HANDBOOK ON HOSPITALS

A Guide for Virginia Policymakers and Stakeholders on the Critical Role of Hospitals and Health Systems in Our Communities

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A Guide for Virginia Policymakers on the Critical Role of Hospitals and Health Systems

Virginia Hospital & Healthcare Association

Hospitals have always been and continue to be an invaluable part of their communities. Hospitals work tirelessly to provide care and comfort to families through all stages of life. As pillars of their community, hospitals fuel their local economies with job growth and investment. Their dedicated employees show up to work every day committed to providing the best care for the patients and families they serve.

Hospitals and their employees never close their doors, never turn patients away no matter their circumstances, and remain ready for any emergency response, as illustrated during the COVID-19 Pandemic.

The Virginia Hospital & Healthcare Association's role is to advocate for effective policies that protect the viability and sustainability of hospitals to continue to meet the health care needs of the communities they serve and improve the health of all Virginians.

Virginia's hospitals and health systems are facing unprecedented challenges driven by workforce shortages, unintended consequences of policy and regulatory changes, and the impact of market forces.

This handbook is meant to be a resource for anyone who wants to learn more about hospitals in Virginia and especially for those who directly impact the health of Virginia communities through public policy decisions.

Virginia Hospitals at a Glance

Virginia's hospitals and health systems comprise 26 organizations that operate 111 community, psychiatric, rehabilitation, and specialty hospitals. In 2021, Virginia's hospitals handled over 3.4 million emergency department visits, admitted 754,000 patients and delivered over 87,000 babies.

Hospitals are often among the largest employers in their communities, employing 26% of all health care workers in the Commonwealth. Across Virginia, hospitals employ approximately 121,000 dedicated health professionals and an additional 242,000 non-clinical jobs. $11.3 billion in wages and benefits are paid by Virginia hospitals. The total economic impact of Virginia Hospitals in 2021 was over $60 billion to the state economy, providing thousands of good-paying jobs and supporting other local businesses, vendors, and suppliers through the purchase of goods and services.

Each year, hospitals treat thousands of people who cannot pay for their health care and are covered by a health plan that does not fully cover their health care expenses. $411 million is the cost of providing free and discounted health services to individuals who cannot afford to pay for care and who qualify for financial assistance.

The reimbursement structure of Medicare and Medicaid insurance programs resulted in $954 million in unreimbursed costs for hospitals when care is delivered to individuals insured by these government programs. The payment shortfall reflects the difference between reimbursement and the cost of delivering care.

In Virginia, commercial health plan enrollees are paying more in premiums and other out-of-pocket expenses than ever before. But this is not all due to rising medication and health care services prices. In fact, the average person enrolled in a commercial health plan in Virginia paid 47% of their own medical costs in 2021 (the health plan paid only 53%). This consumer share of cost is double what it was 10 years ago. And data show that the growth rate in premiums and out-of-pocket expenses for enrollees in Virginia is rising much faster than the growth of the cost of health care.

In 2021, Virginia's hospitals provided $2 billion in uncompensated care for Virginians, including unpaid costs and bad debt expenses.

Hospitals:

- 365,000 jobs created
- Generated $11.3 billion in wages and benefits
- Generated $60 billion for the state economy in 2021
- Provided $2 billion in uncompensated care for Virginians

Economic Impact and Community Benefits of Hospitals in Virginia

$3.1 BILLION

In total community benefit from Virginia hospitals in 2021. This includes uncompensated care, community investments, taxes, and more. Hospitals treat thousands of people annually who lack the ability to pay for care, and those covered by programs that don't cover the costs of the care. In many cases, hospitals subsidize care.

$954 MILLION + $411 MILLION + $597 MILLION

Total government payment shortfalls. The difference between Medicare and Medicaid reimbursements and the actual cost of care for patients covered by those government programs.

In charity care, which includes the cost of free and discounted health services to individuals who cannot afford to pay for care and qualify for financial assistance.

Other unpaid costs ($207 million)such as means-tested programs and subsidized health services, and **$390 million in bad debt** for services not paid in full by a patient or third- party payor.

= $2 BILLION in total uncompensated care for 2021

Additional Hospital Investments

$415 MILLION

Virginia hospitals' investments in 2021 to cover the state share of Medicaid expansion costs.

$326 MILLION

Invested in health professions education, as payments for programs resulting in degrees, certifications, or continuing education credits.

$230 MILLION

In community health investments in non-hospital activities and programs to improve overall population health and outcomes.

$40 MILLION

For clinical research to advance knowledge, develop new treatments, and improve health.

CARING FOR PATIENTS

Virginia hospitals care for patients in need 24/7/365 by providing direct care, investing in treatment resources and infrastructure, and providing high-quality care to patients and families in need of many different types of medical services.

INPATIENT BEHAVIORAL HEALTH ADMISSIONS
in private Virginia hospitals in 2021 (36,934 voluntary [59.7%], 17,624 TDOs [28.5%] or 88% total).

COVID-19 INPATIENTS TREATED, DISCHARGED
from Virginia hospitals since the pandemic began through Dec. 22, 2022.

TOTAL PATIENT DAYS
accommodated by Virginia hospitals in 2021, including 754,202 inpatient admissions.

88.2%

139,429

4.4 MILLION

BABIES BORN
in Virginia hospitals in 2021.

87,869

3.4 MILLION

EMERGENCY DEPARTMENT VISTS
in Virginia hospitals in 2021.

Boosting Virginia's Economy

Virginia's 110 hospitals provide thousands of good jobs, strengthen communities, the economy, and make our state more prosperous and healthy. In all, hospitals provide more than **$60 billion in positive economic impact for Virginia.**

120,900

Direct employment by Virginia hospitals; **242,000 additional jobs** in the state supported by Virginia hospitals.

$11.3 BILLION

Total wages and benefits paid by Virginia hospitals.

$545 MILLION

Taxes paid and donations made by Virginia hospitals.

Total positive economic impact in 2021 **$60.3 BILLION**

Types of Hospitals in Virginia

Virginia's hospitals offer various services to meet the needs of individuals in their communities. Most hospitals in Virginia are general acute care hospitals offering a full complement of services. Specialty hospitals provide specific care, such as behavioral health treatment or long-term care. There are six Critical Access Hospitals (CAH) with less than 25 beds located in rural areas of the Commonwealth. Overall, there are **111 hospitals in Virginia.** Below you will find the definitions and differences between hospital types.

Hospitals Generally

The following definitions clarify the types of hospitals that exist in Virginia.

Under Virginia licensing rules, hospitals are classified as general hospitals, specialty hospitals, or outpatient hospitals defined by § 32.1-123 of the Code of Virginia. The classification of a health care institution as a hospital is determined by the Virginia Department of Health (VDH).

"Hospital" means any licensed facility in which the primary function is the provision of diagnosis, of treatment, and of medical and nursing services, surgical or nonsurgical, for two or more nonrelated individuals, including hospitals known by varying nomenclature or designation such as children's hospitals, sanatoriums, sanitariums and general, acute, rehabilitation, chronic disease, short-term, long-term, outpatient surgical, and inpatient or outpatient maternity hospitals.

Acute Care Hospital

An acute care hospital provides treatment for a severe injury, episode of illness, conditions that result from disease or trauma, or during recovery from surgery. Acute care is generally provided by a variety of clinical staff. There are 72 general acute care hospitals in Virginia.

Non-Profit or Not-for-Profit Hospital

A not-for-profit hospital is an organization that can demonstrate that no part of its net earnings is given to a shareholder or individual.

This type of hospital is exempt from most federal and state taxes due to its charitable status but not from employment taxes (e.g., Social Security and Medicare taxes). The term "non- profit" does not mean that the hospital does not make a profit. Instead, profits of the hospital are returned to the control of the hospital for operations, investments, reserves, and capital improvements. Approximately 68 percent of hospitals in Virginia are non-profit.

Rural Hospitals

Per the Virginia Code, "Any medical care facility licensed as a hospital shall be considered a rural hospital on and after September 30, 2004, pursuant to 42 U.S.C. § 1395ww (d)(8)(E)(ii)(II), if (i) the hospital is located in an area defined as rural by federal statute or regulation; (ii) the Board of Health defines, in regulation, the area in which the hospital is located as a rural health area or the hospital as a rural hospital; or (iii) the hospital was designated, prior to October 1, 2004, as a Medicare-dependent small rural health hospital, as defined in 42 U.S.C. § 1395ww (d)(5)(G)(iv)".

Critical Access Hospitals (CAH)

Established under the federal Balanced Budget Act of 1997, CAHs are limited-service, acute care hospitals located in rural areas. CAH is a special Medicare designation for payment that is limited to hospitals with no more than 25 beds and an average length of stay of fewer than 96 hours. A state and federal approval process is required by the Virginia Department of Health and the Centers for Medicare and Medicaid Services for this designation. Under Medicare, CAHs are paid at 101 percent of Medicare cost instead of a diagnosis-related group (DRG) as with other hospitals. There are 8 Critical Access Hospitals in Virginia.

Specialty Hospitals

These acute care hospitals provide a limited service for one of the following types of care: children's medical; long-term acute care; psychiatric; or rehabilitative.

Hospital Health System

A health system is a collection of hospitals previously described, such as acute medical-surgical, specialty, or critical access, that operate under a single corporate entity. A health system may also own or operate other lines of business, like a skilled nursing facility, pharmacy, or physicians' practice.

State and Federal Hospitals

State hospitals are owned by the state of Virginia. Likewise, federal hospitals, such as Veterans Affairs hospitals, are owned by the federal government. The Commonwealth of Virginia owns and operates 8 state regional hospitals for behavioral health and the federal government operates 3 Veterans Administration (VA) hospitals in Virginia.

Academic Medical Centers

An academic medical hospital, also known as an academic medical center (AMC), is a specialized type of medical facility that combines medical education, research, and patient care in an integrated setting. These institutions are typically affiliated with medical schools or universities and play a significant role in advancing medical knowledge, training health care professionals, and delivering high-quality medical services to patients. Academic medical centers in Virginia include University of Virginia Medical Center and Virginia Commonwealth University Health System.

Psychiatric Hospitals

These are facilities that provide care and treatment to patients affected by acute or chronic mental illness.

Childrens Hospital's

An inpatient and outpatient hospital that generally offers services to infants, children, adolescents, and young adult patients aged 18 and under. Virginia has six children's hospitals.

Rehabilitation Hospitals

These are post-acute care facilities devoted to rehabilitating patients with various neurological, musculoskeletal, orthopedic, and other medical conditions following stabilization of their acute medical issues.

Trauma Centers

Trauma centers are acute care hospitals that can provide specialized care to patients with traumatic injuries that may be life-threatening with support from a multi-disciplinary team of care providers, including physicians and surgeons. Traumatic injuries may include those sustained in car accidents, brain injuries, shootings, stabbings, serious burns, and other major injuries. Trauma centers have different capabilities and are designated by levels.

Level I Adult Centers

Capable of providing total care for any type of injury

- Carilion Roanoke Memorial Hospital
- Chippenham Hospital
- Inova Fairfax Hospital
- Sentara Norfolk General Hospital
- University of Virginia Health System
- VCU Health System

Level I Pediatric Centers

Capabilities are specific to pediatric patients

- Carilion Roanoke Memorial Hospital
- Children's Hospital of The King's Daughters
- VCU Health System

Level I Burn Centers

- Sentara Norfolk General Hospital
- VCU Health System
- HCA Chippenham Hospital

Level II Adult Centers

Capable of initiating definitive care for all injured patients

- Centra Lynchburg General Hospital
- Henrico Doctors Hospital-Forest
- Mary Washington Hospital
- Reston Hospital Center
- Riverside Regional Medical Center
- Winchester Medical Center
- LewisGale Medical Center
- Naval Medical Center Portsmouth
- VHC Health Naval Medical Center Portsmouth

Level III Adult Centers

Capable of providing prompt assessment, resuscitation, surgery, and stabilizing treatment of injured patients

- Carilion New River Valley Medical Center
- Inova Loudon Hospital
- LewisGale Hospital Montgomery
- Sentara Virginia Beach General Hospital
- Southside Medical Center
- Sentara Northern Virginia Medical Center

Understanding the Critical Role of COPN in Our Health Care System

Certificate of Public Need (COPN) is critical in supporting hospitals in their mission to provide essential health services to their communities. Hospitals face the challenge of balancing financial losses associated with certain unprofitable services, such as behavioral health, maternity care, and trauma and burn care, with gains from the more profitable ones, like imaging and surgery. This balance is essential to sustain hospitals and ensure they can keep their doors open, continuing to provide the essential health services needed to serve the community.

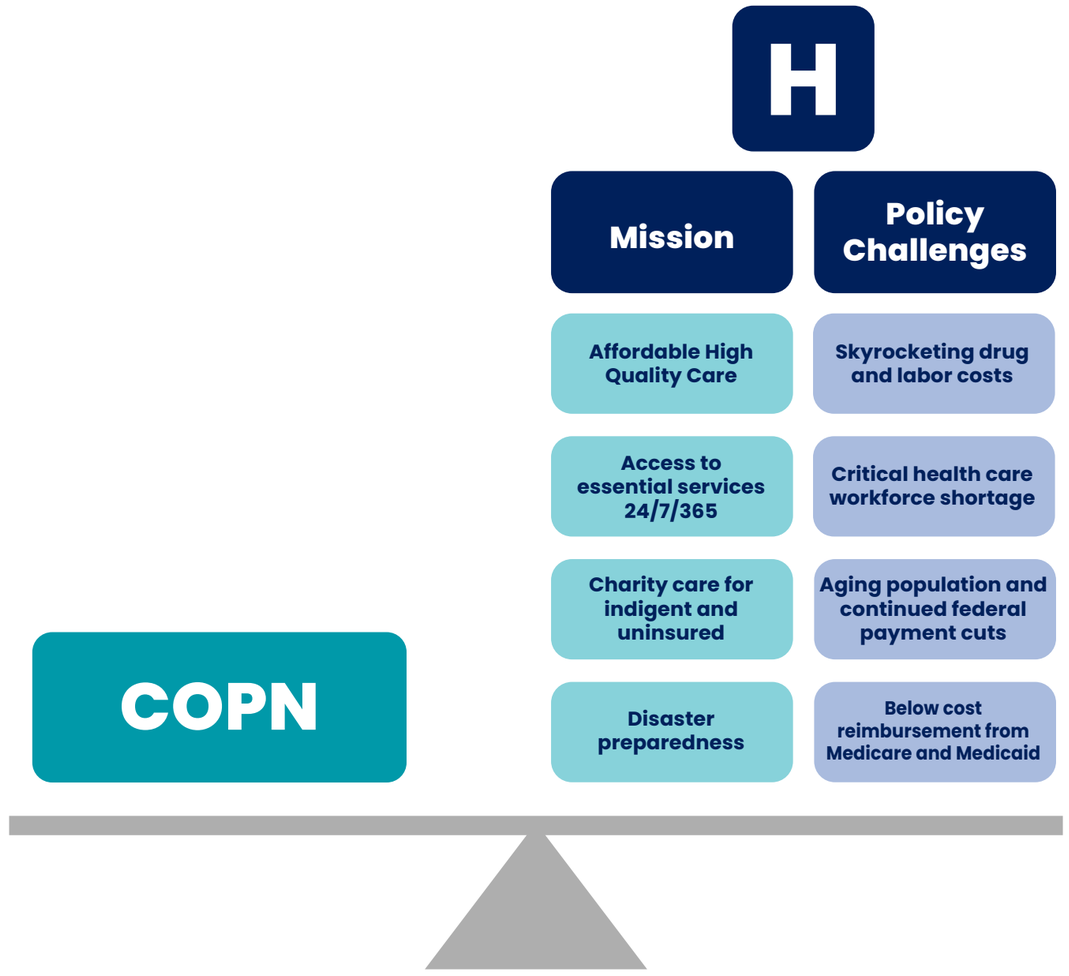
The COPN program is also designed to safeguard the public's health and safety by setting and enforcing minimum quality standards for health care. In Virginia, the program mandates that owners and sponsors of medical care facility projects, including various specialized services, must obtain a COPN from the state health commissioner before proceeding. This regulatory approach controls health care costs while ensuring financial viability and equitable access to health care services for all Virginians.

The issuance of a COPN depends on carefully assessing the community's needs. The state health commissioner thoroughly evaluates the project's alignment with the long-term health care plan, the demand for improved facilities in the area, accessibility for all residents, and the economic and financial feasibility of the project. This rigorous evaluation ensures that resources are allocated where they are most needed, preventing unnecessary expenditure on redundant or unneeded services.

Importantly, the COPN program primarily targets complex and specialized services rather than commonly used services like primary care, which remain outside its regulatory scope. This targeted approach is key to effectively managing overall health care costs while ensuring essential services are readily available to the public.

It is worth noting that a vast majority of states have similar laws in place. Those without such regulations have experienced increased health care costs and have had to rely on alternative policy measures to regulate health care providers and maintain essential services in communities.

COPN is also critical in supporting the health care safety net. COPN does this by requiring that every certificate holder (such as a hospital or ambulatory surgery center) participate in Medicare and Medicaid and provide charity care to those who do not have insurance and the financial means to pay for the cost of care.



Health Care is NOT a FREE MARKET

A free market requires a level playing field, where all parties play by the same rules and bear the same weight in terms of meeting community needs.

Hospitals welcome the opportunity to compete in such a market, but that is not the business reality we face.

Hospital Oversight Entities

Over 40 different federal, state, and private organizations provide oversight of hospitals

Legal and Regulatory
U.S. Drug Enforcement
U.S Dept. of Justice
Federal Bureau of Investigation
Office of the National Coordinator for Health Information Technology
U.S. Patent and Trade Office
Environmental Protection Agency
Federal Trade Commission
Federal Commerce Commission

Transportation
U.S. Dept. of Transportation
Federal Aviation Administration

Personnel
U.S. Dept. of Labor
Office of Civil Rights
Office of Federal Contract Compliance Program
Occupational Safety & Health Administration
National Institute for Occupational Safety & Health
National Labor Relations Board

Medical
Centers of Disease Control
Food & Drug Administration
Medical Malpractice Laws
Virginia Health Professionals Licensing Boards
United Network for Organ Sharing

Quality
DNV Health care
Hospital Engagement Network
Hospital Improvement Innovation Network
The Joint Commission
Quality Innovation Network
Quality Improvement Organization/Programming
Transforming Clinical Practice Initiative
Leapfrog Group

Program Integrity
Comprehensive Error Rate Testing
Medicaid Fraud Control Unit
Medicaid Integrity Contractor
Medicare Integrity Program
CMS Office of Inspector General
Recovery Audit Contractor
Supplemental Medical Review Contractor
Medicaid Surveillance & Utilization Review
Zoned Program Integrity Contractor

Licensing and Certification
Centers for Medicare & Medicaid Services
VA Dept. of Health
VA Dept. of Behavioral Health Developmental Disabilities
Nuclear Regulatory Commission
Certificate of Need
U.S. Dept. of Health and Human Services

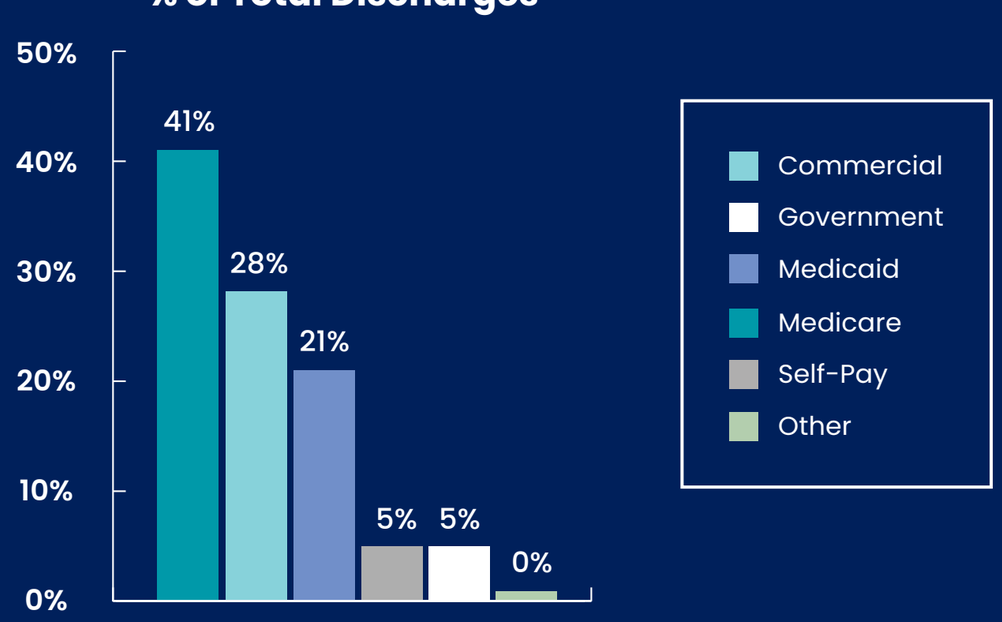
Financial
Internal Revenue Service
Medicare Administrative Contractor
Payment Error Rate Measurement
Payment Reimbursement Review Board
Securities & Exchange Commission

Paying for Hospital Care in Virginia

Hospital services are reimbursed by different payors using various methods. Insurance programs regulated by government programs like Medicare and Medicaid pay for more than 65% of all hospital stays.

While these government programs represent the majority of patients with some form of insurance, they also represent a significant portion of unreimbursed costs of care. Medicare is the largest payor for hospital services. The percentage of those covered by Medicaid has increased in recent years.

% of Hospital Inpatient Discharge Volumes by Line of Business[1]



1) VHHA Data Analytics.

Payor Types

Medicare - pays for approximately 40% of hospital patients in Virginia, but only reimburses 84% of hospitals' costs for that care.

Medicare is the national health insurance program established in 1965 to provide health coverage for elderly and disabled individuals. It is available to most people beginning at 65 and to those with end-stage renal disease or total disability.

Medicare is made up of:

- **Part A:** covers hospital benefits
- **Part B:** covers outpatient and physician services
- **Part C:** an option to receive benefits through private insurance plans known as Medicare Advantage plans
- **Part D:** Medicare's prescription drug plan for inpatient and most outpatient

Medicare pays predetermined, non-negotiable prospective payment rates for hospital services based on the patient's diagnosis and treatment provided. This prospective payment amount does not change even if the hospital incurs more costs in caring for the patient, for example due to complications beyond its control or additional time needed for the patient to recover or to find a suitable facility for discharge, leaving the hospital with the potential for larger amounts of unreimbursed costs. Payment varies among geographic regions to reflect local wage rates.

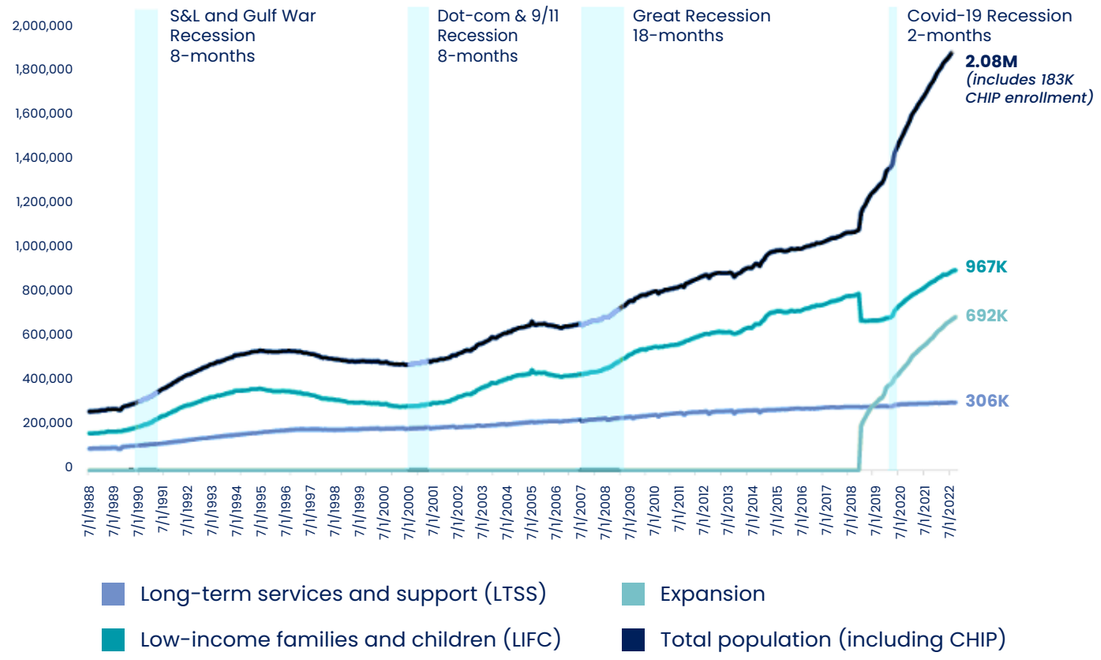
Medicaid – pays for approximately 20% of hospital patients in Virginia, but only reimburses 78% of hospitals' costs for that care.

Medicaid was also established in 1965. Medicaid is available to low-income individuals, pregnant women, and the aged, blind, or disabled. It is a means-tested program with financial qualifying criteria and is intended to provide safety net coverage for low-income Americans. Medicaid is jointly funded by federal and state governments and is overseen at the federal level by CMS. Medicaid does not provide coverage to all low-income people.

A person must meet one or more of the following:

- The state's income eligibility criteria
- Certain clinical and categorical criteria
- Resource eligibility limits
- Immigration criteria
- State residency requirements

Virginia hospitals play a crucial role in supporting their communities by covering the 10% state share of Medicaid Expansion costs, ensuring more individuals have access to essential health care services. Their commitment to contributing to the state share demonstrates their dedication to improving health care accessibility for vulnerable populations and fostering a healthier Virginia.



In January 2019, Virginia expanded its Medicaid program in accordance with Affordable Care Act (ACA) criteria, so that childless adults with incomes less than 138% of the federal poverty level qualify for coverage. This change has fueled growth in Virginia's Medicaid program. Today, over a quarter of all Virginians have health coverage through Medicaid. Virginia's hospitals are reimbursed only 78% of the cost of care for Medicaid members. **There has been significant growth in Medicaid over the past three decades - currently 25% of Virginians are covered by Medicaid.**

Military and Government Employee Coverage

Military and civil service employees typically qualify for federal government health care. Active-duty military obtain coverage through the Department of Defense (DOD); qualifying veterans are entitled to health care services through the Department of Veterans Affairs (VA). Military and VA individuals typically do not access care from private sector hospitals unless highly specialized care is needed. However, that is changing as the VA enters into more arrangements with private providers through its Community Care Network.

Private Health Plans: Over 50% of Virginians are Covered by Commercial Insurers

Most Virginians still obtain health care coverage through private health plans, also known as commercial plans. Employees obtain most commercial health plans through their employers. However, the ACA health insurance exchanges are a growing source of coverage, especially for individuals who do not have access to coverage through an employer.

There are several types of commercial health plans. They can be categorized by plan design and insurer type. Plan design organizes coverage and dictates how covered enrollees access care and how much they pay for it. **The two main commercial insurer types are known as self-insured and fully-insured.**

A self-insured plan is one in which the employer assumes direct responsibility for the health care costs of covered individuals under the plan. In Virginia, about 65% of commercially insured individuals who obtain coverage through their employer are in a self-insured plan.

A fully-insured employee benefit plans is one in which the employer chooses health plans that assume the risk and payment for the health care costs. In Virginia, about 35% of commercially insured individuals who obtain coverage through their employer are in a fully-insured plan.

High Deductible Health Plans (HDHP)

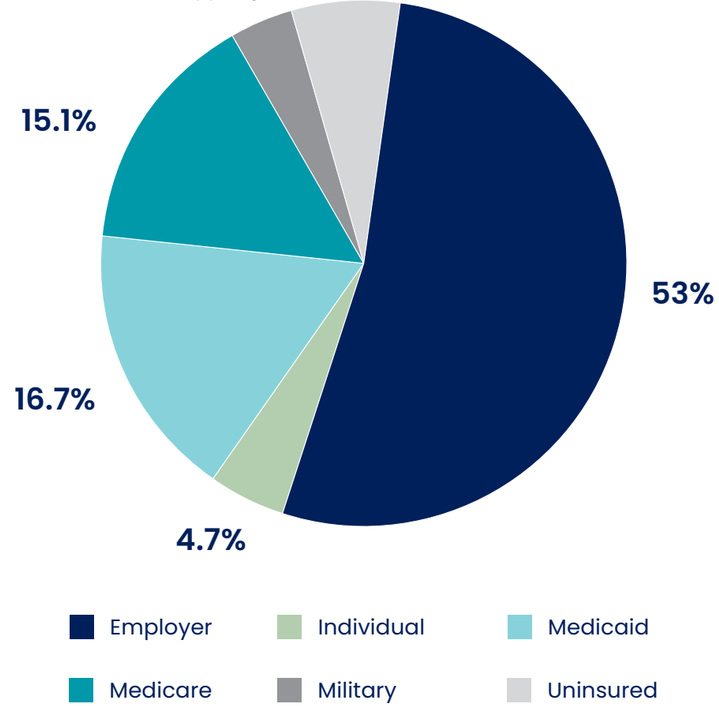
HDHPs are growing in popularity because they typically have lower premiums. However, unfortunately, many enrollees who use HDHPs cannot pay their large deductibles and encounter medical debt issues. Over half of Americans who have medical debt are insured. High deductible health plans can pose significant problems as they may deter individuals from seeking necessary medical care due to the high out-of-pocket costs, leading to delayed or neglected treatments and potential health complications. Additionally, these plans can create financial burdens, particularly for low-income individuals, making it challenging to afford essential health care services and preventive measures.

Self-Pay

Self-pay individuals are individuals who pay for their own health care services. Most of them are uninsured because they do not qualify for government programs and cannot access private coverage. The number of self-pay individuals has been declining with the expansion of Medicaid and the growing prevalence of ACA Marketplace plans and their associated government premium subsidies. Current data show that only 6% of Virginians are uninsured. However, a growing number of individuals with health insurance choose to pay for care out of their own pockets and forego their insurance benefits. This is because providers, in some cases, may offer cash pay rates that are less than the high deductibles patients would have to pay if they used their insurance. The providers who do this have determined the discount is justified by avoiding the significant administrative burden insurers impose.

	% of Commercially Insured	Role of Employer	Employer Types	Plan Types	Regulation
Self-Insured	65%	Assumes risk for health care costs	Mostly large employers	Greater flexibility in plan design	Regulated by federal ERISA law; pre-empted from regulation by state Bureau of Insurance
Fully-Insured	35%	Chooses an insurer(s) to assume risk for health care costs	Mostly smaller employers	Plan design more stringent and determined by state law	Regulated by the state Bureau of Insurance

Health Insurance Coverage in Virginia, 2022[1]



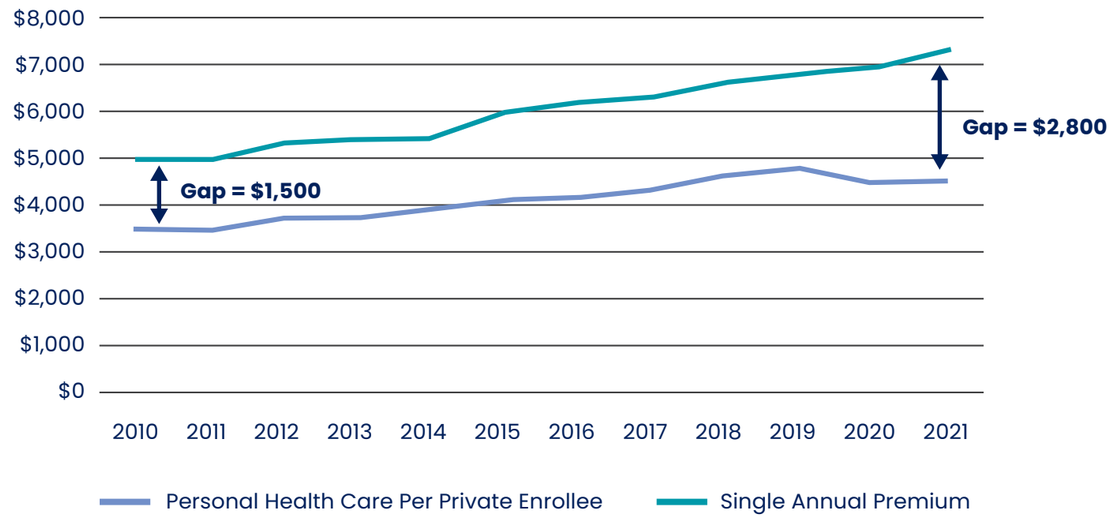
1) KFF State Health Facts.

Cost of Premiums are Growing Faster than the Cost of Care

In Virginia, commercial health plan enrollees are paying more in premiums and other out-of-pocket expenses than ever before. In fact, the average person enrolled in a commercial health plan in Virginia paid 47% of their own medical costs in 2021 (the health plan paid only 53%). This consumer share of cost is double what it was 10 years ago. But this is not being driven by rising costs of health care services - data shows that the growth rate in out-of-pocket expenses for enrollees in Virginia is rising much faster than growth of the cost of health care.

More premium dollars are collected than are needed to pay for health care services. **This all adds up to higher profits for the health insurance companies:**

Private Health Insurance Premiums and Average Health Care Spending Per Enrollee in Virginia



Bottom Line: private health insurance enrollees and employers in Virginia are paying more and getting less from their health plans while firms that provide those plans are enjoying higher profits. And these trends continue to grow.

Hospital Financial Stability

Positive Margins = Healthy Communities

A hospital measures its fiscal health by its ability to remain in business to provide services to patients in their communities. The goal is for a facility to have a positive operating margin. The operating margin is the difference between net operating revenue and net operating costs. A positive margin means a hospital is earning enough to cover the costs of its operations. **A negative margin means the hospital brings in less revenue than it costs to operate the hospital. A positive margin helps hospitals enhance their community benefit and charitable care programs and invest in technology and capital improvements.**

- Having a positive margin allows hospitals to weather future economic downturns similar to the financial losses hospitals saw during the COVID-19 pandemic and are seeing again due to inflationary and staffing pressures.
- Hospitals with positive margins can enhance their community benefit and charitable care programs as well as invest in technology upgrades and capital improvements.
- Positive margins also allow them to weather future economic downturns using reserve funds, much like the state does with its Shortfall Reserve Fund.

Reserves = Long Term Solvency and Investment in the Future

Hospitals must maintain financial reserves to ensure their long-term financial viability. Financial institutions also require financial viability as a condition to lend hospitals money for capital improvements such as replacing buildings or purchasing medical technologies.

Patient Billing

Hospital bills are generated based on services rendered. Hospitals must charge the same amount for services rendered regardless of the patient's payment source. Adjustments are made to amounts owed for hospital bills as determined by the patient's insurance plan. Insured patients usually share the cost of hospital services by paying a deductible, coinsurance, copayments, and non-covered charges as determined by the insurance plan.

Bad Debt

When a patient does not pay his or her bill and does not qualify for the hospital's financial assistance policy, the amount owed becomes a bad debt that is typically assumed to be uncollectible. Hospitals have no choice but to absorb those losses, chiseling away at their margins, leaving less available to cover the cost of care and reinvest in the community. Bad debt does not only come from patients who are uninsured; over 50% of bad debt is from insured patients. These are patients who cannot afford the cost share liabilities (i.e. deductibles, copays, and coinsurance). The issue has become so pervasive that a relatively new term is being widely applied to these patients: underinsured.

Financial Assistance for Patients

Every hospital offers robust financial assistance policies to assist low-income patients who are unable to pay all or a portion of the payment amount for care. Most hospitals also offer no-interest extended payment plans to assist patients in meeting their obligations to pay. This includes charity care free of charge for uninsured patients earning less than 200% of the federal poverty level. Many financial assistance policies offer free or reduced price care for individuals up to 400% of the federal poverty level.

Uncompensated Care

The sum of bad debt and financial assistance is often called "uncompensated care." Hospitals accumulate significant amounts of uncompensated care, which is growing with underinsured patients growth. This is in addition to the other amounts for which hospitals are not compensated but contribute to the common good.

Hospital Billing FAQs

Is there a difference between cost and payment?

Yes, there is a difference.

Charge

Charge refers to the amount a provider sets for a specific health care service. Charge is often referred to as the charge for a health care service and serves as the starting point from which payment is negotiated.

Cost

Cost refers to the amount spent by the provider delivering health care services and includes all of the expenses associated with operating their business to deliver services, from supplies and utilities to wages and benefits.

Payment

Payment simply refers to the dollar amount which is paid by the insurance companies, whether public or private, to providers for health care services. Often, this rate represents a negotiation between two entities, which is why variation in payment for health care services sometimes exists. Payment also includes the amount received directly from patients for their deductible, co-insurance, or co-pays and charges for services not covered by the insurance policy.

Why are there charge differences between hospitals?

There can be variations, sometimes large ones, in the prices that hospitals set for the same procedure or service. This is due to the many factors that go into determining the cost of hospital services because each facility has its own set of factors to manage which determines its cost structure. Some organizations have higher cost structures due to the complexity and scope of the service being provided — such as trauma, transplant, or neonatal intensive care — that are extremely expensive to maintain. Some organizations have mission-related costs, such as teaching, research, or providing care for low-income populations.

Does the type of coverage impact patient costs?

Yes. It is very common for health insurance entities, both public and private, to establish varying amounts for deductibles, co-pays, and co-insurance depending on the insurance plan. All of these variables can directly impact the amount of money a patient spends on health care services. In addition, high-deductible plans, which typically require a large upfront payment from the patient before the insurance company begins paying, are becoming more common as employers are finding it increasingly difficult to cover the entire cost of health care for their employees.

What is the difference between a covered and non-covered service?

The difference between a covered and non-covered service is that insurance pays for some, but not all services. Every health insurance plan has services they cover and services they don't cover. Non-covered services are based on insurance type, and services not covered by health insurance plans are services the health care consumer is responsible for paying.

What types of payments can insured patients be expected to make?

There are a few different financial responsibilities patients face:

Deductible

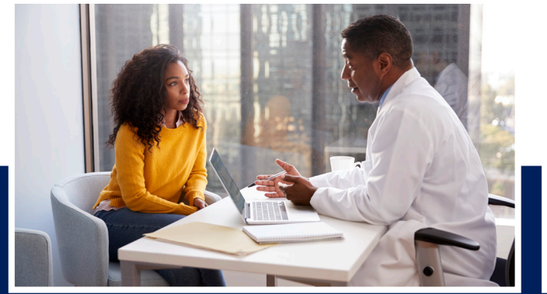
The amount owed for health care services before the health insurance plan begins to pay. For example, if the deductible is $1,500, the health insurance plan won't pay anything until the $1,500 deductible is met. The deductible may not apply to all services received; for example, some plans offer preventive services – annual mammogram or physical examination – free of charge.

Co-Pay

The fixed amount of out-of-pocket costs a patient pays visiting the Doctor's office for a particular health care service. For example, if the co-pay is $20 for primary care visits, that means the patient will pay $20 for each visit, regardless of the reason for seeing the Doctor. The insurance company pays the rest of the cost for the visit.

Co-Insurance

The amount of covered benefits the patient is responsible for paying after reaching their deductible amount. For example, if the co-insurance is 20% of the medical costs, and the total bill is $100.00, the patient will pay $20.00 of that total bill, and the insurance company is responsible for the remaining portion of that bill ($80.00).



Hospital Price Transparency

Price transparency is the ability of the health care consumer to access provider-specific information on the price of health care services — including out-of-pocket costs — regardless of the setting in which they are delivered.

Over the past several years, VHHA and our member hospitals have worked closely with the General Assembly to improve health care price transparency, empowering consumers with better information about health care costs.

VHHA Supported Transparency Legislation in Virginia

- **2015** – Access to cost estimates before procedures
- **2020** - Balance billing
- **2022** – Medical debt collection practices
- **2022** – Price transparency requirements for hospitals

Effective January 1, 2021, Federal Law Requires Hospitals to Post:

1. A single machine-readable digital file containing the following standard charges for all items and services provided by the hospital: gross charges, discounted cash prices, payor-specific negotiated charges, and de-identified minimum and maximum negotiated charges.
2. A consumer-friendly display of at least 300 shoppable services, or an online price estimator tool that consumers can use to find prices for shoppable services.

As a service to the public, VHHA maintains links to the transparency postings for every Virginia hospital in the health care finance section of its website: **www.vhha.com.**

Similar to federal requirements applied to hospitals, as of January 1, 2023, health plans must have internet-based price comparison tools allowing individuals to receive an estimate of their cost-sharing responsibility for an item or service from a specific provider or providers for 500 items and services. Starting January 1, 2024, the health plans must expand the information in the price comparison tools to include all items and services.

As a result of these changes, patients can better understand the costs they might incur for specific procedures and treatments, enabling them to shop around for the best prices. Patients can also plan for their medical expenses and avoid unexpected financial burdens by accessing clear and upfront pricing information.

Population Health

A person's health is affected by an array of factors other than the medical care that they may receive. To address this, Virginia's hospitals and health systems are working with community partners to improve health outcomes, reduce health care disparities, advance population health, and address social determinants of health.

Hospitals and health systems are working to address health disparities in their communities by promoting and developing hospital and health system-based community health worker programs that meet evidence-based best practice standards.

Hospitals and health systems are implementing community violence intervention programs in targeted localities with high rates of violence to provide support for victims of community violence and intimate partner violence.

Social determinants of health have a major impact on people's health, well-being, and quality of life.

Social Determinants of Health (SDOH)

Research shows that 80% of an individual's health depends on the social and environmental factors in their life and community, such as housing, nutrition, and transportation. If left unaddressed, these social determinants of health are a significant driver of non-urgent emergency department utilization and hospital readmission. Nationally, unresolved social care has resulted in over $93 billion in unnecessary health care expenses. Virginia hospitals are working hard to address these disparities through innovative, community-based strategies. By employing community health workers (CHWs), hospitals connect the most vulnerable in their communities to the care they need. Hospitals remain committed to health and well-being of all their patients.

Hospital-Based Violence Intervention Programs (HVIP)

Since the onset of the COVID-19 pandemic, violence across the Commonwealth continues to be a serious public health concern. Hospitals and health systems are on the front lines of combatting this violence in their communities. In addition to providing life-saving care to their patients, hospitals have developed programs to address the cycle of violence in their communities. Hospital-based Violence Intervention programs (HVIP) place trained professionals, often with lived experience with violence, in the hospital setting to provide wraparound services to survivors to prevent reinjury or retaliation. VHHA Foundation currently administers seven HVIPs across Virginia that have served over 3,000 victims of violence. The national reinjury rate for survivors of community violence is approximately 40%. Virginia's HVIPs maintain a reinjury rate of less than 2%. These programs save lives and reduce violence in Virginia communities.

Community Health Workers

Community health workers play a vital and positive role in health care by serving as trusted intermediaries between underserved communities and the health care system. These dedicated individuals are the linchpin in promoting wellness, preventing diseases, and improving overall health outcomes. Community health workers empower individuals to take charge of their well-being and bridge the gap in health care access, ensuring that marginalized populations receive the care they deserve. Their tireless efforts in conducting outreach, delivering essential services, and advocating for healthier lifestyles strengthen community bonds and contribute to the greater good by making health care more accessible for all.

The VHHA Foundation specializes in forming partnerships with hospitals throughout Virginia by assisting in creating a sustainable CHW program that focuses on reducing unnecessary hospital visits due to unaddressed social determinants that many communities struggle with daily. The VHHA Foundation and its partners have employed 180 CHWs who have assisted patients and community members in various situations like community violence, chronic disease, health disparities, and unmet social needs. Hospitals are funding approximately 30% of this CHW workforce through operational budgets. The remaining are grant-funded through a variety of funding streams.

Hospital and Health Care Workforce

Like many other states, Virginia's health care workforce shortage is expected to worsen, given the demand for services and the aging population. More than 18 percent of Virginia's hospitals were deemed critically understaffed earlier this year. Nationally, hospitals are experiencing record-high job openings as workforce shortages persist. According to the Bureau of Labor Statistics, health care and social assistance job openings climbed to an all-time high of 9.2 percent as of September 2022.

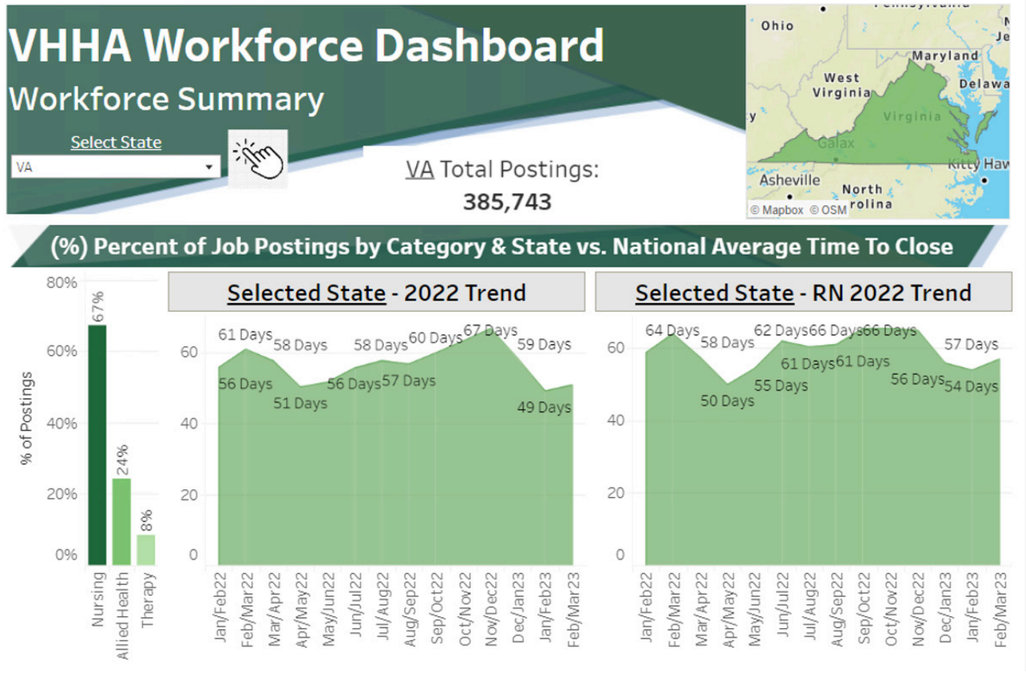
Hospitals rely on a wide range of clinical and non-clinical jobs to maintain clinical operations. Shortages exist for physician and nursing jobs and other support jobs critical to hospital operations, including facilities management and administrative/clerical positions. Given the competition within the labor market for non-clinical positions, hospitals have struggled to fill and retain workers in these positions. As of November 2022, there were more than 11,300 posted job openings within Virginia hospitals.

Employment and breakdown of types of positions:

- Nursing
- Registered Nurses
- Tech Positions
  - Radiology Technicians
  - Laboratory Technicians
  - Respiratory Technicians
- Administrative and Clerical Positions
- Admissions, Discharges and Patient Access
- Pharmacy
- Therapy
- Nursing Support
- Facilities Management

In support of strengthening Virginia's health care delivery system for patient communities, VHHA has launched the On Board Virginia website to attract clinical professionals to pursue their career in the Commonwealth. The On Board Virginia site features information about health care career paths, details about educational opportunities and incentives for students training to become health care professionals. Additionally, an interactive hospital job board through which applicants can explore open positions across the Commonwealth, information about Virginia hospitals and the distinct features and amenities of communities across the state, and video testimonials from current Virginia health care professionals.

VHHA has developed a workforce dashboard to show trends around job openings, time to fill for hospital jobs, and how Virginia health care jobs data compares nationally and to other states:



Primary care providers in family medicine, internal medicine, pediatrics, and obstetrics and gynecology are all expected to have demand that significantly outweighs the supply of practicing providers in Virginia. These shortages have been realized since 2020 and are projected to intensify through the year 2030. Given the aging population and retiring workforce, the state has made several investments in developing a workforce to meet the current and anticipated demand.

Health Care Workforce Investments in Virginia

Physician Residency Programs

Medical residency is the period of training that doctors undertake after completing medical school. A medical residency takes place in a hospital or a clinic and provides in-depth, hands-on training within a specialized field of medicine. Medical students must apply and compete for limited hospital residency slots. Having physicians complete their residency training at a hospital in Virginia is important because they are more likely to continue to practice medicine in Virginia upon graduation.

Teaching hospitals receive federal support through Medicare for residency training programs, also known as graduate medical education (GME). There is a cap on federal support for GME through the Medicare program, which is the largest public contributor to GME funding for residences. The Medicare cap effectively freezes a teaching hospital's Medicare GME support at 1996 levels, despite efforts to get Congress to raise the cap. The number of residency training slots limits the expansion of medical school enrollment to meet the current and projected demands for physician services in Virginia and nationally.

In Virginia, DMAS has funded supplemental payments to support additional medical residencies. For FY 2024 there is funding in the state budget for up to 35 new medical residencies, 10 of which are reserved for psychiatric residents. There was a competitive application process where hospitals demonstrated their impact on serving underserved populations and areas and Medicaid beneficiaries across the state. Supplemental GME payments for new primary care and high-need specialty residency slots are contingent on funding.

Students who study and work in Virginia have access to the following Health Workforce Incentive Programs through the Virginia Department of Health:

Military Medics and Corpsmen (MMAC) Program

This state government program partners with health care providers such as hospitals and health systems to place veterans with medical training in the civilian health care workforce while pursuing the necessary credentials to advance their careers.

Statewide Recruitment Efforts

In late 2022, VHHA launched "On Board Virginia", a website and campaign to attract young health professionals to Virginia's hospitals and the health care field. The site, OnBoardVirginia.com, showcases why Virginia is a great place to live and work and features a job portal where applicants can apply for hospital jobs across the Commonwealth. The job search tool can also provide insight into the number of open posted jobs in hospitals and in health care across the state.

Medical Education and Professional Licensing

The Virginia Department of Health Professions (DHP) is responsible for licensing all health professionals in Virginia. DHP licenses and regulates over 500,000 health care professionals across 62 professions. The application process for a Virginia medical license can take 1-3 months in addition to the recruitment, onboarding, and orientation process, and the individual cannot provide care to patients without an active in-state license. In some states, there is state reciprocity of licenses for certain professions so that professionals moving from out of state can have their license recognized to provide care and begin employment while waiting for their new medical license.

In addition to a Virginia medical license, certain job types like Physicians and Nurse Practitioners must complete credentialing to provide care in a Virginia hospital. This process is usually completed by a department within a hospital called Medical Staff Services. Credentialing is completed as part of the hiring/onboarding process once an in-state medical license is obtained and on a yearly or bi-annual basis, depending on the profession, to ensure the provider's education, experience, and training, and ensure that they are in good standing to provide care.

Behavioral Health

Hospitals are integral in delivering behavioral health care in Virginia, providing inpatient and outpatient, acute, emergency, and extended care services to meet Virginians' ever-changing behavioral health needs. At a time when more Virginians are seeking behavioral health care, Virginia's hospitals are expanding services and establishing innovative models of care.

Behavioral health disorders include both mental illness and substance use disorders. Persons with behavioral health care needs may suffer from one or both types of conditions. Additionally, many individuals with behavioral health diagnoses also suffer from physical comorbidities.

Substance Use Disorder

A mental disorder that affects a person's brain and behavior, leading to a person's inability to control their use of substances such as legal or illegal drugs, alcohol, or medications.

Fatal drug overdose has been Virginia's leading unnatural death method since 2013. Opioids, specifically illicit fentanyl, have been the driving force behind the large increases in fatal overdoses.[1]

Addiction is increasing in Virginia and increasing the number of overdoses requiring emergency care, and deaths.

In 2021, an average of 4 Virginians died daily from an opioid overdose.

- 2021 emergency department overdose visits for all drugs - 21,618[2]
- 2021 overdose deaths - 2,669
  - 2,039 of the 2,669 overdose deaths were fentanyl-related[3]

Quick Facts

- Virginia has approximately 1,850 licensed behavioral health private beds
  - Psychiatric and detox
  - Adult vs. child & adolescent and geriatric
- During 2022, VHHA members admitted 92% or 55,636 patients
- During the same period, 36,742 were voluntary and 18,894 were involuntary (i.e. under a temporary detention order)

Mental Illness

A condition that affects a person's thinking, feeling, mood, and behavior.

According to the 2023 Mental Health America report, 1,331,000 adults in Virginia have a mental health condition.

- 264,000 adult Virginians have a serious mental illness
- 298,000 adults had thoughts of suicide (MHA)
- 124,000 youth in Virginia have serious emotional disturbance

Behavioral Health Services

Virginia's private hospitals provide inpatient and outpatient services for voluntary and involuntary admissions (Note: Available services vary by health system/hospital).

Emergency: Crisis care, stabilization, evaluation, and referral.

Inpatient: Acute, stabilization, treatment, individual and group therapy, medication management, and detox.

Residential: 24/7 structured living environment for individuals who need support before living on their own.

Outpatient: Structured, daily therapeutic environment.

- Intensive Outpatient Program (IOP)
- Partial Hospitalization Program (PHP)

Access: In Virginia, youth do not have adequate access to behavioral health treatment.

According to the 2023 Mental Health America report, Virginia ranks near the bottom (48 out of 50 states) when analyzing the prevalence of mental illness and access to services for youth. However, Virginia ranks higher for adult prevalence and access at 14 out of 50 states.

Workforce: An inadequate number of providers, services, and behavioral health workforce shortages impact access to treatment. Behavioral health professionals include psychiatrists, psychologists, social workers, professional counselors, peers, and marriage and family therapists.

- 93 of Virginia's 133 localities are federally-designated Mental Health Professional Shortage Areas.[4]

1) https://www.vdh.virginia.gov/content/uploads/sites/18/2022/04/Quarterly-Drug-Death-Report-FINAL-Q4-2021.pdf; 2) https://www.vdh.virginia.gov/opioid-data/emergency-department/; 3) https://www.vdh.virginia.gov/content/uploads/sites/18/2022/10/Quarterly-Drug-Death-Report-FINAL-Q2-2022.pdf; 4) https://www.vhcf.org/wp-content/uploads/2022/01/BH-Assessment-Final-1.11.2022.pdf.

Delivering Quality Care at Virginia Hospitals

In 2022, Virginia ranked second in the nation for hospital safety. Below are examples of VHHA's patient safety initiatives:

Stroke Collaborative – This group was assembled as part of the Paul Coverdell Grant in partnership with VDH. The purpose of this group is to share best practices and education with non-stroke certified hospitals that may be on their journey to becoming Acute Stroke Ready Certified.

Total Hip and Knee Readmissions Workgroup – Reducing readmissions and the associated penalties was one of the VHHA Board priorities for 2022. The Hip and Knee Readmission Workgroup was formed with hospital representatives across the state to share best practices specific to these conditions. This group met several times over the course of six months. These meetings have recently ended but VHHA will continue to track outcomes and be a resource for the group.

Workplace Safety Workgroup – This workgroup was formed to address health care worker harms, chartered in March 2020. The charge for the Workplace Safety Task Force has been to 1) determine a baseline measurement for statewide employee injuries, 2) identify and monitor potential opportunities for improvement and 3) to establish best practice recommendations for all injuries addressed by the Task Force to include workplace violence and COVID-19. Twenty-one (21) hospitals participate & contribute to this collaboration with VHHA through data collection and educational resources.

Rural Hospital Collaborative – With Virginia Department of Health, Office of Health Equity (OHE), Virginia Hospital & Healthcare Association Foundation (VHHAF) is contracted to perform services for the Flex Cooperative Agreement program, covering the Flex priority areas of a) Quality Improvement (QI), and b) Financial and Operational Improvement (FIO) by providing technical resources and facilitating the Virginia Rural Hospital Coaching Collaborative (RHCC). The overarching goal of the Collaborative is to enhance the quality of care rural hospitals provide. The RHCC offers rural hospitals an opportunity to peer share and learn from national subject matter expert coaching and resources. This is the fourth year of the five-year option for the Medicare Rural Hospital Flexibility (Flex) Cooperative Agreement Program, covering the HRSA grant cycle from September 1, 2019, through August 31, 2024.

Patient Experience Workgroup – The Board of Directors for the Virginia Hospital & Healthcare Association has identified Patient and Family Experience as a priority as it relates to the collective efforts to improve safety, quality, service excellence and promote high reliability for those individuals receiving health care services in the Commonwealth of Virginia. The VHHA has created a member-led forum to guide programs focusing on this work and improving our national performance.

Caring for Virginia's Caregivers – VHHA & Dr. Lorna Breen Heroes' Foundation Partnership. Clinician well-being is essential for safe, high-quality patient care. During the COVID-19 pandemic, Virginia's health care providers faced enormous challenges, leading to increased burnout and mental health challenges. The Virginia Hospital & Healthcare Association (VHHA) partnered with the Medical Society of Virginia (MSV) and the Virginia Nurses Association (VNA) to ensure that all health care employees are empowered to be resilient and feel joy in their work. Working with the Dr. Lorna Breen Heroes' Foundation, VHHA and our partner organizations promote systems and best practices that prioritize the mental health and well-being of all of Virginia's health care providers.

Emergency Preparedness and Response

Virginia's hospitals and health systems, and their dedicated health care professionals and staff are on the front lines responding to emergencies of all kinds. Whether it is a natural disaster like a hurricane or flood, a terrorist or mass casualty event, or global pandemic like COVID-19, physicians, nurses, and other staff stand by to provide health care and support services to the community in times of greatest need.

A key component of emergency preparedness and response in the Commonwealth is the Virginia Healthcare Emergency Management Program (VHEMP), which is funded through the Hospital Preparedness Program (HPP) grant under the Administration for Strategic Preparedness and Response (ASPR) within the U.S. Department of Health & Human Services (HHS).

Since 2002 the ASPR grant has been awarded to the Virginia Department of Health (VDH). Through a partnership between VDH and the Virginia Hospital & Healthcare Association (VHHA), VHEMP was created, and Virginia hospitals and health care systems have enhanced their capabilities to respond and recover from a wide range of public health and health care emergencies.

VDH and VHHA partner with four regional health care coalitions (HCCs) to improve the health care system's ability to respond to infectious diseases, natural disasters, and other hazards.

Virginia's hospitals and health systems, with the support of VHEMP, have played a critical role in responding to emergencies that have impacted Virginia, including Nicaragua humanitarian mission, local/regional scheduled community events and emergency events, statewide severe weather, long-term care facility events, and hospital emergency events.

During the early days of the COVID-19 pandemic, the VHHA Data Analytics and Emergency Preparedness teams collaborated with member hospitals and health systems to establish a daily data reporting protocol documenting the volume of COVID-19 hospitalizations across the Commonwealth along with other key pandemic-related metrics. That data was used to inform the Virginia Hospital COVID-19 Data Dashboard, an interactive online tool VHHA first published in April 2020 and updated with daily summary information. **The dashboard has been viewed more than 7.7 million times** and was an invaluable resource to help health care providers, state and federal government partners, the public, and the news media gain a clearer picture of the impact of the pandemic on hospitals and the health care delivery system.

As COVID-19 spread across the globe and the United States, Virginia's hospitals and health systems fought COVID-19. Not only did hospitals provide life-saving care, but they also made significant investments to ensure the health and safety of their patients, workforce, and the communities they serve. Through it all, hospitals in Virginia rose to the challenge of a global pandemic through innovation and creativity in workforce, capacity building, supply chain management, treating and discharging over 139,000 COVID patients.

Total number of confirmed COVID-19 patients who were hospitalized and discharged from Virginia's hospitals

139,429

AS OF APRIL 2023

Contact Us for More Information

This handbook is meant to be an overview for anyone who is interested in learning more about hospitals in their communities. Please do not hesitate to reach out to the Virginia Hospital & Healthcare Association if you have any questions or would like to know more about the information presented here.

CONTACT US:

vhha.com/contact-us

Virginia Hospital & Healthcare Association
4200 Innslake Drive, Suite 203
Glen Allen, VA 23060

Glossary

Accreditation: Certification by a recognized organization that an individual, a service or a facility has met a set of standardized criteria typically determined by a process set by the certifying organization.

Acute Care Hospital: A facility that provides services designed to meet the needs of patients who require short-term care for a period of less than 30 days.

Ambulatory Care: Health care services provided on an outpatient basis, where no overnight stay in a health care facility is required.

American Hospital Association: The nation's principal trade association for hospitals, with offices in Washington, D.C., and Chicago.

Ancillary Care Services: Diagnostic or therapeutic services, such as laboratory, radiology, pharmacy and physical therapy, performed by non-nursing departments.

Authorization: A process by which a managed care plan determines that care is medically necessary.

Bad Debt: The costs absorbed by hospitals or physicians for care provided to patients from whom payment was expected but no payment was received. Bad debt differs from charity care.

Balance Billing: A practice typically prohibited by managed care plan contracts in which the provider bills the patient for the amount of the billed charge that exceeds the payment by the insurer plus the member cost share.

Charge: The dollar amount that a health care provider assigns to a specific unit of service to a patient. A "charge" may not be totally reflective of the actual cost involved in providing that service.

Charity Care: Charity care represents that portion of health care services that are provided by a hospital under a hospital's charitable care program and where payment is not expected because the patient has a demonstrated inability to pay for some or all of the services.

Clinical Laboratory Improvement Amendments (CLIA): The recognized organization for laboratory accreditation.

Coinsurance: The percentage of either billed charges or the plan's contract rate that a member is required to pay for covered services.

Community Benefit: Programs or services that address community health needs, particularly those of the poor, minorities and other underserved groups, and provide measurable improvement in health access, health status and use of health care resources.

Conditions of Participation: Conditions health care organizations must meet in order to begin and continue participating in the Medicare and Medicaid programs. These health and safety standards are the foundation for improving quality and protecting the health and safety of beneficiaries.

Copayment or Copay: A defined amount of payment per visit that a member must pay for health care services under an insurance plan.

Cost Share: The portion of the fee for health care services that an insurer requires the plan member to pay, including copayments, coinsurance and deductible.

Cost Shifting: A phenomenon occurring in the U.S. health care system in which providers are inadequately reimbursed for their costs by some payors and subsequently raise their prices for other payors in an effort to recoup costs.

Covered Services: Those health care services for which a member is entitled to benefits under the terms of their insurance policy.

Credentialing: Generally used as the basis for appointing health care professionals to a hospital's staff, it is the process used to analyze the qualifications of a licensed practitioner's education, training, experience, competence and judgment. A credentialed staff member is permitted to perform clinical duties at the hospital.

Critical Access Hospital (CAH): Established under the Balanced Budget Act of 1997, CAHs are limited-service hospitals located in rural areas with no more than 25 acute-care beds. They receive cost-based payment for Medicare patients and are relieved from some Medicare regulations.

Deductible: The amount that a member must pay for covered services during a specified period (usually a policy year) before benefits will be paid by the insurer.

Delegated Credentialing: A formal process by which an organization, such as a managed care plan, gives another entity the authority to perform credentialing functions on its behalf.

Diagnosis Related Group (DRG): A method of classifying inpatients into groupings based on common characteristics, each of which can be expected to require similar services. Used as the basis of the Medicare and Medicaid inpatient payment system.

Disproportionate Share Hospital (DSH): A hospital with a disproportionately large share of low-income or uninsured patients. Under Medicaid, states augment payment to these hospitals. Medicare inpatient hospital payments are also adjusted for this added burden.

DNV Healthcare (DNV): DNV is a voluntary accreditation agency that surveys enrolled hospitals regarding many aspects of quality.

EMTALA: Emergency Medical Treatment and Active Labor Act, a federal law passed in 1986, ensures hospitals provide care to anyone needing emergency treatment, regardless of citizenship, legal status or ability to pay.

ERISA: Employee Retirement Income Security Act of 1974, a federal law that sets minimum standards for most voluntarily established pension and health plans in private industry.

EOB, Explanation of Benefits, EOMB, Explanation of Medical Benefits or Remittance Advice: A document that summarizes how reimbursement was determined in the payment of a health plan claim.

Health Information Technology for Economic and Clinical Health Act (HITECH): Part of the American Recovery and Reinvestment Act of 2009 (ARRA), the HITECH Act contains incentives related to health care information technology in general (e.g. creation of a national health care infrastructure) and contains specific incentives designed to accelerate the adoption of electronic health record (EHR) systems among providers.

Health Insurance Portability and Accountability Act (HIPAA): Title I of HIPAA protects health insurance coverage for workers and their families when they change or lose their jobs. Title II of HIPAA requires the establishment of national standards for electronic health care transactions and national identifiers for providers, health insurance plans and employers and also addresses the security and privacy of health data.

Hospital Acquired Condition: A condition that develops while a patient is in the hospital, such as an infection, a pressure ulcer or some type of injury.

Hospital Authority: A statutorily created public corporation in a county or municipality that is authorized to exercise certain specified public and essential governmental functions, including the acquisition, construction and equipping of hospitals and other health care facilities to promote the public health needs of the community.

Intergovernmental Transfer (IGT): Local governmental funds transferred to the state on behalf of a public provider to provide the state matching funds for supplemental payments made to that public provider.

The Joint Commission (TJC): TJC is a voluntary accreditation agency that surveys enrolled hospitals regarding many aspects of quality.

Licensed Beds: The maximum number of beds authorized by a government agency for a health care organization to admit patients.

Long-Term Acute Care Hospital (LTAC): A hospital providing specialized care to medically complex patients who usually require an extended hospital stay.

Long-Term Care Facility (LTCF): Any residential health care facility that administers health, rehabilitative or personal services for a prolonged period of time.

Managed Care: A mechanism for financing and/or delivery of health care that is intended to control cost, utilization and quality of care.

Medicaid Integrity Contractor (MIC): An auditor hired by the Centers for Medicare and Medicaid Services (CMS) to review Medicaid claims for mispayment.

Member or Covered Person: Someone that has insurance coverage through a health plan. May also be referred to as an Enrollee or Beneficiary.

National Committee for Quality Assurance (NCQA): A non-profit organizations that sets quality standards, evaluates and accredits managed care plans and other health care organization.

Out-of-Network Care: Health care services provided to a health plan member by a provider who does not participate in that plan's contracted provider network.

Outpatient Prospective Payment System (OPPS): A determined payment methodology for a Medicare outpatient procedure.

Payor: An organization (such as the federal government for Medicare or a commercial insurance company) or person who directly reimburses health care providers for their services.

Present On Admission (POA): Whether or not a patient has a certain condition at the time of being admitted to a hospital. These conditions include different types of infections and pressure ulcers.

Prospective Payment System (PPS): A system in which payment for services is determined before the services are actually provided and that amount is reimbursed to the provider regardless of the actual cost of services.

Provider Network or Network: A group of providers that have contracted with a managed care plan under which they agree to accept reduced rates and abide by other plan rules in exchange for either increased volume of patients or the ability to receive payment for care provided to insurance plan members.

Quality Measure: A tool that helps measure or quantify health care processes, outcomes, patient perceptions, and organizational structure and/or systems that are associated with the ability to provide high-quality health care and/or that relate to one or more quality goals for health care.

Recovery Audit Contractor (RAC): An auditor hired by the Centers for Medicare and Medicaid Services (CMS) to review Medicare claims for mispayment.

Serious Adverse Event: An unexpected event that happens during a hospital admission that results in harm or injury to a patient.

Specialty Hospital: A limited-service hospital designed to provide one medical specialty such as orthopedic or cardiac care.

Trauma: An injury or injuries caused by external force or violence. Trauma injuries may range from minor to severe, from obvious to non-apparent, and may include single or multiple injuries.

Trauma System: An organized approach to facilitating and coordinating a multidisciplinary system response to severely injured patients.

TRICARE: TRICARE is the Department of Defense's worldwide health care program available to eligible beneficiaries from any of the seven uniformed services—the U.S. Army, U.S. Navy, U.S. Air Force, U.S. Marine Corps, U.S. Coast Guard, Commissioned Corps of the U.S. Public Health Service, and the National Oceanic and Atmospheric Administration.

Uncompensated Care: Care given for which payment is not received, or for which only a portion of the cost is reimbursed. Includes charity care and indigent care, Medicaid underpayments, legislated care underpayments and bad debt.

Utilization Review: The process by which a managed care company controls the provision of health care services through determination of medical necessity of care, including pre-certification, prior authorization, concurrent review and retrospective review.

Acronyms

COPN – Certificate of Public Need

AMA – American Medical Association

AHA - American Hospital Association

AHCA – American Health care Association

EMR – Electronic Medical Record

EHR - Electronic medical record

HITECH - Health information technology for economic and clinical health act

HIPAA – Health insurance portability and accountability act

CHIP – Children's health insurance program

CMS – Center for Medicaid and Medicare Services

ONC – Office of the National Coordinator for Health Information Technology

HIT – Health Information Technology

IoT - Internet of Things

LTC – Long Term Care

OCR – Office of Civil Rights

GP – General Practitioner

PCP – Personal Care Provider

PHI – Personal health information

ePHI – Electronic personal health information

CDC – Center for Disease Control

ACA – Affordable care act

HVIP – Hospital-based violence intervention program

SDOH – Social determinants of health

ADA – Americans with disabilities act

EMS – Emergency medical services

ED – Emergency department

HHS – Department of Health and Human Services

HIT – Health information technology

NIH – National institute of health

EMR – Electronic medical record

HMO – Health maintenance organization

PPO – Preferred provider organization

ACO – Accountable care organizations

COBRA – Consolidated omnibus budget reconciliation act

FMLA – Family medical leave act

Paid for by The Virginia Hospital & Healthcare Association