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SENATE JOINT RESOLUTION NO. 464

Offered January 21, 1999

Requesting the Joint Commission on Health Care, in cooperation with the Commonwealth's academic health centers, the State Council of Higher Education in Virginia, and the Senate Finance and House Appropriations Committees to study current and future financial and operational issues affecting the Commonwealth's academic health centers.

Patrons—Bolling, Gartlan, Lambert, Martin, Schrock, Walker and Woods; Delegates: Baker, Brink, Davies, DeBoer, Diamonstein, Hall, Hamilton, Melvin and Morgan

Referred to Committee on Rules

WHEREAS, the Commonwealth's three academic health centers, the Medical College of Virginia of Virginia Commonwealth University, the University of Virginia, and the Eastern Virginia Medical School conduct medical research, train a variety of health professionals, provide highly specialized patient care and treat a substantial portion of the state's indigent and uninsured patients; and

WHEREAS, the Commonwealth's academic health centers face a myriad of pressures on their traditional functions, including the rising costs of uncompensated care, leveling and targeting of research funding, new demands for health professional curricula, and the financing of graduate and undergraduate medical education; and

WHEREAS, academic health centers across the country are experiencing many of the same competitive and financial pressures; and

WHEREAS, a consequence of the academic health centers' traditional functions has been that their costs of providing patient care is generally higher than those of non-teaching hospitals; and

WHEREAS, the health insurance marketplace continues to move towards managed care health insurance plans; and

WHEREAS, managed care imposes significant competitive pressures on the academic health centers to compete with non-teaching hospitals for inclusion in managed care provider networks; and

WHEREAS, a 1998 study of the academic health centers by the Joint Commission on Health Care found that in some cases managed care organizations "selectively contract" with the academic health centers, which reduces third-party reimbursement for certain services and limits the patient base for teaching purposes; and

WHEREAS, retaining Medicaid patients is critical to the academic health centers in terms of generating disproportionate share hospital payments and providing a diverse patient base for medical education; and

WHEREAS, the academic health centers continue to provide a large share of indigent care in the Commonwealth; and

WHEREAS, in fiscal year 1997, even with enhanced disproportionate share hospital payments, the University of Virginia and the Medical College of Virginia of Virginia Commonwealth University reported \$30.2 million and \$42.6 million respectively in unreimbursed charity care; and

WHEREAS, the State Council of Higher Education in Virginia recommended in 1997 a methodology for funding undergraduate medical education and the unreimbursed indigent care provided by the medical school faculty; and

WHEREAS, the many financial and operational issues facing the academic health centers are complex, interrelated and present significant long-term health policy implications for the Commonwealth; and

WHEREAS, a comprehensive study of the financial and operational issues facing the academic health centers would provide critical information upon which to base future budgetary and health policy decisions affecting the academic health centers; now, therefore, be it

RESOLVED, by the Senate, the House of Delegates concurring, That the Joint Commission on Health Care, in cooperation with the Commonwealth's academic health centers, the State Council of Higher Education in Virginia, and the Senate Finance and House Appropriations Committees, study current and future financial and operational issues affecting the Commonwealth's academic health centers. The study shall include, but not be limited to: (i) identifying key financial and operational issues that impact the short-term and long-term viability of the academic health centers; (ii) identifying the actions taken by the academic health centers to respond to these financial and operational issues; (iii) examining the financial and operational conditions of the Commonwealth's academic health centers relative to that of academic health centers in other states; and (iv) identifying key policy decisions and other actions that the academic health centers and the Commonwealth can take to ensure the long-term

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60 viability of the centers.

61 The services of a consultant, estimated to cost \$50,000, will be required for the Joint Commission on
62 Health Care to complete the study. Such expenses shall be funded by a separate appropriation from the
63 General Assembly.

64 The Joint Commission on Health Care shall submit its findings and recommendations to the
65 Governor, the Senate Finance and House Appropriations Committees, and the 2000 General Assembly as
66 provided in the procedures of the Division of Legislative Automated Systems for the processing of
67 legislative documents.