



Focus



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West Virginia Legislature 2005 A New Session Begins



The 2005 legislative session begins on February 9, 2005, and runs through April 9. The West Virginia Hospital Association's (WVHA) advocacy agenda for the session reflects its mission, vision and goals for ensuring continuity of care and maintaining broad-based access to healthcare services throughout West Virginia. Following are a few of

the issues on which the Association will focus:

- ⇒ Maintaining Medicaid funding;
- ⇒ Ensuring a stable medical liability insurance environment;
- ⇒ Addressing healthcare workforce issues, including supply, recruitment and retention; and
- ⇒ Extending the Health Care Authority's sunset and responding to other regulatory issues.

Medicaid. In West Virginia, the Medicaid program has significant fiscal and social implications in terms of our population's health, as well as the viability of the healthcare system and its role in our economy. There are few, if any, options for reducing current funding levels or reducing eligibility and benefits. In fact, reducing eligibility could backfire and force the state's most vulnerable population to delay care until their condition deteriorates and requires more costly emergency attention. The WVHA supports initiatives

that protect, maintain and enhance the Medicaid program.

Medical Liability Insurance. The WVHA supports protection of House Bill 2122 and keeping the focus on available and affordable professional liability insurance to ensure an adequate healthcare workforce.

Healthcare Workforce Issues. West Virginia, like other states, is experiencing a tightening labor pool for nurses, pharmacists and other personnel critical to the healthcare workforce. The WVHA supports initiatives to help improve the supply, recruitment and retention of healthcare professionals, as well as initiatives that enhance the state's nursing education programs.

Health Care Authority's Sunset. The Association supports legislation extending the Health Care Authority. The WVHA is recommending that a *Blue Ribbon* panel be created to assess the financial viability of hospitals, including evaluating the impact of state government payment shortfalls and their impact on hospital rate settings.

While these issues will remain at the forefront of advocacy efforts, the WVHA will also provide input on other important developments inside and outside the healthcare arena throughout the session. Legislation affecting hospitals will certainly arise during the session, and, along with the key priorities previously identified, the WVHA will ensure that policymakers hear the strong, united voice of (Cont. on Page 2)

(Cont. from Page 1) West Virginia's hospitals.

To assure success in achieving its legislative initiatives, the WVHA will once again implement its Member Participation Program during the 60-day Regular Session. The WVHA has targeted Wednesdays as *Lobby Days* so that its members may come together in Charleston and meet with legislators to discuss the critical challenges facing hospitals. This follows a successful round of Fall Legislative Advocacy Workshops held throughout the state where WVHA members took advantage of an early opportunity to apprise their legislators of the hospital community's position on advocacy issues. Look for more information on the 2005 legislative session in upcoming issues of Focus, or visit www.wvha.org.

WVHCA Annual Report 2004

As the 2005 legislative session approaches, the West Virginia Health Care Authority (WVHCA) has released its Annual Report 2004, confirming the continuing decline of the financial status of West Virginia's hospitals. The report, posted at www.hcawv.org, confirms many of the same findings previously reported by the West Virginia Hospital Association (WVHA) regarding hospitals financial status for fiscal year 2003 and underscores the importance of protecting and maintaining the state's Medicaid program.

Specifically, the Authority's report found that only 19 of West Virginia's 41 acute-care hospitals reported profit in 2003, and only four of the 19 profit-reporting hospitals had operating margins of five percent or better. Operating losses for the remaining 22 hospitals ranged from 0.2 percent to nearly 23 percent.

"The Board continues to be concerned about the declining financial position of a number of West Virginia facilities," said Authority Chairwoman Sonia Chambers. "In the face of declining reimbursement hospitals will have to work together in new and different ways. The Authority will be stepping up its efforts to explore how it can encourage facilities to work together."

Chambers said hospital expenses increased only 6.6 percent in 2003, but said patient revenue has declined as underinsured or uninsured patients have increased. The amount of uncompensated care, which was 6.2 percent of all patient revenues, was roughly unchanged from 2002, according to Chambers.

West Virginia Hospital Association President and CEO Steven Summer said the Authority's report reaffirms what the hospital industry has been saying for some time.

"The bottom line," said Summer, "is that most hospitals can't survive on income from patient care. The biggest challenge we face is the growing population of people with non-commercial insurance."

Summer said a significant percentage of West Virginians are insured through government-operated plans, such as Medicare, Medicaid and Public Employees Insurance Agency, which set low reimbursement rates for healthcare services.

Some Unique Challenges for WV Teaching Hospitals

- ⇒ *Increases in payments to hospitals for services to Medicaid patients have not kept pace with inflation for the past 10 years. While medical inflation has increased over 30 percent during the last 10 years, total Medicaid payments to all hospitals have increased only 3.5 percent.*
- ⇒ *A static population. Most hospitals in the United States depend on a growing population to provide economic fuel for growth. West Virginia's population, however, has declined during the last decade.*
- ⇒ *The state's population over the age of 65 is near the top of the list. This segment of the population requires extraordinary medical resources for their care.*
- ⇒ *Malpractice. Recent tort reform changes have brought about improvement in this area. This is recently evidenced by the number of physicians recruited to West Virginia. However, it will take years to see the benefits of this legislation. In the meantime, physicians and hospitals can be frustrated and discouraged by the large premiums for coverage.*

Teaching, or tertiary, hospitals are a vital part of West Virginia's healthcare safety net, providing care to thousands of the state's underinsured and uninsured. They educate and train future medical professionals, conduct state-of-the-art research, care for the poor and uninsured, and provide highly specialized clinical care to the most severely ill and injured patients.

Special services, which include burn units, transplants, neonatal care and trauma centers, are costly to maintain, but vital to the communities teaching hospitals serve.

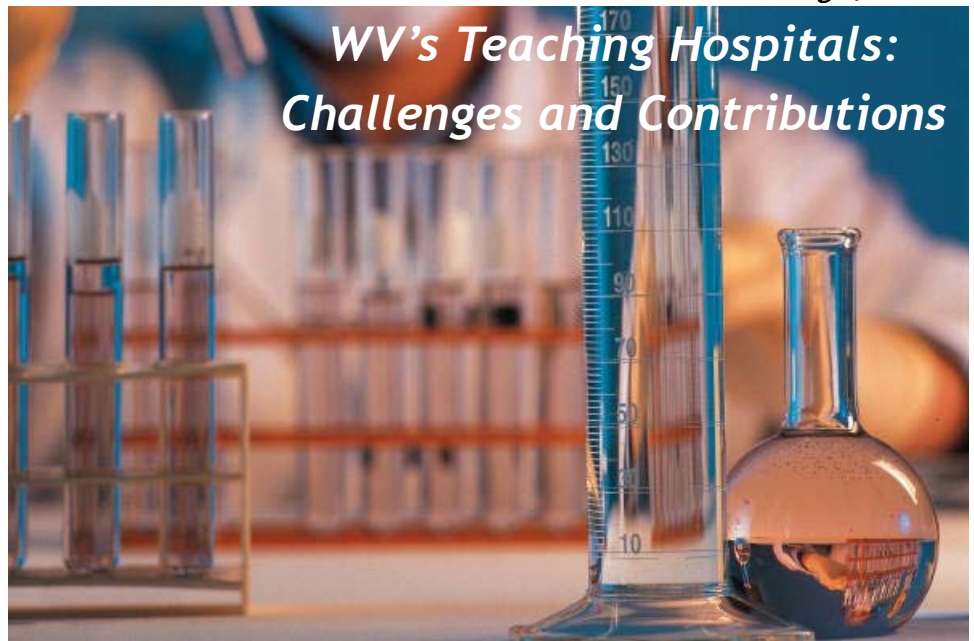
According to a recent study by the Association of American Medical Colleges, U.S. teaching hospitals

and medical schools generated more than \$326 billion in economic activity in 2002. These institutions also helped generate \$14.7 billion in state government revenues. Nationwide, teaching hospitals and medical schools are major employers – accounting for 2.7 million jobs directly or indirectly in 2002.

This is certainly true for West Virginia. According to David Ramsey, CEO of Charleston Area Medical Center (CAMC), West Virginia's major teaching hospitals – CAMC, WVU Hospitals, Cabell-Huntington Hospital, and St. Mary's Medical Center – employ over 13,000 West Virginians and contribute over \$3.5 billion to our state's economy. West Virginia teaching hospitals paid more than half a billion dollars in payroll and benefits last year. They have a \$3.5 billion effect on the economy, which approximates the size of the state general revenue budget (based on the ripple effect of a \$1.7 billion dollar cash flow).

These same major teaching hospitals are facing significant financial challenges, including increases in uncompensated healthcare and losses from government payers. Collectively, according to Ramsey, in 2003 tertiary hospitals lost \$48 million providing care to Medicaid recipients and also provided \$106 million in uncompensated healthcare.

"At the present time, teaching hospitals are providing clinical training to over 530 interns and residents in any given year," said Ramsey. "However, the hospitals lack funds for desperately needed new residency programs in the critical care specialties including orthopedics, urology, critical care medicine and emergency



WV's Teaching Hospitals: Challenges and Contributions

medicine."

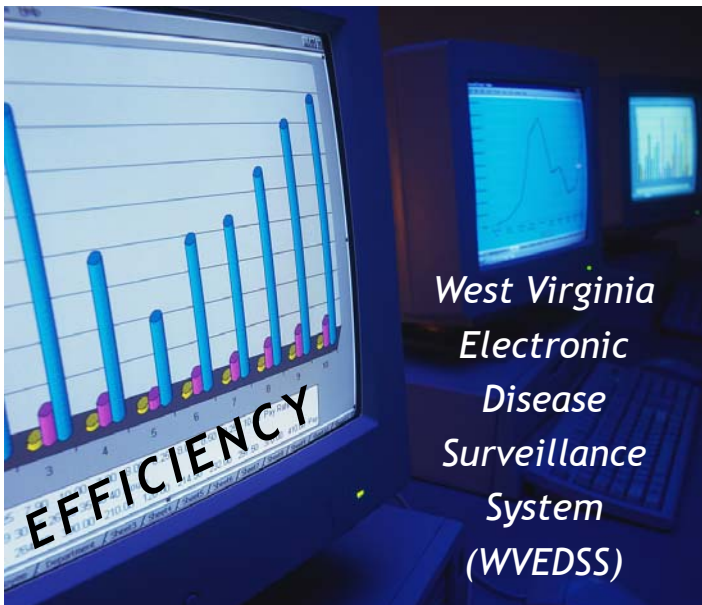
Academic medicine has suffered from Medicaid budget cuts in the past. In November 2002, for example, a 3.4 percent state Medicaid budget reduction eliminated \$520,000 from the Marshall University Joan C. Edwards School of Medicine's \$15.1 million state support.

Growing numbers of the uninsured greatly burden teaching hospitals. In a recent study by the American College of Emergency Physicians, seven in 10 (72 percent) of emergency physicians say the number of uninsured patients they treated in 2003 increased, and eight in 10 (79 percent) say it's likely to increase in the coming year.

This opinion poll of nearly 2,000 emergency doctors showed overwhelming agreement that the uninsured patients they treat are more likely to delay care, suffer from illness, and put their physical and financial health in jeopardy than are patients who have healthcare coverage.

Because West Virginia's teaching hospitals provide care to a disproportionately large Medicaid and uninsured population, they constantly struggle to find the necessary funds to provide care to those who cannot afford to pay. The continuation of state fiscal relief initiatives goes a long way to ensure that teaching hospitals continue to deliver the range of services their communities have come to expect.

Conversely, Medicaid budget cuts could prove a nightmare of overcrowded emergency rooms, reduced services and rising uncompensated care in West Virginia's tertiary hospitals. This is just one of a number of reasons why protecting, maintaining and enhancing the West Virginia Medicaid program is of critical importance.



Imagine that an unidentified virus shows up in three West Virginia residents who have just returned from a camping trip in Oregon. To determine a course of treatment, hospital officials in West Virginia need to know if any similar cases have surfaced in the northwestern United States. Time is critical because the patients' conditions are deteriorating rapidly. What will officials do? Accessing the National Electronic Disease Surveillance System (NEDSS) for instance and possible live-saving information is an excellent start.

NEDSS is an initiative by the Centers for Disease Control (CDC) that promotes the use of data and information standards to advance the development of efficient, integrated, and interoperable surveillance systems at federal, state and local levels. NEDSS aims to have integrated surveillance systems able to transfer appropriate public health, laboratory, and clinical data efficiently and securely over the Internet. This will revolutionize public health by gathering and analyzing information quickly and accurately, improving the nation's ability to identify and track emerging infectious diseases and potential bio-terrorism attacks, as well as to investigate outbreaks and monitor disease trends.

NEDSS doesn't have the functionality needed by healthcare providers or local health departments for public health disease investigation or for reporting to the state health departments, so many states have opted to develop their own NEDSS compliant systems. The West Virginia Electronic Disease Surveillance System (WVEDSS) is part of this agenda. Simply put, says Harlan Amandus, Ph.D., WVEDSS Project Manager, "The goal of WVEDSS is to replace the present paper reporting system."

Hospitals participating in the WVEDSS pilot project are: Cabell-Huntington Hospital, Camden Clark Memorial Hospital, Charleston Area Medical Center, Raleigh General Hospital, West Virginia University Hospital, and Wheeling Hospital. Hospitals were chosen based on geographic area and number of cases reported during 2002-2003. Hospitals will report their data within a two-month timeframe.

Presently, WVEDSS supports reporting all mandatory reportable infectious diseases except STDS, HIV/AIDS, and TB. Future versions are planned to include all reportable infectious diseases when program area modules (PAMs) can be developed. Federal HRSA grant funds are available through WVBPH and are administered by the West Virginia Hospital Association (WVHA).

"WVEDSS is another giant leap into the information age," said Amy Veazey, Director of Emergency Preparedness. "It's a great example of using federal HRSA funds to fulfill a dual purpose. It addresses the HRSA requirement of being able to quickly and effectively track events that could be indicative of bioterrorism while simultaneously improving day to day hospital operations through automation and improved communication with public health."

"The vision of WVEDSS is to have all public health agencies and all healthcare providers operational and reporting electronically by 2006, and to have all hospital, reference, and the state public health laboratories reporting electronically within five years," Amandus said.

Wear Red Day for Women

February 4, 2005

Heart disease is the number one killer of women in America. On February 4, 2005, national landmarks and hundreds of thousands of Americans will wear red to support women and fight heart disease.

Visit www.amhrt.org

Together we can make a difference!