AN OVERVIEW FOR

PRINCE GEORGE'S COUNTY BOARD OF HEALTH

Dimensions Healthcare System

March 01, 2011
Table of Contents

- Slide 02: Table of Contents
- Slide 03: (thru Slide 05) Background on Dimensions Healthcare System
- Slide 06: Dimensions Service Area
- Slide 07: (thru Slide 12) Photos of DHS facilities
- Slide 13: (thru Slide 17) List of DHS accomplishments
- Slide 18: (thru Slide 19) Financial information
- Slide 20: Short term goals
- Slide 21: Longer term goals
- Slide 22: (thru Slide 28) Challenges
- Slide 29: (thru Slide 30) Recommendations
Background on Dimensions Healthcare System

- Dimensions Healthcare System ("DHS" or "Dimensions") was formed in 1982 as an integrated, not-for-profit healthcare system serving the citizens of Prince George's County and the surrounding area.

- Mission / Vision / Values
  - Our mission is to provide high quality and efficient healthcare services to preserve, restore and improve health status — in partnership with our community. Our vision is to be the best community-based healthcare system in the country. Our values include: Compassion, Accountability, Respect, Excellence, and Service (CARES).

- Description
  - Four member institutions leased from Prince George's County, plus several affiliates
  - Largest provider of healthcare services in Prince George's County serving approximately 180,000 patients annually
  - One of the County's largest and most consistent economic development engines
  - Largest community organization network in the County

- Leadership
  - Board of Directors: William F. Williams (Chair); The Honorable Barbara Frush; The Honorable Thomas Hendershot; Elizabeth Hewlett; V. Prem Chandar, M.D.; Richard L. MacPherson (Secretary); Judge Philip Nichols (Vice Chair); Syed Sadiq, M.D.; Benjamin Stallings, M.D; The Honorable Ingrid Turner; and Gwen McCall.
  - President and Chief Executive Officer: Kenneth E. Glover

- Employees
  - 2,400 Full Time Equivalent Employees -- Approximately 2/3 represented by SEIU
  - One of the largest employers in Prince George's County
Background on Dimensions Healthcare System - continued

Facilities

- Prince George’s Hospital Center (PGHC) was founded in 1944 and is a 248-bed, acute care teaching hospital and regional referral center located in Cheverly, Maryland. With approximately 50% of patients who are either uninsured or covered by Medicaid, PGHC is a vital safety-net hospital. Key services include:
  - Emergency and Trauma Services (designated regional trauma center for southern Maryland; 2nd busiest Trauma Center in Maryland; medical direction provided through UMMS)
  - Critical Care Services (24-bed Intensive Care Unit)
  - Cardiac Care Services (comprehensive cardiac care including cardiac surgery and therapeutic catheterization)
  - Diabetes Center
  - Medical and Surgical Services (virtually all adult specialties performed)
  - Maternal and Child Health (including Neonatal Intensive Care Unit, Perinatal Diagnostic Center, prenatal care services through the Glenridge Medical Center and County Health Department sites; and lease of space to Mt. Washington Pediatrics for developmental and chronic pediatric care)
  - Ambulatory and outpatient services
  - Behavioral Health Services (including inpatient psychiatric unit for adults; partial hospitalization; and 24-hour hospital-based sexual assault center)
  - Graduate Medical Education (internal medicine residency program and excellent clinical opportunities for expansion with Academic Medical Center)

- Gladys Spellman Specialty Hospital & Nursing Center (GSSH&NC) is a 107-bed, chronic care specialty hospital and comprehensive nursing center located on the campus of PGHC. It offers both long-term care nursing and chronic care for ventilator dependent patients with medically complex conditions.

GSSH&NC also operates the Senior Health Center in Brentwood.
Background on Dimensions Healthcare System – continued

- Facilities – continued
  - Laurel Regional Hospital (LRH) is a 125-bed, full-service community hospital serving northern Prince George's County and Montgomery, Howard, and Anne Arundel Counties. LRH provides a comprehensive range of inpatient and outpatient services including:
    - Medical / Surgical Services
    - Maternal and Child Health
    - Coronary Care / Intensive Care
    - Behavioral Health
    - Emergency Services
    - Comprehensive Rehabilitation (Only hospital-based accredited inpatient rehabilitation unit in the County)
    - Sleep Disorders Center
    - Wound Care Center
  - Bowie Health Campus (BHC) includes a number of important facilities and services including:
    - A 24-hour, Freestanding Emergency Department (serves approximately 37,000 patients from eastern Prince George's and western Anne Arundel Counties)
    - Dimensions Surgery Center (located in a 50,000 square foot Medical Office Building) with 3,500 cases annually
    - Physical Therapy Center
  - Larkin Chase Rehabilitation and Nursing Center (120-bed long term care facility that is a joint venture partnership between SunBridge Health and Dimensions)
1. Prince George’s Hospital
2. Laurel Regional Hospital
3. Bowie Health Center
4. Doctor’s Comm. Hospital
5. Washington Adventist
6. Holy Cross
7. Providence Hospital
8. Washington Hosp. Center
9. Howard University
10. Greater Southeast
11. Anne Arundel
12. Howard County General
13. Southern Maryland
14. North Arundel

DHS facilities are noted in red type.

Primary Service Area
Secondary Service Area

Dimensions Healthcare System
PGHC is located in Cheverly and licensed for 248 beds. Services include general medical/surgical, cardiac care, Level III Perinatal Center, Level II Trauma Center and behavioral health. PGHC also operates the Glenridge Medical Clinic in Lanham.
Gladys Spellman Specialty Hospital & Nursing Center

GSSH&NC is located on PGHC's campus and is licensed for 107 beds. Major services include chronic care for ventilator dependent patients and comprehensive nursing care. Spellman also operates the Senior Health Center in Brentwood.
LRH is located in Laurel and licensed for 125 beds. Services include general medical/surgical, behavioral health, obstetrics, and comprehensive rehabilitation.
BHC is a 24-hour full service, freestanding emergency department located in Bowie.
Immediately adjacent to BHC is a 50,000 square foot Medical Office Building that is fully occupied with physician offices and a busy Ambulatory Surgery Center.
Larkin Chase is a 120 bed nursing home located on the Bowie Campus in partnership with SunBridge Health (SunBridge = 75% & DHS = 25% ownership).
Accomplishments

Dimensions, quietly but efficiently, has had a great deal of success in delivering high-quality community-based health care to the residents and visitors of Prince George’s County.

Taking care of our neighbors

- Nearly 20,000 people are admitted annually as inpatients to Laurel Regional Hospital (LRH) and Prince George’s Hospital Center (PGHC).
- More than 3,000 new lives enter our community each year as newborns through our birthing centers.
- In addition, we are now taking more efficient care of over 3,000 patients annually as outpatients in 23-hour observation status rather than admitting them to more expensive inpatient care.
- Our three Emergency Departments at Bowie, Laurel and Cheverly also treat about 115,000 other emergency patients for everything from the flu to heart attacks.
- In partnership with Shock Trauma at the University of Maryland Medical Center, PGHC is the designated Trauma Center for Southern Maryland and treats over 3,000 trauma patients annually, which makes us the second busiest trauma center in Maryland.
- Fully funded by the County, the Senior Health Center and Glenridge Medical Center care for nearly 15,000 patients annually:
  - The Senior Health Center, located in Brentwood, provides primary health care for citizens of the County over age 55. The Glenridge Medical Center provides internal medicine and ob/gyn services to the community.
  - We also perform approximately 10,000 ambulatory surgeries and treat nearly 20,000 other outpatients annually.
  - At Gladys Spellman Specialty Hospital and Nursing Center we provide about 30,000 days of care annually to individuals with complex medical conditions requiring long-term care.
  - During the last three years we have cared for over half a million patients, of whom approximately 85,000 were uninsured and 77,000 were covered by Medicaid or Medicaid managed care organizations. Our ability to serve so many so well, despite inadequate reimbursement, speaks well of the ingenuity and dedication that our employees and physicians bring to work every day.
Accomplishments - continued

Constantly improving our performance

- Even more important than our growing patient numbers, however, is our increasing success in advancing the quality of our operations, the quality of our facilities and technology, the quality of our reputation, and most important, the quality of our care. Thanks to our employees and Medical Staff, we have an impressive story to tell. During the past three years, we have implemented important new system-wide programs.

- **Prince George’s Hospital Center’s emergency medicine care has been found to be among the top 5% in the nation according to a new study released today by HealthGrades, the leading independent healthcare ratings organization. As a result, Prince George’s Hospital Center is a recipient of the HealthGrades 2010 Emergency Medicine Excellence Award. Of the 4,900 hospitals examined for their mortality rates in 11 of the most common conditions for Medicare patients associated with emergency medicine, only 255 received this award.**

Strengthening our maternal and child health programs

- LRH proudly welcomes new parents to its beautifully renovated maternity center with all private rooms.

- As a result of this renovation project, additional obstetricians have been recruited to practice at LRH.

- The Neonatal Intensive Care Unit (NICU) at PGHC now has new sophisticated bassinets for the care of critically ill and premature infants.

- Since PGHC serves many women whose pregnancies are considered high-risk, the Hospital has recruited an additional perinatologist specializing in their care.
Accomplishments - continued

Significantly improving our physician coverage arrangements

+ Inpatients at Laurel Regional Hospital (LRH) and Prince George's Hospital Center (PGHC) are now served by a single group of hospitalists, physicians who specialize in the medical care of hospitalized patients, leading to more integrated care, shorter lengths of stay and better outcomes.

+ A new group of intensivists staffs the Intensive Care Unit (ICU) at Laurel Regional Hospital.

+ The Psychiatric Institute of Washington (PIW) now manages our adult psychiatry program at LRH, where psychiatric admissions have increased from 650 in FY 2008 to 950 in FY 2010 while lengths of stay have dropped from 5.4 days to 3.1 days resulting in improved reimbursement.

+ We recruited a new team of vascular surgeons, as well as ophthalmologists, pain management specialists and endocrinologists to LRH.

Substantially growing our cardiac care capabilities

+ We implemented a new process so that heart attack patients can be rapidly transferred by helicopter from Bowie and Laurel for life-saving angioplasty at PGHC.

+ EKGs are now linked together system-wide through a new cardiac data management system.

+ LRH boasts a new cardiac catheterization / vascular lab and the two cardiac catheterization labs at PGHC have been upgraded with new hemodynamic monitors and electrophysiology equipment.

+ New monitoring equipment to measure vital signs has been installed in the Cardiac Care Unit (CCU) at PGHC.

+ We renovated and expanded the cardiac rehabilitation unit at PGHC.
Strategically adding new medical technology throughout our facilities

- Our plan for enhancing imaging services has resulted in the latest technology and significantly improved operating efficiency, image quality and diagnostic capabilities.

- Two new 64-slice CT scanners have been installed at LRH and PGHC.

- Three nuclear medicine cameras have been added to LRH and PGHC.

- New digital Radiographic/Fluoroscopy and X-Ray rooms, as well as digital mammography, are now available at PGHC.

- The Emergency Department at the Bowie Health Center (BHC) is now supported by a new X-Ray machine.

- Linking all of this imaging equipment together is a new Picture Archiving Computer System (PACS) that allows radiologists and other physicians to rapidly view digital images online throughout our hospitals and remotely.

- To increase efficiency and reduce turnaround times, we have automated the chemistry analyzers in the laboratories at all three facilities, as well as added a microbiology identification system and MRSA analyzer at PGHC.

- An automatic pharmaceutical dispensing system that enhances patient safety has been installed at PGHC and plans are well underway to expand this technology at LRH and BHC.

- All of this technology provides our physicians and clinical staff with diagnostic information and test results that are both more timely and more accurate, the direct result of which is a higher quality of patient care.
Improving our emergency/trauma and critical care services

- The number of times we have to divert ambulances away from our three Emergency Departments has been significantly reduced, yielding higher volumes of emergency cases.
- The staff at LRH now cares for emergency patients in its newly renovated and expanded ED.
- In response to community needs resulting from the swine flu epidemic, operations of Emergency Department at BHC were expanded from 16-hours to 24-hours per day.
- BHC started an embedded fast track system to better serve patients with minor illnesses and injuries.
- Capital Trauma at PGHC takes justifiable pride in a remarkable 95% “save” rate for its seriously injured patients.
- New patient monitoring equipment to measure vital signs has been installed in the Emergency Department at PGHC.
- The Critical Care Center (CCC) at PGHC is enhanced with new patient care beds and ventilators.
- The restructured Sexual Assault Center at PGHC and the newly expanded Domestic Violence program continue to meet a vital community need and is now viewed as a model program state-wide.

Making our disaster readiness better than ever

- Through training, drills and the stockpiling of medications and equipment, we are more prepared for a potential disaster than ever before.
- Additionally, we have received a federal disaster preparedness grant and are investing in additional critical care equipment, a computerized management system and electronic health records for our Emergency Departments in Cheverly and Bowie.
Financial Information

<table>
<thead>
<tr>
<th></th>
<th>FY 2008</th>
<th>FY 2009</th>
<th>FY 2010</th>
<th>FY 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PATIENT REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL PATIENT REVENUE</td>
<td>$344,000</td>
<td>$410,648</td>
<td>$418,720</td>
<td>$422,010</td>
</tr>
<tr>
<td>DEDUCTIONS FROM REVENUES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL DEDUCTIONS FROM REVENUES</td>
<td>(154,443)</td>
<td>(120,421)</td>
<td>(103,174)</td>
<td>(103,023)</td>
</tr>
<tr>
<td><strong>NET PATIENT REVENUE</strong></td>
<td>289,557</td>
<td>284,227</td>
<td>315,546</td>
<td>319,987</td>
</tr>
<tr>
<td><strong>OTHER REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OTHER REVENUE</td>
<td>27,127</td>
<td>37,105</td>
<td>33,624</td>
<td>43,495</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING REVENUE</strong></td>
<td>316,684</td>
<td>321,332</td>
<td>349,170</td>
<td>363,482</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SALARIES</td>
<td>152,239</td>
<td>162,220</td>
<td>169,603</td>
<td>169,603</td>
</tr>
<tr>
<td>BENEFITS</td>
<td>33,259</td>
<td>31,403</td>
<td>35,626</td>
<td>41,419</td>
</tr>
<tr>
<td>PHYSICIAN COMPENSATION</td>
<td>58,052</td>
<td>29,649</td>
<td>22,590</td>
<td>22,286</td>
</tr>
<tr>
<td>SUPPLIES</td>
<td>45,059</td>
<td>51,943</td>
<td>51,434</td>
<td>62,122</td>
</tr>
<tr>
<td>UTILITIES</td>
<td>5,610</td>
<td>5,365</td>
<td>5,677</td>
<td>6,830</td>
</tr>
<tr>
<td>PURCHASED SERVICES</td>
<td>53,324</td>
<td>59,047</td>
<td>56,683</td>
<td>63,738</td>
</tr>
<tr>
<td><strong>TOTAL OPERATING EXPENSES</strong></td>
<td>355,621</td>
<td>329,740</td>
<td>333,253</td>
<td>343,360</td>
</tr>
<tr>
<td><strong>EBIDA</strong></td>
<td>(8,937)</td>
<td>(1,411)</td>
<td>(13,625)</td>
<td>(13,941)</td>
</tr>
<tr>
<td>INVESTMENT INCOME</td>
<td>1,100</td>
<td>578</td>
<td>3,660</td>
<td>2,104</td>
</tr>
<tr>
<td><strong>INTEREST EXPENSE</strong></td>
<td>(4,103)</td>
<td>(3,684)</td>
<td>(3,653)</td>
<td>(3,130)</td>
</tr>
<tr>
<td><strong>DEPRECIATION EXPENSE</strong></td>
<td>7,772</td>
<td>8,664</td>
<td>8,653</td>
<td>9,420</td>
</tr>
<tr>
<td><strong>TOTAL INTEREST &amp; DEPRECIATION</strong></td>
<td>12,135</td>
<td>12,244</td>
<td>12,307</td>
<td>12,550</td>
</tr>
<tr>
<td><strong>NET INCOME</strong></td>
<td>(2,400)</td>
<td>(5,088)</td>
<td>(1,428)</td>
<td>(2,184)</td>
</tr>
</tbody>
</table>

We have received "clean" audits of our financial statements by outside auditors for the past three years, indicating that our financial reporting is thorough and reliable.

Additionally, we made a successful transition from a defined benefit plan, whose underfunding across many years has been a constant and worrisome liability, to a defined contribution plan that better serves the realities of today's workplace.
## Financial Information – Key Indicators

<table>
<thead>
<tr>
<th></th>
<th>FY 2008 Actual</th>
<th>FY 2009 Actual</th>
<th>FY 2010 Actual</th>
<th>FY 2011 Budget</th>
<th>Variance</th>
<th>FTEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adult Admissions - PGHC</td>
<td>13,813</td>
<td>13,989</td>
<td>13,552</td>
<td>13,402</td>
<td>(150)</td>
<td></td>
</tr>
<tr>
<td>Adult Admissions - LRH</td>
<td>6,636</td>
<td>6,450</td>
<td>6,197</td>
<td>6,145</td>
<td>(52)</td>
<td></td>
</tr>
<tr>
<td>Newborns</td>
<td>3,085</td>
<td>2,944</td>
<td>3,053</td>
<td>3,147</td>
<td>94</td>
<td></td>
</tr>
<tr>
<td>Total Adult and Newborns</td>
<td>23,534</td>
<td>23,383</td>
<td>22,802</td>
<td>22,694</td>
<td>(108)</td>
<td></td>
</tr>
<tr>
<td>23-HR Observation Cases</td>
<td>1,530</td>
<td>2,458</td>
<td>3,235</td>
<td>3,635</td>
<td>400</td>
<td></td>
</tr>
<tr>
<td>Total Admissions and Observations</td>
<td>25,064</td>
<td>25,841</td>
<td>26,037</td>
<td>26,329</td>
<td>292</td>
<td></td>
</tr>
<tr>
<td>Adult Patient Days (PGHC, LRH &amp; GSSH)</td>
<td>126,665</td>
<td>125,510</td>
<td>118,484</td>
<td>116,186</td>
<td>(2,298)</td>
<td></td>
</tr>
<tr>
<td>ALOS</td>
<td>4.59</td>
<td>4.57</td>
<td>4.58</td>
<td>4.60</td>
<td>0.02</td>
<td></td>
</tr>
<tr>
<td>Comp Care Days</td>
<td>16,909</td>
<td>17,057</td>
<td>19,790</td>
<td>20,805</td>
<td>1,015</td>
<td></td>
</tr>
<tr>
<td>Chronic Care Days</td>
<td>15,921</td>
<td>15,103</td>
<td>8,249</td>
<td>5,475</td>
<td>(2,774)</td>
<td></td>
</tr>
<tr>
<td>GSSH &amp; NC Patient Days</td>
<td>32,830</td>
<td>32,160</td>
<td>28,039</td>
<td>26,280</td>
<td>(1,759)</td>
<td></td>
</tr>
<tr>
<td>Emergency Room Visits</td>
<td>115,055</td>
<td>118,201</td>
<td>119,884</td>
<td>120,886</td>
<td>1,002</td>
<td></td>
</tr>
<tr>
<td>Ambulatory Surgeries</td>
<td>9,548</td>
<td>9,543</td>
<td>10,620</td>
<td>10,195</td>
<td>(425)</td>
<td></td>
</tr>
<tr>
<td>FTEs</td>
<td>2,333.2</td>
<td>2,408.5</td>
<td>2,417.3</td>
<td>2,416.6</td>
<td>0.7</td>
<td></td>
</tr>
</tbody>
</table>
Short-term goals - Primary Strategic Initiatives

In the short term, Dimensions will focus its attention on the improvement of our internal operations – as well as improve patient care. Specifically, we are targeting:

- Restructuring of GSSH&NC operations
- Restructuring of the fringe benefits plan
- Supply chain & Rx cost mgmt
- Develop/grow physician services
- Shared services/consolidation
- Corporatized behavioral health services
- Expand special procedures
- Reduce contract-agency labor
- Improved collections/denials mgmt

These initiatives are estimated to generate $22,000,000 by FY 2012.

In addition to the above, our short term goals include:

- Expansion of wound care services
- Expansion of sleep disorder services
- Acquire and leverage assets from the County
- Acquire additional grants i.e. disaster preparedness grants
- Affiliations with UMMS
- Establishment of community health centers and relationships with other community health centers
- Manage real estate of corporation; relocate corporate/non-revenue services
- Collaborate with lending institutions to assist with cash flow to physicians
- Expand 23-hr Observation Program
- Establishment of contract management operations
- Establishment of philanthropic operations
Longer-term goals - Other Strategic Initiatives

Looking ahead, Dimensions’ goals focuses on:

- Growing patient service revenues by 15% to $480 million in 3 years with a positive net income before grants
- Grow Inpatient volume to 28,000 admissions in 3 years
- Improve public reputation (by facility market and clinical services)

Specifically, we will pursue the following initiatives:

- Upgrade IT Infrastructure
- Acquire additional grants i.e. disaster preparedness grants
- Establishment of community health centers and relationships with other community health centers
- Explore broader role in disaster preparedness i.e. Homeland Security
- HAC/RAC - Revenue lost avoidance
- Potential new volumes at LRH from: - BRAC, Senior Health, Inter-county connector, Konterra (new development)
- Elimination of the pension liability by terminating the plan when assets are sufficient to purchase annuities for future obligations
- Explore the transference of liability to the State/County in lieu of annual subsidies
- Explore additional enhancements to the Physician Recruitment/Retention Program
- Provide educational support in exchange for DHS employment and long term commitment
- Explore appointing more physicians to DAL to curtail malpractice cost
- Establish premium pay for specific services performed at DHS facilities
- Establishment of management incentive bonus plan
- Establishment of company-wide profit sharing plan
- Establish a DHS Health Insurance Plan option for DHS employees, County employees and County small businesses that use DHS facilities for primary care and overall healthcare services
Challenges

- Retention of our staff. Current vacancy rate for all RNs is 15%; current turnover for all RNs is 15%. The cost of each turnover cost $40-$60,000; our goal is to decrease turnover and vacancy rate of all RNs to 8%

- Physician recruitment and retention. DHS cannot operate without physicians to cover ER/Trauma, OB, NICU, Psychiatry, Critical Care, and Anesthesia. The physician losses are real and not sustainable. Negotiations with physicians are aggressive. DHS will continue to need a stable source of ongoing funding for un-reimbursed physician costs. With an academic affiliation, a portion of these costs could be offset through the development of additional teaching programs.

- Healthcare Reform Implementation in 2014. Four main forces will shape what Dimensions Healthcare System will look like in 2014:
  - Source of patients
  - Caregivers
  - Payment type
  - Type of hospital system we decide we want to be

- Cash flow. Even with State and County support, the accomplishments were achieved despite continuing severe financial constrictions. In the past, DHS operated with minimal of cash on hand. While the cash on hand has improved to approximately 15 days, the recommended standard is 60 – 70 days of cash on hand. The absence of any real working capital other than grants has necessitated a difficult balancing act to keep employees, physicians, vendors and suppliers on board while still being able to invest in improvements in services, facilities and technology.

- Need for more safety net providers. Although there are approximately 80,000 uninsured residents in the County, the existing FQHC, Greater Baden Medical Services, provides care to only a small proportion.

- Ongoing long-term liabilities of Dimensions. All stakeholders must agreed to a strategy to handle the existing pension and bond obligations. This will stabilize current operations and allow critical inpatient services to continue during the transition.
Challenges - Continued

- Ongoing health care and social needs of the community. Despite the County’s wealth and diversity, Prince George’s County ranks higher than State averages for numerous rates of mortality, morbidity and prevalence of chronic diseases, especially:
  - Death rates for accidents and homicide
  - Perinatal indicators, including infant mortality and low birth weight
  - Death rates for heart disease
  - Death rates for septicemia, nephritis, and HIV
  - Death rates for diabetes mellitus
  - Mental illness
  - Domestic violence
  - Sexual assaults

- Attraction of new residency graduates
- Undercapitalization and age of assets
- Lower reimbursement rates for physicians
- Perception / reputation of County courts as related to malpractice suits
- Growing unwillingness of private physicians to accept Medicaid / Medicare and the resulting negative impact on target community populations
- Deficient information technology infrastructure
- Rising costs related to physician subsidies to provide indigent care
- Lack of County relationship and respect in transactions with state agencies, especially HRCC and HSCRC
Challenge – Case study: A Major Strategic Threat To LRH

A CON review is currently in process to relocate Washington Adventist Hospital from inside the Beltway in Takoma Park to outside the Beltway in White Oak. If approved, this new hospital would be a major strategic threat to Laurel Regional Hospital and Prince George's Hospital Center.
**Challenge** – Case study: Medicaid / Uninsured
Discharges: CY 2007

Prince George's County Hospitals vs.

![Pie chart showing Prince George's County Hospitals]

- PGHC: 50%
- SMHC: 24%
- LRH: 11%
- Doctors: 12%
- Ft. Wash: 3%

Baltimore City Hospitals

- Hopkins: 20%
- Univ. of MD: 18%
- Mercy: 10%
- Hopkins Bayview: 14%
- Sinai: 10%
- MD General: 10%
- Harbor: 7%
- Bon Secours: 5%
- Union Mem: 6%

**Key Points**

- Indigent care in the County is heavily concentrated at PGHC.
- There is no major academic center with supporting HSCRC rates in the County.

Source: HSCRC Database.
### Challenges – Case Study: Health Insurance Coverage In The County

<table>
<thead>
<tr>
<th>Description</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Without Health Insurance (Uninsured)</td>
<td>123,877</td>
<td>15.3%</td>
</tr>
<tr>
<td>Under Age 65 With Public Insurance (Predominantly Medicaid)</td>
<td>76,778</td>
<td>9.5%</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>200,655</td>
<td>24.8%</td>
</tr>
<tr>
<td>Age 65+ With Public Insurance (Predominantly Medicare)</td>
<td>64,051</td>
<td>7.9%</td>
</tr>
<tr>
<td>Balance of Commercially Insured</td>
<td>544,420</td>
<td>67.3%</td>
</tr>
<tr>
<td><strong>Total Non-Institutionalized Population</strong></td>
<td>809,126</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Key Points

- Competitors have newer plant and equipment.
- Major construction initiatives are currently underway or completed at Doctors, Howard County, and Anne Arundel. Washington Adventist plans to relocate and build a new hospital.
- Significant capital investment is needed to address a decade of under-funding for plant and equipment.

Challenges – Case study: 50,000 Inpatients Leave The County

Key Point:
At $10,000 per admission, out-migration represents about half a billion dollars annually leaving the County.
- Out-migration represents a substantial opportunity for a new owner.

Source: 2003 Maryland & DC hospital databases.
Recommendations

- Execution of a stakeholder agreement for long-term support and strategy of DHS. Consistent with the Rand Report and the recommendations of past oversight and authority groups, the County and State should execute an agreement which formally continues their commitment of $174 million to satisfy system’s debts and liabilities and to make the necessary interim investments to set the stage for a potential new hospital and the new community-based health care strategy.

- Transfer of County assets. The County, bondholders and DHS should develop and implement a plan to result in the transfer of the health care assets to DHS. The purpose of the transfer will be to secure the availability of the public funding commitment to help make the assets better able to continue and expand all critical services throughout Dimensions.

- Development and implementation of a strategic plan for new community-based and inpatient capacity. In conjunction with the asset transfer, the County and DHS, with support from the State, will develop a plan that provides for the leveraging of public- and private-sector financing and program development to delivery a wider range of inpatient and outpatient services to serve the County. This would further allow the strengthening of the County’s ambulatory safety net and would provide incentives that will bring additional primary care providers to the County to practice.

- Development and implementation of key clinical and service standards and indications conducive to monitoring the success of the County’s community-based health care model, consistent with the Rand Report and County Council Resolution 12-2010.

- Timely payment of State and County funding

- Review and revision of DHS’ bylaws and board structure. Recognizing that the governance and the structure of the board is mandated by the terms of the County’s lease agreement with DHS, the County, the bondholders and DHS should immediately convene to review the 1983 bylaws to reflect the County's current health care strategy.

- Development of a long-term clinical services and delivery plan. In order to strengthen clinical service provision, the County and DHS should explore possible affiliations with other health care entities, particularly academic medical centers.

- Development of an optimal rate structure in collaboration with state’s Health Services Cost Review Commission (HSCRC). In order to maximize revenue and maintain a competitive position in the market, the County and DHS should work together in developing an appropriate rate structure with the Health Services Cost Review Commission.
Recommendations - continued

- Collaborating to develop a Medicaid rate enhancement formula. The coupling of high rates of uncompensated care with low Medicaid rates has necessitated the subsidizing of physicians by the hospital system in order to maintain its physician network, including continued Medicaid fee enhancement by the State to include specialty physicians and a specific rate enhancement for urban hospitals.

- Development and implementation of a coordinated County / DHS grantsmanship strategy and program to support the special needs of the County.

- More coordination between the County Executive and the County Council (in its dual role as the Council and the County's Board of Health)

- Better coordinated relationship between the County, DHS / strategic alliances and the County Board of Health

- Creation of new County programs to attract more medical professionals to the community-based health care strategy of the County

- Opposition to the certificate of need application of a new Washington Adventist Hospital to be located in upper Montgomery County – less than five miles from the Laurel Regional Hospital and less than 10 miles from Prince George's Hospital Center

- Accelerated alliances with University of Maryland Medical System, Childrens' National Medical Center, Hospital for Sick Children and Greater Baden