

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 22, 2004

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: PHILIP SUNDERLAND, CITY MANAGER *PS*

SUBJECT: BUDGET MEMO # 85 CORRECTION TO BUDGET MEMO #63, INOVA
ALEXANDRIA HOSPITAL

Budget memo #63 (attached) incorrectly stated that the City contributes, through the Alexandria Health Department, funding for special consultation and diagnostic testing for Casey Clinic patients in the amount of \$270,000 and that an additional \$39,000 is proposed to be added to that amount in FY 2005, for a total of \$309,000.

What should have been said is that the City contributes \$270,000 through the Alexandria Health Department to INOVA Alexandria Hospital for pre-approved outpatient services. The additional proposed \$39,000 is for special consultation and diagnostic testing for Casey Clinic patients. The \$39,000 will, if approved, become part of the Health Department's budget and will not be passed along to INOVA Alexandria Hospital.

Attachment

City of Alexandria, Virginia

MEMORANDUM

DATE: APRIL 19, 2004
TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL
FROM: PHILIP SUNDERLAND, CITY MANAGER ^{PS}
SUBJECT: BUDGET MEMO # 63: INOVA ALEXANDRIA HOSPITAL

This memorandum is in response to Councilman Paul Smedberg's question as to whether or not the City requires INOVA Alexandria Hospital to file an "annual report" summarizing how the City funds given to them for indigent health care are used, and if there is a requirement, how formal and detailed the report is.

The City has no requirement that INOVA Alexandria Hospital file an annual report concerning City funding for indigent health care, but the Hospital has been most cooperative when the City has requested financial information on indigent health care. This has not been an issue because the cost of charity care provided by the Hospital is significantly higher than the City's annual payment.

Since 1991, the City has contributed \$700,000 annually to INOVA Alexandria Hospital to fund inpatient indigent care. In addition, the City contributes, through the Alexandria Health Department, funding for special consultation and diagnostic testing for Casey Clinic patients. This amount is \$270,000 in FY 2004 and is recommended to increase by \$39,000 in FY 2005, to a total of \$309,000.

Recent figures provided by the Hospital (attached) show that the net cost of charity care for City residents in 2003 was \$3,836,022.

Attachment

**Inova Alexandria Hospital
Charity and Uninsured Writeoffs
City Residents 2001-2003**

	<u>2001</u>	<u>2002</u>	<u>2003</u>	
<u>Gross patient revenue:</u>	359,830,000	413,918,259	468,831,913	
<u>Charity/Bad debt writeoffs:</u>				
Charity - net of reimbursements	\$ 11,171,599	\$ 11,332,000	\$ 19,247,000	
Bad debt - net of recoveries	\$ 14,821,000	\$ 15,942,000	\$ 21,052,856	
Total charity /bad debt	\$ 25,992,599	\$ 27,274,000	\$ 40,299,856	
Reimbursements/Recoveries	\$ 6,634,223	\$ 6,625,530	\$ 3,661,583	
Gross Writeoffs	\$ 32,626,822	\$ 33,899,530	\$ 43,961,439	
<u>Write Offs as a % of Gross Revenue</u>	<u>9.1%</u>	<u>8.2%</u>	<u>9.4%</u>	
Total Cases	15,409	16,063	15,826	
City of Alexandria	9,988	10,306	9,988	
City %	64.81%	64.16%	63.11%	
City Writeoffs	\$21,147,466	\$21,749,895	\$27,744,651	
Cost/Charge Ratio	0.4401	0.4251	0.3773	
<u>Cost Charity/Bad Debt City of Alex Residents</u>	<u>\$9,307,000</u>	<u>\$9,245,880</u>	<u>\$10,468,057</u>	
Less Reimbursements	(1,632,078)	(1,164,204)	(980,276)	
Net Cost - City Residents	<u>\$7,674,922</u>	<u>\$8,081,676</u>	<u>\$9,487,781</u>	←
CHARITY ONLY:				
	<u>2001</u>	<u>2002</u>	<u>2003</u>	
<u>Charity Only - City of Alexandria Residents</u>				
Charity Writeoffs	\$12,803,677	\$12,551,106	\$20,226,854	
Cost/Charge Ratio	0.4401	0.4251	0.3773	
Charity Writeoffs at Cost	\$5,634,898	\$5,335,475	\$7,631,592	
City %	75.00%	64.16%	63.11%	
Less Reimbursements	\$4,256,000	\$3,423,241	\$4,816,298	←
	<u>(\$1,632,078)</u>	<u>(\$1,164,204)</u>	<u>(\$980,276)</u>	
<u>Net Cost - City Residents</u>	<u>\$2,623,922</u>	<u>\$2,259,037</u>	<u>\$3,836,022</u>	←
<u>Medicaid:</u>				
Total Cases (IP and OP)	10,004	10,428	15,076	
Gross Patient revenue	\$ 25,589,000	\$ 30,327,000	\$ 40,592,000	
<u>Medicaid Gross rev as % of total gross rev</u>	<u>7.1%</u>	<u>7.3%</u>	<u>8.7%</u>	
<u>Volume:</u>				<u>2003o(u)</u> <u>2002</u>
IP admissions	16,908	17,410	18,266	4.9%
Total ED visits (IP+OP)	49,367	46,574	48,284	3.7%
Total Surgeries (IP+OP)	11,505	11,429	11,568	1.2%
Total Deliveries (IP+OP)	3,235	3,263	3,389	3.9%