HEALTH CARE ADVISORY BOARD

Meeting Summary
November 12, 2007

MEMBERS PRESENT
Marlene Blum, Chairman
Bill Finerfrock, Vice Chairman
Rose Chu, Vice Chairman
Rosanne Rodilosso
John Clark
Dave West
Francine Jupiter
Ellyn Crawford
Tim Yarborough

STAFF
Sherryn Craig

GUESTS
Dr. Gloria Addo-Ayensu, Health Department
JoAnne Jorgenson, Health Department
Rosalyn Foroobar, Health Department
Pat Trahan, Health Department
P.J. Maddox, PhD, George Mason University
Mark Runyon, Inova Health System
Ron Ewold, Inova Health System
Kylanne Green, Inova Health System
Anne Rieger, Inova Health System
Geoffrey Delizzio, Inova Health System

The meeting was called to order at 7:40 pm.

Approval of the Minutes

The minutes of the October 10, 2007 HCAB meeting were accepted as corrected.

Inova Budget Presentation

Mark Runyon began his presentation with a housekeeping item. Inova is looking to increase the number of long-term acute beds. Long-term acute care involves services that extend beyond a med-surge day. Mark said Inova would bring its Certificate of Public Need (COPN) to the HCAB around December or January.

Additionally, the Prince William merger is pending regulatory approval.

Revenues

Mark reviewed Inova's performance during the last half of Fiscal Year (FY) 2006. Patient volume increased in the 3rd quarter and was up 2.5 percent over the previous year. Outpatient business increased 2.5 percent and Emergency Department (ED) volume increased 4 percent over FY 2005.

Mark stated that net revenues in FY 08 will be weaker than expected with a 7 percent increase over Inova's FY 2007 projections. Inova has experienced incremental volume growth during FY 07 with slower growth occurring in Mount Vernon and Alexandria and higher growth in Loudoun and Fair Oaks. Increases in charity care and changes in Medicare were cited as primary drivers for weak revenue growth.

Expenses

Mark said Inova performed better on expenses in the current fiscal year. Total expenses for FY 07 are projected at $139 million, $5 million better than FY 06. Inova was $14 million under plan in capital expenditures for FY 2007. Cost savings were achieved by reducing patients' average length of stay, even though patient acuity increased 3 percent over FY 06.

Mark said Inova would experience greater earnings pressures in FY 08. Charity loads were projected to increase 16 percent over FY 07. Changes in Medicare and Medicaid rates were expected to reduce Inova's reimbursements. Mark said that for every $1 spent on Medicare patients, the hospital was reimbursed 74 cents. For every $1 spent on Medicaid patients, the hospital was reimbursed 66 cents. Additionally, the high cost of labor and Inova's ongoing bed-side nursing initiative (200 out of the required 320 FTE nurses have been hired) were expected to affect FY 08 earnings. Mark reported that Inova experienced a 23 percent increase in agency spending in FY 07 to fill staffing shortages. Operating expenses, such as heating oil, electricity, and technology, were expected to increase 9.5 percent over FY 07 costs. FY 08 pharmaceuticals and medical/non-medical supplies were budgeted to increase by 9.6 percent and 7.2 percent respectively due to increased volumes, inflation, and the introduction of new drugs and technology. Lastly, capital expenditure requirements would provide little return for operations revenue.

Bill Finerfrock noted that Inova's FY 07 pharmaceutical expenses were under budget. He wanted to know if Inova's estimate was wrong or if cost-efficiencies had been achieved. Mark explained that some of the gains Inova experienced last fiscal year in lowering drug costs were one-time savings. Cost efficiencies were achieved for FY 07 (e.g. cardiology drugs, cancer adjunct drugs, and fifth generation antibiotics), but would not translate beyond FY 08.

Rate Increase

An increase in Inova's expenses was cited as the reason for a rate increase of 4.9 percent. Bill Finerfrock asked Mark to explain Inova's payor mix. Medicare makes up 30 percent of the payor mix with Medicaid and Self Pay/Charity comprising 8 percent each. Bill observed that 54 percent of Inova's $142 million in profits was derived from Managed Care payors. Mark noted that the payor mix was comparable to that of Catholic hospitals to which Bill replied that Catholic hospitals do not report bad debt on community programs. Mark said the rate increase was in line with Inova's 5-year-rate-increase average, which has ranged from 3.8 – 5 percent. Moreover, Mark said other hospitals in the state were averaging increases of 9-10 percent, making Inova's planned increase more reasonable.

Bill Finerfrock suggested that the HCAB have a meeting on charity care. Based on the Virginia Health Information (VHI) database, Bill noted that Inova does not compare well to other institutions around the state. Bill said VHI's methodology may not be the appropriate metric for charity care, but that there must be a better way to compare hospitals' ratios of profits to charity care. Marlene said the HCAB would schedule a future meeting.

John Clark asked what factors are considered when Inova negotiates managed care contracts. Kylanne Green said there were a variety of factors that were considered, but that Inova makes a point to keep HMOs and PPOs level.

Another labor expense that Inova was absorbing was the decision to pay physicians for ED calls for charity patients. This led to a discussion of Inova's marketing of Emergency Room care for Fairfax County residents. Marlene Blum shared a brochure that she received in the mail that described Inova's Emergency Room facilities for patients seeking routine care. Marlene asked why Inova was marketing its ER capabilities when this type of care was the most expensive to provide. Mark said he was not familiar with the marketing campaign, but that if the initiative was targeted toward paying customers, it may defray the costs of providing 24-hour care.

Capital Expenses

Mark briefly discussed Inova's schedule of capital projects. Over the next 5 years, Inova is planning to spend $1.8 billion in capital improvements. $750 million of that total will be spent renovating the Inova Fairfax facility. A new facility will be built in front of the existing tower and the current tower will be retrofitted. Mark cautioned that building plans have not yet been finalized. Besides the Fairfax Campus Projects, Inova is planning improvements at Loudoun, Alexandria, Mount Vernon and Fair Oaks. As a result, Mark said there will be more pressure to maintain earnings as Inova looks to borrow more money.

Community Health Programs

Anne Rieger provided an update of Inova's community health programs. A substantial cost increase in the OB-GYN clinic was projected for FY 08, primarily because Inova was adding a number of physicians to the staff. Currently, the clinic is staffed by residents. The net cost of the Pediatric Center was also expected to increase due to increases in FTE staffing.

For FY 08, Inova projects increased revenues for the Pediatric Nephrology program. Staffing patterns will remain the same.

Anne corrected the Healthsource line to account for flu shot revenue. The FY 07 net cost of the program was changed from $1.6 million to $640,000. Inova expects to capture greater flu shot revenue in FY 08.

In response to a question about Beginning Steps for Parents, Anne said the program would be continued through the OB-GYN Clinic.

Anne amended the numbers for the Fairfax County Detention Program administered at Mount Vernon Hospital. In FY 07, Inova administered 581 temporary court orders and 576 temporary court orders are projected for FY 08.

The Diabetes Program measure was clarified from visits to all encounters.

In FY 08, The Partnership for Healthier Kids will have 1 FTE to serve as a liaison with the schools.

A question was asked about identifying new community programs. Anne said that no new programs have been identified, but that Inova would continue to strengthen and improve its existing programs.

HCAB Action

Marlene Blum reminded the HCAB that, in order to comply with the requirements of the Lease Agreement, a memo should be sent from the HCAB to the Board of Supervisors saying that Inova staff had made a presentation on the 2008 Budget to the HCAB and that the HCAB had an opportunity to discuss the budget with the Inova staff. Marlene said that the memo usually summarized the budget presentation and that the HCAB could also choose to comment on the rate increase--either positively or negatively--or not comment.

John Clark moved that the HCAB send such a memo to the Board of Supervisors that would include a comment on patients' average length of stay. Rosanne Rodilosso

seconded the motion.

Bill Finerfrock moved the following amendment: that the HCAB's memo should state that Inova had not provided adequate justification for the rate increase. Marlene Blum seconded the motion.

After discussion, Bill Finerfrock's motion to amend was approved by a vote of 5 - 4. A vote was then taken on the main motion, which was approved by a vote of 6 - 3

School Health Study Presentation

Rosalyn Foroobar, Bill Finerfrock, Dr. P.J. Maddox, and Pat Trahan summarized the findings and recommendations of the School Health Study report. Rosalyn provided an introduction to the School Health program.

The Fairfax County Health Department, in collaboration with the Fairfax County Public Schools (FCPS), provides health services to FCPS students to ensure that each school-aged child (2-22 years-old) has an optimal learning environment. The Health Department has been providing school health services since 1957. FCPS is the largest school district in Virginia and the 13th largest in the United States: 137 Elementary Schools, 22 Middle Schools, 4 Secondary Schools, 21 High Schools, and 56 Alternative/Specials Education Programs or Centers. An estimated 164,843 students are enrolled in FCPS for the 2007-2008 school year.

The School Health program employs 59 Public Health Nurses (PHNs) and 221 Clinic Room Aides (CRAs). However, the number of PHNs and the ratio of nurses-to-students vary by District Office. The Mount Vernon office has the smallest number of nurses (n=9) and the highest nurse-to-student ratio with 1 PHN to 3,400 students.

Bill Finerfrock discussed why the study was undertaken. The School Health program experienced increased pressures to meet growing demands for a variety of health services, including existing needs, mandated services, and new requests. There was difficulty balancing the realities of stakeholder expectations and living with maxed-out resources and staffing. Lastly, School Health and County leadership were concerned about the adequacy of program staffing and the use of nurse-to-student ratios.

The Health Department sponsored the study, and an external consultant—George Mason University—was used to conduct the research. Several groups participated in the project steering committee, including the FCPS, Medical Society of Northern Virginia, Emergency Medical Service (EMS), Health Department, and Parent and Teacher Associations (PTAs). The Study Group reviewed new and available data, surveyed stakeholders, conducted focus groups, and reviewed population health trends. The steering committee's charge was: (1) Identify the essential role of school health nursing services; (2) analyze the demand (current and projected) for school-based

health services; (3) Identify gaps in program capacity; and (4) develop an internal strategic plan.

Dr. Maddox outlined the steering committee's process. The following criteria informed the group's research:

- Current landscape of the School Health Program
  - Program mission, scope and operational plan (including staffing)
  - School Health Program strengths and weaknesses
  - Current resource distribution
- Regulatory requirements and mandated School Health services
- Current public health and population trends
- School Health service gaps and unmet needs
- Review of other School Health programs

The steering committee also made several assumptions during the study process. Despite flattening growth in total student population, the group assumed an increase in the number of students with health needs. Second, the group assumed an increase in the number of students with high-risk socio-demographic and complex health needs and uneven geographic distribution. Third, it was assumed that children's health status and County public health priorities would indicate the need for active health promotion and disease prevention programs (e.g. obesity, asthma, etc.). Fourth, County funding limitations would continue to pose a challenge given competing demands on the budget. Finally, the group assumed a gap between inadequate program resources and demands for School Health services.

Four recommendations emerged from the School Health Study:

(1) **Strengthen the partnership between FCPS and the Health Department by developing a program of strategic collaboration to optimize service delivery and coordination of school-based health and related social services.**

(a) Establish a Memorandum of Agreement (MOA) between Fairfax Health Department and the County School System.
(b) Implement interdisciplinary health teams for each school cluster (comprised of Health Department and school services personnel).

(2) **Reaffirm the School Health Program's mission and scope, aligning programs and service delivery to support all School Health program functions.**

(a) Reorganize School Health nursing services by FCPS cluster, differentiate PHN responsibility for health promotion and other health services/functions.

(b) Change the name of Clinic Room Aide and Clinic to Health Room Aide and Health Room.
(c) Revise the School Health Program performance measures and targets to include productivity, population impact and outcomes.

(3) **Match deployment of School Health resources to school health needs to improve program efficiencies and effectiveness.**

(a) Enhance School Health data collection infrastructure by integrating FCPS information system data (i.e. from SASI and new information systems) with a School Health Program Information System.
(b) Prioritize PHN deployment and increase school-based PHN staffing based on school need/intensity rating and increase PHN staffing to decrease PHN-to-school ratio.
(c) Establish prioritization plan for medical flag lists and student health plan development.
(d) Identify and implement collaborative and alternative strategies to leverage community resources (i.e. business/community organizations and school-linked volunteer programs).

(4) **Enhance support for effective school health program management/operations.**

(a) Explore school specific need/priority for an expanded CRA workday.
(b) Utilize Interdisciplinary Total Quality Improvement Teams.

Pat Trahan reviewed the Study Group's next steps. In the coming weeks, the group will work to consolidate the report and develop an operational plan for implementation. The group hoped to return to the HCAB in February and ask members to review and support the operational plan.

Ellyn Crawford asked if the revised report would include a section on anticipated pit falls. Rosalyn said that it would.

Marlene Blum suggested that the revised report expand on the funding levels needed to implement the report and that consideration be given to staging or phasing in the recommendations.

Rose Chu asked for clarification on the nurse-to-student ratios that were previously used. Rosalyn said that the group would provide greater context for this policy shift.

HCAB members with additional questions on the School Health Study were encouraged to submit their concerns or ideas to Sherryn.

The meeting was adjourned at 10:06 pm.