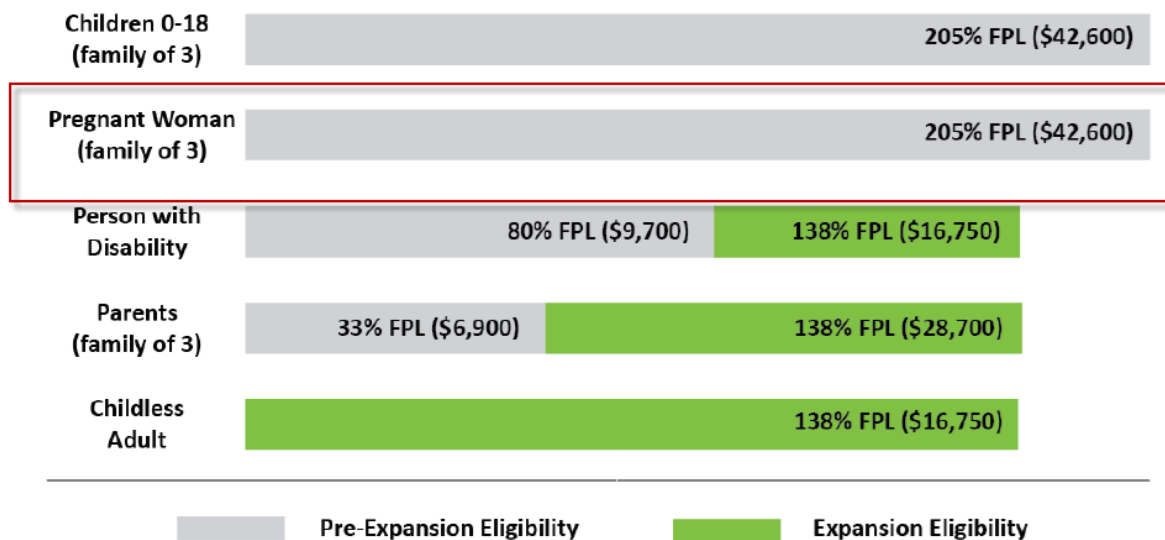


**Inova Alexandria Hospital Report to the City Manager
Addendum 3 – Follow-up Question Responses
January 8, 2020**

Question 1: Costs are rising because overall OB costs are spread across the patients served? Do we know if the individual patients need more expensive care/treatment? (page 2, paragraph 2 bolded section). This sounds like overhead and allocation costs compared to actual patient care. It may be more complicated with reimbursements.

- Most of the costs associated with providing health care services to OB patients are “fixed” in nature. In other words, having slightly fewer patients over a relatively short period of time does not reduce the organization’s staffing levels, the cost of physician contracts, insurance costs, or other costs related to the provision of services by a meaningful amount. These and other costs are allocated across all OB patients, regardless of the number of patients. Increases in the cost of employee wages and benefits, supplies, and other non-labor costs are primarily due to inflation.
- The eligibility criteria for the January 2019 Medicaid expansion did not change for pregnant women.

Medicaid Expansion Eligibility

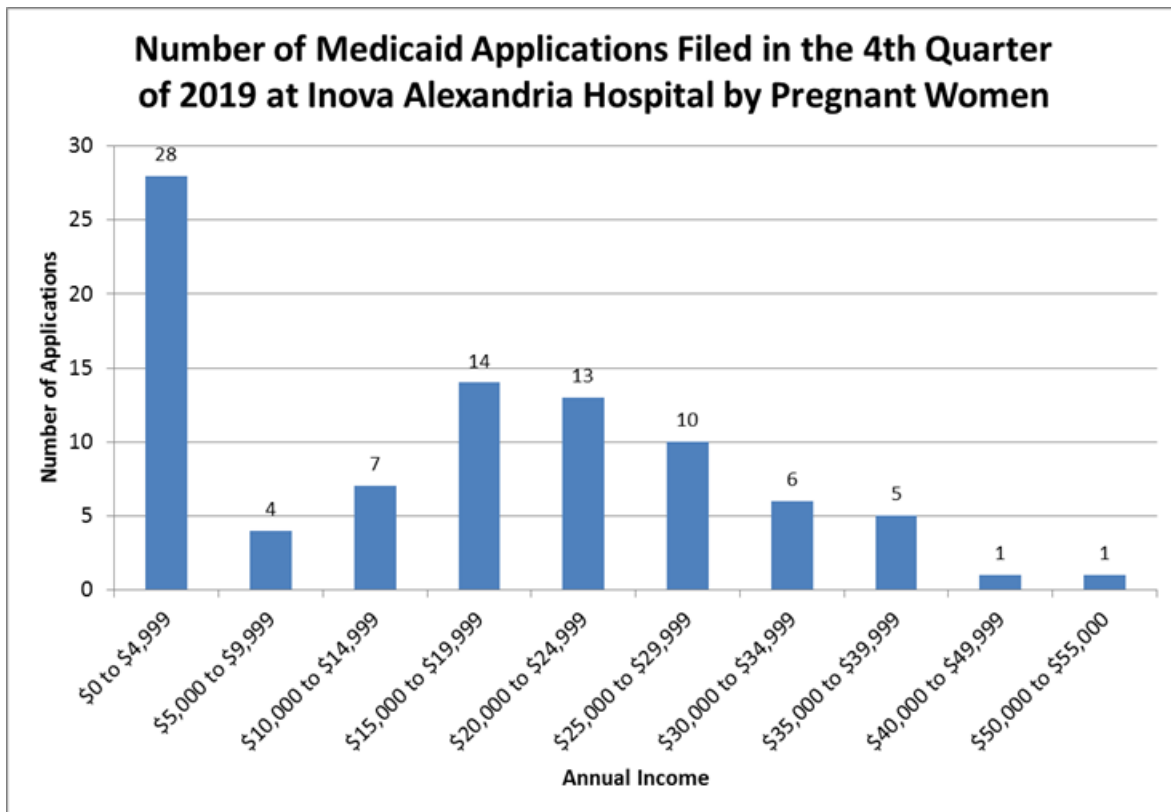


Although the January 2019 expansion did not change the income threshold for Medicaid eligibility, the state did make an income adjustment in May of 2018 for pregnant women from 143% of the Federal Poverty Level (FPL) to 205% of the FPL (\$29,716 to \$42,600 annual income for a family of 3).

Inova Alexandria Hospital 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. Unfortunately, there are too many unknown variables to explain precisely why the number decreased. For example, more pregnant mothers could be receiving care at other hospitals. It could be a timing difference based on the limited time period (only six months), the local birth rate could have decrease, and there could also be other socio-economic factors that we are currently not aware.

One thing is certain; the number OB patients eligible should not be expected to increase significantly as a result of Medicaid expansion. This is because most indigent pregnant mothers already have annual incomes less than the pre-expansion level of 143% of the federal poverty level. Increasing the annual income threshold to 209% (\$42,600 for a family of three) as a result of May 2018 income adjustment to Medicaid or the January 2019 Medicaid Expansion does not mean that there are significantly more eligible participants.

The chart below summarizes the number of Medicaid applications that were filed by Inova Alexandria Hospital on behalf of pregnant mothers during the 4th quarter of 2019.



The information necessary to provide a 2018 vs. 2019 full calendar year analysis will not be available until early summer of 2020. A full year's data might be able to shed more light on patient numbers, reimbursements and trends.

Question 2: What would happen if the funding wasn't released? If IAH provides this support are they doing so because of the \$1m support from the City or they would regardless and this would prevent other support and programs from being provided?

Inova Alexandria is a community hospital and values our longstanding partnership with the City to take care of our community and work towards Inova's mission of providing world-class healthcare – every time, every touch – to each person in the community we have the privilege to serve. If the funding from the City is not released, we will continue to provide medically necessary treatment to all patients regardless of their ability to pay, but it will be at an additional financial burden on the organization.

Our MOU states that the City funding is to be used to offset the cost of providing services to medically indigent, pregnant, Alexandria residents by providing doctor's care at the Casey Clinic starting at 13 weeks of a pregnancy/prenatal care to support the birth of healthy babies.

Prenatal care provides an early assessment of the health of the baby and mother and can help prevent premature births. This valuable time often allows providers to educate and prepare parents for the journey of parenthood which results in decreased anxiety following actual delivery.

In the event that an infant may have potential birth defects this can often be discovered in utero, and a safe plan can be developed for care following delivery. Prenatal care offers the safest venue for a healthy delivery. If the funding is not continued, it may limit access to prenatal care.

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.