HEALTH CARE ADVISORY BOARD

Meeting Summary
November 9, 2009

MEMBERS PRESENT
Marlene Blum, Chairman
Bill Finerfrock, Vice Chairman
Rose Chu, Vice Chairman
J. Martin Lebowitz, MD
Timothy Yarboro, MD
Dave West
Ellyn Crawford
Francine Jupiter
John Clark

STAFF
Sherryn Craig

MEMBERS ABSENT
Rosanne Rodilosso
Susan Conrad

GUESTS
Richard Magenheimer, Inova Health System
Mark Runyon, Inova Health System
Pat Walters, Inova Health System
Anne Rieger, Inova Health System
Jennifer Siciliano, Inova Health System
Rosalyn Foroobar, Health Department
Denise Raybon, Countywide Prevention Coordinator

The meeting was called to order by Marlene Blum at 7:39 p.m.

Approval of the Minutes

The minutes from the October 21, 2009 HCAB meeting were accepted as submitted.

Update on Reston Hospital Rezoning Application

Marlene Blum reported that she received a phone call from Goldie Harrison, staff to Supervisor Catherine Hudgins (D-Hunter Mill). Ms. Blum walked Ms. Harrison through the HCAB's reasoning and offered to speak to Supervisor Hudgins if she needed additional information.

Sherryn Craig spoke to Suzanne Linn with the Department of Planning and Zoning. Ms. Craig learned that Reston Hospital had re-filed its application omitting bed counts on Friday, October 23. Mark Looney had stated during his presentation that Reston had re-filed its application prior

to the HCAB meeting. Ms. Craig will continue to work with DPZ staff and report back to the HCAB on the outcome of the applicant's hearing before the Planning Commission.

Inova FY10 Fiscal Plan

Richard Magenheimer, Chief Financial Officer (CFO), introduced Inova's FY10 Fiscal Plan. He noted certain economic conditions were not represented in the FY10 budget. Specifically, Inova's retirement program, half of which is constituted in a defined benefit annuity, will require a substantial infusion of funds in order to shore up 2008 losses. Mr. Magenheimer estimated this funding to be upwards of $90 million.

Despite having the lowest revenue growth in the organization's history, Mr. Magenheimer reported that Inova is having, financially, one of its most successful years. Much of this success stems from the organization's decision to retool its budget, managing for lower patient volumes and controlling for expenses.

Moreover, Inova is positioning itself to respond to future policy and financing changes (e.g. health care reform, expiration of federal stimulus funds to Medicaid, etc.). Mr. Magenheimer asked the HCAB to view the FY10 Fiscal Plan not as a snapshot, but as a marker of Inova's cost restructuring efforts.

Mark Runyon, Senior Vice President (SVP) of Finance, explained the challenges Inova faced at the beginning of FY 09. Inpatient admissions were under plan; charity care was 18% above prior year. Mr. Runyon stated that the only way Inova would achieve its FY09 Plan was to initiate immediate cost reductions. Many of these measures translated into improved medical outcomes.

- *Case Mix Adjusted Length of Stay* – Throughout 2009, facilities identified and corrected operational inefficiencies and practice patterns resulting in unnecessary discharge delays. This work culminated in a reduced case mix adjusted length of stay from 3.64 days in 2008 to 3.53 days in 2009. In total, there were over 11,000 fewer projected inpatient days—a 3% improvement for patients that were 2% sicker.
- *Mortality* –For nine of the last 12 months, Inova's severity adjusted mortality rates (i.e. observed mortality vs. expected mortality) has been in the top 15th percentile of national performance.
- *MRSA Reduction* – Inova facilities implemented specific initiatives targeted at reducing the spread of Methicillin-resistant Staphlococcus aureus (MRSA). Inova's MRSA infection rate decreased by 61% from 2008 through September 2009.
- *C. Diff Reduction* – Inova's efforts to reduce Clostridium difficile (C. Diff.) infections in early 2009 has resulted in a 32% drop in C.Diff. infection rates system-wide.
- *Ventilator Acquired Pneumonia* – Implementation of specific protocols for care of ventilator assisted patients has led to a 42% reduction in ventilator associated pneumonia in the last year.

A recent *New York Times Magazine* article on evidence-based medicine was discussed briefly. Sherryn Craig will provide copies of the article to HCAB members.

Several Inova facilities were recognized for their excellence in patient care and clinical outcomes.
Mr. Runyon briefed the HCAB on service enhancements initiated in 2009. These initiatives included:

- *Reducing Emergency Department Wait Times* – Inova invested over $6 million in ED systems and implemented process changes at all location. These investments have yielded dramatic improvements in patient wait times. Since December 2008, system discharged patient turn around times (i.e. door to discharge) have improved by 45 minutes, or 22%.
- *Breast Care Navigators* – Breast Care Navigators were established at each of Inova's acute care facilities. Through teamwork, collaboration, and standard education and training, these navigators are improving access and helping to provide individualized care by assisting with information and advocacy, and coordinating appointments for surgery, radiation, oncology, psycho social support, and genetic counseling.
- *New Inova Juniper Program in Arlington* – Inova opened a new location in Arlington. Inova also operates services in Springfield, Alexandria, Dumfries, Reston, and Manassas.
- *Reston InovaCares Clinic for Children* – In June 2009, Inova opened a new satellite children's clinic in Reston. The clinic was designed to serve the needs of children of low income families. Through the main location of InovaCares Clinic for Children in Falls Church, Inova now cares for over 20,000 patients each year at its central and satellite sites.
- *New InovaCares Clinic for Women and Children* – In 2009, Inova opened its new expanded location for the InovaCares Clinic for Women and Children. This clinic was designed to provide health services for low-income and uninsured patients who do not have access to care with private physician practices. The new center has expanded exam rooms and an on-site laboratory. Another key feature of the new space is co-location of other community organizations which provides patients with instant access to a variety of healthcare-related services.
- *Fair Oaks Medical Office Building, Ambulatory Surgery Center, and Parking Garage* – A new four-level medical office building that includes a 23,000 square foot Ambulatory Surgery Center and a 950 space parking deck are now in service at Inova Fair Oaks (IFO). These improvements will help Inova meet the growing demand for services and improve patient access.

Dr. Yarboro noted that IFO was also a magnet center for nursing. Mr. Runyon explained that facilities with this distinction are committed to providing a higher standard of nursing care that includes hiring, training, and moving nurses along a career path.

Mr. Runyon reviewed FY09 financial results. Low patient volumes and high charity care characterized the first quarter of FY09. However, higher than expected Emergency Department (ED) volumes and outpatient business, along with lower case mix adjusted length of stays and avoidable staffing costs, allowed the organization to exceed its FY09 Fiscal Plan estimates.

Mr. Runyon said that agency costs, a key driver in previous budget years, have been reduced $30 million. This is a significant development as Mr. Runyon explained that the rate Inova must pay

an agency nurse is double what it would pay an Inova nurse, benefits included. If there is a silver lining to the budget downturn it is that staffing turnover is at 3.5% and the nursing vacancy rate is the lowest Mr. Runyon has seen during his tenure with the organization. When asked if there are still nursing positions that are difficult to recruit, Mr. Runyon said that ED, Operating Room (OR), and Neonatal Intensive Care Unit (NICU) nurses can be difficult positions to fill.

Besides being able to recruit and retain skilled nursing staff for vacant positions, Mr. Runyon reported that a 3rd Quarter hiring freeze on non clinical positions has allowed the organization to manage vacancies and improve productivity. The rate of Full Time Equivalent (FTE) per adjusted occupied beds was down 1.5% among 16,000 employees. Salaries and wages remained flat; merit increases and market adjustments were up 3%.

Mr. Runyon reported that supply costs, which are subject to annual inflationary pressures of 4-5%, grew 8/10 of a percent during FY09. Renegotiating physician preferences for pharmaceuticals and medical devices (e.g. stints, pacemakers, implants) and promoting alternative therapies where appropriate allowed Inova to better manage its supply costs.

Dr. Yarboro asked if Inova had made any progress in recruiting physicians to cover the ER. Pat Walters stated that incentives had been implemented to pay physicians to cover necessary specialties and to treat indigent patients.

Mark Runyon reported that the number of receivable days (i.e. from service delivery to payment receipt) decreased considerably to 41 days. Liquidating receivables has allowed Inova to keep bad debt expenses down. However, Inova continues to lose money on Medicare and Medicaid. Mr. Magenheimer shared that Medicaid covered $0.65-$0.69 of every dollar it cost to treat a patient. Federal stimulus money used to sustain Virginia's Medicaid program is set to expire, further compounding Inova's revenue loss. The Virginia Hospital and Healthcare Association (VHHA) estimates a potential revenue loss to Inova of $53-86 million during the next biennium.

The 2010 Fiscal Plan is expected to be the most aggressive in Inova's history. Inpatient and ED volumes are budgeted to increase 1.6% and 1%, respectively. Within the Continuum of Care Division, assisted living resident days are budgeted to increase 4.7%, home health by 6%, and long term care days by 3%. Medicare payments are expected to decrease and the impending Recovery Audit Contractor (RAC) audits may also lower Inova's reimbursements.

Mr. Runyon announced that Inova will implement a 3% planned rate increase for 2010. Mr. Runyon presented data on the 2007 case mix adjusted gross charge per adjusted admission among its local competitors. This comparison, it was argued, showed that charges for local market competitors (were 12% higher than Inova. Mr. Runyon also showed 2008 Medicare case mix adjusted charges per admission for hospitals in the District of Columbia and Richmond. DC hospital rates were 61% higher than Inova. Rates for Richmond area hospitals were 90% higher than Inova.

Bill Finerfrock noted that there may be underlying factors that explain these differences. For example, teaching hospitals, like Georgetown, Howard, and George Washington, have a higher

cost structure than non-teaching hospitals. Moreover, DC hospitals may need to charge more on the commercial side in order to subsidize the costs to care for the uninsured.

Mr. Magenheimer concluded that Inova is trying to make health care affordable and provide patients with good value at a fair market price.

Inova's FY10 expenses are expected to increase 5.1%. Salaries and benefits are budgeted to increase 6%. 2010 depreciation and interest expenses are also budgeted to increase due to recent capital investments, new borrowing, and higher interest rates on variable-rate debt that was refinanced to fixed-rate in 2009.

2010 capital expenditures are budgeted at $283.1 million representing a 62% increase compared to projected 2009. Most of the increase is related to the Inova Fairfax Hospital (IFH) Campus Improvement Plan (CIP), various Loudoun expansion projects, routine replacements, and information technology investments. To help reduce the financial risk associated with the economic environment and uncertainties related to healthcare reform and payment reductions, the scope and timing of the 2015 project has been divided into three phases totaling $875 million.

Marlene Blum asked Pat Walters to return to the Health Care Advisory Board in December or January to brief the HCAB on the revised IFH CIP proposal. [NOTE: Mr. Walters will not be attending the December/January meeting. Mr. Walters indicated that the IFH CIP had changed from the one he presented to the HCAB in February, which it had. However, the IFH CIP is the same one that Jennifer Siciliano and Tim Sampson presented to the HCAB in June. Thus, no further updates are needed at this time.]

Mr. Runyon concluded his presentation by reporting FY10 income from operations of $179.3 million and an operating margin of 7.3%.

Bill Finerfrock asked if Inova could provide projections regarding Electronic Medical Records (EMR) incentives. Mr. Magenheimer said that he was unable to report at this time. Jennifer Siciliano noted that Jeff Brown had been appointed to a state panel reviewing this issue.

Anne Rieger reviewed the Schedule of Community Benefits and provided a few highlights from FY09. The Inova Juniper Program opened a new clinic in Arlington. Additional space has been secured at this site to meet increased demand. The expanded clinic will be ready to open in January 2010. Inova has also doubled the size of the Dumfries and Manassas clinics, which are set to open November 30 and December 2, respectively.

The Kellar Center was awarded the 2009 Nonprofit Partnership in Education Award for providing mental health and counseling services to adolescents.

The Diabetes Center received one of four grants, totaling $90K, from the Park Nicholette International Diabetes Center. This award will allow Inova to provide cutting-edge diabetes education to Inova physicians, nurses, as well as all staff in all Northern Virginia safety net clinics.

The InovaCares Clinics have been wildly successful. Inova has gained efficiencies through economies of scale, increasing services and sharing the costs of others.

A question was asked about the FY10 decrease in the InovaCares-Children line. Ms. Rieger explained that the startup costs and capital expenses for the Reston Clinic were included in the FY09 projected cost. With respect to the increase in the FY10 InovaCares-Women line, Ms. Rieger noted that the budget includes the full cost of 10 hospitalists, previously split between IFH and the InovaCares Clinic.

Ms. Rieger explained that the Community Programs are not duplicative of other outpatient service lines.

Bill Finerfrock moved that a memorandum be sent to the Board of Supervisors informing them that per the County's Lease Agreement with Inova Health System, the HCAB had met with Inova officials to review and discuss the FY10 Fiscal Plan. The memorandum would summarize the FY10 budget plan, highlight future challenges to the organization, and inform, but not comment, on the planned rate increase. John Clark seconded the motion. The motion carried—eight voted in favor; Francine Jupiter abstained.

Communities Putting Prevention to Work Funding Opportunity Announcement

Denise Raybon, Countywide Prevention Coordinator, briefed the HCAB on the Communities Putting Prevention to Work (CPPW) Funding Opportunity Announcement (FOA). This grant is funded through the American Recovery and Reinvestment Act of 2009 and provides Fairfax County with the opportunity to apply for $10-20 million to implement large scale structural and environmental changes around obesity prevention. The FOA specifies programmatic and policy interventions eligible for funding and requires applicants to engage multiple stakeholders, including schools, community organizations, neighborhoods, businesses, and faith-based groups.

Ms. Raybon reviewed several of the proposals under review:

- Development of a social marketing campaign using the Northern Virginia Healthy Kids' Coalition's (NVHKC) 9-5-2-1-0 for Health program;
- Implementation of Lifetime Physical Education (PE) and After School PE Program to include subsidized Recreation Center memberships to eligible students and parents;
- Funding of projects and programs in neighborhood, community- and faith-based organizations through the Partners in Prevention Fund;
- Expansion of the Body Mass Index (BMI) and student fitness pilot in the Fairfax County Public Schools;
- Funding for Neighborhood Enhancement mini grants for signage, lighting and playgrounds;
- Increasing access to healthy foods and activities in vulnerable neighborhoods;
- Development of a Master Bike Plan; and
- Expansion of edible garden pilots (for schools and childcare providers).

Marlene Blum asked if the CPPW could be used with the existing Partners in Prevention Fund (PIPF). Ms. Raybon said it could, and it was the hope of the planning group to enhance the funding mechanism.

Bill Finerfrock suggested reaching out to major league sports franchises and mentioned the National Baseball Association's Promoting Lifetime Activity through Youth (PLAY) initiative.

Dr. Yarboro encouraged the planning committee to construct recreation membership subsidies that incentivized and sustained family participation. He also recommended the group reach out to minorities and groups underrepresented in certain sports, like golf or tennis.

Dr. Lebowitz underscored the need for objective measures to evaluate the proposed strategies. Ms. Raybon reviewed the measures outlined in the FOA.

Bill Finerfrock recommended that the HCAB write a letter to the County Executive, copying the Board of Supervisors, asking him to support the Health Department's application. Ellyn Crawford seconded the motion. The motion carried unanimously.

School Health Update

Rosalyn Foroobar provided an update on the School Health Program. The Health Department is continuing to work with the Fairfax County Public Schools (FCPS) on the development of a Memorandum of Agreement (MOA). Ms. Foroobar estimated that it would take the rest of the school year to complete the MOA.

School health managers have changed the pilot site for cluster-based nursing services from Mount Vernon to Herndon-Reston. Meeting this objective will prove more challenging as the ratio of nurses to students has increased from 1:2800 to 1:3300 since the School Health Study recommendations were approved. While the study had assumed student enrollment would decrease, Ms. Foroobar said 5,000 more students enrolled in FCPS during the 2009-2010 school year. The opening of two new schools will further compound the ratio.

With respect to school health staffing, the Health Department continues to manage six vacant positions and three individuals are on extended Family and Medical Leave and will most likely not return to the Health Department. In total, Fairfax County employs 58.5 Full Time Equivalent (FTE) school nurses. In contrast, Prince William County has 70 nurses; Montgomery County, Maryland has 90.

Given the community's expectations, careful consideration will be needed when the HCAB reviews this program during its FY11 budget meetings.

There being no further business, the meeting adjourned at 10:05 pm.