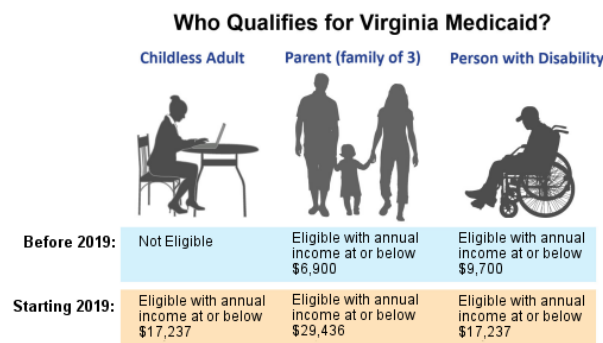


Inova Alexandria Hospital Report to the City Manager Addendum 1 – Medicaid Expansion Report

This addendum to the September 9, 2019 Report to the City Manager provides more information on Mayor Wilson’s Budget Question 19, requesting the financial analysis of the impact of the Medicaid expansion on uncompensated care expenses.

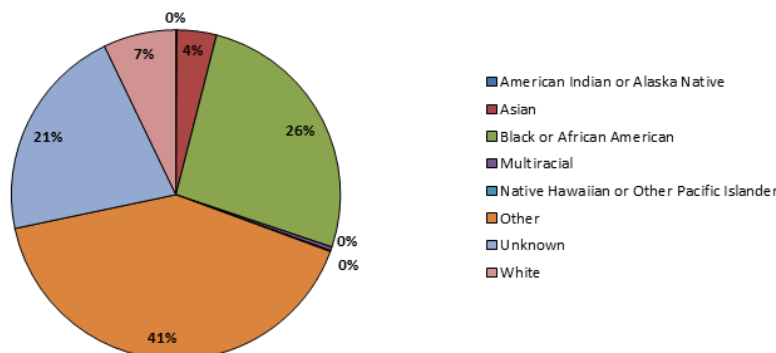
In late May 2018, Virginia lawmakers passed a budget that called for the expansion of Medicaid starting in January 2019. As a result, Medicaid is now available to Virginia residents who are working, have legal status, and are earning up to 138 percent of the federal poverty level.



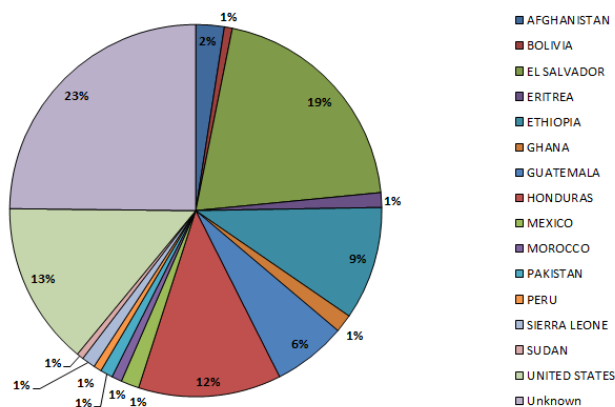
In addition to increasing the annual income threshold, the program also leveraged an enhanced state-federal match to increase the amount of reimbursement to hospitals for Medicaid patients. To access those federal funds and cover the state costs associated with the Medicaid Expansion, hospitals across the Commonwealth – including Inova – are funding those efforts through a tax/assessment on inpatient admissions.

The information in this addendum summarizes the number, types, and financial impact of uninsured or underinsured obstetric (“OB”) patients that received services from Inova Alexandria Hospital (“IAH”) from January 1, 2019 through June 30, 2019 and the comparable 2018 time period. During those time periods, IAH provided obstetric services to 853 (2018) and 779 (2019) uninsured and underinsured obstetric patients; a decrease of 74 patients, or 8.7%. This decrease is not the result of any change in IAH’s policies or practices, but can be attributed to the ebb and flow of market trends. IAH provides all medically necessary services to all patients without regard to the patient’s ability to pay for those services.

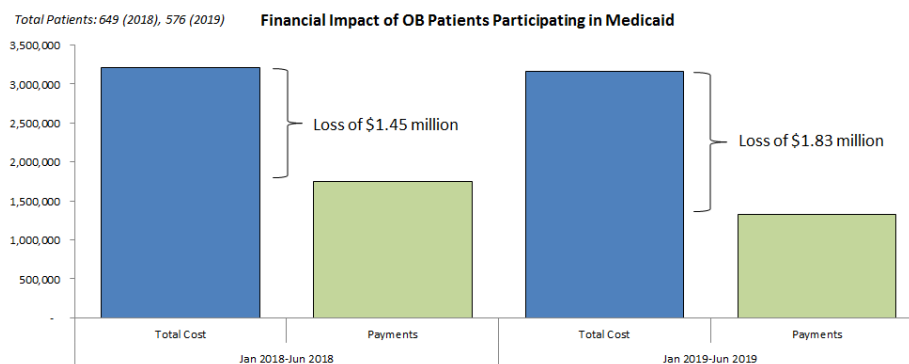
A summary of the ethnicity of the aforementioned OB patients for the period January 1, 2018 through June 30, 2019 is as follows:



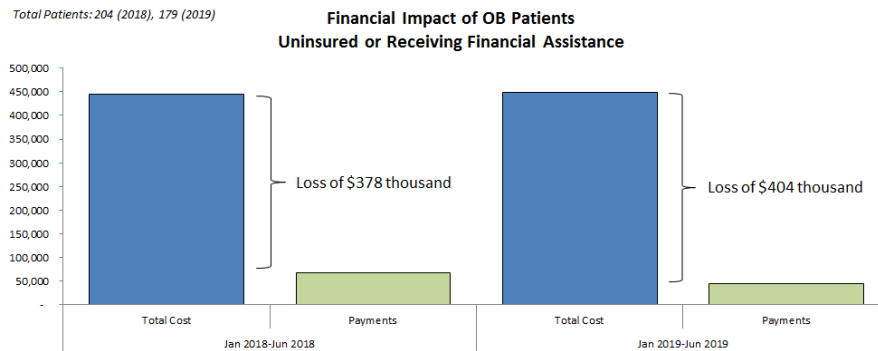
A summary of the nationality of IAH's OB patients for the period January 1, 2018 through June 30, 2019 is as follows:



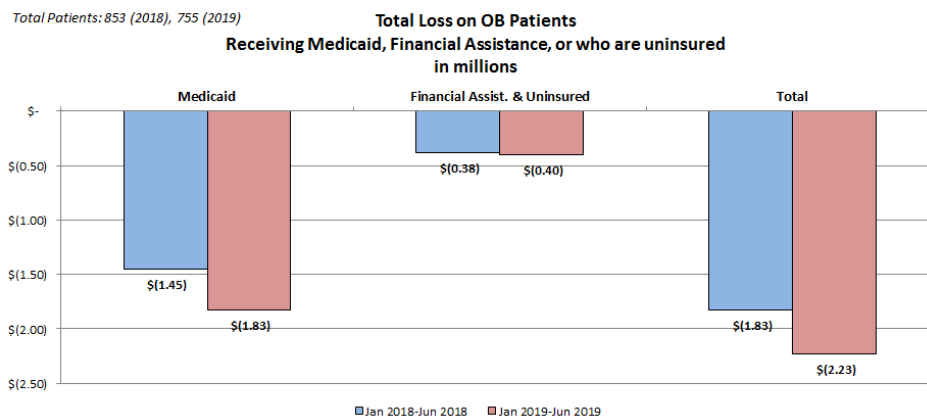
IAH provided OB services to 576 patients with Medicaid coverage for the first six months of 2019, compared with 649 for the comparable period in 2018. The hospital received approximately \$1.33 million in reimbursement from the Virginia Medicaid program for these patients; however, the cost of providing those services was \$3.16 million. Despite rate improvement, the total uncompensated cost absorbed by the hospital during this period was \$1.83 million, compared with \$1.45 million for the comparable period in 2018. ***The increase in the unreimbursed cost is due to an overall increase in the average cost of OB services per patient from \$4,940 in 2018 to \$5,490 in 2019, primarily resulting from fewer patients and increased costs associated with staffing and supplies.*** The following chart summarizes the financial impact to the hospital (including payments through September 2019):



For those that do not qualify for Medicaid, IAH provides free or reduced cost healthcare services to patients who meet certain criteria under its Financial Assistance Policy. Free care (100% financial assistance) is available to uninsured or underinsured individuals with family incomes at or below 400% of current federal poverty guidelines (up to \$49,960 for an individual, or \$103,000 for a family of four). The following chart summarizes the financial impact of providing services to uninsured OB patients and patients receiving financial assistance for the six months ending June 30, 2019 and the comparable period in 2018:



The chart below summarizes the total financial impact of providing OB services to uninsured and underinsured patients for the six months ending June 30, 2019 and for the comparable period in 2018. The total unreimbursed cost to the hospital was approximately \$2.23 million during this period compared with \$1.83 million for the comparable period in 2018.



IAH continues to support all patients in this community, although at a greater cost every year (over \$400 thousand increased loss in 2019). The nearly \$1 million of City funds helps offset the \$2.23 million unreimbursed cost of providing OB services to medically indigent women in Alexandria. The Hospital relies heavily on the financial assistance provided by the City to deliver these services. This longstanding partnership between the City of Alexandria and IAH has been an important component of the community safety net, ensuring world-class care for all pregnant women and children in our community regardless of their ability to pay. Therefore, Inova Alexandria Hospital is requesting the release of the \$490,075 of contingent reserves to be fully appropriated to the hospital in continued support of our community.

For questions or further information, please contact Melissa Riddy, Eastern Region Government and Community Relations Director at melissa.riddy@inova.org or 703.504.3365.