HEALTH CARE ADVISORY BOARD

Meeting Summary
December 12, 2016

MEMBERS PRESENT
Marlene Blum, Chairman
Bill Finerfrock, Vice Chairman
Rose Chu, Vice Chairman
Ellyn Crawford
Francine Jupiter
Deborah Leser
Dr. Michael Trahos, DO
Dave West
Tim Yarboro, MD
Ann Zuvekas

STAFF
Marie Custode

MEMBERS NOT PRESENT
Rosanne Rodilosso

GUESTS
Richard Magenheimer, Inova Health System
Stephanie Schnittger, Inova Health System
Jennifer Siciliano, Inova Health System
Karen Berube, Inova Health System
Dominic Bonaiuto, Inova Health System
Ann Harbour, Inova Health System
Teresa Hughey, Bainum Healthcare
Lynn Ines, Health South Rehab
Irena Osei, Welcome Home Care, Inc.
Robin Mullet, Health Department
Dr. Gloria Addo-Ayensu, Health Department
Rosalyn Foroobar, Health Department

Call to Order

The meeting was called to order by Marlene Blum at 7:37 pm.

November 14, 2016 Meeting Summary

The meeting summary from November 14, 2016 was approved as submitted.

Housekeeping

The next HCAB meeting will be on Monday, January 9, 2016. The location of the meeting is still to be determined, as Sherryn Craig is checking on the status of the construction at the Government Center.

Inova Health System Presentation on Inova 2017 Budget

Richard Magenheimer, Chief Financial Officer; Jennifer Siciliano, Vice President, Government Relations, Stephanie Schnittger, Assistant Vice President, Finance; and Karen Berube, Assistant Vice President, Population Health Management; presented the Inova FY 2017 Fiscal Plan, which was mailed in advance to HCAB members.

Mr. Magenheimer characterized 2016 as a tough year. While patient volumes increased at Inova Fairfax Medical Campus, especially for OB, overall, the system experienced more challenges, including a shortage of nurses, especially in critical care, surgery, and neonatal intensive care, leading to higher salary and wage expenses. Large capital investments (e.g., cancer center) have also resulted in increased debt requiring a number of years to pay off.

Mr. Magenheimer reported that two large transactions affected Inova's 2016 fiscal results. Debt refinancing was the first. Securing lower interest rates (from 5% to 2.25%) will generate future cost savings, but for the present, Inova recognized the interest expense in 2016. Terminating the pension plan was the second. Employees had the option to enroll in an annuity or take a lump sum payment; nearly everyone chose the latter. While eliminating the pension plan will save money in the future, it negatively impacted current year income. While refinancing its debt and terminating its pension plan are non-reoccurring expenses, they did negatively affect Inova's operating income.

Inova also experienced higher losses at Inova Medical Group (IMG), and its acute facilities saw higher than expected growth in inpatient and observation cases, mostly from government sponsored patients, which was largely offset by the cost of providing care, particularly critical care nurse staffing.

InTotal Health, Inova's Medicaid plan, experienced high claims costs in 2016 while receiving a *de minimis* premium increase in July. The state issued a Request for Proposals (RFP) to provide care for Medallion, aged, blind and disabled MLTSS beneficiaries. Inova submitted a proposal, but was not selected. About 15% of Inova's InTotal enrollees will now convert to the statewide plan. The loss of this payer population represents 40% of InTotal's revenue, and will negatively impact the system's operating income.

Pharmaceutical expenses also increased in 2016 due to higher technology costs associated with new therapies, particularly in the area of oncology drugs. Inova is implementing a robust cost reduction initiative in pharmaceutical expenses including drug replacement programs for indigent patients and an expansion of the 340B drug discount program at IFMC. Inova explained that the 340B program allows hospitals to purchase drugs at a reduced government price for bulk purchases. Inova is the only hospital that has qualified for the program in this area.

Speculation continues to surround healthcare reform. About 55% of Innovation Health enrollees are exchange patients, and there is uncertainty about what will happen if health insurance is no longer mandated. The majority of InTotal Health enrollees are healthy with low claims, making the plan's risk fairly low. Money will be redistributed to other providers with higher risk scores meaning the plan may be a bit underwater this year.

Inova expanded its indigent care policy to 400% of poverty level last year, but Mr. Magenheimer indicated that Inova needs to reevaluate its eligibility criteria. While Inova is committed to protecting the increasing number of patients with high deductibles, the system needs to recover its expenses from patients with coverage, and under its current policy, many charges are being forgiven. Inova will return to the HCAB this spring to update the HCAB on policy revisions.

For the first time, Inova is using a bifurcated approach to its retail rate increase. Effective January 2017, Inova is proposing up to a 4% rate increase, effective January 2017. Because short stay reimbursements from insurance are larger than expenses incurred, Inova is also having problems with patients disputing their deductibles. A second rate increase up to 4% may be considered later in the year once Inova reviews its charge master compared to the local market and negotiated rates with various health plans. Inova justified the rate increase by comparing its charges, which are lower than area competitors.

The rate increase would not affect indigent patients. Among commercial payers, insurance rates are pre-negotiated, meaning that they would not be affected by a rate increase. Furthermore, the 4% increase would not be a uniform increase, but rather applied to those service areas (e.g., ED, OB, NICU) where the cost-to-repayment ratio is high/problematic.

The HCAB asked Inova to provide an estimate of the amount of additional revenue that would be generated by a rate increase. Inova stated that that information could not be provided.

The HCAB suggested that Inova leverage its dominance in the market to increase its revenues instead of its rates. Mr. Magenheimer responded that Inova's goal is to optimize, not maximize its revenue. He maintained that Inova is a good value for many health plans and it has ongoing relationships to maintain. Inova has not experienced any disruptions in service based on renegotiations.

When asked about its reserved holding, Mr. Magenheimer reported a 2016 increase in cash reserves totaling $3.45 billion.

In regards to the 22% increase in observation cases, Mr. Magenheimer said that Inova must follow a strict criteria for admission. Medicaid carved the path and private insurers have followed in re-categorizing more patients from inpatient to observation status. Inova was unable to state the number of patients re-categorized from observation to inpatient.

In response to whether the nursing shortage is system-wide or facility-specific, Inova answered that the entire system has experienced shortages in nursing staff. Inova's decision not to pursue a nursing magnet status has little impact on its ability to recruit young nurses. Many bedside nurses are interested in pursuing mid-level positions, but consider OR nursing difficult or find on call and late shifts undesirable. The HCAB suggested that Inova reconsider its pay differentials and compensation packages.

Given Inova's sizeable investments in information and technology, a question was asked about the value-added. Mr. Magenheimer explained that Inova is redesigning its entire network to ensure a commercial level of security.

Karen Berube provided an update on Inova's 2017 Community Programs. To address the growing gap among individuals who work but have no insurance through their jobs or have high deductible plans through the exchanges, Inova opened Simplicity Clinics in Sterling, Alexandria, and Annandale. These clinics serve adults primarily in the areas of ongoing primary care, prevention, and management of chronic illnesses like diabetes, hypertension, and heart disease. The clinics do not bill insurance companies. They are subscription-based: $10 per week, or $40 month. Walk-in slots are currently available, but the program just started, so this may change. The clinics use a $4 formulary or NOVA script.

Ms. Berube reported that in 2017, Inova will provide an additional $35 million in benefits. Ms. Berube also explained that PACE is projected to break even in 2017, which is why the program is budgeted at $0.

In response to Inova's Congregational Health Partnership program, Ms. Berbue explained that it was discontinued two years ago. She shared that other community resources (e.g., Wesley Health Ministries on Route 1) were doing this type of work.

A question was asked about whether Inova is setting any money aside to address or implement new strategies and existing gaps identified in its Community Health Needs Assessment (CHNA). Ms. Berube said that its Simplicity clinics are addressing health access and cultural diversity. The HCAB noted that Inova's CHNA and area health departments' strategic planning initiatives seem duplicative. Inova said that it's working with other counties to align dates/requirements and there will be a more collaborative approach to assessments moving forward.

A question was asked about the increase in Inova's Medicaid expenses. Mr. Magenheimer said that the amount reflects an increase in the cost to provide services and ongoing payment reductions. In 2016, Medicaid rates were cut by 9%.

The HCAB asked for clarification of Inova's contributions to Shenandoah University. Inova responded that the state has underscored the need for more collaborative research. With the ICPH campus, Inova is formalizing partnerships with other universities to draw down state dollars to leverage a 3-to-1 match. In addition to Shenandoah, Inova is partnering with George Mason, VCU, and UVA. Inova uses its pharmacy residents to assist with its indigent care clinics, and conversations continue with Virginia Tech regarding a data analysis partnership.

The HCAB asked Inova about quality improvement measures around practice acquisitions and their billing/claims process. Inova said that there is a new management team in place, which increased the number of physicians over a short period of time. While intake practices have not always asked for copays and deductibles upfront, there is now an effort to redesign the intake Epic environment, including insurance verification.

With respect to the Inova Alexandria Master Plan, Inova reported that there is a shortage of quality medical office space in the area. Given the limited options, Inova will need to either expand/renovate or rebuild the hospital in another location, which would be cost prohibitive.

The HCAB asked about the status of the naming rights to the Washington Redskins training facility in Ashburn. At its September meeting, the HCAB was told that the collaboration between the Redskins and Inova would bring additional programs/community benefits.

Inova is working to development a sports medicine program, and to jump start a new service line, it requires an investment. Inova is growing its partnership with the Redskins, and moving forward, will communicate better around branding and marketing.

The HCAB commented that county money continues to be allocated for the former Inova Translational Medicine Institute (ITMI)/IPCH program. Given Inova's ability to purchase naming rights, there was a question of whether County money is really needed. The money allocated to Inova in the County's budget demonstrates the Board of Supervisors' commitment to research, but there could be the perception that tax dollars are being spent on that marketing.

While Inova is not required to disclose the details of its business relationships, the lease agreement and Inova's 501c(3) nonprofit status are the only accountability mechanisms the community has to ensure the system is addressing the fundamental health needs of the community.

Inova underscored its commitment to its core mission, but in looking towards the future, will need to explore different revenue and service streams.

Ann Zuvekas moved that the HCAB send a memo to the Board of Supervisors reporting that Inova had presented its 2017 fiscal plan as required by the lease agreement and that the memo would acknowledge Inova's proposed rate increase. Ellyn Crawford seconded. The motion carried with 3 abstentions.

Update on Specialty Care Access Project

Dr. Gloria Addo-Ayensu, Director, Fairfax County Health Department, and Robin Mullet, Community Health Care Network Manager, provided an update on efforts to increase the safety net system's access to specialty care providers.

Stakeholders include Inova, Federally Qualified Health Centers (FQHCs), Northern Virginia Medical Society, and an IT consultant. Meetings are occurring with partners individually rather than as a group.

Not every specialty has the same issues. Stakeholders are interviewing specialists and learning what their needs are and what the system can do better. Education from providers has been helpful.

Inova is working on a process for charity approval for its IMG group providers. CHCN is planning to open up physical therapy to FQHC patients. The county has met twice with the Medical Society of Northern Virginia (MSNV), and the Health Department has deployed one of its referral specialists to help once a week at the MSNV.

Countywide, there continues to be ongoing discussions around electronic medical records access among the Health Department, Community Services Board, and Sheriff's Department. The Health Department submitted a budget request to facilitate interoperability.

There is no additional cost to expand physical therapy services to FQHC clients as Inova is the provider.

Report on Senior Housing Discussion

Marlene Blum and Deborah Leser provided a report from the Joint Meeting of the HCAB, Commission on Aging, and Long Term Care Coordinating Council (LTCCC) to discuss senior housing development. The three community advisory groups share responsibility for advising the BOS on issues that affect the health and quality of life of Fairfax residents, including seniors, the disabled, and their respective caretakers. They discussed barriers to accessing housing and community-based services and reaffirmed their commitment to representing the community's needs and priorities for expanding access to affordable housing and services for seniors and adults with disabilities.

HCAB representatives learned that the Commission on Aging had not identified ALF as a priority, and that the work of the LTCCC overlaps with the HCAB's. At the conclusion of the meeting, it was agreed that more information is required.

While the Department of Planning and Zoning maintains that it is not the "zoning police," Jerry Hopkins cited several examples where DPZ oversees and enforces proffer conditions. In theory, a provider refusing to honor its agreement to allocate 4% of its beds to low income residents could have its operating license revoked.

DPZ may not have the capacity to ensure the 4% condition is being implemented, but the HCAB will continue to work with staff to develop processes and/or policies to ensure compliance.

During a survey this fall, the HCAB learned that Brightview was not in compliance with the 4% special condition, instead letting their current clients spend down before moving them into the vacant low-income slots. However, since that survey, staff has learned that a County auxiliary grant recipient has been enrolled.

Other Business

There being no further business, the meeting adjourned at 9:48 pm.