Impact of Health Reform on the VCU Health System
Presentation to the House Appropriations Committee

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Presentation Outline

- Background
- Impact to the VCU Health System Operations
- Impact on the Commonwealth’s AMC’s
- Conclusions
The Health Care Reform law is complex and touches many facets of health care

- The Patient Protection and Affordable Care Act (PPACA) will expand coverage to over 32 million Americans by 2019
- Coverage expansions will include approximately 16 million new Medicaid/CHIP enrollees
- Impacts to the VCU Health System (VCUHS) will be significant due to our mission

All components of the VCU Medical Center will be affected by the new law

- VCU Health System - the clinical delivery component of the VCU Medical Center
  - MCV Hospitals
  - MCV Physicians
  - Virginia Premier Health Plan (Medicaid HMO)

- VCU Health Sciences Schools
  - School of Medicine
  - School of Dentistry
  - School of Nursing
  - School of Pharmacy
  - School of Allied Health Professions
Private beds have left the city, leaving majority of disadvantaged to seek services at VCUHS

- Over 700 beds have left Richmond City and gone to new modern suburban facilities since 1980
VCU Health System serves over 83,000 uninsured and underinsured patients each year.

Source: FY 2009 VHHA state discharge database
The impact of the Health Care Reform law requires planning to address operational issues

- Reductions in Medicaid and Medicare DSH
- Medicaid Expansion
- Capacity to provide health care for the newly insured
- Workforce issues
- Impact on Educational Programs
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Funding for the Commonwealth’s Academic Medical Centers will be impacted by the reductions in Medicare and Medicaid DSH

- A portion of the funding to cover the newly insured is provided by reductions in Medicare and Medicaid Disproportionate Share Hospital (DSH) payments to States (2014)
  - Medicaid DSH – reduced $14 billion over 10 years
  - Medicare DSH – reduced $22 billion over 10 years
Medicaid Expansion may impact more than 400,000 Virginians

- Adequacy of Medicaid rates is a critical factor to ensure that providers across the Commonwealth provide access

- Concerns for VCUHS
  - Significant increases in the newly insured Medicaid population with reduced reimbursement rates
  - Shifts of the existing Medicaid population resulting in negative impacts to clinical and educational programs
    - VCUHS Obstetrics & Gynecology program lost approximately 50% of its delivery volume in the mid-1990’s due to an increase in Medicaid rates for obstetrical services

Source: Urban Institute report, January 25, 2010; Senate Finance Committee
Capacity to provide access to health care for the newly insured

- Studies have indicated that increasing access to health insurance results in an increase in utilization of health care services, including primary care*
- VCUHS experience with the uninsured has demonstrated that providing access to primary care does increase utilization of health services
  - Results in increased demand for specialty care services and procedures
  - Additional patient education efforts and management of chronic illnesses can reduce avoidable emergency room visits and unnecessary hospitalizations

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The Academic Medical Centers will need to address workforce and educational issues to accommodate the newly insured

- Critical question: Is there adequate primary care capacity?
  - Only 32% of physicians are primary care in the U.S. (compared to > 50% in other developed countries)
  - Medical student interest has fallen: Today, only 16-18% of medical students are likely to practice primary care.

- PPACA will create programs to increase education and training opportunities for healthcare professionals
VCU Health Sciences Schools continue to address the Commonwealth’s health professional needs.
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- Health Reform is a complex issue that requires focused attention
  - VCUHS has established a task force to evaluate issues and develop implementation strategies
- Multiple concerns for AMC’s
  - Reductions in DSH funding
  - Increased volumes of newly insured and lower reimbursement
  - Availability of funding to support the academic mission
- Opportunities for the Commonwealth
  - Establish a forum for discussion
  - Monitor changes that will occur as a result of implementation of the Health Care Reform law