



Focus



Vol. 21, No. 2 February 18, 2005

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Medicaid Changes Forecasted

The Medicaid program is shaping up to be one of the most critical advocacy issues facing West Virginia state and federal lawmakers as they begin their work for 2005.

In his \$2.5 trillion budget, President Bush has proposed \$60 billion in reductions in Medicaid funding nationally over the next 10 years. The Bush administration had considered capping Medicaid spending or changing into a block grant instead of an entitlement program.

Either option would have hit West Virginia hard because the state receives three dollars from the federal government for every one dollar it spends on Medicaid. Instead, the administration wants to cap at three percent what medical providers can be taxed to help pay for Medicaid.

Steven Summer, President and CEO of the West Virginia Hospital Association, doubts that Congress will pass all of the proposed Medicaid cuts. In early March, he will take a group of West Virginia hospital CEOs to the American Hospital Association's *Advocacy Day* in Washington, DC, to meet with members of the West Virginia congressional delegation to explain to elected officials firsthand how these decisions will affect hospitals' ability to provide healthcare services to their most vulnerable patients.

While WVHA's advocacy in Washington gets underway, so too does state legislative activity at the Capitol in Charleston. WVHA, along with key (Cont. on Page 2)

Liability Reform: Reaping the Rewards

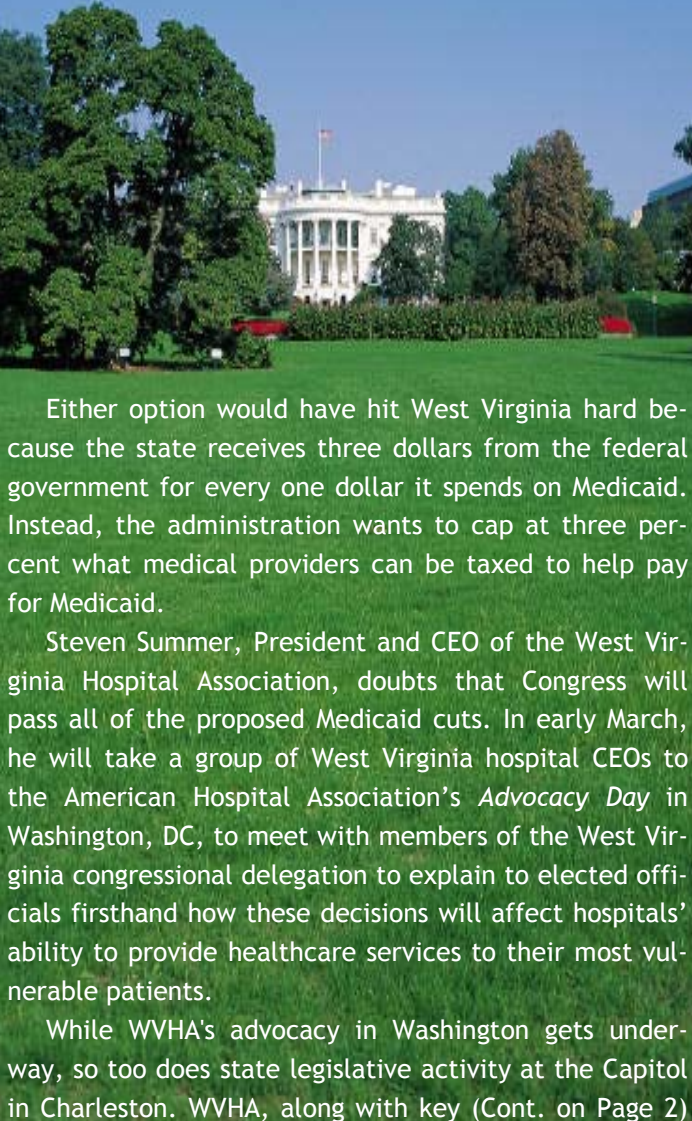
In 2003, through a strong grassroots campaign led by the West Virginia Hospital Association (WVHA) and other groups of the West Virginia Care Coalition, the state led the nation in medical liability reform by passing *House Bill 2122* in the legislative session. *House Bill 2122* is one of the most comprehensive liability reform bills that any state has seen in the past 30 years.

"The legislation will bring balance, stability and fairness to West Virginia's medical liability system," said WVHA President and CEO Steven Summer after the bill passed two years ago.

Summer's statement today rings true. Medical malpractice ratios have dramatically improved since 2001, with a decrease of 129.6 percent in 2002 to 121.3 percent in 2003. "Clearly the reforms have had an impact," said West Virginia Insurance Commissioner Jane Cline.

According to the West Virginia Insurance Commission's *Medical Liability Report 2004*, the loss ratio (the ratio between the premiums paid to an insurance company and the claims settled by the company) in West Virginia for medical malpractice is an outstanding and dramatic improvement over prior years. The combined ratio fell to 106.8 percent in West Virginia, compared with 128.5 percent nationwide, and 134.6 percent in West Virginia in 2002. Also, the significant improvement in loss adjustment expense that occurred in 2002 continued in 2003. After accounting for dividends and investment gain, medical malpractice produced an operating profit for 2003. This is in sharp contrast with nationwide results.

(Cont. on Page 2)



(Medicaid Changes (Cont. from Page 1) lawmakers, remain concerned about how potential future federal changes will impact the state's Medicaid budget for FY 2006. This includes any proposals resulting from the President's budget and the change in the Federal Matching Assistance Percentage (FMAP) from 74.65 percent to 72.99 percent, beginning October 1, 2005. West Virginia is one of 29 states that saw its FMAP decrease for the next federal fiscal year.

These factors, along with a natural growth in the Medicaid program, are sure to keep legislators, state officials, key stakeholders and others busy for the remainder of the session.

In response to the myriad of activity on the federal and state level regarding Medicaid and its budget, WVHA Board Chairman Bruce McClymonds has appointed a special Medicaid Task Force. The group will work to identify specific concerns and ways in which WVHA members may work collaboratively with key policymakers and others to ensure an adequately funded Medicaid program.

Malpractice Reforms (Cont. from Page 1) "The outlook for physician medical malpractice availability in West Virginia is very good," the *Report* read. "Loss results have improved dramatically, suggesting that pricing stability has been achieved."

According to the *Report*, an analysis of the West Virginia Board of Medicine showed that roughly 30 percent of medical liability claims filed are dismissed. Indeed, in 2002 dismissals rose to 39 percent; in 2003 this increased to 42 percent. Only 10 percent of claims filed actually go to court, and less than three percent of these claims received a non-zero judgment. Sixty-one percent of malpractice claims are settled out of court, and there appears to be no pattern of escalating jury awards or claims going to court.



House Bill 2122 enacted a cap on non-economic damages at \$250,000 per occurrence; capped all trauma damages of \$500,000; and led to the formation of the West Virginia's Physicians' Mutual Insurance Company.

The Physicians' Mutual is

JCAHO Calls for Medical Liability Reforms

A Joint Commission on Accreditation of Healthcare Organizations (JCAHO) expert panel, on which West Virginia Hospital Association President and CEO Steven Summer served, has produced a report on the medical liability system. The *Report* concludes that the current system fails patients because it does not deter negligence, provide justice, or fairly compensate victims of medical errors.

As a remedy to the *Report's* conclusions, the JCAHO has issued a call to action to reform the nation's medical liability system, saying too little progress has been made since the release five years ago of the Institute of Medicine's report on medical errors. The JCAHO is urging that the current proposals for caps on non-economic damages be expanded as a major step in what officials describe as a crisis preventing physicians from providing the best possible patient care.

The Roundtable consisted of 29 members expert in medical and patient safety. The group's strategies for achieving its overall goal were to actively pursue patient safety initiatives that prevent medical injury; to promote open communication between patients and practitioners; and to create a patient-centered injury compensation system.

designed to provide a stable market for physician medical liability insurance for decades to come, and thereby assure the availability of affordable insurance over time. It has grown to be West Virginia's largest licensed physicians' malpractice writer, and is estimated to write \$42 million in premiums over the next 12 months.

According to Dave Rader, CEO of the Mutual, about 200 doctors have become members in the past six months, indicating a shift in the state's medical malpractice climate. Fifty-nine doctors are transplants from other states.

"They're not just establishing insurance here," Rader said in an article for the *Associated Press*, "they're setting up practices."

Dr. Robert D'Alessandri, Vice President of West Virginia University Health Sciences, says West Virginia's medical malpractice climate has changed significantly.

"There's been a reduction in the number of claims and the amount of payoffs," he said.

West Virginia Donation Initiative

An organ donation initiative begun October 2004 in West Virginia is a collaborative of the West Virginia Hospital Association (WVHA), the state's four organ procurement organizations, and the State Department of Health and Human Resources. The statewide, one-year project, the *West Virginia Donation Initiative* (WVDI), is the first of its kind in the nation and represents the first time that an entire state has come together under the auspices of increasing organ donor rates. The WVHA signed on as a participant in this effort to improve the organ donation process.

Association President and CEO Steven Summer and WVHA Chairman of the Board Bruce McClymonds have both made personal commitments to the WVDI and have shown strong support for the effort. "Improving collection success rates with respect to organ donation is not a difficult process," said McClymonds, "but it does require administrative leadership and organizational commitment. Hospital leaders should take the time to understand the issues involved and to ensure that their facility is positioned to improve its performance."

According to the Health Resources and Services Administration (HRSA) Organ Donation Breakthrough Director Dennis Wagner, extraordinary progress has been made in the effect to increase organ donation due to the concerted partnership effort (see chart below right). Wagner encouraged hospital team members to attend the next Learning Session, which will be held May 18-19, 2005, in Pittsburgh, Pennsylvania, next month.

After the Learning Session in Alabama, the WVHA received a letter of appreciation from the U.S. Department of Health and Human Services noting their outstanding efforts in having donation champions named at member hospitals. Following is an excerpt from the letter:

"I am writing to thank you for your executive leadership, commitment and actions in support of organ donation," Wagner wrote. "We appreciate all that the West Virginia hospitals, the West Virginia Hospital Association, and your organ procurement officers have done and are currently doing to extend the *Gift of Life* to others. The U.S. Department of Health & Human Services, the HRSA Organ Donation Breakthrough Collaborative Faculty and Teams,

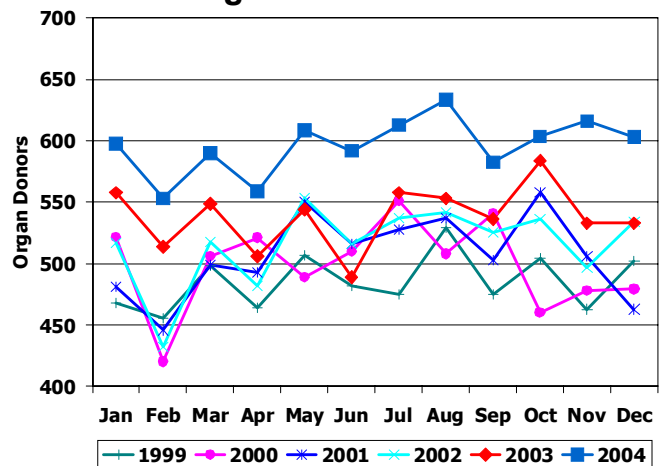


WVHA was recognized at the Organ Donation Breakthrough Collaborative Learning Session in Birmingham January 19, 2005. Here Dennis Wagner tells the audience of WVHA's efforts to have Donation Champions named at its member hospitals.

the Leadership Coordinating Council, and thousands of people waiting for a life-saving and life-enhancing transplant are most grateful for your participation in the recent Collaborative Learning Session that took place in Alabama. We would also appreciate any actions that you might take to urge senior leaders and colleagues to participate in the National Learning Congress. We appreciate your leadership and help."

West Virginia will hold its own training session February 23, 2005, at the Flatwoods, West Virginia, Day's Inn and Conference Center. For more information, please contact Lori Henshey at Lhenshey@wvha.org.

Unprecedented Month-by-Month Records For Organ Donation in 2004



Brains Under Construction



Brains Under Construction volunteers and staff. Left to right: Sherry Eagleston, Melissa Nethercutt and Shellie Mellert.

Day One Program for Caregivers

The Day One project, an early intervention and parenting education program, was first developed in 1984 by New Horizons for Learning, a non-profit, international human resource network based in Seattle, Washington. Day One draws from research by child development specialists and neonatal researchers on raising physically and emotionally healthy children who have the capacity to learn throughout life.

The mission of Day One in West Virginia is to improve the health, education and economic status of the state by ensuring a healthy start in life for babies. The Healthcare Education Foundation, a subsidiary of the West Virginia Hospital Association (WVHA), is the home for the project, with primary funding provided through grants from the West Virginia Healthcare Authority and the Claude Worthington Benedum Foundation.

Although the core of the Day One Program is educating parents and caregivers about infant brain development, the WVHA has enhanced the program to address the importance of reading to infants and children. Other parenting concerns, such as preventing childhood obesity, home and car safety, Shaken Baby Syndrome, and the dangers of secondhand cigarette smoke, are addressed. Parents are also given information about state and local resources, such as the Children's Health Insurance Program.

Day One is offered in many hospitals to educate parents about the tremendous potential of their newborn babies. Day One training programs are approved for continuing education for nurses and social workers, and training sessions are now being scheduled. Contact Cinny Kittle, ckittle@wvha.org or go to www.wvha.org/day_one/.

The Day One Program is a component of a new and exciting project at Cabell Huntington Hospital called *Brains Under Construction*. Staff and volunteers have been trained in Day One procedures, and Cabell Huntington Hospital is using Day One materials and parent videos, along with themes of the *Success By 6* program. The United Way of the River Cities adopted *Success By 6*, a national initiative, in 1999.

Brains Under Construction seeks to ensure that all children of the River Cities will be prepared – physically, developmentally and socially – to begin kindergarten classes. The goal of the program is to build awareness and understanding of the importance of early brain development to the success of children in later life. Trained volunteers present the Day One video to parents. Afterwards, they meet with parents to answer questions and offer explanations about early infant brain development.

The content of this local initiative was established through the collaboration of many community partners. Just a few include: the Cabell County Public Library, the Cabell Huntington Health Department, Cabell Huntington Hospital, Cabell County Schools, and the Cabell County Family Resource Network.

“Cabell-Huntington Hospital and its Day One partners joined this effort,” said Kathy Cosco, the hospital’s Media and Community Relations Manager, “because we want the children born here – and everywhere for that matter – to have healthy, well-rounded lives.”

The 12 messages of *Success By 6*:

- The first years last forever.
- Love and affection cannot spoil a baby.
- Talk, read and sing to your child.
- Have a regular schedule.
- Play is the work of the young child.
- Pay attention to your child.
- Take care of yourself.
- Discipline to teach, not to punish.
- Choose childcare carefully and stay involved.
- Children develop at different rates.
- Give your child a childhood.
- Your child needs to know that she matters.