA/Health Forum Annual Survey Data, 2000

NAPH members provide a disproportionate amount of care to the uninsured and underinsured.

- Member institutions represent only 2% of hospitals nationally
- NAPH members provided over $4.8 billion (22%) of total hospital uncompensated care in 2000
- Approximately ¼ of the costs at NAPH member hospitals are uncompensated, compared to an avg of 6% for all hospitals.

The Ecology of Safety Net Care

Healthy

with

unmet

needs

Healthy

with

episodic

needs

Chronically

ill

Healthy

Current Financing Programs for Safety Net Hospitals

- Medicaid Disproportionate Share Hospital (DSH)
- Medicaid Non-DSH Supplemental Payments (Upper Payment Limit (UPL))
- Medicare DSH
- Medicare Graduate Medical Education
- 340B Drug-Discount Program
- State and Local funding

Safety Net Hospitals are Struggling to Continue to Provide Uncompensated Care

- Almost half of the NAPH members experienced negative margins in 2000
- Like many hospitals across the country, NAPH facilities are faced with increased personnel costs due to staffing shortages and rising costs of drugs and supplies.
- NAPH members rely disproportionately on governmental payers (Medicare, Medicaid and State/Local governments) to fund over 80% of their services.

Sources of Financing for Unreimbursed Costs at NAPH Hospitals and Health Systems, 2000

- Medicaid DSH: 28%
- Local/State Subsidy: 39%
- Other: 24%
- MCR DSH: 5%
- MCR IME: 4%

Safety net health systems can no longer “cost shift” and use profits from other payers to cover the costs for the uninsured:

- Growth in managed care plans
- Changes in reimbursement from government-sponsored programs (Medicaid and Medicare)
- Increasing competition in many health care markets for “paying” patients
Strategies Communities Can Use to Address the Uninsured Issue

- Strengthen community “Safety Nets” through relationships between providers (e.g., hospitals, physicians, clinics, health departments, agencies)
- Apply managed care principles for ideal allocation of resources for preventive, acute, emergent and chronic care
- Construct prescription formulary that is evidence-based
- Improve coordination of services through case management and care coordination
- Enhance community collaborations to increase enrollment in Medicaid and FAMIS
- Exhaust all opportunities to capture public and private funding sources
- Develop low cost health insurance options for working poor

The VCU Health System is the provider of the majority of health care for the uninsured and underinsured in the Central Virginia region.

In FY 2003, the VCU Health System provided over $108 million in indigent care to patients

Cost of Care to the Uninsured

<table>
<thead>
<tr>
<th>VCUHS Distribution of Costs for Care of Uninsured</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Inpatient*</td>
<td>48.5%</td>
</tr>
<tr>
<td>Outpatient/Diagnostic</td>
<td>24.5%</td>
</tr>
<tr>
<td>Faculty</td>
<td>13.5%</td>
</tr>
<tr>
<td>Emergency Department</td>
<td>6.5%</td>
</tr>
<tr>
<td>Outpatient Medications</td>
<td>6.0%</td>
</tr>
<tr>
<td>Community Physicians</td>
<td>1.0%</td>
</tr>
</tbody>
</table>

*Includes services for Trauma, NICU, Burn and Transplant patients

With the increasing pressures to identify funds to care for the uninsured and the underinsured while reducing the cost of these services, the VCU Health System has sought alternatives to providing services to these populations

VCUHS Partnerships and Programs

- Clinical Services partnership with the Richmond City Department of Public Health
- Partnership with RCDPH for the AIDS Drug Assistance Program (ADAP)
- Virginia Coordinated Care for the Uninsured Program (VCC)
- Jenkins Care Coordination Program
- Participation in REACH
- Partnership with The Healing Place/Social Detox Unit
- Hayes E. Willis Health Center

Virginia Coordinated Care For the Uninsured (VCC) Program

Goals
- Utilize managed care principles to support a defined population
- Support a centralized/automated Financial Screening process
- Establish Primary Care Physician (PCP) centered care
- Partner with Community Primary Care Physicians and Specialty Physicians
- Reduce the average cost per unit of service
- Improve the health status of the population
Number of Uninsured Patients Receiving Services through the VCU Health System

Virginia Coordinated Care Service Area

Virginia Coordinated Care For the Uninsured (VCC) Program

Summary
- Implemented November 15, 2000
- Annual enrollment for FY03 was 13,300 patients (original projection was 15,000)
- Monthly enrollment is approximately 8,900 patients
- Approximately 84% of the VCC patients are "paneled" to Community providers
- 24 community primary care physicians, representing 22 practices, participate in the VCC program
- Community Specialists: 3 ophthalmologists; 1 rheumatologist and 1 neurologist are currently participating in the program
- 8 community safety net providers care for VCC patients

Jenkins Care Coordination Program
- In 1998, received a 5-year grant from the Jenkins Foundation for $1.3 million to coordinate services for uninsured and underinsured patients who inappropriately utilize the VCUHS Emergency Department
- Program Goals:
  - Coordinate services across organizational boundaries
  - Increase appropriate and cost-effective utilization of health resources

VCC Outcomes
- Reduced overall cost of providing primary care through community partnerships
- Program is supported by the Jenkins Care Coordination Program to modify inappropriate utilization of services
- Currently in negotiations with a local hospital to provide services to the VCC population to obtain access to a lower cost inpatient setting
Jenkins Foundation Care Coordination Model

LEGEND

Comm. Physicians
Safety Net Providers
Human Services Agencies
Community* = Community physicians who serve uninsured patients, community-based Safety Net Providers and local agencies

\[ \text{Care Coordinators} \leftrightarrow \text{Jenkins Care Coordination Program} \leftrightarrow \text{Nurse Case Managers} \leftrightarrow \text{Outreach Workers} \]

Emergency Room VCUHS Visits for the Uninsured

<table>
<thead>
<tr>
<th>Diagnosis</th>
<th>Visits</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chest Pain</td>
<td>1,001</td>
<td>3.9%</td>
</tr>
<tr>
<td>Abdominal Pain</td>
<td>1,346</td>
<td>4.9%</td>
</tr>
<tr>
<td>Sprains and Strains</td>
<td>1,567</td>
<td>7.1%</td>
</tr>
<tr>
<td>Back Problems</td>
<td>1,127</td>
<td>3.7%</td>
</tr>
<tr>
<td>Upper Respiratory Infections</td>
<td>1,131</td>
<td>3.7%</td>
</tr>
<tr>
<td>Urinary Tract Infections</td>
<td>765</td>
<td>2.5%</td>
</tr>
<tr>
<td>Headaches/Migraines</td>
<td>822</td>
<td>2.7%</td>
</tr>
<tr>
<td>Dental Services</td>
<td>1,095</td>
<td>3.6%</td>
</tr>
<tr>
<td>Total ED Visits = 30,191</td>
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Jenkins Care Coordination Program: Progress Toward Goals

- Over 15,000 patient interventions/contacts made through 3 quarters of this fiscal year
- Ability to make appointments with a Primary Care Nurse Practitioner within 72 hours after an ED visit
- Provided follow-up to VCC patients who visited the Emergency Room more than 3 times resulting in a 9% reduction in total visits for this group

REACH

- Developed a coalition with 8 Safety Net provider organizations to identify mechanisms to improve access to health care for the uninsured and underinsured in the Greater Richmond Metropolitan area
- Collaborating with Bon Secours and HCA to develop a low cost pharmaceutical model for uninsured
- Researching models to improve access to behavioral health services
- Identifying options for small employers to offer low cost health care benefits

Community Access Program (CAP) Grant

- With VCU as the fiscal intermediary, REACH has been awarded over $2.5 million from HRSA
- Funding has been utilized to develop a web-based program (MOREAccess) to assist Safety Net providers in financially screening patients to determine eligibility for programs such as Medicaid or FAMIS
- In the process of developing Case Management and Pharmacy Eligibility modules

Social Detoxification Unit

- Partnership with The Healing Place to establish a 6 bed detoxification unit for patients who are seen in the VCUHS Emergency Room
- Purpose is to provide alternative treatment program for those presenting to the ED with a primary diagnosis of alcohol and substance abuse problems, with no medical complications
- Avg. Cost for similar programs across the country is $25/day
- In FY02, cost of inpatient services for uninsured with primary diagnosis of substance abuse was approx. $487,000
### Hayes E. Willis Health Center of South Richmond

- Community-based health center that offers Family Medicine, Women’s Health and Pediatric services
- Center also provides screening and treatment for STD’s
- Houses the Arthur Ashe Early Intervention Program
- Financial and Medicaid/FAMIS eligibility screening at the Center

### Hayes E. Willis Health Center is a major provider of Primary Care Services in South Richmond

- Over 15,000 annual visits
- Continues to operate Family Medicine, Women’s Health and Pediatrics modules
- 22 Staff and 2.8 Physician FTE’s
- Approximately 45% of the patients have no insurance; another 34% are Medicaid recipients
- Serves a large Hispanic population (approximately 10% of the patients)

### Future of Hayes E. Willis Health Center

- Annual budget is approximately $1.5 million
- Center experiences a loss of approximately $500,000
- In the process of researching eligibility for Federally Qualified Health Center status

Addressing the issues related to caring for the uninsured and underinsured will require innovative strategies and solutions. There is no "right answer" that can be applied across the country!

Creativity and collaboration are the keys to identifying successful strategies!!!